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**CONFERENCE OF THE PARTIES**  
**Twelfth session**  
**Nairobi, 6–17 November 2006**

**Agenda item 5 (a)**  
**Review of implementation of commitments and of other provisions of the Convention**  
**Financial mechanism of the Convention**

**Financial mechanism of the Convention**

**Proposal by the President**

The Subsidiary Body for Implementation, at its twenty-fifth session, was unable to reach agreement on a text for a draft decision, and forwarded the draft text<sup>1</sup> to the President of the Conference of the Parties (COP) for consideration. After holding consultations on the draft text, the President of the COP proposed the following draft decision for adoption by the COP at its twelfth session.

**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,

*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,

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<sup>1</sup> FCCC/SBI/2006/L.31.

*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 concerns expressed by developing country Parties over the implications of the requirements for co-financing, in particular on adaptation project activities,

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 continue to provide financial support for the implementation of the technology transfer contained in the annex to decision 4/CP.7, including new sub-themes,<sup>2</sup> through its climate change focal area and the Special Climate Change Fund established under decision 7/CP.7;
- (e) 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 Parties not included in Annex I to the Convention 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;

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<sup>2</sup> FCCC/SBSTA/2006/5, paragraph 21.

- (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 paragraphs 1 and 2 above;
5. *Invites* Parties to submit to the secretariat, by 17 August 2007, their views and recommendations on the funding available to them in the climate change focal area, for compilation by the secretariat for consideration and appropriate action at the Conference of the Parties at its thirteenth session and for transmission through the secretariat to the Council of the Global Environment Facility.

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