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Twenty-fifth session

Nairobi, 6–14 November 2006

Agenda item 5 (d)

Financial mechanism (Convention)

Additional 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-fifth session, agreed to forward the following draft decision, with some parts in square brackets, for consideration by the Conference of the Parties at its twelfth session:

Draft decision -/CP.12

Additional guidance to the Global Environment Facility

The Conference of the Parties,

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

Recalling also its 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 and 5/CP.11,

Recalling Article 4, paragraph 1, and Article 6 of the Convention, as well as decisions 11/CP.1, 2/CP.4, 6/CP.8 and 11/CP.8,

Noting the report of the Global Environment Facility to the Conference of the Parties (FCCC/CP/2006/3 and Corr. 1),

[*Noting* the Global Environment Facility's consideration of carbon capture and storage technology,]

[*Noting* the grave concerns expressed by developing country Parties over the implications of the requirements for co-financing, in particular on adaptation project activities,] [*Stressing* the need for the Global Environment Facility to cover the full costs of adaptation,]

[*Noting* that the Conference of the Parties did not provide guidance for the establishment of the resource allocation framework],

[*Taking into account* the difficulties encountered with implementing/executing agencies of the Global Environment Facility],

1. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:

- (a) To further simplify its procedures and improve the efficiency of the process through which developing country Parties receive funding for projects for the implementation of their commitments under Article 4, paragraph 1, of the Convention;
- (b) To explore options to address concerns of developing country Parties on requirements for leveraging additional funds for projects;
- (c) [To give a detailed report on the resources available to each developing country Party in the initial implementation of the resource allocation framework, including a list of activities funded with these resources during this initial period in the climate change focal area;]
- (d) [To take into account the views by Parties referred to in paragraph 5 below];
- (e) To continue to provide financial support for the implementation of the technology transfer framework contained in the annex to decision 4/CP.7, including new sub-themes, through its climate change focal area and the Special Climate Change Fund established under decision 7/CP.7;
- (f) To provide financing to Parties not included in Annex I to the Convention that received the top-up fund but did not conduct their technology needs assessments, to enable these Parties to conduct their technology needs assessments as part of their second national communications, and to provide these funds to Parties not included in Annex I to the Convention that have conducted their technology needs assessments but need to update them, also as part of their second national communications, in addition to the amount approved for the preparation of their second national communications;

2. *Invites* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:

- (a) To further simplify its procedures and improve the efficiency of the process by which 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;

- (b) To provide updated information on the operational procedures for the expedited financing of national communications from Parties not included in Annex I to the Convention, for consideration by the Subsidiary Body for Implementation at its twenty-sixth session;
 - (c) When providing support for technology needs assessments, in accordance with decisions 4/CP.9 and 5/CP.9, to take into account actions to address barriers and constraints as well as the creation of enabling environments and capacity gaps, identified by the Parties not included in Annex I to the Convention and as contained in document FCCC/SBSTA/2006/INF.1;
 - (d) To produce simple guidelines on how to enhance activities relating to Article 6 in project proposals when applying for Global Environment Facility funding;
3. *Urges* the Global Environment Facility to provide further funding, in a more timely manner, to the developing country Parties, in particular the least developed countries and small island developing States, to allow these countries to implement activities relating to Article 6 and the New Delhi work programme;
4. *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 guidance contained in paragraph 2 above;
5. [*Invites* Parties to submit views and recommendations to the secretariat on their experience with the initial implementation of the resource allocation framework, for compilation by the secretariat in time for consideration and appropriate action by the Conference of the Parties at its thirteenth session and for transmission to the Global Environmental Facility to be taken into account by the mid-term review of the resource allocation framework.]
