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**REVIEW OF THE IMPLEMENTATION OF COMMITMENTS AND OF OTHER
PROVISIONS OF THE CONVENTION**

Draft decision proposed by the Co-Chairmen of the negotiating group

Draft decision -/CP.6

Funding under the Convention

The Conference of the Parties,

Recalling the relevant provisions of the United Nations Framework Convention on Climate Change, and in particular its Article 4.1, 4.3, 4.4, 4.5, 4.7, 4.8, 4.9, 4.10 and Article 11,

Recalling also its decisions 11/CP.1 and 15/CP.1,

Noting that, by its decisions -/CP.6, and -/CP.6, provisions have been made for funding the implementation of capacity-building activities in Parties not included in Annex I, and that additional guidance has been given to the Global Environment Facility to that effect,

Welcoming the statements made by most Parties included in Annex II¹ on their willingness to commit themselves to provide funding,

Welcoming also the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland on their preparedness to contribute collectively €450 million / US \$410 million annually by 2005, with this level to be reviewed in 2008,

¹ Joint political declaration by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland and a statement by Japan.

1. *Decides* that:

(a) There is a need for funding, including funding that is new and additional to contributions which are allocated to the Global Environment Facility climate change focal area and to multilateral and bilateral funding, for the implementation of the Convention;

(b) Predictable and adequate levels of funding shall be made available to Parties not included in Annex I;

(c) In order to meet the commitments under Article 4.1, 4.3, 4.4, 4.5, 4.8 and 4.9, Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, should provide funding for developing country Parties, through the following channels:

(i) Increased Global Environment Facility replenishment;

(ii) The special climate change fund to be established under this decision;

(iii) The least developed countries fund to be established under this decision;

(iv) Bilateral and multilateral sources;

(d) Appropriate modalities for burden sharing among the Parties included in Annex II need to be developed;

(e) Parties included in Annex II shall report on their financial contributions on an annual basis;

(f) It shall review the reports referred to in subparagraph (e) above on an annual basis;

2. *Decides also* that a special climate change fund shall be established to finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the Global Environment Facility climate change focal area and by bilateral and multilateral funding, in the following areas:

(a) Adaptation, in accordance with decision -/CP.6;

(b) Transfer of technologies, in accordance with decision -/CP.6;

(c) Energy, transport, industry, agriculture, forestry and waste management;

(d) Activities to assist developing country Parties referred to under Article 4.8(h) in diversifying their economies, in accordance with decision -/CP.6;

3. *Decides further* that Parties included in Annex II, and other Parties included in Annex I that are in a position to do so, shall be invited to contribute to the fund, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties;

4. *Invites* the entity referred to in paragraph 3 above to make the necessary arrangements for this purpose and report thereon to the eighth session of the Conference of the Parties for appropriate action;

5. *Decides* to provide guidance to the entity referred to in paragraph 3 above on the modalities for operating this fund, including expedited access;

6. *Decides also* that a least developed countries fund shall be established, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support a work programme for the least developed countries. This work programme shall include, *inter alia*, national adaptation programmes of action in accordance with decision -/CP.6;

7. *Invites* the entity referred to in paragraph 6 above to make the necessary arrangements for this purpose and report thereon to the eighth session of the Conference of the Parties for appropriate action;

8. *Decides* to provide guidance to the entity referred to in paragraph 6 above on the modalities for operating this fund, including expedited access;

9. *Welcomes* the intention expressed by Canada to contribute Can \$10 million, to enable the prompt start of this fund.
