Financial Resources and Mechanisms

1. Parties shall provide the necessary resources for national activities intended to implement this instrument*. Such resources may include domestic and international funding, as well as facilitation of private sector financing, including voluntary contributions.

2. Parties should, and multilateral organizations, agencies and funds are encouraged to, increase their support, including through finance, capacity-building and technology transfer, for the implementation of this instrument* by developing country Parties.

3. Parties shall, and other stakeholders are encouraged to, in implementing paragraph 2 of this Article, take into account of the specific needs and special circumstances of Parties that are Small Island Developing States (SIDS) or least developed countries.

4. The overall effectiveness of implementation of this instrument* by developing country Parties will be related to the effective implementation of this Article.

5. The Parties establish a Mechanism for the purposes of providing financial and technical assistance, including technology transfer and development and capacity-building and training, in support of developing country Parties in the implementation of this instrument*.

6. The Mechanism shall include:

   (a) A Multilateral Fund, financed by contributions from non-developing country Parties on the basis of a scale of assessment, to provide new, predictable, stable, adequate and timely financial resources on a grant basis in support of the implementation of this instrument* for:

   i. Enabling activities;

   ii. Agreed incremental and other costs of compliance;

   iii. Technical assistance and capacity-building and training;

   iv. Technology transfer and development on mutually agreed terms;

   v. Secretarial services of the Multilateral Fund and related support costs.

7. For purposes of the Multilateral Fund and Trust Fund, the governing body* shall establish an Executive Committee, operating under the authority of the governing body*, to develop and monitor the implementation of operational policies, guidelines and administrative arrangements, including the disbursement of resources. The Executive Committee shall discharge its tasks and responsibilities, specified in its terms of reference as agreed by the governing body*. The members of the Executive Committee,
which shall be selected on the basis of a balanced representation of the Parties, shall be endorsed by the governing body*. Decisions under this paragraph shall be taken by consensus whenever possible. If reasonable efforts at consensus have been exhausted and no agreement reached, decisions shall be adopted by a two-thirds majority vote of the members of the Executive Committee present and voting.

8. The governing body* shall agree upon, at its first meeting, arrangements to give effect to the above paragraphs, including an indicative list of enabling activities and agreed incremental and other costs that could receive support.

9. The governing body* shall review, no later than at its third session, and thereafter on a regular basis, the level of funding, the guidance provided by the governing body* to the entities entrusted to operationalize the Mechanism established under this Article and its effectiveness, and its ability to address the changing needs of developing country Parties. It shall, based on such review, take appropriate action to improve the effectiveness of the Mechanism.

10. The financial mechanism set out in this Article is without prejudice to any future arrangements that may be developed with respect to other environmental issues.