

## **Box A: CAPACITY BUILDING, TECHNOLOGY TRANSFER, IMPLEMENTATION OF ARTICLES 4.8/4.9; 3.14 FINANCE**

### **Funding Mechanisms and guidance to the GEF**

Parties have reached general agreement on the frameworks for technology transfer, capacity building, and other forms of assistance related to mitigation of, and adaptation to, climate change. These frameworks will further the objectives of the Convention, including as reflected in the Buenos Aires Plan of Action. Parties have also reached general agreement that special consideration will be given to the least developed countries and small island States amongst them.

Annex II Parties express their intent to seek, through a variety of means, including augmenting their bilateral programs, a significant increase in funding for international climate change related activities, recalling, *inter alia*, Article 4.3 of the Convention. Annex II Parties have also expressed their support for a successful replenishment of the Global Environment Facility and commitment to ensure that the GEF become more responsive to the needs and priorities of developing countries. Ownership and “country-drivenness” in GEF projects should be enhanced. The scope of activities funded by the GEF should also be broadened. GEF procedures and policies should be streamlined.

### **Adaptation Fund**

Parties declare their intention to seek the establishment of, and the resources to fund, a new window under the GEF: the Adaptation Fund.

- ❖ The implementation of concrete pilot adaptation projects in developing country Parties will be financed. Projects will be implemented by the GEF Implementing Agencies.
- ❖ The GEF Secretariat will manage the fund. The fund will function under the guidance of the COP/moP. Such guidance will be given on programs, priorities and eligibility criteria for funding of adaptation activities
- ❖ The following activities will be included in the category of adaptation activities: avoidance of deforestation, combating land degradation and desertification.

### **Specific needs of the least developed countries (LDCs, including SIDS)**

- ❖ Within the Adaptation Fund, a separate work programme will be established for the least developed countries and small island States amongst them, based upon the scope of needs identified in XX.CP6, XX.CP6...
- ❖ To encourage a greater flow of CDM projects to the LDCs, CDM projects in LDCs will be exempt from the share of the proceeds for adaptation. The implementation of ‘small scale CDM projects’ will also be promoted.

### Convention fund

Parties declare their intention to seek the establishment of, and the resources to fund, a new window under the GEF: a Convention Fund.

- ❖ Under this window, new and additional funding will be made available by Annex II Parties for activities in developing countries: technology transfer and technical support, capacity building related to climate change, specific CDM capacity building, , assistance with economic diversification. New and additional funding will also be made available for capacity building in Annex I Parties with economies in transition.

Funding related to mitigation will be for the purpose of a Party's implementation of national abatement and sequestration strategies, which are to be consistent with criteria to be agreed.

- ❖ The GEF Secretariat will manage the fund. The new GEF window will operate under the policy guidance of the COP/MOP.

### Funding and Modalities

Contributions from Annex II Parties will reflect their initial assigned amounts. These contributions should be made at rates adjusted to generate \$1 billion over the first commitment period. These may be directed to either the Adaptation or Convention funds or both as Parties deem appropriate, with the modalities to be defined at COP 7. Finance for the Adaption Fund will be generated by the share of the proceeds on the CDM (2% of the CERs generated by projects), voluntary contributions and by a percentage of assigned amount, or its financial equivalent.

-- There will be periodic reviews of the modalities of the new GEF funds, including with respect to the level of funding and the eligibility requirements.

### Climate Resources Committee

Parties declare their intent to establish a Climate Resources Committee at COP-7, with the following mandate:

- ❖ To give policy advice to existing multilateral financing channels and institutions such as the GEF, Regional Development banks, the World Bank, UNDP and other multilateral institutions. The advice will be focused on:
  - Maximizing climate change funding
  - Mainstreaming climate-related objectives into existing financial flows