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Agenda item 5 (b)
Financial mechanism of the Convention
Report of the Global Environment Facility to the Conference of the Parties
and guidance to the Global Environment Facility

Additional guidance to the Global Environment Facility

Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its twenty-seventh session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its thirteenth session.

Draft decision -/CP.13

Additional guidance to the Global Environment Facility

The Conference of the Parties,

Recalling Article 3, Article 4, paragraphs 1, 3, 4, 5, 7, 8 and 9, Article 11 and Article 12, paragraphs 3, 4 and 7 of the Convention,

Also recalling decisions 13/CP.1, 10/CP.2, 11/CP.2, 12/CP.2, 12/CP.3, 1/CP.4, 2/CP.4, 8/CP.5, 2/CP.7, 3/CP.7, 6/CP.7, 7/CP.7, 5/CP.8, 6/CP.8, 7/CP.8, 3/CP.9, 4/CP.9, 9/CP.9, 8/CP.10, 5/CP.11 and 3/CP.12,

Noting the report of the Global Environment Facility to the Conference of the Parties,¹

1. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:
 - (a) To continue to take the necessary steps to enhance its country dialogues, including ensuring the clarity, transparency and timeliness in its communications with Parties on changes undertaken in the Global Environment Facility reform agenda;
 - (b) To inform the implementing/executing agencies of the Global Environment Facility of the relevant Convention provisions and decisions of the Conference of Parties in the performance of their Global Environment Facility obligations, and to encourage them, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation;
 - (c) To continue to simplify and streamline the application of the incremental cost principle, building on its recent reforms and taking into account lessons learned on the constraints in resource mobilization by developing countries;
 - (d) To take fully into account lessons learned in the strategic priority “Piloting an Operational Approach to Adaptation”, including the application of incremental cost, to help inform on how Global Environment Facility could best support climate adaptation activities;
 - (e) To continue to improve access to Global Environment Facility funds, as highlighted in the Third Overall Performance Study of the Global Environment Facility,² for those countries that are particularly vulnerable to the adverse effects of climate change;
 - (f) To submit the report of the Global Environment Facility to the Conference of the Parties within a time frame that would allow Parties to the Convention to examine the report carefully prior to the start of the sessions of the Conference of the Parties;
 - (g) To continue to ensure that financial resources are provided to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1, of the Convention;
 - (h) To take into consideration the request contained in paragraph 1 (g) above in its planned mid-term review in 2008;
 - (i) To work with its implementing agencies to continue to simplify its procedures and improve the effectiveness and efficiency of the process through which Parties not included in non-Annex I to the Convention (non-Annex I Parties) receive funding to meet their obligations under Article 12, paragraph 1, of the Convention, with the aim of ensuring the timely disbursement of funds to meet the agreed full costs incurred by developing country Parties in complying with these obligations;
 - (j) To refine, as appropriate, operational procedures to ensure the timely disbursement of funds to meet the agreed full costs incurred by those non-Annex I Parties that are in the

¹ FCCC/CP/2007/3 and Corr.1.

² “OPS3: Progressing Toward Environmental Results – Third Overall Performance Study of the Global Environment Facility, Executive Version”, GEF, June 2005.

process of preparing their third and, where appropriate, fourth national communications, in the light of paragraphs 1 (g)–(i) above;

- (k) To assist, as appropriate, non-Annex I Parties in formulating and developing project proposals identified in their national communications in accordance with Article 12, paragraph 4, of the Convention and decision 5/CP.11, paragraph 2;
- (l) To ensure, together with its implementing agencies, that the analysis of project proposals for the financing of second and subsequent national communications is consistent with the guidelines for the preparation of national communications from non-Annex I Parties;³

2. *Invites* the Global Environment Facility:

- (a) To continue to provide information on funding for projects identified in the national communications of non-Annex I Parties⁴ in accordance with Article 12, paragraph 4, of the Convention and subsequently submitted and approved;
- (b) To consider the views of, and any concerns expressed by, Parties regarding their current experiences with the Global Environment Facility and its implementing agencies in relation to the provision of financial support for the preparation of national communications from non-Annex I Parties, as contained in documents FCCC/SBI/2007/MISC.13 and Add.1;

3. *Requests* the Global Environment Facility to include, in its regular report to the Conference of the Parties, information on the specific steps it has taken to implement the guidance contained in paragraphs 1 and 2 above,

4. *Requests* the Global Environment Facility to continue to provide, as appropriate, financial resources to developing country Parties, in particular the least developed countries and small island developing States among them, in accordance with decisions 11/CP.1, 6/CP.7, 4/CP.9 and 7/CP.10, to support the implementation of the New Delhi work programme on Article 6 of the Convention and to regularly report to the Conference of the Parties on the activities it has supported.

³ The current guidelines are contained in decision 17/CP.8.

⁴ Decision 5/CP.11, paragraph 2.