

Proposed Decision Language on ‘Share of Proceeds’ and ‘Adaptation Assistance’

Submission by Australia, Canada, Iceland, Japan, New Zealand, Norway, Russian Federation, Ukraine, and the United States

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We believe that the issues of share of proceeds and adaptation assistance should be dealt with under the one heading and in the main body of the Note rather than in an appendix. We are therefore submitting the following draft language as a coherent whole. We have included a statement to this effect in our comments on the Chairman’s Note.

Proposed language

1. A share of proceeds from certified project activities shall be collected and used to:
 - (a) assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation; and
 - (b) cover administrative expenses to support the operation of the executive board.
2. A share of proceeds is defined as X per cent of the number of the CERs generated by a registered project activity. No more than Y per cent of the total amount of a share of proceeds shall be used to cover administrative expenses, in accordance with paragraphs X and X. The remaining amount of a share of proceeds shall be devoted to assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
3. Following the certification of the reductions in emissions by sources and/or enhancements of removals by sinks by a project activity, the operational entity shall:
 - (a) assess the share of proceeds for the project activity as specified in paragraph 2 above;
 - (b) inform the project participant of the amount to be assessed.
4. Collection of a share of proceeds will be undertaken in accordance with procedures for the issuance of CERs in appendices E and F.
5. The share of proceeds devoted to meeting the costs of adaptation will be transferred to the adaptation fund established below.
6. The share of proceeds devoted to covering administrative expenses will be transferred to the executive board.

7. An adaptation fund is established to administer a share of proceeds devoted to assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
8. Funds for assisting Parties in meeting the costs of adaptation shall be managed by the entity entrusted with the operation of the financial mechanism of the Convention.
9. Developing country Parties that consider themselves particularly vulnerable to the adverse effects of climate change and wish to receive funding to assist in meeting the costs of adaptation shall report on such effects and their vulnerability to these effects in their national communications.
10. Adaptation project activities and measures to be implemented under Article 12, paragraph 8, shall be guided by information from national communications and the relevant sections of decision 11/CP.1.
11. Adaptation project activities and measures to be implemented under Article 12, paragraph 8, shall be financed by the adaptation fund only if they meet the following requirements:
 - a) They shall be country-driven and in conformity with the national strategies and priorities for sustainable development of the Parties concerned;
 - b) They shall address the specific vulnerabilities identified in the recipient Parties national communications;
 - c) They shall be implemented in a cost-effective manner; and
 - d) They shall take adequate account of relevant international agreements and internationally agreed programmes of action for sustainable development.
12. The entity entrusted with the operation of the financial mechanism of the Convention shall ensure accountability and provide regular reports to the COP/moP on its funding operations.