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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

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

Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

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

Draft decision-/CP.10

Assessment of funding to assist developing countries in fulfilling their commitments under the Convention

The Conference of the Parties,

Recalling Article 4, paragraphs 3 and 7, Article 11, and Article 21, paragraph 3, of the Convention,

Recalling also its decisions 12/CP.2, 12/CP.3 and 5/CP.8,

Noting with appreciation the report¹ prepared by the secretariat, in collaboration with the Global Environment Facility, on the assessment of funding necessary to assist developing countries in fulfilling their commitments under the Convention prepared in the context of the memorandum of understanding between the Conference of the Parties and the Council of the Global Environment Facility,²

¹ FCCC/SBI/2004/18.

² FCCC/CP/1996/15/Add.1.

Noting also that the report prepared by the secretariat contains useful information that should be communicated to the Global Environment Facility,

Noting also that [although] the report provided information, in general terms, on the funding needs identified by developing countries and funding available, [it did not assess the amount of funding necessary to implement the Convention, in accordance with paragraph 3 of the conclusions of the Subsidiary Body for Implementation at its twentieth session,]

Noting further that although previous replenishment exercises have been successful, the Conference of the Parties did not make a formal assessment or communication of the amount of funds for the purpose of the joint determination that are necessary to assist developing countries as stated in the procedures set out in the annex to the memorandum of understanding between the Conference of the Parties and the Global Environment Facility,

[*Noting also* that [in the view of Annex I Parties] the previous replenishment exercises were responsive to guidance from the Conference of the Parties and resulted in the successful mobilization of significant resources to respond to the demand in the area of climate change,]

Reiterating that in accordance with the memorandum of understanding and the annex to the memorandum of understanding, the Conference of the Parties and the Global Environment Facility shall jointly determine the aggregate Global Environment Facility funding requirements for the purpose of the Convention,

Noting that in recent years there has been an increase in the number of funding sources available for activities relating to climate change,

1. *Decides* that the report on the assessment of funding necessary to assist developing countries in fulfilling their commitments under the Convention shall constitute an input of the Conference of the Parties to the fourth replenishment negotiations of the Global Environment Facility Trust Fund;
2. *Urges* the Council of the Global Environment Facility to ensure that adequate funding is available to enable developing countries to meet their commitments under the Convention, taking into account Article 4, paragraph 7, and Article 11, paragraph 5, of the Convention [which provide that developed country Parties may also provide financial resources relating to the implementation of the Convention by developing country Parties through bilateral, regional and other multilateral channels;]
3. [*Requests* the secretariat, based on the report to make an estimation of the incremental cost of implementation that will be necessary for the next replenishment period in order to implement the Convention and to submit the report to the Subsidiary Body for Implementation at its twenty-second session;]
4. [*Requests* the secretariat to undertake an exercise in costing of those climate related targets set out in the Millennium Development Goals and the Johannesburg Implementation Plan in order to make an analysis of the funds that will be necessary to achieve those targets; this report could serve to assist developing countries to estimate their funding needs so as to enable the Global Environment Facility to take them into account for the purpose of the fourth replenishment exercise and should be made available at the Subsidiary Body for Implementation at its twenty-second session;]

5. *[Requests the secretariat, building on its report on the assessment of funding necessary to assist developing countries in fulfilling their commitments under the Convention, to examine more closely how private investments, particularly foreign direct investment from Annex II countries can assist developing countries in fulfilling their commitments under the Convention, this report to be made available at the Subsidiary Body for Implementation at its twenty-second session.]*

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