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**SUBSIDIARY BODY FOR IMPLEMENTATION**

**Twenty-first session**

**Buenos Aires, 6–14 December 2004**

**Agenda item 5 (c)**

**Financial mechanism of the Convention**

**Matters relating to the implementation of decision 5/CP.8**

**Third review of the financial mechanism**

**Draft conclusions proposed by the Chair**

1. The Subsidiary Body for Implementation (SBI) noted the important role being played by the Global Environment Facility (GEF), as an operating entity of the financial mechanism, in the effective implementation of the Convention. It also noted that, pursuant to Article 11, paragraph 4, of the Convention, the Conference of the Parties (COP) at its fourth session adopted decision 3/CP.4, according to which the third review of the effectiveness of the financial mechanism should be carried out by 2006.
2. In response to decision 5/CP.8, the SBI initiated the third review of the financial mechanism in accordance with the criteria set out in guidelines annexed to decision 3/CP.4, or as they may be subsequently amended, with a view to taking appropriate measures and reporting on the outcome to the COP at its twelfth session (November 2006).
3. The SBI invited Parties and intergovernmental organizations to submit to the secretariat, by 15 October 2005, information on their experiences regarding the effectiveness of the financial mechanism, in accordance with the criteria set out in the guidelines annexed to decision 3/CP.4.
4. In order to perform the review, the SBI requested the secretariat to prepare a synthesis report on the financial mechanism for consideration at its twenty-fourth session (May 2006). The report should be based on submissions received, the *Third Overall Performance Study* of the GEF and other GEF documents, including GEF Council documents relevant to the assessment of the effectiveness of the financial mechanism.

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