

GLOBAL  
ENVIRONMENT  
FACILITY

ARRANGEMENTS WITH THE  
CONVENTION ON BIOLOGICAL DIVERSITY AND THE  
UNITED NATIONS FRAMEWORK CONVENTION ON  
CLIMATE CHANGE

GEF Council Meeting  
Washington, D.C.  
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GEF/C.4/8

#### DRAFT COUNCIL DECISION

The Council reviewed the information on progress that had been made within the context of the Convention on Biological Diversity and the Framework Convention on Climate Change towards developing arrangements with their financial mechanisms. The Council took note of the request of each convention that its secretariat consult with the GEF on the content of such arrangements. The Council requests the GEF Secretariat to carry out appropriate consultations on its behalf with each of the convention secretariats with a view to simultaneously transmitting to the Parties to the Convention and the GEF Council a jointly-prepared draft text for their consideration.

## INTRODUCTION

1. The Instrument for the Establishment of the Restructured GEF stipulates that the GEF is to be available to serve for the purposes of the financial mechanisms for the implementation of the Convention on Biological Diversity and the Framework Convention on Climate Change.<sup>1</sup> Furthermore, in paragraph 27, the Instrument states that:

"The Council shall consider and approve cooperative arrangements or agreements with the Conferences of the Parties to the conventions referred to in paragraph 6, including reciprocal arrangements for representation in meetings. Such arrangements or agreements shall be in conformity with the relevant provisions of the convention concerned regarding its financial mechanism and shall include procedures for determining jointly the aggregate GEF funding requirements for the purpose of the convention. With regard to each convention referred to in paragraph 6, until the first meeting of its Conference of the Parties, the Council shall consult the convention's interim body."

2. The Convention on Biological Diversity and the Framework Convention on Climate Change each contain a similar provision calling for its Conference of the Parties to make arrangements with its financial mechanism. Article 21(2) of the Convention on Biological Diversity states:

"Pursuant to the objectives of this Convention, the Conference of the Parties shall at its first meeting determine the policy, strategy and programme priorities, as well as detailed criteria and guidelines for eligibility for access to and utilization of the financial resources including monitoring and evaluation on a regular basis of such utilization. The Conference of the Parties shall decide on the arrangements to give effect to paragraph 1 above after consultation with the institutional structure entrusted with the operation of the financial mechanism."

Article 11(3)(d) of the Framework Convention on Climate Change states:

"The Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to the above paragraphs, which shall include the following:

- a. Modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the Conference of the Parties;
- b. Modalities by which a particular funding decision may be reconsidered in light of these policies, programme priorities and eligibility criteria;

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<sup>1</sup> Article 6 of the Instrument provides:

- c. Provision by the entity or entities of regular reports to the Conference of the Parties on its funding operations, which is consistent with the requirement for accountability set out in paragraph 1 above; and
- d. Determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention and the conditions under which that amount shall be periodically reviewed."

3. This paper reviews the progress that has been made within the framework of each Convention to clarify the elements that should be addressed in the arrangements to be made by the Convention with its financial mechanism and the expected steps that will be followed in 1995 to further elaborate such arrangements. For purposes of both Conventions, the GEF has been designated as the entity responsible for the operation of the financial mechanism on an interim basis and there is an expectation that arrangements will be developed with the GEF to facilitate the relationship between the Conference of the Parties and the GEF. From the relevant decisions of the Conference of the Parties, it is clear that the Convention Secretariats are expected to consult with the GEF Secretariat with a view to developing proposed arrangements that are consistent with the Convention concerned and the GEF Instrument. It is understood that any arrangements proposed by the Secretariats of the Conventions and the Secretariat of the GEF will need to be approved by both the appropriate Conference of the Parties and the GEF Council.<sup>2</sup>

#### CONVENTION ON BIOLOGICAL DIVERSITY

4. The interim Secretariat for the Convention prepared for the second session of the Intergovernmental Committee on the Convention on Biological Diversity (June 1994) a note on the institutional structure to operate the financial mechanism under the Convention. That note presented some considerations for the determination of the institutional structure that would carry out the operation of the financial mechanism under the Convention. It also discussed the potential for involvement of other financial institutions in support of the Convention as well as the arrangements that may be required between the Conference of the Parties and the institutional structure entrusted with the operation of the financial mechanism.

5. After reviewing the note, the Intergovernmental Committee requested the Interim Secretariat to prepare an outline containing elements of possible arrangements between the Conference of the

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<sup>2</sup> Paragraph 20(g) of the Instrument provides:

"The Council shall:

- (g) Act as the focal point for the purpose of relations with the Conferences of the Parties to the conventions referred to in paragraph 6, including consideration, approval and review of the arrangements or agreements with such Conferences, receipt of guidance and recommendations from them and compliance with requirements under these arrangements or agreements for reporting to them.

Parties and the institutional structure for consideration at the first meeting of the Conference of the Parties.

6. The interim Secretariat did prepare such a note for consideration by the Conference of the Parties (November 1994). Annexed to this note was a preliminary draft of a Memorandum of Understanding between the Conference of the Parties to the Convention on Biological Diversity and the Institutional Structure operating the Financial Mechanism under the Convention.<sup>3</sup>

7. In its decision concerning Financial Resources and Mechanism, the Conference of the Parties, *inter alia*:

- a. Decided that the restructured Global Environment Facility should continue to serve as the institutional structure to operate the financial mechanism under the Convention on an interim basis;
- b. Authorized the Secretariat of the Convention, on behalf of the Conference of the Parties and taking account of the views of participants in the Conference of the Parties, to consult with the restructured Global Environment Facility on the content of a memorandum of understanding which should be formally considered at the second meeting of the Conference of the Parties;
- c. Further requested the Secretariat to include items on the agenda of the Conference of the Parties at its second meeting, which would enable the latter to review the financial resources and, bearing in mind Article 39 of the Convention, to take a decision at that meeting on which institutional structure should be designated to operate the financial mechanism.

8. The Council, at its meeting in February 1995, took note of the decision of the Conference of Parties on Financial Resources and Mechanism<sup>4</sup> and authorized the GEF Secretariat to carry out appropriate consultations with the Secretariat of the Convention on Biological Diversity on the content of a memorandum of understanding to govern the relations of the Convention and the GEF.

9. The Secretariat of the Convention has initiated consultations with the GEF Secretariat on the content of the draft memorandum. Such consultations are expected to proceed in a more in-depth manner in the next few months. It is expected that the consultations will result in a draft memorandum that can be simultaneously transmitted to the parties to the Convention and the GEF Council. The second meeting of the Conference of the Parties will consider the draft memorandum when it meets in November 1995. The Council should have an opportunity to raise any issues of concern to it at its meeting in October 1995. Thereafter, the Secretariat will report to the Council at its meeting in April 1996 the results of the discussions to be held at the second meeting of the

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<sup>3</sup> Document UNEP/CBD/COP/1/6, 6 October 1994.

<sup>4</sup> Document GEF/C.3/Inf.6.

Conference of the Parties to the Convention, with a view to obtaining final Council approval of the proposed memorandum of understanding.

#### **FRAMEWORK CONVENTION ON CLIMATE CHANGE**

10. At its tenth session (August 1994), the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change confirmed its previous conclusions regarding modalities for the functioning of operational linkages between the Conference of the Parties and the operating entity or entities of the financial mechanism. In this context, the Committee invited the interim Secretariat of the Convention, in consultation with the Secretariat of the GEF, to elaborate, for consideration at its eleventh session (February 1995), substantive elements that will need to be included in arrangements that are to be drawn up under Article 11.3 of the Convention between the COP and the operating entity or entities of the financial mechanisms.

11. For the eleventh session of the Intergovernmental Negotiating Committee, the Interim Secretariat prepared elements for inclusion in arrangements between the Conference of the Parties and an operating entity or entities of the financial mechanism.<sup>5</sup> After reviewing the document, the Intergovernmental Negotiating Committee prepared a draft decision for review and adoption by the Conference of the Parties at its first meeting. The draft decision recommends that the Conference of the Parties:

- a. takes note of the elements prepared by the interim Secretariat of the Convention, and
- b. requests the Secretariat of the Convention, in consultation with the Secretariat of the Global Environment Facility, to prepare for consideration by the Subsidiary Body for Implementation at its first session draft arrangements for adoption by the Conference of the Parties at its second session.

12. At its first meeting (March/April 1995), the Conference of the Parties adopted the decision proposed by the Intergovernmental Negotiating Committee. The GEF Secretariat expects to undertake consultations with the Convention Secretariat on the content of the draft arrangements before their consideration by the Convention's Subsidiary Body on Implementation in October 1995. The Secretariat will seek Council guidance, as appropriate, before and/or after the meeting of the Subsidiary Body. It is expected that consultations between the Convention Secretariat and the GEF Secretariat will result in proposed arrangements that will be simultaneously transmitted to the parties to the Convention and the GEF Council. The Council should have an opportunity to raise any issues of concern to it at its meeting in April 1996. Thereafter, the Secretariat will report to the Council at its meeting in October 1996 on the results of the discussions held at the second meeting of the Conference of the Parties to the Framework Convention on Climate Change, (July 1996) with a view to obtaining final Council approval of the proposed arrangements.

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<sup>5</sup> Document A/AC.237/87, 21 December 1994.