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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR IMPLEMENTATION

Eighteenth session

Bonn, 4–13 June 2003

Agenda item 4 (a)

**FINANCIAL MATTERS RELATING TO PARTIES NOT INCLUDED IN
ANNEX I TO THE CONVENTION**

FINANCIAL MECHANISM: THE SPECIAL CLIMATE CHANGE FUND

Activities, programmes and measures of the Special Climate Change Fund

Submissions from Parties

Addendum

In addition to the submissions included in document FCCC/SBI/2003/MISC.1, one further submission has been received. In accordance with the procedure for miscellaneous documents, this submission is attached and reproduced* in the language in which it was received and without formal editing.

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PAPER SUBMITTED BY NIGERIA ON BEHALF OF THE GROUP OF 77 AND CHINA

**FINANCIAL MATTERS RELATING TO PARTIES NOT INCLUDED IN
ANNEX I TO THE CONVENTION**

FINANCIAL MECHANISM: THE SPECIAL CLIMATE CHANGE FUND

Draft conclusions proposed by the Group of 77 and China

1. The Subsidiary Body for Implementation (SBI), at its eighteenth session, took note of the summary and analysis of views from Parties on the activities, programmes and measures to be funded under the Special Climate Change Fund prepared by the secretariat (FCCC/SBI/2003/INF.3) based on nine submissions representing 67 Parties (FCCC/SBI/2003/MISC.1) and a submission by the Least Developed Countries Expert Group (FCCC/SBI/2003/INF.12). It also noted the submission by the Expert Group on Technology Transfer contained in document FCCC/SBI/2003/INF.12/Add.1, as a result, inter alia, of its third meeting held in Bonn, on 30–31 May 2003.
2. The SBI noted, that based on the analysis of views submitted so far by Parties, there is convergence of opinion that activities to be funded should be country-driven, cost-effective, and integrated into national sustainable development and poverty reduction strategies.
3. The SBI also noted that Parties support the prioritization of funding for adaptation activities and their associated technology transfer and capacity-building needs. Technology transfer activities and their associated capacity-building needs, as they relate to energy-related mitigation activities were also noted as priority areas. Economic diversification was also noted as a concern by some Parties.
4. The SBI requests COP 9 to have final decision on this issue based on elements in the Annex.

Annex

Input by the Group of 77 and China for a draft decision of the COP on the SCCF

Preambular section

- recalling Article 4 paragraph 8,
- having considered the Decisions 4/CP.7, 5/CP.7, 7/CP.7 and 7/CP.8 and the views submitted by Parties on a further definition of the prioritized activities, programmes and measures to be funded under the Special Climate Change Fund
- reiterating decision 7/CP.8 in particular paragraph 1(a)-(d)
- stressing the importance of bilateral and multilateral funding in support of the implementation of activities, programmes and measures in the climate change area
- recognizing that the provision of clear guidance on the LDC fund facilitated its early operationalization and that it is important to learn from this
- recognizing that the SCCF supports the implementation of the Convention and contributes to the achievement of the objectives of the WSSD

Principles Guiding The Implementation of the Special Climate Change Fund (SCCF)

1. The Special Climate Change Fund should be used to finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the climate change focal area of GEF, LDC Fund and by bilateral and multilateral funding.
2. Activities to be financed under SCCF include:
 - a. Adaptation, in accordance with paragraph 8 of decision 5/CP.7;
 - b. Transfer of technologies, in accordance with decision 4/CP.7;
 - c. Energy, transport, industry, agriculture, forestry and waste management;
 - d. Activities to assist developing country Parties referred to under Article 4, paragraph 8(h), in diversifying their economies, in accordance with decision 5/CP.7
3. Adaptation should be given the top priority.
4. Projects to be financed under this Fund should be country-driven and be consistent with sustainable development needs and goals of each country.
5. Paragraph 8 of Decision 5/CP.7 highlighted eligible adaptation projects to be funded by SCCF. Implementation of such project activities requires development of innovative technology in, as well as hardware technology transfer to, the developing countries.
6. Non-Annex Parties that are not included in LDCs should be given resources to prepare their adaptation plans and strategies under the SCCF.
7. The Operational guidelines for SCCF implementation should allow easy access to the Fund in order to expedite implementation of adaptation project activities.
8. Adaptation projects are of global benefit
9. Small scale, including pilot and demonstration projects should have expedited access to the SCCF.

PRIORITY AREAS

Adaptation activities in accordance with Decision 5/CP.7, paragraphs 7 and 8

1. Improving the monitoring of diseases and vectors affected by climate change and related forecasting and early-warning systems, and in this context improving disease control and prevention
2. Capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events
3. Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible
4. Based on available information, promptly implementing activities on, *inter alia*:
 - a. Water resources management
 - b. Land management
 - c. Agriculture
 - d. Infrastructure development
 - e. Fragile ecosystems, including mountainous ecosystems
 - f. Integrated coastal zone management
5. Enabling activities for vulnerability and adaptation assessments, including mathematical modelling
6. Support for Project Development in the areas of vulnerability and adaptation assessment resulting from Non-Annex I National Communications and/or NAPAs

Transfer of Technologies in Accordance with Decision 4/CP.7

The following activities, programmes and measures should be considered as priority areas for transfer of technologies for funding under the special climate change fund:

Technology needs assessments

- Support the organization of regional workshops including one for small island States in order to advance the implementation of the results of the country-driven activities on technology needs assessments. The workshops are to be organized under the guidance of the Expert Group on Technology Transfer (EGTT).
- Support the strengthening and/or establishment of regional, sub-regional and/or national centres of excellence, as appropriate, that would enhance the capacities of non-Annex I

Parties and countries with economies in transition to update and implement the results of their technology needs assessments.

- ❑ Contribute to buying down the initial investment costs or risks associated with prioritised technologies as determined by the technology needs assessments to enhance the transfer of technologies.
- ❑ Support technology transfer programmes as determined by the technology needs assessments including investment projects, feasibility studies, training and demonstration programmes.

Technology Information

- ❑ Support the strengthening of national climate change focal points and/or other appropriate national institutions for accessing and disseminating technology information as a support to the technology transfer process.
- ❑ Support the strengthening and establishment, as appropriate, of regional and national networks to facilitate the flows of technology information.

Capacity-Building

- ❑ Support capacity building programmes aimed at strengthening the negotiation skills (business and legal) that would lead to fair terms for technology transfer.
- ❑ Strengthen institutions involved in technology assessments, acquisition and development.
- ❑ Provide support for training, expert exchange, scholarship and cooperative research programmes in relevant national and regional institutions for the transfer, operation, maintenance, adaptation, diffusion and development of environmentally sound technologies with special attention to adaptation technologies.
- ❑ Support programmes that enhance the awareness of financial institutions, of the need to evaluate environmentally sound technologies on an equal footing with other technology options.
- ❑ Support the strengthening of endogenous capacities and capabilities in research, development, technological innovation, adoption and adaptation, and technology for systematic observation relevant to climate change and its associated impacts.

Enabling Environments

- ❑ Provide support for the development of integrated and country-driven national technology transfer plan/strategy that addresses policy, institutional and legal frameworks in the context of climate change and sustainable development.
- ❑ Provide support for projects that enhance regional cooperation on enabling environments, such as harmonization of policies, incentives, standards, legal instruments and institutional arrangements.

Energy, Transport, Industry, Agriculture, Forestry and Waste Management

Mitigation of climate change in the numerous relevant sectors such as energy, transport, industry, agriculture, forestry and waste management is critical to poverty reduction.

For example in the energy sector, there is need for

- ❑ Support for research into, and the development and use of renewable energy including solar and wind energy in developing country Parties;
- ❑ Development, diffusion and transfer of less greenhouse gas-emitting advanced fossil fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases;
- ❑ Support Developing Country Parties in the development, production, distribution and transport of indigenous, less greenhouse-gas-emitting, environmentally sound, energy sources, including natural gas, according to the national circumstances of each of these Parties.

Other Sectors will be further elaborated

Economic Diversification for Parties under Article 4, paragraph 8 (h)

Assisting developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity building needs for the implementation of programmes that address these impacts;

Cooperation in creating favourable conditions for investment in sectors where such investment can contribute to economic diversification; and

Technological development of non-energy uses of fossil fuels.

Consideration of appropriate technological options in addressing the impact of response measures, consistent with national priorities and indigenous resources;

Development, diffusion and transfer of less greenhouse gas-emitting advanced fossil fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases and new and renewable energy technologies.
