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SUBSIDIARY BODY FOR IMPLEMENTATION  
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Agenda item 5 (b)

## FINANCIAL MECHANISM

### FUNDING UNDER THE CONVENTION

#### Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its seventeenth session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its eighth session:

#### **Draft decision --/CP.8**

#### **Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Special Climate Change Fund**

*The Conference of the Parties,*

*Recalling* Article 4, paragraphs 1(b), 4, 5, 7, 8, 9 and 10 of the Convention,

*Recalling* its decision 7/CP.7, which established that there is a need for funding, including funding that is new and additional to contributions which are allocated to the climate change focal area of the Global Environment Facility and to multilateral and bilateral funding, for the implementation of the Convention, and thus established, inter alia, the Special Climate Change Fund,

*Recalling further* decision 4/CP.7 which requested the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to provide financial support through its climate change focal area and the Special Climate Change Fund for the implementation of activities listed in the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention, as contained in the annex to that decision,

*Recalling* paragraph 3 of its decision 7/CP.7, which stated that Parties included in Annex II, and Parties included in Annex I that are in the 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,

*Welcoming* with appreciation the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, and invite other Parties in a position to do so, to contribute to the fund,

*Welcoming further* the arrangements made by the Global Environment Facility for the establishment of the Special Climate Change Fund,

*Recalling* decision 7/CP.7, paragraph 1, which states that Parties included in Annex II shall report on their financial contributions to the Special Climate Change Fund on an annual basis, and that the Conference of the Parties shall review those reports also on an annual basis,

1. *Decides* that, for the operation of the Special Climate Change Fund, the Global Environment Facility, as an entity entrusted with the operation of the financial mechanism of the Convention, should:

- (a) Promote complementarity of funding between the Special Climate Change Fund and other funds with which the operating entity is entrusted;
- (b) Ensure financial separation of the Special Climate Change Fund from other funds with which the operating entity is entrusted;
- (c) Ensure transparency in the operation of the Special Climate Change Fund;
- (d) Adopt streamlined procedures for the operation of the Special Climate Change Fund while ensuring sound financial management;

2. *Decides* to further define the prioritized activities, programmes and measures to be funded out of the Special Climate Change Fund in areas enumerated in paragraph 2 of decision 7/CP.7 by undertaking the activities described below:

- (a) Initiating, at the ninth session of the Conference of the Parties, a process with a view to providing further guidance to the Global Environment Facility on the operation of the Special Climate Change Fund established by decision 7/CP.7;
- (b) Requesting Parties to submit to the secretariat, by 15 February 2003, views on activities, programmes and measures referred to in paragraph 2 of decision 7/CP.7;
- (c) Requesting the Expert Group on Technology Transfer and the Least Developed Countries Expert Group to submit to the secretariat, as soon as possible, views, relevant to their mandates, on activities, programmes and measures referred to in paragraph 2 of decision 7/CP.7;
- (d) Requesting the secretariat to prepare for consideration by the Subsidiary Body for Implementation, at its eighteenth session, a report summarizing and analysing the above-mentioned submissions.

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