

Introduction to Document GEF/C.18/3 and 18/3/Add.1, *Relations with Conventions*

Thank you, Mr. Chairman

The document, *Relations with Conventions*, provides information on the activities of interest to the GEF that had taken place under the global environmental conventions since the last Council meeting.

The first convention addressed is the *Convention on Biological Diversity*, attention is drawn in particular to the information provided on:

1. The second meeting of the Intergovernmental Committee for the Cartagena Protocol on Biosafety, which considered among other things the issues of capacity building and guidance to the GEF as the financial mechanism of the protocol;
2. The second review of the effectiveness of the financial mechanism, which will be discussed at the forthcoming Conference of the Parties in the Hague next April; and
3. The two workshops convened in collaboration with the Convention Secretariat and UNEP on Financial support for biosafety frameworks and on Financing for Biodiversity.

The document next addresses the fifth session of the Conference of the Parties to the *UN Convention to Combat Desertification* and the decision taken at that meeting on the GEF. This matter will also be discussed under agenda 7 on the proposed designation of land degradation as a focal area.

The *Stockholm Convention on Persistent Organic Pollutants* was adopted after the last Council meeting, and the report provides information on the resolutions of the Plenipotentiaries concerning the GEF. These decisions invite the Assembly to consider amending the Instrument so as to include a new focal area to support the implementation of the Convention, call upon the GEF to establish and implement an operational program for persistent organic pollutants, and request donors to the GEF Trust Fund to contribute adequate additional resources for purposes of addressing POPs.

The Conference of Plenipotentiaries also invited the Executive Director of UNEP and the CEO of the GEF to develop proposals for a Capacity Assistance Network.

The report also contains information on the GEF's joining of the *Collaborative Partnership on Forests*, which is linked to the United Nations Forum on Forests as well

as information submitted by other international environmental conventions concerning their activities of relevance to the GEF.

Turning to Add.1 of document 18/3, it deals with recent developments under the *UNFCCC*. This paper was prepared taking into account discussions at the resumed sixth session of the COP which took place in the Bonn in July 2001. Since preparing the paper, the seventh session of the COP was held in Marrakech, the Parties finalized the decisions, and the Secretariat has given further thought to the next steps for responding to those decisions, in particular the decision calling for the establishment of new funds to be managed by the GEF.¹ I would like to briefly outline how we now view those next steps.

First, let me apologize for two errors in the text and to provide the necessary corrections. The first is in paragraph 4. The penultimate sentence of the paragraph refers to the announcement of a group of countries that they will contribute \$410 million annually by 2005 for climate activities. It should be specified that this funding is to include: contributions to GEF climate change related activities; bilateral and multilateral funding additional to current levels; funding for the special climate change fund, the Kyoto Protocol Adaptation Fund and the LDC Fund; and funding deriving from the share of proceeds of the clean development mechanism following entry into force of the Kyoto Protocol.

The second correction concerns paragraph 26(a). At COP7, the Parties approved guidance for the operation of the least developed countries fund. This guidance provides that the fund is to meet the **agreed full cost** of preparing NAPA (and not full agreed incremental cost as indicated in paragraph 26). For your information, we have issued an Add.2 to document 18/3 which includes the four decisions of COP7 on matters relating to the least developed countries.

Turning to next steps, the GEF has been invited to make arrangements for the establishment of the special climate change fund and the least developed countries fund and to report to COP8, to be held in October 2002, on its response. Accordingly, the Council will need to consider and approve proposed arrangements at its meeting in May 2002, so that this information may be included in the GEF report to COP8.

In order to assist in the preparation of a proposal for Council consideration and approval next May, Council Members are invited to discuss how the GEF might most effectively and efficiently manage the new funds consistent with its existing mandate. Council Members are also invited to submit additional comments to the Secretariat by *January 31, 2002*.

¹ The advanced unedited version of the decision on "Funding under the Convention" is attached to this note.

In this regard, the Secretariat's understanding of the decisions of COP7 are that these arrangements will be based on the following principles:

1. Since GEF, as an entity entrusted with the operation of the financial mechanism, is to manage the funds, the operational policies and governance structure of the GEF will apply to funds. The Conference of the Parties will provide guidance to the GEF concerning modalities for operating the funds, including expedited access, which will be taken into account as agreed by the Parties. Any additional operational policies that may be required for the funds will be brought to the Council's attention for review and approval as issues emerge in developing specific project proposals.
2. The decision concerning the establishment of the special climate fund makes clear that resources from the fund are to be used to finance activities, programs and measures relating to climate change that are complementary to those funded by the GEF Trust Fund. The GEF will seek to maximize the collective impact of its climate change funding by avoiding duplication and seeking opportunities for synergy and increased leverage.
3. Discussion will be undertaken with the World Bank to elaborate upon its role as Trustee of the funds.
4. In response to the high priority and urgency attached to meeting the needs of the least developed countries, it is proposed that the GEF Secretariat, in consultation with the Implementing Agencies, undertake an accelerated process to prepare operational guidelines for expedited funding of the preparation of national adaptation programs of action. This process will include the invitation to Council Members to provide additional comments by January 31, 2002; consultations with experts from least developed countries in February 2002; and circulation of operational guidelines by the end of March 2002. It is understood that the availability of resources to finance the preparation of NAPA's pursuant to the guidelines is contingent on donor contributions to the LDC Fund.

The Council is invited to take note of the developments of relevance to the GEF within these various global environmental agreements and to consider the proposed decision. In this regard, it is proposed that sub-paragraph.(d) of the decision be slightly amended, and that the above proposal concerning the fund for least developed countries be included as a new paragraph (e) as follows:

- (d) requests the GEF to prepare, for **review and approval** at the next Council meeting, a paper concerning arrangements necessary for administration of the two new Convention funds under the UNFCCC and proposing how the GEF might most effectively and efficiently implement the new funds, taking into account relevant decisions of the Conference of the Parties to the UNFCCC at its seventh session as well as views expressed by the Council, including written views that may be submitted by Council Members by **January 31, 2002**.
- (e) Requests the GEF Secretariat, in consultation with the Implementing Agencies, to undertake an accelerated process to prepare operational guidelines for expedited funding of the preparation of national adaptation programs of action. Council Members are invited to provide additional comments on the fund to the Secretariat by January 31, 2002. The Secretariat is requested to organize a consultation with experts from least developed countries and to circulate operational guidelines with a view to finalizing these guidelines by the end of March 2002 so as to allow funding from the LDC Fund to proceed thereafter. It is understood that the availability of resources to finance the preparation of NAPA's pursuant to the guidelines is contingent on donor contributions to the LDC Fund.

To facilitate your consideration of these points, we have circulated a written copy of this introduction.

Thank you Mr. Chairman