



Global Environment Facility

GEF/C.12/12
September 11, 1998

GEF Council
October 14 – 16, 1998
Agenda Item 13

RELATIONS WITH THE CONVENTIONS

Recommended Council Decision

The Council, having reviewed document GEF/C.12/12, *Relations with Conventions*, takes note of the developments within the various international global agreements concerning the GEF, and encourages the Secretariat and the Implementing Agencies to continue their efforts towards active dialogue and collaboration with the Parties to the Conventions and the Convention secretariats. In particular, the Council requests the Secretariat and Implementing Agencies to continue their efforts to implement the guidance to the GEF approved by the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change.

INTRODUCTION

1. This document reports on developments of interest to the GEF within the context of the Convention on Biological Diversity and the UN Framework Convention on Climate Change that have occurred since the GEF Council meeting in November 1997. The last section reports on activities related to the UN Convention to Combat Desertification and negotiations concerning certain organic pollutants that might be of interest to the Council.

CONVENTION ON BIOLOGICAL DIVERSITY

Regional preparatory meetings to the Fourth meeting of the Conference of the Parties

2. Prior to a conference of the parties, the Convention secretariat organizes regional consultative meetings in preparation for the conference. These are useful opportunities for interaction among countries of the region and between the countries and the Convention secretariat. The GEF was invited to attend these meetings, and it was represented at all four regional preparatory meetings in Lima, Nairobi, Almaty and Haikou convened to discuss preparations for the fourth meeting of the Conference of the Parties.

Fourth Meeting of the Conference of the Parties

3. The fourth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) was held in Bratislava from May 4 to 15, 1998. In addressing its opening session, the CEO reported on the second replenishment and on the outcome of the New Delhi Assembly. He drew the participants' attention to the symbiotic relationship between the GEF and the Convention and the importance of well-structured guidance from the Conference of the Parties which the GEF could convert into effective operations in recipient countries. The GEF's formal report was separately presented to the Conference of the Parties under the relevant agenda item.

4. Decisions of the meeting related to the GEF are presented in attachment A to this document. A first review of the effectiveness of the GEF as the financial mechanism of the Convention was completed during this Conference of the Parties. The resulting decision IV/11 makes a number of suggestions for Council consideration about improving GEF's effectiveness, particularly about the project cycle, country ownership, Implementing Agency procedures, and incremental costs. In particular, the Conference of the Parties called upon the Council to improve the effectiveness of the financial mechanism by:

- a. further streamlining its project cycle with a view to making project preparation simpler, more transparent and more country-driven;
- b. further simplifying and expediting procedures for approval and implementation, including disbursement, for GEF-funded projects;

- c. developing policies and procedures that fully comply with the guidance from the Conference of the Parties in a straightforward and timely manner;
- d. increasing support to priority actions identified in national plans and strategies of developing countries;
- e. applying in a more flexible, pragmatic and transparent manner the incremental cost principle;
- f. promoting genuine country ownership through greater involvement of participant countries in GEF-funded activities;
- g. increasing its flexibility to respond to the thematic longer-term programme of work of the Convention on Biological Diversity, in accordance with the guidance of the Conference of the Parties;
- h. promoting the catalytic role of the Global Environment Facility in mobilizing funding from other sources for GEF-funded activities;
- i. including in its monitoring and evaluation activities the assessment of the compliance under its operational programmes with the policy, strategy, program priorities and eligibility criteria established by the Conference of the Parties;
- j. promoting efforts to ensure that the Implementing Agencies fully comply with the policy, strategy, programme priorities and eligibility criteria of the Conference of the Parties in their support for country-driven activities funded by the Global Environment Facility; and
- k. undertaking efforts to improve the efficiency, effectiveness and transparency of the process of cooperation and coordination between the Implementing Agencies with a view to improving the processing and delivery systems of the Global Environment Facility, and to avoid duplication and parallel processes.¹

5. The terms of reference for a second review of the financial mechanism will be decided by the fifth meeting of the Conference of the Parties, scheduled for the year 2000.

6. In pursuance of decision III/ 5, the GEF secretariat worked closely with the CBD secretariat to prepare a paper on the sharing of benefits from the use of genetic resources, for consideration by the fourth meeting of the Conference of the Parties. This proved to be a productive example of collaboration between the convention and GEF secretariats, and it is

¹ Decision IV/11, *Review of the effectiveness of the financial mechanism, Report of the fourth meeting of the Conference of the Parties to the Convention on Biological Diversity*, advanced, unedited version, August 1998.

hoped, a precedent setting exercise. The recommendations presented in the joint paper are largely reflected in the guidance to the financial mechanism approved by the Parties.²

7. The GEF secretariat and the Implementing Agencies jointly organized a number of side events during the Conference of the Parties. A GEF display and drop in center was run through the two weeks; a field visit to the Slovak Republic's Biodiversity Protection Project was organized as well as three lunchtime workshops on GEF projects and on the subject of benefit sharing, with assistance from the Swiss and Slovak Governments. A special newsletter on GEF's biodiversity enabling activities also was published.

Follow-up action to the guidance approved by the Conference of the Parties

8. The GEF Secretariat has been undertaking an assessment of the guidance approved by the Parties to determine the best way to address it as expeditiously as possible. Whenever feasible, the guidance will be integrated with existing operational modalities. Current modalities include enabling activities, short-term response measures and the operational programs developed in response to the ecosystem approach highlighted by the Conference of the Parties at its second meeting. Work is also being carried out to define long term approaches for some of the issues identified in the guidance, such as inland waters biodiversity, forest biodiversity and taxonomy. The definition and implementation of actions being taken to respond to the additional guidance are being developed in conjunction with the GEF Implementing Agencies. The Secretariat of the Convention on Biological Diversity will also be consulted.

9. Initial analysis seems to suggest the need to review and possibly revise the Operational Criteria for Enabling Activities to accommodate fully the additional guidance concerning new issues and substantive matters to be addressed in enabling activities.

10. Most, if not all, of the recommendations addressed to the Council to improve the effectiveness of the financial mechanism (see paragraph 4 above) are addressed in the papers before the Council, including the *Action Plan on the Follow-up to the Overall Performance Study* (document GEF/C.12/7), *Country Ownership of GEF Projects* (document GEF/C.12/8), *Streamlining of the Project Cycle* (document GEF/C.12/9), and *Corporate Business Plan* (document GEF/C.12/11). In reviewing proposals under each of the appropriate agenda item of the Council meeting, the Council is invited to bear in mind the recommendations of the fourth meeting of the Conference of the Parties.

11. The Council has before it document GEF/C.12/Inf.10 which addresses the approach that is to be followed by the GEF in pursuance of guidance from the Conference of the Parties at its third meeting on conservation and sustainable use of biological diversity important to agriculture.

² The Conference of the Parties agreed on consolidating its guidance to the GEF in a single decision, along the lines suggested by the CEO in his address. For the operative paragraphs on benefit sharing, see Decision IV/ 13, paragraph 8.

Biosafety Protocol

12. A Biosafety Protocol is currently under negotiation under the aegis of the CBD. Assuming that the Protocol will retain the same financial mechanism as the Convention, there could be a number of implications for the GEF, which is therefore following the negotiations closely and providing inputs as requested by delegates. The Protocol is scheduled to be finalized at the sixth meeting of the Biosafety Working Group and adopted at the first extraordinary meeting of the Conference of the Parties scheduled for February 1999.

The Clearing House Mechanism

13. The GEF was represented by staff of the Secretariat and/or the Implementing Agencies in the four regional workshops on this important subject organized by the CBD Secretariat (Cartagena, October 13-15, 1997; Godollo, October 27-29, 1997; Kuala Lumpur, December 3-5, 1997; and Nairobi, March 5 to 7, 1998). GEF presentations on the support available for countries in the pilot phase of the CHM were synchronized in close collaboration with the CBD Secretariat.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Third Session of the Conference of the Parties to the Framework Convention on Climate Change

Kyoto Protocol

14. The third session of the Conference of the Parties to the Framework Convention on Climate Change (FCCC) was held in Kyoto from December 1 to 10, 1997. The main agenda item before the conference was the adoption of a protocol or another legal instrument in fulfillment of the Berlin Mandate. The conference resulted in a consensus decision (1/CP.3) to adopt a protocol under which industrialized countries will reduce their combined greenhouse gas emissions by at least 5% compared to 1990 levels by the period 2008-2012.

15. The Kyoto Protocol was opened for signature on March 16, 1998. As of August 25, 1998, fifty countries have signed the protocol. It will enter into force 90 days after it has been ratified by at least 55 Parties to the Convention, including developed countries accounting for at least 55% of the total 1990 carbon dioxide emissions from this industrialized group. In the meantime, Parties to the Convention are continuing to carry out their commitments under the Convention and are preparing for the future implementation of the Protocol.

16. The Protocol has several articles of particular interest to the GEF as the financial mechanism of the Convention. Article 11 of the Convention establishes a direct relationship between the financial mechanism of the Convention and Parties to the protocol as follows:

Article 11

1. In the implementation of Article 10, Parties shall take into account the provisions of Article 4, paragraphs 4, 5, 7, 8 and 9, of the Convention.

2. In the context of the implementation of Article 4, paragraph 1, of the Convention, in accordance with the provisions of Article 4, paragraph 3, and Article 11 of the Convention, and through the entity or entities entrusted with the operation of the financial mechanism of the Convention, the developed country Parties and other developed Parties included in Annex II to the Convention shall:
 - a. Provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in advancing the implementation of existing commitments under Article 4, paragraph 1(a), of the Convention that are covered in Article 10, subparagraph (a); and
 - b. Also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of advancing the implementation of existing commitments under Article 4, paragraph 1, of the Convention that are covered by Article 10 and are agreed between a developing country Party and the international entity or entities referred to in Article 11 of the Convention, in accordance with that Article.

The implementation of these existing commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among developed country Parties. The guidance to the entity or entities entrusted with the operation of the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply *mutatis mutandis* to the provisions of this paragraph.

3. The developed country Parties and other developed Parties in Annex II to the Convention may also provide, and developing country Parties avail themselves of, financial resources for the implementation of Article 10, through bilateral, regional and other multilateral channels.

17. As provided for in subparagraphs 2(a) and 2(b) of Article 11, financial resources are to be provided to assist developing country Parties in advancing the implementation of Article 10 of the protocol.

18. Article 12 of the protocol provides for the establishment of a clean development mechanism to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention and to assist Annex I Parties in achieving compliance

with their quantified emission limitation and reduction commitments under Article 3 of the protocol. More specifically, Article 12 provides:

Article 12

1. A clean development mechanism is hereby defined.
2. The purpose of the clean development mechanism shall be to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.
3. Under the clean development mechanism:
 - a. Parties not included in Annex I will benefit from project activities resulting in certified emission reductions; and
 - b. Parties included in Annex I may use the certified emission reductions accruing from such project activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
4. The clean development mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Protocol and be supervised by an executive board of the clean development mechanism.
5. Emission reductions resulting from each project activity shall be certified by operational entities to be designated by the Conference of the Parties serving as the meeting of the Parties to this Protocol, on the basis of:
 - a. Voluntary participation approved by each Party involved;
 - b. Real, measurable, and long-term benefits related to the mitigation of climate change; and
 - c. Reductions in emissions that are additional to any that would occur in the absence of the certified project activity.
6. The clean development mechanism shall assist in arranging funding of certified project activities as necessary.
7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, elaborate modalities and procedures with the

objective of ensuring transparency, efficiency and accountability through independent auditing and verification of project activities.

8. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

9. Participation under the clean development mechanism, including in activities mentioned in paragraph 3(a) above and in the acquisition of certified emission reductions, may involve private and/or public entities, and is to be subject to whatever guidance may be provided by the executive board of the clean development mechanism.

10. Certified emission reductions obtained during the period from the year 2000 up to the beginning of the first commitment period can be used to assist in achieving compliance in the first commitment period.

19. Article 12 is currently the subject of preparatory work by the subsidiary bodies to the Convention. The GEF Secretariat has attended many related meetings.

Report of the GEF to the Conference of the Parties

20. The third session of the Conference of the Parties also considered the Report of the GEF to the conference. In presenting the GEF report to the plenary, the CEO highlighted how the GEF had implemented the guidance of the Convention and steps that were being undertaken to improve the operations of the GEF. The CEO also informed the Conference of the negotiations that were underway for the replenishment of the GEF Trust Fund. The Conference of the Parties expressed its appreciation to the Council and took note of the report.

21. Later, the CEO addressed the High Level Segment of the Conference. In his statement he touched upon the allocation of responsibility for reducing greenhouse gas emissions, the cost of both action as well as inaction, and the potential of the GEF to strengthen its assistance to the Parties to the convention and the protocol, noting that the GEF will continue to evolve as circumstances change and new demands are placed on it.

Development and Transfer of Technology

22. Decisions of the third session related to the GEF are presented in attachment B to this document. Decision 9/CP.3 is concerned with the development and transfer of technologies. Among other things, it requests the Convention secretariat to consult with the Global Environment Facility and other relevant international organizations, and solicit information on their capabilities and abilities to support the work of an international technology information centre(s), as well as national and regional centres, and to enhance support for national and

regional centres, and to report to the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) on its findings.

23. Pursuant to this decision, the Convention secretariat requested the GEF to provide it with information on its capabilities and abilities to support the work of international, regional and national centers for technology transfer. Such information was provided by the CEO and included in the secretariat's paper to the SBSTA.

24. This issue was considered by the SBSTA at its eighth session. Among its conclusions, SBSTA:

- a. agreed that the identification of technology and technology information needs at the country level is an important step in relation to the improvement and/or development of modalities for the diffusion and transfer of and access to those technologies, particularly for developing countries;
- b. noted that the national communications of non-Annex I Parties are an important means of identifying technology and technology information needs to facilitate adequate adaptation to climate change, in accordance with paragraph 21 of the annex to decision 10/CP.2, and to facilitate the implementation of their obligations under the Convention, in accordance with paragraph 20 of that same annex, and may include other relevant information, in accordance with decision 10/CP.2; and urged non-Annex I Parties to identify their financial and technological needs in accordance with paragraph 20 of the annex to that decision (FCCC/CP/1996/15/Add.1);
- c. *requested the SBI in considering additional guidance to the Global Environment Facility (GEF), to take note that priority should be given to the need to build capacity in developing countries to identify and analyse technology and technology information needs;*³ and
- d. urged Annex II Parties to continue to provide support to non-Annex I Parties to identify and assess their technology and technology information needs.⁴

Review of the financial mechanism

25. Further to its decisions 9/CP.1 and 11/CP.2, the Conference of the Parties, on the basis of the recommendation approved by the SBI at its seventh session, requested the SBI to continue its review of the financial mechanism in accordance with the criteria established in the guidelines adopted by the SBI at its fifth session (decision 11/CP.3).

26. At its eighth session in June 1998, the SBI: (a) took note of the views expressed by Parties on the review of the financial mechanism and the provision of additional guidance to the GEF; (b)

³ Emphasis added.

⁴ *Report of the Subsidiary Body for Scientific and Technological Advice on its Eighth Session, Bonn, 2-12 June 1998, FCCC/SBSTA/1998/6, page 21, paragraph 58(b).*

concluded that further deliberations on these matters are needed, and decided to continue its discussions at its ninth session; and (c) invited Parties to submit to the convention secretariat further views or comments, if any, on these matters by August 15, 1998. The secretariat was requested to compile and make available such views and comments at the ninth session of the SBI.⁵

Annex to the Memorandum of Understanding

27. In Decision 12/CP.3, the Conference of the Parties took note of the approval by the GEF Council of the annex to the Memorandum of Understanding between the Conference of the Parties and the Council on the determination of funding necessary and available for the implementation of the Convention. The Conference approved the annex, thereby bringing it into force.

Outreach activities

28. The GEF display and two workshops presenting GEF projects were organized by the GEF Secretariat and the Implementing Agencies during the Conference.

Meetings of the Subsidiary Bodies, June 1998

29. Meetings of the SBSTA and SBI were held in Bonn from June 2 to 12, 1998. Items of relevance to the GEF are elaborated upon in the paragraphs above. The next meetings of the subsidiary bodies will be held in conjunction with the fourth session of the Conference of the Parties to be held from November 2 to 13, 1998 in Buenos Aires.

OTHER INTERNATIONAL LEGAL AGREEMENTS

30. During the period covered by this report, the following activities, which are likely to be of interest to the Council, were undertaken with regard to other international legal agreements or negotiations.

UN Convention to Combat Desertification

31. Paragraph 8 of *The New Delhi Statement of the First GEF Assembly* calls upon the GEF, in consultation with the Secretariat of the UN Convention to Combat Desertification (CCD), to better define the linkages between land degradation, particularly desertification and deforestation, and its focal areas and to increase GEF support for land degradation activities as they relate to the GEF focal areas. Representatives of the CCD secretariat and the GEF Secretariat met in July 1998 to exchange views as to how they could best collaborate to better define such linkages. These discussions are now being followed-up with a view to preparing a joint paper before the Council meeting in May 1999. They also discussed a possible exchange of letters to provide a

⁵ *Ibid*, page 12, paragraph 32.

framework for collaboration between the two secretariats as well as preparations for, and GEF participation in, the next Conference of the Parties to the CCD to be convened in Senegal in November/December 1998. It is expected that the CEO will attend the high level segment of the Conference of the Parties. In addition, the GEF will organize a display and project workshop at the conference and will contribute to a field visit to a GEF-financed project on the Senegal/Mauritania border.

First Meeting of the Intergovernmental Negotiating Committee (INC) for an International Legally Binding Instrument for Implementing International Action on Certain Organic Pollutants - Montreal, June 29 - July 3 1998.

32. Pursuant to a decision of its Governing Council⁶, UNEP has initiated, together with the World Health Organization and other relevant organizations, intergovernmental negotiations aimed at developing an international legal agreement on certain organic pollutants, preferably by the year 2000. In particular, the negotiation process has two overall objectives: a) to prepare an international legally binding instrument designed to eliminate the release of 12 specified Persistent Organic Pollutants: nine of the most toxic pesticides, among them DDT, and other industrial (PCBs) and accidental products (dioxins and furans); and b) to establish an expert group to develop science based criteria and a procedure for identifying additional POPs as candidates for international action.

33. During its first meeting, the INC analyzed a draft document presented by the UNEP Secretariat and, after discussion, requested the secretariat to prepare, for submission to the second meeting of the INC (Feb 1999), a document based on the existing draft, taking also into consideration other international agreements and in particular the Montreal Protocol, the Basel Convention, CBD and FCCC. The INC moreover decided to establish a subsidiary body to consider technical and financial assistance and modalities to assist countries to implement the provisions of the international agreement. In this regard, a number of delegates expressed an interest in exploring the possibility of the GEF operating the financial mechanism of the agreement under negotiation. It is expected that the CEO may be invited to make a statement to the next meeting of the INC in February concerning GEF activities related to the objectives of the proposed agreement and the possible availability of the GEF to provide financial support for purposes of the agreement.

⁶ UNEP Governing Council, decision 19/13C, February 7, 1997.

**DECISIONS OF THE FOURTH MEETING OF THE CONFERENCE OF THE PARTIES TO THE
CONVENTION ON BIOLOGICAL DIVERSITY OF RELEVANCE TO THE GEF⁷**

Decision IV/11. *Review of the effectiveness of the financial mechanism*

The Conference of the Parties,

Recalling its decisions II/6 on financial resources and mechanism and III/7 on the review of the effectiveness of the financial mechanism,

Taking note of the synthesis report on the first review of the effectiveness of the financial mechanism, contained in document UNEP/CBD/COP/4/16,

Taking note also of the Statement of the First Assembly of the Global Environment Facility, held in New Delhi, India, from 1-3 April 1998, and the list of measures identified therein for the Global Environment Facility to improve its operational performance, and welcoming the second replenishment of the Global Environment Facility Trust Fund in the amount of US\$2.75 billion for its four focal areas,

Taking note of the report on the activities of the Global Environment Facility contained in document UNEP/CBD/COP/4/15,

Recalling the provisions of the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility, in particular paragraph 7 therein concerning the significance of inter-secretariat cooperation,

Welcoming the efforts made to date by the Global Environment Facility to address the concerns of Parties on the responsiveness of the financial mechanism to the policy, strategy, programme priorities and eligibility criteria established by the Conference of the Parties,

Taking into account the views and concerns expressed by Parties about the difficulties encountered in carrying out the first review, in particular the inadequacy of the procedures, and the insufficient information provided as compared with that requested in decision III/7,

Recalling decision II/6, paragraph 2, which calls for the effectiveness of the financial mechanism to be reviewed every three years,

Recognizing concerns expressed by several Parties about the need for Implementing Agencies to improve the processing and delivery systems of the Global Environment Facility, and reaffirming paragraph 1, of decision III/5 in this regard,

⁷ To see all decisions of the Conference of the Parties, see *Report of the Fourth Meeting of the Conference of the Parties to the Convention on Biological Diversity*, advance, unedited version, August 1998.

Recognizing also that further improvements are needed in the effectiveness of the financial mechanism,

1. Determines to further improve the effectiveness of the financial mechanism;
2. Requests the Council of the Global Environment Facility to take the action identified in the annex to the present decision with a view to improving the effectiveness of the financial mechanism, and further requests the Global Environment Facility to report thereon to the Conference of the Parties at its fifth meeting;
3. Decides that the Conference of the Parties at its fifth meeting will determine terms of reference for the second review of the effectiveness of the financial mechanism;
4. Requests the Executive Secretary to advise the Parties on matters relating to recommendations for further guidance to the financial mechanism with respect to:
 - a. The relationship of any draft guidance to previous guidance; and
 - b. Any possible effects of that draft guidance on the implementation of previous guidance from the Conference of the Parties.

ANNEX

ACTION TO IMPROVE THE EFFECTIVENESS OF THE FINANCIAL MECHANISM

1. The Council of the Global Environment Facility should improve the effectiveness of the financial mechanism by:
 - a. Further streamlining its project cycle with a view to making project preparation simpler, more transparent and more country-driven;
 - b. Further simplifying and expediting procedures for approval and implementation, including disbursement, for GEF-funded projects;
 - c. Developing policies and procedures that fully comply with the guidance from the Conference of the Parties in a straightforward and timely manner;
 - d. Increasing support to priority actions identified in national plans and strategies of developing countries;
 - e. Applying in a more flexible, pragmatic and transparent manner the incremental cost principle;

- f. Promoting genuine country ownership through greater involvement of participant countries in GEF-funded activities;
- g. Increasing its flexibility to respond to the thematic longer-term programme of work of the Convention on Biological Diversity, in accordance with the guidance of the Conference of the Parties;
- h. Promoting the catalytic role of the Global Environment Facility in mobilizing funding from other sources for GEF-funded activities;
- i. Including in its monitoring and evaluation activities the assessment of the compliance under its operational programmes with the policy, strategy, program priorities and eligibility criteria established by the Conference of the Parties;
- j. Promoting efforts to ensure that the implementing agencies fully comply with the policy, strategy, programme priorities and eligibility criteria of the Conference of the Parties in their support for country-driven activities funded by the Global Environment Facility; and
- k. Undertaking efforts to improve the efficiency, effectiveness and transparency of the process of cooperation and coordination between the implementing agencies with a view to improving the processing and delivery systems of the Global Environment Facility, and to avoid duplication and parallel processes.

Decision IV/13. *Additional guidance to the financial mechanism*

The Conference of the Parties:

Bearing in mind Articles 20 and 21 of the Convention,

Taking into account the guidance provided by the Conference of the Parties at its first, second and third meetings to the Global Environment Facility,

Decides to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in conformity with decisions I/2, II/6 and III/5 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing countries for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries:

The Global Environment Facility should:

1. Provide adequate and timely support for country-driven projects at national, regional and subregional levels addressing the issue of alien species in accordance with decision IV/1 C;
2. Provide financial resources for country-driven activities within the context of its operation programmes to participate in the Global Taxonomy Initiative which take into account as appropriate, elements of the Suggestions for Action contained in the annex to decision IV/1 D;
3. Within the context of implementing national biological diversity strategies and action plans, provide adequate and timely support to eligible projects which help Parties to develop and implement national, sectoral and cross-sectoral plans for the conservation and sustainable use of biological diversity of inland water ecosystems in accordance with decision IV/4;
4. In accordance with decision IV/7 and with Article 7 of the Convention and also within the context of implementing national biological diversity strategies and plans, provide adequate and timely financial support to Parties for projects and capacity-building activities for implementing the programme of work of forest biological diversity at the national, regional and subregional levels and the use of the clearing-house mechanism to include activities that contribute to halting and addressing deforestation, basic assessments and monitoring of forest biological diversity, including taxonomic studies and inventories, focusing on forest species, other important components of forest biological diversity and ecosystems under threat;
5. In accordance with decision IV/2:
 - a. Support capacity-building activities and country-driven pilot projects focused on priority areas, as critical components in the implementation of the clearing-house mechanism at the national, subregional, biogeographic, and regional levels, both during and after the pilot phase;
 - b. Provide, as appropriate, increased support, in the framework of country-driven projects to promote the objectives of the Convention, to establish and strengthen biodiversity information systems such as, inter alia, training, technology and processes related to the collection, organization, maintenance and updating of data and information and its communication to users through the clearing-house mechanism;
 - c. Evaluate at the end of the clearing-house mechanism pilot phase the experience of the Global Environment Facility's support for developing countries' activities, to consider additional efforts to meet the increasing interest in taking part in and having access to the clearing-house mechanism, including in regional networking, and to report to the Conference of the Parties prior to the next meeting of the Subsidiary Body on Scientific, Technical and Technological Advice;

6. Continue to provide financial assistance for the preparation of national reports, having regard to the constraints and needs identified by Parties in their first national reports, in accordance with decision IV/14;

7. Provide adequate and timely support for the design and approaches relevant to the implementation of incentive measures, including, where necessary, assessment of biological diversity of the relevant ecosystems, capacity-building necessary for the design and implementation of incentive measures and the development of appropriate legal and policy frameworks, and projects with components that provide for these incentives, in accordance with decision IV/10;

8. In accordance with decision IV/8, provide support for:
- a. Stock-taking activities, such as, for example, assessments of current legislative, administrative and policy measures on access to genetic resources and benefit-sharing, evaluation of the strengths and weaknesses of a country's institutional and human capacity, and promotion of consensus-building among its different stakeholders;
 - b. Formulation of access and benefit-sharing mechanisms at the national, subregional and regional levels, including monitoring, assessment, and incentive measures;
 - c. Capacity-building on measures on access to genetic resources and sharing of benefits, including capacity-building on economic valuation of genetic resources;
 - d. Within biodiversity projects, other specific benefit-sharing initiatives such as support for entrepreneurial developments by local and indigenous communities, facilitation of financial sustainability of projects promoting the sustainable use of genetic resources, and appropriate targeted research components.

**DECISIONS OF THE THIRD SESSION OF THE CONFERENCE OF THE PARTIES TO THE
UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE OF
RELEVANCE TO THE GEF⁸**

Decision 9/CP.3: *Development and transfer of technologies*

The Conference of the Parties,

Recalling the relevant provisions of the programme for the further implementation of Agenda 21 on the transfer of environmentally sound technologies adopted by the United Nations General Assembly at its nineteenth special session,

Noting the role of the public and private sectors in developing and disseminating environmentally sound and economically viable technologies related to the mitigation of, and adaptation to, climate change,

Recognizing the progress made by countries in fostering the institutional and regulatory environment necessary for the introduction of environmentally sound technologies and the need for continued efforts by Parties to remove existing market barriers to technology dissemination,

Recalling its decisions 13/CP.1 and 7/CP.2 on transfer of technology,

Having considered the progress reports presented by the Convention secretariat on the development and transfer of technology,

1. *Reaffirms* its decisions 13/CP.1 and 7/CP.2 on transfer of technology;
2. *Requests* the Convention secretariat:
 - a. To continue its work on the synthesis and dissemination of information on environmentally sound technologies and know-how conducive to mitigating, and adapting to, climate change; for example, by accelerating the development of methodologies for adaptation technologies, in particular decision tools to evaluate alternative adaptation strategies, bearing in mind the work programme on methodological issues approved by the Subsidiary Body for Scientific and Technological Advice at its sixth session;
 - b. To consult with the Global Environment Facility and other relevant international organizations, and solicit information on their capabilities and abilities to support the

⁸ To see all decisions of the Conference of the Parties, see *Report of the Conference of the Parties on its Third Session, held at Kyoto from 1 to 11 December, 1997, Part Two: Action taken by the Conference of the Parties at its Third Session*, document FCCC/CP/1997/7/Add.1

work of (an) international technology information centre(s), as well as national and regional centres, and to enhance support for national and regional centres, and to report to the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation on its findings;

- c. To consider specific case studies, as part of its work on terms of transfer of technologies, drawing on the experience of Parties, including demonstration projects, with the aim of evaluating barriers to the introduction and implementation of environmentally sound technologies and know-how, and of promoting their practical application;

3. *Requests* the Subsidiary Body for Implementation to consider options for funding (an) international technology information centre(s) and enhancing support for national or regional centres;

4. *Requests* the Subsidiary Body for Scientific and Technological Advice to forward any conclusions regarding technology information centres and enhancing support for national or regional centres to the Subsidiary Body for Implementation for consideration;

5. *Urges* Parties:

- a. To create an enabling environment to help further stimulate private-sector investment in, and transfer of, environmentally sound technologies; and
- b. To improve reporting in national communications on technology needs and technology transfer activities, as indicated in the reporting guidelines adopted by the Parties.

*2nd plenary meeting
1 December 1997*

Decision 11/CP.3: *Review of the financial mechanism*

The Conference of the Parties

1. Takes note of the review process undertaken by the Subsidiary Body for Implementation in accordance with decision 11/CP.2;
2. Decides to continue the review process through the Subsidiary Body for Implementation, in accordance with the criteria established in the guidelines adopted by the Subsidiary Body for Implementation at its fifth session;(11)
3. Reaffirms its decision 9/CP.1;
4. Requests the secretariat to report to the Subsidiary Body for Implementation in accordance with paragraph 2 above.

2nd plenary meeting
1 December 1997

Decision 12/CP.3: *Annex to the Memorandum of Understanding on the determination of funding necessary and available for the implementation of the Convention*

The Conference of the Parties

1. Takes note of the approval by the Council of the Global Environment Facility of the annex to the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility;
2. Decides to approve the annex to the Memorandum of Understanding, thereby bringing it into force.

2nd plenary meeting
1 December 1997