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CONFERENCE OF THE PARTIES  
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Agenda item 7

**PREPARATIONS FOR THE FIRST SESSION OF THE CONFERENCE OF  
THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE  
KYOTO PROTOCOL (DECISION 8/CP.4)**

**Draft decision proposed by the Co-Chairmen of the negotiating group**

**Draft decision -/CP.6**

**Funding under the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* Articles 10, 11 and 12.8 of the Kyoto Protocol,

*Recalling also* its decisions 11/CP.1 and 15/CP.1,

*Recognizing* that funding should be made available to Parties not included in Annex I, which is new and additional to contributions under the Convention,

*Recognizing also* that appropriate modalities for burden sharing need to be developed,

*Welcoming* the statements made by most Parties included in Annex II<sup>1</sup> on their willingness to commit themselves to provide funding,

*Welcoming also* the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, on their preparedness to collectively contribute €450 million / US \$410 million annually by 2005, with this level to be reviewed in 2008,

<sup>1</sup> Joint political declaration by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland and a statement by Japan.

1. *Decides* that an adaptation fund shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol, as well as activities identified in paragraph 8 of decision -/CP.6;
2. *Decides also* that the adaptation fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding;
3. *Decides further* that Parties included in Annex I that intend to ratify the Kyoto Protocol are invited to provide funding, which will be additional to the share of proceeds on clean development mechanism project activities;
4. *Decides also* that the adaptation fund shall be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention, under the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with guidance to be provided by the Conference of the Parties in the period prior to entry into force of the Kyoto Protocol;
5. *Invites* the entity referred to in paragraph 4 above to make the necessary arrangements for this purpose;
6. *Decides* that Parties included in Annex I that intend to ratify the Kyoto Protocol shall report on their financial contributions to the fund on an annual basis;
7. *Decides also* to review the reports referred to in paragraph 6 above on an annual basis, and upon entry into force of the Kyoto Protocol, such reports are to be reviewed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

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