



ADAPTATION FUND

AFB/B.12/Inf.3  
November 17, 2010

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Adaptation Fund Board  
Twelfth Meeting  
Cancun, December 14 - 15, 2010

## **BACKGROUND OF THE ADAPTATION FUND**

## **Introduction**

1. The Secretariat has assembled, in the attached annexes for ease of reference, the most relevant decisions of the Conferences of the Parties serving as the meeting of the Parties to the Kyoto Protocol, that are relevant for the Adaptation Fund. A synopsis of these decisions is provided below as a background to the Adaptation Fund.

## **Decisions related to the Adaptation Fund**

2. Paragraph 8 of Article 12 of the Kyoto Protocol (Annex 1) requires a share of the proceeds from Clean Development Mechanism (CDM) project activities to be utilized to assist developing countries that are particularly vulnerable to the adverse effects of climate change to meet the cost of adaptation. The Adaptation Fund originated as part of the overall Bonn Agreements on the Implementation of the Buenos Aires Plan of Action from the Sixth Conference of Parties of the United Nations Framework Convention on Climate Change UNFCCC (COP 6). The annex to decision 5/CP.6 notes that an adaptation fund shall be established to finance concrete adaptation projects and programmes in developing country Parties that have become Parties to the Protocol, and 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. At the seventh Conference of the Parties to the United Nations Convention on Climate Change (UNFCCC) serving as the meeting of the Parties to the Kyoto Protocol, held in Marrakech, Morocco, from October 29 to November 10, 2001, (COP7), the Parties agreed (Decision 10/CP.7 –Annex 2) to the establishment of the Adaptation Fund (the Fund). Paragraph 8 of decision 5/CP7 (Annex 3) identified the activities which could be financed by the adaptation fund, while paragraph 15 of decision 17/CP.7 (Annex 4) noted that a 2 percent share of the proceeds from CDM project activities would be used to finance the cost of adaptation. Given that the adaptation fund is financed through a share of proceeds from the CDM, activities related to the fund could not take place until the Kyoto Protocol came into force.

4. With the Kyoto Protocol coming into force on February 16, 2005, initial guidance was provided at the Conference of the Parties serving as the first Meeting of the Parties to the Kyoto Protocol, which was held in Montreal, Canada in December 2005. The initial guidance in decision 28/CMP.1 (Annex 5) decided the basic elements of the fund, while allowing for countries to provide further input they viewed necessary for the development of the fund. Decision 5/CMP.2 (Annex 6) taken in Nairobi in 2006 built on the decision taken in Montreal, further refining the elements of the fund

5. At the Conference of the Parties serving as the third Meeting of the Parties to the Kyoto Protocol, held in Bali, Indonesia from December 3 to 14, 2007, Parties decided (1/CMP.3 – Annex 7)) that the operating entity of the Fund would be the Adaptation Fund Board (the Board), serviced by a Secretariat and a Trustee. Parties invited the Global Environment Facility to provide secretariat services (the secretariat) to the Board, and the World Bank to serve as the trustee (the trustee) of the Fund, both on an interim basis.

6. At the Conference of the Parties serving as the fourth meeting of the Parties to the Kyoto Protocol, held in Poznan, Poland from December 1 to 12, 2008, Parties decided that the Adaptation Fund Board be conferred such legal capacity as necessary for the discharge of its functions with regard to direct access by eligible Parties. Parties also adopted: a) the Rules of Procedure of the Adaptation Fund Board; b) the Memorandum of Understanding between the

Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility, on an interim basis; c) the Terms and Conditions of Services to be provided by the International Bank for Reconstruction and developments (the World Bank), as trustee for the Adaptation Fund, on an interim basis; and d) the Strategic Priorities, Policies and Guidelines of the Adaptation Fund. Decision 1/CMP.4.

7. At the Conference of the Parties serving as the fifth meeting of the Parties to the Kyoto Protocol, held in Copenhagen, Denmark from December 7 to 19, 2009, Parties took note of the Report of the Adaptation Fund Board, and endorsed the decision by the Adaptation Fund Board to accept the offer by the Government of Germany to confer legal capacity on the Board. The CMP also approved the amendments to the rules of procedure of the Adaptation Fund Board, as requested by the Board. Further, the Parties decided to encourage Annex I Parties and international organizations to provide funding to the Adaptation Fund in addition to the shares of the proceeds from the CDM, and adopted amendments to the Rules of Procedures of the Board. The Parties also requested the Subsidiary Body for Implementation to initiate, at its thirty-second session, the review of the Adaptation Fund, and to report back to the Conference of the Parties at its sixth session.

## Article 12 of the Kyoto Protocol

1. A clean development mechanism is hereby defined.
2. The purpose of the clean development mechanism shall be to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.
3. Under the clean development mechanism:
  - (a) Parties not included in Annex I will benefit from project activities resulting in certified emission reductions; and
  - (b) Parties included in Annex I may use the certified emission reductions accruing from such project activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
4. The clean development mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Protocol and be supervised by an executive board of the clean development mechanism.
5. Emission reductions resulting from each project activity shall be certified by operational entities to be designated by the Conference of the Parties serving as the meeting of the Parties to this Protocol, on the basis of:
  - (a) Voluntary participation approved by each Party involved;
  - (b) Real, measurable, and long-term benefits related to the mitigation of climate change; and
  - (c) Reductions in emissions that are additional to any that would occur in the absence of the certified project activity.
6. The clean development mechanism shall assist in arranging funding of certified project activities as necessary.
7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, elaborate modalities and procedures with the objective of ensuring transparency, efficiency and accountability through independent auditing and verification of project activities.
8. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

9. Participation under the clean development mechanism, including in activities mentioned in paragraph 3 (a) above and in the acquisition of certified emission reductions, may involve private and/or public entities, and is to be subject to whatever guidance may be provided by the executive board of the clean development mechanism.

10. Certified emission reductions obtained during the period from the year 2000 up to the beginning of the first commitment period can be used to assist in achieving compliance in the first commitment period.

## Decision 10/CP.7

### Funding under the Kyoto Protocol

*The Conference of the Parties,*

*Recalling* Articles 10, 11 and 12, paragraph 8, of the Kyoto Protocol,

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

*Recalling further* its decision 5/CP.6, containing the Bonn Agreements on the implementation of the Buenos Aires Plan of Action,

*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 at the second part of the sixth session of the Conference of the Parties 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,

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 5/CP.7;
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;

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<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. For the text of the political declaration and the statement by Japan see document FCCC/CP/2001/MISC.4.

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 that, 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.

8<sup>th</sup> plenary meeting  
10 November 2001

**Paragraph 8 of Decision 5/CP.7**

8. *Decides* that the implementation of the following activities shall be supported through the special climate change fund (in accordance with decision 7/CP.7) and/or the adaptation fund (in accordance with decision 10/CP.7), and other bilateral and multilateral sources:

(a) Starting to implement adaptation activities promptly where sufficient information is available to warrant such activities, *inter alia*, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;

(b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;

(c) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;



**Paragraph 15 of 17/CP.7**

15. *Decides:*

(a) That the share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, as referred to in Article 12, paragraph 8, of the Kyoto Protocol, shall be two per cent of the certified emission reductions issued for a clean development mechanism project activity;

(b) That clean development mechanism project activities in least developed country Parties shall be exempt from the share of proceeds to assist with the costs of adaptation;

**Decision 28/CMP.1**

**Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling* decisions 5/CP.7, 10/CP.7 and 17/CP.7,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the need to operationalize the Adaptation Fund as soon as possible,

*Taking note* of the proposed arrangements for the Adaptation Fund presented by the Global Environment Facility as an entity entrusted with the operation of the financial mechanism of the Convention, as contained in paragraph 31 of the report of the Global Environment Facility to the Conference of the Parties (FCCC/CP/2005/3 and Corr.1),

*Noting* that the Adaptation Fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding,

*Recognizing* that adaptation to climate change is an integral part of ongoing efforts for sustainable development,

1. *Decides* that the Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8;
2. *Decides* that the Adaptation Fund shall function under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
3. *Decides* that the operation of the Adaptation Fund shall be guided by the following:
  - (a) A country-driven approach
  - (b) Sound financial management and transparency
  - (c) Separation from other funding sources
  - (d) A learning-by-doing approach;
4. *Decides* to adopt further guidance on policies, programme priorities and eligibility criteria for the operation of the Adaptation Fund, at its second session;
5. *Invites* Parties to submit to the secretariat, by 13 February 2006, their views on specific policies, programme priorities and eligibility criteria for consideration by the Subsidiary Body for Implementation at its twenty-fourth session (May 2006);

6. *Further invites* Parties and relevant international organizations to submit to the secretariat, by 13 February 2006, their views on possible arrangements for the management of the Adaptation Fund for consideration by the Subsidiary Body for Implementation at its twenty-fourth session;

7. *Requests* the secretariat to organize, before the twenty-fourth session of the Subsidiary Body for Implementation, subject to the availability of resources, a workshop to promote an exchange of views on further guidance for the operation of the Adaptation Fund.

*9<sup>th</sup> plenary meeting  
9–10 December 2005*

**Decision 5/CMP.2  
Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recognizing* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities and that, accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling* its decisions 3/CMP.1 and 28/CMP.1,

*Recalling also* decisions 5/CP.7, 10/CP.7, 17/CP.7,

1. *Decides* that the Adaptation Fund shall be guided by the following principles:
  - (a) A share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;
  - (b) Access to the fund in a balanced and equitable manner for eligible countries;
  - (c) Transparency and openness in the governance of the fund;
  - (d) Funding on full adaptation cost basis of projects and programmes to address the adverse effects of climate change;
  - (e) The Adaptation Fund should operate under the authority and guidance of and be accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol which shall decide on its overall policies;
  - (f) Accountability in management, operation and use of the funds;
  - (g) No duplication with other sources of funding for adaptation in the use of the Adaptation Fund;
  - (h) Efficiency and effectiveness in the management, operation and governance of the fund;
2. *Decides* that the Adaptation Fund shall operate with the following modalities:
  - (a) Funding for eligible Parties will be available for national, regional and community level activities;
  - (b) Facilitative procedures for accessing funds, including short and efficient project development and approval cycles and expedited processing of eligible activities;

(c) Projects should be country driven and should clearly be based on needs, views and priorities of eligible Parties, taking into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;

(d) Funding shall be available for concrete adaptation projects and programmes in eligible countries;

(e) Ability to receive contributions from other sources of funding;

(f) Competency in adaptation and financial management;

(g) Sound financial management, including the use of international fiduciary standards;

(h) Clearly defined responsibilities for quality assurance, management and implementation;

(i) Independent monitoring, evaluation and financial audits;

(j) Learning by doing;

3. *Decides* that membership of the governing body of the Adaptation Fund shall be from Parties to the Kyoto Protocol, follow a one-country-one-vote rule and have a majority of Parties not included in Annex I to the Convention;

4. *Requests* the Subsidiary Body for Implementation to develop recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session with the aim of adopting a decision on the following issues:

(a) Eligibility criteria;

(b) Priority areas;

(c) Monetizing the share of proceeds;

(d) Institutional arrangements;

5. *Invites* interested institutions to submit to the secretariat, by 23 February 2007, their views on how they would operationalize this decision;

6. *Requests* the secretariat to compile the submissions mentioned in paragraph 5 above into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its twenty-sixth session;

7. *Requests* the Chair of the Subsidiary Body for Implementation to organize, with the assistance of the secretariat and subject to the availability of resources, consultations among Parties

before the twenty-seventh session of the Subsidiary Body for Implementation with the aim of exchanging views on issues defined in paragraph 4 above and recommending possible ways forward.

*10<sup>th</sup> plenary meeting*  
*17 November 2006*

## **Decision 1/CMP.3**

### **Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Reaffirming* decisions 3/CMP.1, 28/CMP.1 and 5/CMP.2,

1. *Decides* that developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation;<sup>1</sup>

2. *Decides* that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties;

#### ***Operating entity***

3. *Decides* that the operating entity of the Adaptation Fund shall be the Adaptation Fund Board, serviced by a secretariat and a trustee;

4. *Decides* that the Adaptation Fund Board shall be established to supervise and manage the Adaptation Fund, under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and shall be fully accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, which shall decide on its overall policies in line with relevant decisions;

#### ***Functions***

5. *Decides* that the functions of the Adaptation Fund Board shall include the following functions and any other functions assigned to it by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol:

- (a) To develop strategic priorities, policies and guidelines, and recommend their adoption to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (b) To develop and decide on specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (c) To develop criteria based on principles and modalities listed in decision 5/CMP.2 to ensure that the implementing and executing entities have the capacity to implement the administrative and financial management guidelines of the Adaptation Fund, and report on it to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (d) To decide on projects, including the allocation of funds, in line with the Adaptation Fund principles, criteria, modalities, policies and programmes, in accordance with decision 5/CMP.2;

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<sup>1</sup> Decision 28/CMP.1 makes reference in the preambular part to particularly vulnerable countries.

- (e) To develop and agree on additional rules of procedure to those included in this decision and recommend these for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (f) To monitor and review implementation of the operations of the Adaptation Fund, including its administrative arrangements and the expenditure incurred under the Adaptation Fund, and recommend decisions, as may be appropriate, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (g) To establish committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions;
- (h) To draw upon and make use of the expertise that the Adaptation Fund Board may require to perform its functions;
- (i) To regularly review performance reports on implementation and ensure independent evaluation and auditing of activities supported by the Adaptation Fund;
- (j) To develop and approve draft legal and administrative arrangements for secretariat services and the trustee for approval by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (k) To be responsible for the monetization of certified emission reductions issued by the Executive Board of the clean development mechanism and forwarded to the Adaptation Fund to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, and to report annually to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the monetization of certified emission reductions;
- (l) To report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (m) To include in its work plan for the period up to the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, inter alia, those functions identified in paragraph 5 (a), (b), (c), (e), (j) and (k) above in order for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to adopt or take note thereof;

#### ***Composition***

6. *Decides* that the Adaptation Fund Board shall comprise 16 members representing Parties to the Kyoto Protocol, taking into account fair and balanced representation among these groups as follows:

- (a) Two representatives from each of the five United Nations regional groups;
- (b) One representative of the small island developing States;
- (c) One representative of the least developed country Parties;
- (d) Two other representatives from the Parties included in Annex I to the Convention (Annex I Parties);
- (e) Two other representatives from the Parties not included in Annex I to the Convention (non-Annex I Parties);



7. *Decides* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall elect an alternate for each member of the Adaptation Fund Board on the same principles as set out in paragraph 6 above, and that the nomination of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same group;

8. *Decides* that members, including alternate members, of the Adaptation Fund Board with the appropriate technical, adaptation and/or policy expertise shall be identified by their respective governments, nominated by the relevant groups as indicated in paragraphs 6 and 7 above and elected by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to serve as government representatives, and that vacancies shall be filled in the same manner;

9. *Decides* that members and alternate members shall serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms;

***Membership***

10. *Decides* that members, including alternate members, of the Adaptation Fund Board shall be bound by the rules of procedure of the Adaptation Fund Board and have no personal financial interest in any aspect of a project activity or a body presenting a project for approval to the Adaptation Fund Board;

***Quorum***

11. *Decides* that a simple majority of the members of the Adaptation Fund Board must be present at the meeting to constitute a quorum;

***Decision-making***

12. *Decides* that decisions of the Adaptation Fund Board shall be taken by consensus; if all efforts at reaching a consensus have been exhausted, and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote;

***Chairmanship***

13. *Decides* that the Adaptation Fund Board shall elect its own Chair and Vice-Chair, with one being a member from an Annex I Party and the other being from a non-Annex I Party, and that the positions of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party;

***Frequency of meetings***

14. *Decides* that the Adaptation Fund Board shall convene its first meeting soon after the election of its members;

15. *Decides* that, thereafter, the Adaptation Fund Board shall meet at least twice a year, while retaining the flexibility to adjust the number of meetings to suit its needs, and meet in the country hosting the UNFCCC secretariat except when meeting in conjunction with sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol or with sessions of subsidiary bodies under the Convention;

**Observers**

16. *Decides* that meetings of the Adaptation Fund Board shall be open to attendance, as observers, by UNFCCC Parties and by UNFCCC accredited observers, except where otherwise decided by the Adaptation Fund Board;

**Transparency**

17. *Decides* that the full text of all decisions taken by the Adaptation Fund Board shall be made publicly available in all six official languages of United Nations;

**Secretariat**

18. *Decides* that secretariat services shall be provided to the Adaptation Fund Board in order to support and facilitate its activities, that a dedicated team of officials shall be identified to render secretariat services to the Adaptation Fund Board in a functionally independent and effective manner and that the head of the secretariat responsible for rendering the services shall be accountable to the Adaptation Fund Board;

19. *Invites* the Global Environment Facility to provide secretariat services to the Adaptation Fund Board on an interim basis;

**Trustee**

20. *Decides* that the Adaptation Fund shall have a trustee that shall have fiduciary responsibility and the administrative competence to manage the Adaptation Fund, and shall comply with principles and modalities for operations stipulated in relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

21. *Decides* that the trustee shall hold in trust the funds, assets and receipts that constitute the Fund, and manage and use them only for the purpose of, and in accordance with, the provisions of relevant decisions, keeping them separate and apart from all other accounts and assets of, or administered by, the trustee;

22. *Decides* that the trustee shall be accountable to the Adaptation Fund Board for the performance of its fiduciary responsibilities and in particular for the monetization of certified emission reductions in accordance with guidance provided by the Adaptation Fund Board;

23. *Invites* the World Bank to serve as the trustee of the Adaptation Fund on an interim basis;

24. *Decides* that a trust fund shall be established under the management of the trustee, to be funded by the monetized share of proceeds of certified emission reductions, to meet the costs of adaptation and other sources of funding;

25. *Decides* that the administrative expenses for operating the Adaptation Fund shall be financed by the trust fund for the Adaptation Fund;

26. *Decides* that the cost of participation of members and of alternate members from developing country Parties and other Parties eligible under the UNFCCC practice shall be covered by the trust fund for the Adaptation Fund;

27. *Invites* Parties to finance the administrative expenses for operating the Adaptation Fund in an interim phase, until the monetization of the share of proceeds of certified emission reductions to meet the costs of adaptation is operational, by making contributions to the trust fund for the Adaptation

Fund and that such contributions shall be reimbursed, if requested, from the monetization of the share of proceeds of certified emission reductions to meet the costs of adaptation, in accordance with procedures and a timetable to be determined by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol upon the recommendation of the Adaptation Fund Board;

#### ***Monetization***

28. *Decides* that the monetization of certified emission reductions referred to in paragraphs 5 (k), 22 and 27 above shall be undertaken in order to:

- (a) Ensure predictable revenue flow for the Adaptation Fund;
- (b) Optimize revenue for the Adaptation Fund while limiting financial risks;
- (c) Be transparent and monetize the share of the proceeds in the most cost-effective manner, utilizing appropriate expertise for this task;

#### ***Access to funding***

29. *Decides* that eligible Parties shall be able to submit their project proposals directly to the Adaptation Fund Board and that implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund may also approach the Adaptation Fund Board directly;

30. *Decides* that in order to submit a project proposal, Parties and implementing or executing entities shall meet the criteria adopted by the Adaptation Fund Board in accordance with paragraph 5 (c) above, in order to access funding from the Adaptation Fund;

#### ***Institutional arrangements***

31. *Decides* to request the Adaptation Fund Board to develop the necessary legal arrangements, to be concluded between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and both the secretariat and the trustee servicing the Adaptation Fund, for the purpose of regulating the provisions of the required services, the terms and conditions thereof and the performance standards required from the secretariat and the trustee servicing the Adaptation Fund, and present these legal arrangements for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fourth session;

#### ***Review***

32. *Decides* that the interim institutional arrangements mentioned in paragraphs 19 and 23 above shall be reviewed after three years at the sixth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

33. *Decides* to undertake, at its sixth session, a review of all matters relating to the Adaptation Fund, including the institutional arrangements, with a view to ensuring the effectiveness and adequacy thereof, and thereafter every three years, in order to adopt an appropriate decision on the outcome of such a review; the review shall take into account the outcome of performance reviews of the secretariat and the trustee servicing the Adaptation Fund, submissions by Parties and other interested intergovernmental organizations and stakeholders;

34. *Decides* that in the event of any revision of the decision on institutional arrangements, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall make the necessary arrangements to ensure that any project activities already funded and in the process of being implemented are not jeopardized.

*9<sup>th</sup> plenary meeting  
14–15 December 2007*



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Framework Convention  
on Climate Change

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FCCC/KP/CMP/2008/11/Add.2  
19 March 2009

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CONFERENCE OF THE PARTIES SERVING AS THE  
MEETING OF THE PARTIES TO THE KYOTO PROTOCOL

**Report of the Conference of the Parties serving as the  
meeting of the Parties to the Kyoto Protocol  
on its fourth session, held in Poznan  
from 1 to 12 December 2008**

**Addendum**

**Decision 1/CMP.4**

**Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling also* decisions 3/CMP.1, 28/CMP.1, 5/CMP.2 and 1/CMP.3,

*Noting with appreciation* the first report of the Adaptation Fund Board,<sup>1</sup>

*Stressing* the importance of operationalizing all aspects of the Adaptation Fund, in particular to enable eligible Parties and implementing entities and executing entities chosen by governments, which meet the criteria to be adopted by the Adaptation Fund Board, to submit project proposals for funding directly to the Adaptation Fund Board,

*Welcoming* the intention of the Adaptation Fund Board to start monetizing the certified emission reductions in early 2009,

*Expressing its appreciation* to the Adaptation Fund Board for having carried out the functions of its work plan, in accordance with decisions 5/CMP.2 and 1/CMP.3, and urge it to continue to do so with a view to fully operationalizing the Adaptation Fund,

*Recognizing* the importance of the lessons learned in supervising and managing the Adaptation Fund,

1. *Adopts* the rules of procedure of the Adaptation Fund Board as contained in annex I;

<sup>1</sup> FCCC/KP/CMP/2008/2.

2. *Encourages* the Adaptation Fund Board to keep its rules of procedure under review and, if necessary, make recommendations concerning any amendments aimed at enabling the Adaptation Fund Board to function in an efficient, cost-effective and transparent manner;
3. *Adopts* the memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding secretariat services to the Adaptation Fund Board, on an interim basis, as contained in annex II;
4. *Adopts also* the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank), as trustee for the Adaptation Fund, on an interim basis, as contained in annex III;
5. *Requests* the Executive Secretary to inform the Council of the Global Environment Facility and the Board of Directors of the International Bank for Reconstruction and Development of the adoptions of the memorandum of understanding and the terms and conditions of services referred to in paragraphs 3 and 4 above;
6. *Adopts* the strategic priorities, policies and guidelines of the Adaptation Fund as contained in annex IV;
7. *Takes note* of the work carried out by the Adaptation Fund Board concerning:
  - (a) The development of specific operational policies and guidelines as referred to in decision 1/CMP.3, paragraph 5 (b);
  - (b) The development of the criteria to ensure that the executing entities have the capacity to implement the administrative and financial management guidelines of the Adaptation Fund as referred to in decision 1/CMP.3, paragraph 5 (c);
  - (c) The initialization of the monetization of the certified emission reductions;
  - (d) Legal arrangements to operationalize the Adaptation Fund, including the commissioning of a feasibility study to provide clarity as regards the question of legal status;
8. *Requests* the Adaptation Fund Board to accelerate the development, adoption and implementation, as a matter of priority, of the specific operational policies and guidelines referred to in paragraph 7 (a) above;
9. *Requests* the Adaptation Fund Board to accelerate the development, adoption and implementation, as a matter of priority, of the criteria referred to in decision 1/CMP.3, paragraph 30, with a view to starting the processing, including approval and disbursement of funds, of project proposals without delay, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session;
10. *Requests* the Adaptation Fund Board to start processing proposals for funding projects, activities or programmes, as applicable, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session;
11. *Decides* that the Adaptation Fund Board be conferred such legal capacity as necessary for the discharge of its functions with regard to direct access by eligible Parties and implementing and executing entities, in accordance with decision 1/CMP.3, paragraphs 29 and 30, in particular legal capacity to enter into contractual agreements and to receive project, activity and programme proposals directly and to process them in accordance with paragraph 7 (a) and (b) above, as appropriate, consistent with decisions 5/CMP.2 and 1/CMP.3;
12. *Decides also* that in the discharge of its functions the Adaptation Fund Board shall develop the criteria mentioned in decision 1/CMP.3, paragraph 30, in accordance with the principles and modalities listed

in decision 5/CMP.2 and that eligible Parties and implementing and executing entities shall meet those criteria in order to access funding from the Adaptation Fund;

13. *Decides further* that the provisions contained in paragraph 11 above will be reviewed as part of the review envisaged in decision 1/CMP.3, paragraph 33, taking into account the feasibility study commissioned by the Adaptation Fund Board, with a view to taking a decision as may be appropriate;

14. *Requests* the Adaptation Fund Board to inform Parties of the operational policies, guidelines and procedures for application for funding for adaptation projects and programmes as soon as the Board has adopted them;

15. *Decides* that at the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, half of the members of the Adaptation Fund Board, and their alternate members from the same group, shall continue to serve in office for one additional and final year;

16. *Decides also* that terms as members do not count towards the terms as alternate members, and that terms as alternate members do not count towards the terms as members;

17. *Expresses its deep appreciation* to the Governments of Australia, Denmark, Finland, France, Japan, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland for their contributions to covering the administrative expenses for operating the Adaptation Fund in the interim phase;

18. *Expresses also its appreciation* to the United Nations Environment Programme for its contribution in support of the work of the Adaptation Fund Board;

19. *Urges* Parties to make contributions as a matter of urgency to the trust fund for the Adaptation Fund to cover the administrative expenses for operating the Adaptation Fund in the interim phase;

20. *Decides* that contributions from Parties shall be reimbursed, upon request, in accordance with a timetable to be determined by the Adaptation Fund Board, and subject to the availability of resources.<sup>2</sup>

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<sup>2</sup> FCCC/KP/CMP/2008/2, annex V.

## ANNEX I

**Rules of procedure of the Adaptation Fund Board****I. Scope**

1. These rules of procedure shall apply to the conduct of the business of the Adaptation Fund Board, in accordance with decision 1/CMP.3 of the third session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). These rules become effective on their adoption by the CMP.

**II. Definitions**

2. For the purpose of these rules:
  - (a) “Fund” means the Adaptation Fund pursuant to decision 10/CP.7 of the seventh session of the Conference of the Parties;
  - (b) “Board” means the Adaptation Fund Board, established by decision 1/CMP.3 of the third session of the CMP as the operating entity of the Adaptation Fund with the mandate to supervise and manage the Adaptation Fund under the authority and guidance of the CMP;
  - (c) “Member” means a representative elected by the CMP as a member of the Adaptation Fund Board, accorded the right to vote;
  - (d) “Alternate” means a representative elected by the CMP as an alternate for each member;
  - (e) “Meeting” means any meeting of the Adaptation Fund Board;
  - (f) “Chair” means the Board member elected as Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;
  - (g) “Vice-Chair” means the Board member elected as Vice-Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;
  - (h) “Secretariat” is a body appointed by the CMP to provide secretariat services to the Board and to the Fund, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;
  - (i) “Trustee” means the trustee for the Adaptation Fund;
  - (j) “Implementing entities” means the organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;
  - (k) “Executing entities” are organizations that meet the criteria set by the Board to access funding to implement concrete adaptation projects and programmes supported by the Fund, subject to such audit mechanisms and due diligence criteria as established by the Board;
  - (l) “UNFCCC” means the United Nations Framework Convention on Climate Change;
  - (m) “Protocol” means the Kyoto Protocol to the United Nations Framework Convention on Climate Change;
  - (n) “Parties” means Parties to the Kyoto Protocol;
  - (o) “Annex I Parties” means Parties included in Annex I to the Convention, as may be amended, or Parties which have made a notification under Article 4, paragraph 2(g), of the Convention;
  - (p) “Non-Annex I Parties” means Parties not included in Annex I to the Convention;



- (q) “Secretary” means the person in charge of providing support services and logistics to the Adaptation Fund Board meetings;
- (r) “Head of secretariat” means the head of the entity responsible for rendering secretariat services to the Adaptation Fund Board.

### III. Board

3. The Board shall comprise 16 members representing Parties, formally elected at a session of the CMP on the Adaptation Fund as follows:

- (a) Two representatives from each of the five United Nations regional groups;
- (b) One representative of the small island developing States;
- (c) One representative of the least developed country Parties;
- (d) Two other representatives from Annex I Parties;
- (e) Two other representatives from non-Annex I Parties.

4. The election of each member is to be accompanied by the election of an alternate following the same principles as set out in paragraph 3 above.

5. The member and alternate shall each serve for a term of two calendar years and shall be eligible to serve a maximum of two consecutive terms.

6. In the absence of a member, or when requested by a member in writing, his or her alternate will act for the member, including by voting in the member’s stead.

7. If a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, a new member or alternate shall be elected in accordance with decision 1/CMP.3, paragraph 8.

8. Notwithstanding paragraph 7, if a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Adaptation Fund Board may decide, bearing in mind the proximity of the next session of the CMP, to appoint another member, or an alternate member, from the same constituency to replace the said member for the remainder of that member’s mandate. The Adaptation Fund Board shall request the relevant constituency to nominate the new member, or the new alternate.

9. Except as may be expressly provided otherwise in these rules, any reference in these rules to a member shall be deemed to include his or her alternate, when such alternate acts for such member.

### IV. Officers

10. The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one calendar year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.

11. If the Chair is temporarily unable to fulfil the obligations of the office, the Vice-Chair shall in the interim assume the obligations and authorities of the Chair. In the absence of the Chair and the Vice-Chair at a particular meeting, any other member designated by the Board shall temporarily serve as the Chair of that meeting.

12. If the Chair or Vice-Chair is unable to complete the term of office, the Board shall elect a replacement to complete the term of office.

13. The Chair shall, *inter alia*, declare the opening and closing of the meeting, ensure the observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The Chair shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order, including adjournment or suspension.
14. The Chair shall propose to the Board chairs and vice-chairs from among the members and alternates for specific working groups and committees, as necessary.
15. The Chair, or any member designated by the Chair, shall report to the CMP on behalf of the Board.
16. The Chair shall advocate and seek support for the Fund and the work of the Board. The Chair shall represent the Board at external meetings and shall report back to the Board on those meetings.

## **V. Secretariat**

17. The secretariat, being a dedicated team of officials to render secretariat services to the Adaptation Fund Board, shall:
  - (a) Make the necessary arrangements for the meetings of the Board, including ensuring that announcements of the meetings are posted on the Adaptation Fund and UNFCCC websites, issuing invitations, preparing meeting documents and the final report, which will include decisions of the meeting, and shall post all documents on the website of the Adaptation Fund;
  - (b) Designate a member of the dedicated team of officials to serve as Secretary of the Adaptation Fund Board meetings to provide support services and logistics;
  - (c) Keep meeting records and arrange for the custody and preservation of documents of the meetings in the archives of the entity designated as the secretariat to the Adaptation Fund Board;
  - (d) Generally perform all other functions that the Board may request.

## **VI. Meetings**

18. The Board shall meet at least twice every year or as frequently as necessary to enable it to discharge its responsibilities. The meetings of the Board shall take place in the country of the seat of the UNFCCC secretariat, except when meeting in conjunction with sessions of the CMP or with the sessions of subsidiary bodies under the UNFCCC, in which case the Board meeting may take place in the country or at the venue of the relevant UNFCCC meeting.
19. Unless the Board decides otherwise in accordance with paragraph 20, meetings shall be open to members, alternates and observers as referred to in paragraphs 31–32. Observers shall inform the secretariat of the composition of their delegation four weeks prior to the first day of any scheduled meeting.
20. The Board may declare any of its meetings, or segments thereof, closed; these shall then be open to members, alternates and the representatives of the secretariat and the trustee. The Board may invite any of the representatives referred to in paragraphs 31–32 to attend such meetings.
21. At each meeting, the Board shall set the date and duration for the next meeting.
22. The secretariat shall notify all members, alternates and observers of the dates and venue of the meetings and circulate a formal invitation and provisional agenda for any meeting at least six weeks before the first day of the meeting.
23. A simple majority of the members of the Board must be present at a meeting to constitute a quorum. A quorum shall be verified by the Chair at the beginning of the meeting and at the time of the adoption of the decision.

24. Before the end of each meeting, the Chair shall present a draft report of the meeting, containing draft conclusions and decisions of the meeting, for consideration and approval by the Board. The Chair shall ascertain the existence of a quorum before adopting the draft report of the meeting on the understanding that the Chair will finalize the text, taking into account the amendments proposed during the meeting.
25. Any written records of the Board or recordings of proceedings shall be kept by the secretariat on behalf of the Board in accordance with paragraph 17 (c) and applicable rules and regulations. The secretariat shall make available to any Board member or alternate, at his or her request, copies of any records or recordings kept by the secretariat on behalf of the Board.

## VII. Confidentiality and conflict of interest

26. Information obtained from Adaptation Fund project participants marked as proprietary and/or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law.
27. Members and alternates have a duty not to disclose such confidential and/or proprietary information, unless required by applicable national law. This duty remains an obligation after the member's term expires.
28. Each member and alternate member shall take, and agree to respect, a written oath of service before assuming his or her service. The oath of service shall be witnessed by the Chair of the Adaptation Fund Board, and in the case of the Chair, by the Vice Chair of the Adaptation Fund Board. It shall read as follows:
- "I solemnly declare that I will perform my duties and exercise my authority as member or alternate of the Adaptation Fund Board honourably, faithfully, impartially and conscientiously.
- "I further solemnly declare that, subject to my responsibilities within the Adaptation Fund Board, I shall not disclose, even after the termination of my functions, any information marked confidential coming to my knowledge by reason of my duties in the Adaptation Fund Board.
- "I shall disclose immediately to the Adaptation Fund Board any interest in any matter under discussion before the Adaptation Fund Board which may constitute a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate of the Adaptation Fund Board and I shall refrain from participating in the work of the Adaptation Fund Board in relation to such matter."
29. At each meeting, members and alternates must declare any conflicts of interest they may have in relation to any items on the agenda.
30. Members and alternates shall be bound by the rules of procedure of the Adaptation Fund Board, and shall recuse themselves from all related deliberations and decision-making should any personal and/or financial interest arise in any aspect of a project activity or a body representing a project for approval to the Board. Members and alternates have an obligation to promptly disclose any such situation.

## VIII. Observers

31. Except where otherwise decided by the Board, meetings shall be open for attendance, as observers, to representatives of UNFCCC Parties, the UNFCCC secretariat and UNFCCC accredited observers. Such observers may attend without the right to vote.
32. The secretariat shall, upon the request of the Board, notify any individual or entity, whether national or international, governmental or non-governmental, qualified in a field related to the work of the Fund, of any meeting so that it may be represented by an observer.
33. Observers may, upon the invitation of the Chair and if there is no objection from any of the members present, participate without the right to vote in the proceedings of any meeting in matters of direct concern to the body or agency, which they represent.

34. Observers may, upon invitation of the Chair and if there is no objection from the members present, make presentations relating to matters under consideration by the Board.

### **IX. Procedures for public communication**

35. The secretariat shall acknowledge receipt of unsolicited communications addressed to the Chair and make them available to the Chair and the Board via e-mail or fax. The Chair, with the support of the secretary of the Board, shall initiate action, including consultation with the Board, as needed, and answer unsolicited communications on behalf of the Board, as appropriate.

36. Unsolicited communications may be taken into consideration at the Board's next meeting if received before the document submission deadline (four weeks prior to the meeting). Any unsolicited communication received after this deadline would normally be considered at a subsequent meeting. At the discretion of the Chair, a communication may be brought forward to the Board.

37. If a member or alternate of the Board, in that capacity, receives an unsolicited communication, he or she shall forward it to the secretariat, copying the sender of the unsolicited communication, for processing as per the above. The same shall apply for submissions received by members of panels, committees or working groups.

### **X. Agenda**

38. The Chair, assisted by the secretariat, shall draft the provisional agenda for each regular meeting. The secretariat shall indicate the administrative and financial implications of all substantive agenda items submitted to the meeting. The provisional agenda, together with the notice of the meeting and other relevant documents, shall be transmitted to all those invited to the meeting in accordance with paragraphs 22 and 43 of these rules.

39. The Board shall, at the beginning of each meeting, adopt the agenda for the meeting.

40. Any item on the agenda of any meeting, consideration of which has not been completed at the meeting, shall automatically be included in the agenda of the next meeting unless otherwise decided by the Board.

### **XI. Travel**

41. As soon as the Trust Fund for the Adaptation Fund is established, eligible members and alternates of the Board shall have their full costs of travel and daily subsistence allowance (DSA), including full transit costs, at the standard United Nations DSA rate, provided under the budget of the Board and secretariat.

42. As soon as the Trust Fund for the Adaptation Fund is established, travel for Board members and alternates shall be arranged according to United Nations rules.

### **XII. Transmittal of documents**

43. The secretariat shall transmit the documentation related to items on the provisional agenda to all those invited to the meeting at least four weeks before the first day of the meeting scheduled. In exceptional circumstances, the Chair may instruct the secretariat to transmit a document after the deadline.

### **XIII. Decision-making and voting**

44. Decisions of the Board shall be taken by consensus whenever possible.

45. If all efforts to reach a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote.

46. An alternate may cast a vote only if acting for the member in accordance with paragraph 6.

47. The Chair shall ascertain whether consensus has been reached. The Chair shall declare that a consensus does not exist if there is a stated objection to the proposed decision under consideration by a member or alternate acting for a member.
48. After ascertaining the existence of a quorum, the Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.
49. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the Chair.
50. The name of each member shall be called in all roll-calls, and he or she shall indicate the vote ('yes' or 'no') or abstention.
51. Votes cast by each member participating in a roll-call shall be recorded in the report of the meeting.

#### **XIV. Termination of Board membership**

52. The Board may propose to the CMP the termination of the membership of any member or alternate for cause including, inter alia, breach of the conflict of interest provision, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Board without proper justification.
53. The Board shall recommend to the CMP the termination of the membership of a member or an alternate only after the member or alternate has been given the opportunity of a hearing by the Board in a meeting.
54. Any motion calling for the termination of the membership of a member or alternate shall be decided in accordance with the voting rules in section XIII above. When the motion concerns the termination of the office of a Chair, the Vice-Chair shall act as Chair until the voting has been conducted and its result announced.

#### **XV. Committees and working groups**

55. The Board may establish committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions.

#### **XVI. Intersessional decisions**

56. Decisions without meetings may occur on an extraordinary basis when, in the judgement of the Chair and the Vice-Chair, a decision must be taken by the Board that should not be postponed until the next meeting of the Board. The secretariat, with the approval of the Chair, shall transmit to each member and alternate a proposed decision with an invitation to approve the decision on a no-objection basis.
57. Each member's comments on the proposed decision shall be sent to the secretariat during such period as the secretariat may prescribe, provided that such period is no less than two weeks.
58. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members. If there is an objection raised by any member to any proposed decision that cannot be resolved, the Chair shall include consideration of the proposed decision as an item on the agenda for the next meeting.
59. Any intersessional decision shall be deemed to have been taken at the headquarters of the UNFCCC secretariat. The secretariat shall inform members and alternates about the decision and post all intersessional decisions on the Adaptation Fund website.

### **XVII. Languages**

60. The working language for the Board shall be English. Simultaneous interpretation shall be provided during its meetings in all of the official United Nations languages that correspond to the actual language requirements of the members and alternates present at that meeting.
61. Late meetings, committees and working groups will be held in English when interpretation is not available.
62. Documents for the meetings will be provided in English only.
63. The full text of all reports including decisions taken by the Board shall be made publicly available via the Adaptation Fund website in all six official languages of the United Nations.

### **XVIII. Amendments to rules of procedure**

64. These rules of procedure may be amended according to paragraphs 44–51 above and, to be effective, must be formally approved by the CMP.

### **XIX. Overriding authority of the Kyoto Protocol**

65. In the event of any conflict between any provisions of these rules and any provisions of the Kyoto Protocol, the Kyoto Protocol shall prevail.

## ANNEX II

**Legal arrangements for the secretariat of the Adaptation Fund Board****Introduction**

1. Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in defining a clean development mechanism, includes a provision to “ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.” Further, by its decision 10/CP.7, the Conference of the Parties established the Adaptation Fund to “finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol...”.
2. By its decision 1/CMP.3, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) established the Adaptation Fund Board as the operating entity of the Adaptation Fund. Decision 1/CMP.3, paragraph 19, “invites the Global Environment Facility [GEF] to provide secretariat services to the Adaptation Fund Board on an interim basis.”
3. The text of a draft Memorandum of Understanding (MOU) between the CMP and the Council of the GEF regarding secretariat services to the Adaptation Fund Board is presented in the appendix.
4. The form adopted is that of a MOU. An MOU is a form of arrangement that is often used to denote a firm, but not legally binding, commitment between two or more organizations. It provides that the arrangements described therein will become effective upon approval by the CMP and the Council of the GEF.
5. The MOU will be finalized upon mutual agreement by the CMP and the Council of the GEF.

## APPENDIX

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF  
THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE  
KYOTO PROTOCOL AND THE COUNCIL OF THE GLOBAL  
ENVIRONMENT FACILITY REGARDING SECRETARIAT SERVICES TO  
THE ADAPTATION FUND BOARD****I. Preamble**

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (hereinafter the CMP) having decided (decision 5/CMP.2) to establish the Adaptation Fund of the Kyoto Protocol (hereinafter the Fund) and having further decided (decision 1/CMP.3) that the operating entity of the Fund shall be the Adaptation Fund Board (hereinafter the Board) established to supervise and manage the Fund, and that the Board should develop and approve draft legal and administrative arrangements for secretariat services and the trustee for approval by the CMP (decision 1/CMP.3, paragraph 5 (j)), and having invited the Global Environment Facility (hereinafter the GEF) to provide secretariat services to the Board, on an interim basis,

Recognizing the willingness of the GEF to provide secretariat services to the Board (hereinafter the secretariat) on an interim basis,

Having consulted with each other and taking into account the relevant aspects of their governance structures, as reflected in their constituent instruments,

The CMP and the Council of the GEF (hereinafter the Council) have reached the following understanding in accordance with the recommendation of the Board:

**II. Purpose**

1. The purpose of the present Memorandum of Understanding (hereinafter the MOU) is to make provisions for the relationship between the CMP and the Council and to fulfil Article 12 of the Kyoto Protocol and decision 1/CMP.3 in connection with the provision of secretariat services as the secretariat.

**III. Secretariat services**

2. The secretariat shall, under the guidance and instructions of the Board, provide the following services to the Board to support and facilitate the work of the Board:

- (a) As a dedicated team of officials, provide secretariat services to the Board in a functionally independent and effective manner;
- (b) Manage the daily operations of the Fund and report to the Board;
- (c) Assist the Board in developing strategies, policies and guidelines for the Fund;
- (d) Ensure timely implementation of the decisions of the Board;
- (e) With respect to the day to day functioning of the Fund, act as liaison between the Board and Parties and implementing and executing entities;
- (f) Make arrangements for the meetings of the Board, including issuance of invitations and preparation of documents and reports of meetings, and provide a secretary of the Board meeting;



- (g) Develop the work programme and annual administrative budget of the Fund and submit them for approval by the Board;
  - (h) Ensure the implementation of the operational policies and guidelines of the Fund developed by the Board through, inter alia, the development of a project cycle based on criteria to be adopted by the Board;
  - (i) Operationalize the project cycle by:
    - (i) Undertaking initial review and screening of project proposals to assess conformity with guidelines approved by the Board;
    - (ii) Presenting project proposals for Board approval;
    - (iii) Monitoring implementation of progress;
    - (iv) Periodically reporting to the Board on portfolio performance;
  - (j) Coordinate the formulation and monitor the implementation of projects, ensuring liaison with other bodies as required;
  - (k) Liaise, as appropriate, with the secretariats of other relevant international bodies;
  - (l) Provide the trustee with all relevant information to enable it to carry out its responsibilities, consistent with decision 1/CMP.3 and the decisions of the Board;
  - (m) Provide services to ensure and facilitate proper communication with Parties;
  - (n) Perform any other functions assigned to it by the Board.
3. The head of the secretariat responsible for rendering the services shall be accountable to the Board.

#### **IV. Amendments**

4. Any amendments to the present MOU will be mutually agreed upon by the CMP and the Council. The Board may recommend to the CMP any amendments to the MOU.

#### **V. Interpretation**

5. If differences arise in the interpretation of the present MOU, the Council and the CMP or the Board, as appropriate, will consult each other and reach a mutually agreed solution.

#### **VI. Entry into effect**

6. The present MOU will come into effect upon adoption by the CMP and the Council. Either party may withdraw this MOU at any time by notification addressed to the other party. The withdrawal will take effect six months after the notification.

#### **VII. Review**

7. Decision 1/CMP.3, paragraph 32, provides for a review of the interim institutional arrangements after three years at the sixth session of the CMP. The present MOU will be reviewed in accordance with that decision. Following that review, this MOU may be modified to reflect any decisions mutually agreed by the CMP and by the Council.

## ANNEX III

**LEGAL ARRANGEMENTS BETWEEN THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (WORLD BANK) REGARDING THE SERVICES TO BE PROVIDED BY THE TRUSTEE FOR THE ADAPTATION FUND**

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by its decision 1/CMP.3, paragraph 31, requested the Adaptation Fund Board to develop the necessary legal arrangements to be concluded between the CMP and the trustee servicing the Adaptation Fund, and present the legal arrangements for adoption by the CMP.
2. In response to the above decision, the draft terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as interim trustee for the Adaptation Fund (the World Bank in such capacity, the Trustee) (the Terms and Conditions), contained in the appendix, have been submitted to the Adaptation Fund Board for its consideration.
3. It is recommended that pursuant to decision 1/CMP.3, paragraph 31, the Adaptation Fund Board:  
(1) approve the draft Terms and Conditions; (2) recommend to the CMP, at its fourth session, to conclude the legal arrangement between the CMP and the World Bank by way of approving and accepting the terms and conditions, subject to approval and acceptance of the same by the World Bank; and (3) invite the World Bank to take any necessary action to accept the invitation to serve as the trustee, including seeking approval of the terms and conditions by the Board of Directors of the World Bank, following approval and acceptance of the same by the CMP.

## APPENDIX

**TERMS AND CONDITIONS OF SERVICES TO BE PROVIDED BY THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
AS TRUSTEE FOR THE ADAPTATION FUND****I. Recitals**

- (a) A clean development mechanism (CDM) was established under Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the Convention) (the Kyoto Protocol).
- (b) The Conference of the Parties decided in its decision 10/CP.7 that an adaptation fund (the Adaptation Fund) shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8.
- (c) The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.
- (d) In decision 1/CMP.3, the CMP decided that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties, and that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.
- (e) The CMP, in its decision 1/CMP.3, invited the International Bank for Reconstruction and Development (the World Bank) to serve as the trustee for the Adaptation Fund (the World Bank in such capacity, the Trustee) on an interim basis, and requested the Adaptation Fund Board to present the necessary legal arrangements to be concluded between the CMP and the trustee, for adoption by the CMP at its fourth session.
- (f) The CMP and the World Bank wish to conclude the legal arrangements necessary for the World Bank to serve as Trustee on an interim basis by way of adopting and accepting the terms and conditions of services to be provided by the Trustee on an interim basis (the Terms and Conditions) in the manner set forth below.

**II. Terms and conditions****A. Role and responsibilities of the Trustee**

1. The World Bank shall act as the Trustee on an interim basis in accordance with the Terms and Conditions set forth herein.
2. The Trustee shall comply with the principles and modalities for operations stipulated in the relevant decisions of the CMP and decisions of the Adaptation Fund Board. The Trustee shall be closely consulted in the development of decisions, taken by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions, which relate in any way to the functions of the Trustee performed or to be performed, and the Terms and Conditions stipulated below shall be applicable. The Trustee shall perform its functions under the Terms and Conditions in accordance with the applicable provisions of the World Bank's Articles of Agreement, by-laws, policies and procedures.
3. The CMP hereby: (1) confirms its designation, under its decision 1/CMP.3, of the Adaptation Fund Board as its designee and delegatee in respect of the Adaptation Fund, acting under the authority and guidance of the CMP, and (2) imbues the Adaptation Fund Board with the capacity, power and authority to render decisions and provide instructions, directions and guidance to the Trustee hereunder and to cause to be effectuated the sale of certified emission reductions (CERs) collected as the share of proceeds for the Adaptation Fund pursuant to paragraphs 24, 25, 26, 27 and 28 below.
4. The Trustee, in the performance of its functions under the Terms and Conditions, shall be accountable to the Adaptation Fund Board.

5. Without prejudice to any other provisions of the Terms and Conditions, the Trustee shall, in performing its functions under the Terms and Conditions, act upon decisions, instructions, directions or guidance of the CMP or the Adaptation Fund Board (or such other person designated in writing by the Adaptation Fund Board for that purpose (Authorized Designee)), only if such decisions, instructions, directions or guidance are provided to the Trustee in writing. The Trustee shall not be responsible for inquiring or investigating if any decisions, instructions, directions or guidance of the Adaptation Fund Board or, as the case may be, any Authorized Designees, do not contravene an existing decision or act of the CMP, and shall have no liability for relying in good faith on any written decision, instruction, direction or guidance of the CMP, Adaptation Fund Board or any Authorized Designees, without further inquiry or investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith.
6. The CMP acknowledges that the Trustee may disclose information obtained by it in connection with its functions under the Terms and Conditions, if such disclosure is required or otherwise necessary in carrying out the services and activities set out herein, in accordance with the World Bank's policies and procedures.
7. The Trustee shall establish a trust fund for the Adaptation Fund (the Trust Fund), and shall hold in trust, as a legal owner, and administer the funds, assets and receipts, which constitute the Trust Fund, on behalf of the Adaptation Fund supervised and managed by the Adaptation Fund Board.
8. For the purpose of the monetization of CERs for the Adaptation Fund, the Trustee, in its capacity as agent of the CMP, is hereby authorized by the CMP to administer sales of CERs under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility for the monetization of CERs, pursuant to paragraphs 24, 25, 26, 27 and 28 below.
9. The Trustee shall be responsible only for performing those duties and responsibilities specifically and expressly set forth in the Terms and Conditions and shall not be subject to any other duties or responsibilities (express or implied), including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of equity, trust or fiduciary obligations and/or any other legal or equitable principles. To the extent that sales of CERs are conducted by the Trustee pursuant to paragraphs 24, 25, 26, 27 and 28 below, the Trustee shall not be responsible for the legality, validity or enforceability of any such sales of CERs, the value obtained from such sales of CERs (including any reduction in the value of the CERs from the time they are credited to the CDM Account (as defined in paragraph 24 below) to the time such sales are consummated) or any expenses or liabilities incurred in connection with such sales.
10. The Trustee shall not be liable for any failure to carry out its obligations under the Terms and Conditions where such failure is a result of a Force Majeure Event and, for so long as such circumstances continue, shall be relieved of its obligations under the Terms and Conditions which it has been prevented from fulfilling as a result of that Force Majeure Event without liability; provided that the Trustee shall, notwithstanding that it is relieved from its obligations hereunder, take all reasonable and practical steps to minimize any loss and/or disruption resulting from any such Force Majeure Event. For the purpose of this paragraph, "Force Majeure Event" means any event beyond the reasonable control of the person affected including, without limitation, labour dispute, act of God, war, act or circumstance of terrorism, riot, civil commotion, malicious damage, accident, breakdown of essential computer software, hardware or system failure, fire, flood and/or storm and other unforeseen circumstances materially and adversely effecting the performance of the functions of the Trustee under the Terms and Conditions.
11. The CMP acknowledges that the World Bank shall have the right to engage in any of the types of activities described in the Terms and Conditions for its own account or for the account of clients other than the Adaptation Fund whether acting as trustee, adviser or in any other capacity vis-à-vis such clients. The CMP agrees that the World Bank, in carrying out such activities for its own account or for the account of others, may decide to adopt approaches and courses of actions which differ from the approaches and courses of action that the Trustee decides to take in performing the services for the Adaptation Fund described in the Terms and Conditions. In engaging in such activities for its own account or for the account of others, the World Bank will put in place measures designed to avoid or mitigate conflicts of interest arising from its functions under the Terms and Conditions relating to the sale of CERs for the Adaptation Fund.

12. If a decision by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions relates to the functions of the Trustee performed or to be performed under the Terms and Conditions, such decision shall be developed in close consultation with the Trustee. In the absence of such consultation with and the agreement of the Trustee, the Trustee shall not be bound by any decision of the CMP or the Adaptation Fund Board, to the extent that such a decision relates to the functions of the Trustee performed or to be performed under the Terms and Conditions.
13. The CMP agrees that the Trustee shall be fully indemnified, out of the assets held for the Adaptation Fund, including the Trust Fund resources, for any liabilities, claims, losses, costs and expenses, including attorneys' fees and expenses, incurred by the Trustee in connection with or in any way arising out of its activities as Trustee, including but not limited to any activities of the Trustee in connection with the sale or the facilitation of the sale of the CERs. Such indemnity shall not include any liabilities, claims, losses, costs or expenses incurred by the Trustee as a direct result of its own gross negligence or wilful misconduct.
14. The privileges and immunities accorded to the World Bank shall apply to the property, assets, archives, operations and transactions of the Trust Fund. Nothing in the Terms and Conditions shall be considered a waiver of any privileges or immunities of the World Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.
15. The CMP agrees that the Trustee shall be reimbursed annually from the assets held for the Adaptation Fund, including the Trust Fund resources, for the fees, costs and expenses incurred by it in connection with performing its functions under the Terms and Conditions, including, without limitation, the costs and expenses incurred in connection with the establishment and administration of the Trust Fund, the sale of CERs, and any and all services provided hereunder, including attorneys' fees and expenses, external auditors' costs, costs of insurance policies and relevant service providers' fees. For this purpose, the Trustee shall submit to the Adaptation Fund Board a proposal for mutual agreement for the services and activities to be provided by the Trustee and estimated fees, costs and expenses to carry out such services and activities for the initial and/or upcoming fiscal year, as applicable. Upon approval by the Adaptation Fund Board of such a proposal, the Trustee shall deduct and transfer the amount of the estimated fees, costs and expenses to its own account from the Trust Fund resources or such other assets held for the Adaptation Fund; provided that the amount of the fees, costs and expenses transferred shall be subject to an end of year adjustment based on actual costs and expenses incurred.
16. In order to enable the Trustee to carry out its functions enumerated in the Terms and Conditions, the Trustee shall be entitled to attend any meetings of the Adaptation Fund Board and, as an observer, any meetings of the CMP which may concern the operations and activities of the Adaptation Fund. Further, the CMP hereby requests the secretariat servicing the Adaptation Fund Board in accordance with decision 1/CMP.3, and the secretariat of the Convention (the UNFCCC secretariat), to cooperate fully with the Trustee.

#### **B. Administration of the Trust Fund**

17. The Trustee shall receive and hold in the Trust Fund any proceeds from the sale of CERs conducted pursuant to paragraphs 24, 25, 26, 27 and 28 below. If requested by the Adaptation Fund Board, the Trustee may accept, on terms mutually agreed between the Trustee and the Adaptation Fund Board, contributions from donors to support the operations of the Adaptation Fund. For the avoidance of doubt, no CERs shall be held in the Trust Fund.
18. Subject to paragraphs 2 and 12 above, the Trustee shall administer the funds, assets and receipts of the Trust Fund only for the purpose of, and in accordance with, the Terms and Conditions and the relevant decisions of the CMP and the Adaptation Fund Board.
19. In accordance with decision 1/CMP.3, paragraph 21, and in conformity with the administrative and investment arrangements of the Trustee, the Trustee shall hold the funds, assets and receipts that constitute the Trust Fund separate and apart from the funds of the World Bank. The Trustee shall establish and maintain separate records and accounts to identify the resources of the Trust Fund, the commitments financed out of the Trust Fund, and the receipts and transfers of funds in the Trust Fund.

20. The Trustee shall invest the funds held in the Trust Fund, pending their transfer under paragraphs 15 and 22, in accordance with the Trustee's policies and procedures for the investment of trust funds administered by the World Bank, including commingling of the resources of the Trust Fund for administrative and investment purposes with other trust fund assets maintained by the World Bank. The commingling of Trust Fund resources for administrative and investment purposes should not affect the amount of resources from proceeds of CER monetization available in the Trust Fund for transfer of funds for Adaptation Fund operations, activities, projects and programmes. The Trustee shall credit all income from such investment to the Trust Fund to be used for the same purposes as other funds held in the Trust Fund. The CMP acknowledges that no warranty is given by the Trustee as to the performance or profitability of the investment of the funds held in the Trust Fund.

21. The funds held in the Trust Fund may be freely exchanged by the Trustee into other currencies as may facilitate their administration and transfer.

22. The Trustee shall, subject to the availability of resources held in the Trust Fund, record commitments and make transfers of funds from the Trust Fund in the manner agreed between the Trustee and the Adaptation Fund Board, only at, and in accordance with, the written direction provided to the Trustee by the Adaptation Fund Board or any Authorized Designee. Upon the transfer of funds, the Trustee shall not have any responsibility for the use of the Trust Fund funds transferred and activities carried out therewith, including but not limited to any responsibility with respect to supervising, monitoring, reporting on or verifying activities carried out with the Trust Fund funds transferred by the Trustee herein.

23. The Trustee shall prepare and furnish the Adaptation Fund Board with financial reports of the Trust Fund annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), and provide records and accounts of the Trust Fund for audit by its external auditors annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), in accordance with the policies and procedures of the Trustee. Furthermore, the Trustee shall prepare and furnish the Adaptation Fund Board with reports on the sale of the CERs for the Adaptation Fund and on the status of commitments and transfers of Trust Fund funds annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board).

### **C. Sales of certified emission reductions**

24. The CMP hereby authorizes the sale of CERs from the account established and maintained at the CDM registry for the Adaptation Fund to hold and transfer CERs collected as the share of proceeds to assist in meeting the costs of adaptation in accordance with Article 12, paragraph 8, of the Kyoto Protocol (the CDM Account) in the manner set forth hereunder.

25. The sale of CERs from the CDM Account shall be administered under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility to supervise and manage the Adaptation Fund and for the monetization of the CERs.

26. Pursuant to the authority provided under paragraph 3 above, the Adaptation Fund Board may cause to be entered into any and all contracts necessary for the sale of CERs from the CDM Account by granting to the Trustee any necessary power of attorney on behalf of the CMP, so that the Trustee may execute contracts of sale with the relevant third party CER purchasers and such other contracts necessary in connection with the sale or the facilitation of the sale of CERs, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below.

27. Pursuant to the authority provided under paragraph 8 above, and in furtherance of paragraphs 24, 25 and 26 above, the Trustee may, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below: (1) cause the transfer of the title to the CERs to the relevant third party purchasers upon receipt of payment in respect of the transfer; (2) enter into arrangements with the CDM Registry Administrator to effectuate such transfers of CERs; (3) engage with relevant service providers for the purposes of execution, clearance, settlement and other logistic matters in connection with the sale or the facilitation of the sale of CERs; and (4) take other such actions as necessary to effectuate the sale of CERs for the benefit of the Adaptation Fund.

28. Sale of CERs and transfers of title in respect of such sales pursuant to paragraphs 24, 25, 26 and 27 above shall be effected by the Trustee only in accordance with the guidelines agreed in writing between the Trustee and the Adaptation Fund Board.

#### **D. Dispute Resolution: Notices**

29. The CMP and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of the Terms and Conditions and settle any disputes, controversy, or claim arising out of or relating to the Terms and Conditions.

30. Any dispute, controversy or claim arising out of or relating to the Terms and Conditions, which has not been settled by agreement between the CMP and the Trustee, shall be submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force on the effective date of the Terms and Conditions, and the following provisions: (1) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (2) the language of the arbitral proceedings shall be English.

31. Any arbitral award under paragraph 30 above shall be final and binding upon the CMP and the Trustee. The provisions set forth in paragraphs 29 and 30 above shall be in lieu of any other procedure for the settlement of disputes between the CMP and the Trustee.

32. Any notice or request required or permitted to be given or made under the Terms and Conditions and any other agreement between any of the parties contemplated by the Terms and Conditions shall be in writing. Any such notice or request shall be deemed to have been duly given or made once it has been delivered by hand, mail, facsimile or, if so designated by the Parties, by other electronic means, to the World Bank or the UNFCCC secretariat, in case of the CMP, to which it is required or permitted to be given or made at such party's address designated by notice to the World Bank or the UNFCCC Secretariat, in case of the CMP, giving such notice or making such request. Deliveries made by facsimile or other electronic means shall also be confirmed by mail.

#### **E. Amendment and termination**

33. Any amendment to the Terms and Conditions shall become effective only upon approval and acceptance by the CMP and the World Bank.

34. The Trustee's role as trustee servicing the Adaptation Fund under the Terms and Conditions shall be automatically terminated three months after the sixth session of the CMP, unless the CMP and the Trustee affirmatively agree in writing to extend beyond this date the term of the Trustee's services under the Terms and Conditions.

35. Notwithstanding paragraph 34 above, the CMP may at any time terminate the appointment of the Trustee as trustee servicing the Adaptation Fund under the Terms and Conditions. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated three months after receipt by the Trustee of notice in writing of the termination of the appointment.

36. Notwithstanding paragraph 34 above, the Trustee may at any time terminate its role as trustee servicing the Adaptation Fund by giving the CMP notice in writing no less than three months prior to any session of the CMP. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated immediately after the session of the CMP which immediately follows the notice by the Trustee. In the event that no session of the CMP is held within 12 months of the Trustee giving notice, however, the Trustee's role shall be terminated 12 months after the Trustee has given notice.

37. Following termination of the Trustee's role as trustee servicing the Adaptation Fund pursuant to paragraphs 34, 35 or 36 above, the Trustee shall carry on no business for the Adaptation Fund except for the purpose of winding up its affairs. The Trustee shall take all necessary action for winding up its affairs in an expeditious manner, and for meeting the commitments already made by the Trustee and the transfer of any remaining funds, assets and receipts in the Trust Fund, as directed by the Adaptation Fund Board. The CMP

hereby mandates that in such circumstances the Adaptation Fund Board shall provide such direction to the Trustee without undue delay. All of the powers and rights of the Trustee under the Terms and Conditions, including the right to be reimbursed for the fees, costs and expenses incurred under paragraph 15 above, shall continue until the affairs of the Trustee have been wound up.

**F. Effectiveness**

38. The Terms and Conditions shall become effective and constitute agreement between the CMP and the World Bank upon decisions by the CMP and the World Bank to adopt and accept the Terms and Conditions.



## ANNEX IV

**Strategic Priorities, Policies and Guidelines of the Adaptation Fund****I. Background**

1. The Conference of the Parties decided by its decision 10/CP.7 to establish an adaptation fund (the Adaptation Fund) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8. The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.
2. In decision 5/CMP.2, Parties agreed on guiding principles and modalities. Parties further agreed in decision 1/CMP.3 that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.
3. This document sets out the strategic priorities, policies and guidelines for the Adaptation Fund, developed by the Adaptation Fund Board as requested by Parties in decision 1/CMP.3, paragraph 5 (a).
4. The strategic priorities, policies and guidelines set out in this document form the basis upon which the operational policies and guidelines shall be developed to enable eligible Parties to access resources from the Adaptation Fund.

**II. Strategic priorities**

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, the Adaptation Fund shall:
  - (a) Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;
  - (b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.
6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist.
7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision 5/CP.7, paragraph 8, and, where necessary, further information included in reports from the Intergovernmental Panel on Climate Change and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change.
8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

**III. Strategic policies and guidelines**

9. The operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with decision 5/CMP.2, paragraphs 1 and 2.
10. Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.

11. Eligible Parties can submit project proposals directly to the Adaptation Fund Board and implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund can approach the Adaptation Fund Board directly.
12. Funding for projects and programmes will be on a full adaptation cost basis to address the adverse effects of climate change.
13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.
14. Short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed.
15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:
  - (a) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
  - (b) Economic, social and environmental benefits from the projects;
  - (c) Meeting national technical standards, where applicable;
  - (d) Cost-effectiveness of projects and programmes;
  - (e) Arrangements for management, including for financial and risk management;
  - (f) Arrangements for monitoring and evaluation and impact assessment;
  - (g) Avoiding duplication with other funding sources for adaptation for the same project activity;
  - (h) Moving towards a programmatic approach, where appropriate.
16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account:
  - (a) Level of vulnerability;
  - (b) Level of urgency and risks arising from delay;
  - (c) Ensuring access to the fund in a balanced and equitable manner;
  - (d) Lessons learned in project and programme design and implementation to be captured;
  - (e) Securing regional co-benefits to the extent possible, where applicable;
  - (f) Maximizing multi-sectoral or cross-sectoral benefits;
  - (g) Adaptive capacity to the adverse effects of climate change.
17. The Adaptation Fund Board may wish to review elements of this strategic priority based on lessons learned.

## Draft decision - /CMP.5

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*  
*Recalling Article 12, paragraph 8, of the Kyoto Protocol,*  
*Recalling decision 10/CP.7,*

*Reaffirming decisions 3/CMP.1, 28/CMP.1, 5/CMP.2, 1/CMP.3 and 1/CMP.4,*

*Takes note with appreciation of the report of the Adaptation Fund Board<sup>1</sup> and the significant progress the Board has made in the operationalization of the Adaptation Fund,*

*Expressing its appreciation to the Governments of Barbados and Germany for their generous offers to confer legal capacity on the Adaptation Fund Board,*

1. *Endorses* the decision of the Adaptation Fund Board to accept the offer of Germany to confer legal capacity on the Adaptation Fund Board;<sup>2</sup>

2. *Invites* the Government of Germany to take the necessary measures to confer legal capacity on the Adaptation Fund Board;

3. *Requests* the Adaptation Fund Board to consult further with the Government of Germany to conclude the necessary legal arrangements to confer legal capacity on the Adaptation Fund Board, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session;

4. *Decides* that the Chair and Vice-Chair of the Adaptation Fund Board shall jointly serve as legal representatives of the Board;

5. *Adopts* the amendments to the rules of procedure of the Adaptation Fund Board, as contained in the annex to this decision, in accordance with the provisions in decision 1/CMP.4, annex I, paragraph 64;

6. *Takes note with appreciation of the work carried out by the Adaptation Fund Board concerning:*

- (a) The adoption of the operational policies and guidelines for Parties to access resources from the Adaptation Fund, in accordance with decisions 1/CMP.3 and 1/CMP.4;
- (b) The monetization of certified emission reductions in accordance with decision 1/CMP.3;

7. *Takes note of the approval by the Council of the Global Environment Facility of the memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding secretariat services to the Adaptation Fund Board;*

<sup>1</sup> FCCC/KP/CMP/2009/14.

<sup>2</sup> See decision B.7-8/1 of the Adaptation Fund Board, available at <<http://afboard.org/index.html>>.

8. *Also takes note* of the approval by the Board of Directors of the International Bank for Reconstruction and Development (the World Bank) of the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund;

9. *Encourages* Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the share of the proceeds from Clean Development Mechanism project activities.

## ANNEX

### **Amendments to the rules of procedure of the Adaptation Fund Board**

1. Paragraph 2 (h) should be revised as follows:

.Secretariat. is a body appointed by the CMP to provide secretariat services to the Board and to the Fund, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;

2. Paragraph 2 (j) should be revised as follows:

.Implementing entities. means the national legal entities and multilateral organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;

3. Paragraph 2 (k) should be revised as follows:

.Executing entities. are organizations that meet the criteria set by the Board to access funding to implement concrete adaptation projects and programmes supported by the Fund, subject to such audit mechanisms and due diligence criteria as established by the Board execute adaptation projects and programmes supported by the Fund under the oversight of implementing entities.

4. Paragraph 5 should be revised as follows:

The member and alternate shall each serve for a term of two calendar years and shall be eligible to serve a maximum of two consecutive terms. The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends;

5. Paragraph 10 should be revised as follows:

The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one calendar year, starting at the first meeting of the Board in each year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.

**Draft decision -/CMP.5**

**Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decision 1/CMP.3,

*Requests* the Subsidiary Body for Implementation, at its thirty-second session, to initiate the review of the Adaptation Fund and to agree on the terms of reference for the review and report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session so that the review can be undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session.

## Rules of procedure of the Adaptation Fund Board

### I. SCOPE

1. These rules of procedure shall apply to the conduct of the business of the Adaptation Fund Board, in accordance with decision 1/CMP.3 of the third session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). These rules become effective on their adoption by the CMP.

### II. DEFINITIONS

2. For the purpose of these rules:
  - (a) "Fund" means the Adaptation Fund pursuant to decision 10/CP.7 of the seventh session of the Conference of the Parties;
  - (b) "Board" means the Adaptation Fund Board, established by decision 1/CMP.3 of the third session of the CMP as the operating entity of the Adaptation Fund with the mandate to supervise and manage the Adaptation Fund under the authority and guidance of the CMP;
  - (c) "Member" means a representative elected by the CMP as a member of the Adaptation Fund Board, accorded the right to vote;
  - (d) "Alternate" means a representative elected by the CMP as an alternate for each member;
  - (e) "Meeting" means any meeting of the Adaptation Fund Board;
  - (f) "Chair" means the Board member elected as Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;
  - (g) "Vice-Chair" means the Board member elected as Vice-Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;
  - (h) "Secretariat" is a body appointed by the CMP to provide secretariat services to the Board, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;
  - (i) "Trustee" means the trustee for the Adaptation Fund;
  - (j) "Implementing entities" means the national legal entities and multilateral organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;
  - (k) "Executing entities" are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of implementing entities;
  - (l) "UNFCCC" means the United Nations Framework Convention on Climate Change;
  - (m) "Protocol" means the Kyoto Protocol to the United Nations Framework Convention on Climate Change;

- (n) "Parties" means Parties to the Kyoto Protocol;
- (o) "Annex I Parties" means Parties included in Annex I to the Convention, as may be amended, or Parties which have made a notification under Article 4, paragraph 2(g), of the Convention;
- (p) "Non-Annex I Parties" means Parties not included in Annex I to the Convention;
- (q) "Secretary" means the person in charge of providing support services and logistics to the Adaptation Fund Board meetings;
- (r) "Head of secretariat" means the head of the entity responsible for rendering secretariat services to the Adaptation Fund Board.

### **III. BOARD**

3. The Board shall comprise 16 members representing Parties, formally elected at a session of the CMP on the Adaptation Fund as follows:

- (a) Two representatives from each of the five United Nations regional groups;
- (b) One representative of the small island developing States;
- (c) One representative of the least developed country Parties;
- (d) Two other representatives from Annex I Parties;
- (e) Two other representatives from non-Annex I Parties.

4. The election of each member is to be accompanied by the election of an alternate following the same principles as set out in paragraph 3 above.

5. The member and alternate shall each serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms. The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends.

6. In the absence of a member, or when requested by a member in writing, his or her alternate will act for the member, including by voting in the member's stead.

7. If a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, a new member or alternate shall be elected in accordance with decision 1/CMP.3, paragraph 8.

8. Notwithstanding paragraph 7, if a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Adaptation Fund Board may decide, bearing in mind the proximity of the next session of the CMP, to appoint another member, or an alternate member, from the same constituency to replace the said member for the remainder of that member's mandate. The Adaptation Fund Board shall request the relevant constituency to nominate the new member, or the new alternate.

9. Except as may be expressly provided otherwise in these rules, any reference in these rules to a member shall be deemed to include his or her alternate, when such alternate acts for such member.



#### **IV. OFFICERS**

10. The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one year, starting at the first meeting of the Board in each year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.
11. If the Chair is temporarily unable to fulfil the obligations of the office, the Vice-Chair shall in the interim assume the obligations and authorities of the Chair. In the absence of the Chair and the Vice-Chair at a particular meeting, any other member designated by the Board shall temporarily serve as the Chair of that meeting.
12. If the Chair or Vice-Chair is unable to complete the term of office, the Board shall elect a replacement to complete the term of office.
13. The Chair shall, inter alia, declare the opening and closing of the meeting, ensure the observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The Chair shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order, including adjournment or suspension.
14. The Chair shall propose to the Board chairs and vice-chairs from among the members and alternates for specific working groups and committees, as necessary.
15. The Chair, or any member designated by the Chair, shall report to the CMP on behalf of the Board.
16. The Chair shall advocate and seek support for the Fund and the work of the Board. The Chair shall represent the Board at external meetings and shall report back to the Board on those meetings.

#### **V. SECRETARIAT**

17. The secretariat, being a dedicated team of officials to render secretariat services to the Adaptation Fund Board, shall:
  - (a) Make the necessary arrangements for the meetings of the Board, including ensuring that announcements of the meetings are posted on the Adaptation Fund and UNFCCC websites, issuing invitations, preparing meeting documents and the final report, which will include decisions of the meeting, and shall post all documents on the website of the Adaptation Fund;
  - (b) Designate a member of the dedicated team of officials to serve as Secretary of the Adaptation Fund Board meetings to provide support services and logistics;
  - (c) Keep meeting records and arrange for the custody and preservation of documents of the meetings in the archives of the entity designated as the secretariat to the Adaptation Fund Board;
  - (d) Generally perform all other functions that the Board may request.

## **VI. MEETINGS**

18. The Board shall meet at least twice every year or as frequently as necessary to enable it to discharge its responsibilities. The meetings of the Board shall take place in the country of the seat of the UNFCCC secretariat, except when meeting in conjunction with sessions of the CMP or with the sessions of subsidiary bodies under the UNFCCC, in which case the Board meeting may take place in the country or at the venue of the relevant UNFCCC meeting.
19. Unless the Board decides otherwise in accordance with paragraph 20, meetings shall be open to members, alternates and observers as referred to in paragraphs 31–32. Observers shall inform the secretariat of the composition of their delegation four weeks prior to the first day of any scheduled meeting.
20. The Board may declare any of its meetings, or segments thereof, closed; these shall then be open to members, alternates and the representatives of the secretariat and the trustee. The Board may invite any of the representatives referred to in paragraphs 31–32 to attend such meetings.
21. At each meeting, the Board shall set the date and duration for the next meeting.
22. The secretariat shall notify all members, alternates and observers of the dates and venue of the meetings and circulate a formal invitation and provisional agenda for any meeting at least six weeks before the first day of the meeting.
23. A simple majority of the members of the Board must be present at a meeting to constitute a quorum.  
A quorum shall be verified by the Chair at the beginning of the meeting and at the time of the adoption of the decision.
24. Before the end of each meeting, the Chair shall present a draft report of the meeting, containing draft conclusions and decisions of the meeting, for consideration and approval by the Board. The Chair shall ascertain the existence of a quorum before adopting the draft report of the meeting on the understanding that the Chair will finalize the text, taking into account the amendments proposed during the meeting.
25. Any written records of the Board or recordings of proceedings shall be kept by the secretariat on behalf of the Board in accordance with paragraph 17 (c) and applicable rules and regulations. The secretariat shall make available to any Board member or alternate, at his or her request, copies of any records or recordings kept by the secretariat on behalf of the Board.

## **VII. CONFIDENTIALITY AND CONFLICT OF INTEREST**

26. Information obtained from Adaptation Fund project participants marked as proprietary and/or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law.
27. Members and alternates have a duty not to disclose such confidential and/or proprietary information, unless required by applicable national law. This duty remains an obligation after the member's term expires.
28. Each member and alternate member shall take, and agree to respect, a written oath of service before assuming his or her service. The oath of service shall be witnessed by the Chair of the Adaptation Fund Board, and in the case of the Chair, by the Vice Chair of the Adaptation Fund Board. It shall read as follows:

“I solemnly declare that I will perform my duties and exercise my authority as member or alternate of the Adaptation Fund Board honourably, faithfully, impartially and conscientiously.

“I further solemnly declare that, subject to my responsibilities within the Adaptation Fund Board, I shall not disclose, even after the termination of my functions, any information marked confidential coming to my knowledge by reason of my duties in the Adaptation Fund Board.

“I shall disclose immediately to the Adaptation Fund Board any interest in any matter under discussion before the Adaptation Fund Board which may constitute a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate of the Adaptation Fund Board and I shall refrain from participating in the work of the Adaptation Fund Board in relation to such matter.”

29. At each meeting, members and alternates must declare any conflicts of interest they may have in relation to any items on the agenda.

30. Members and alternates shall be bound by the rules of procedure of the Adaptation Fund Board, and shall recuse themselves from all related deliberations and decision-making should any personal and/or financial interest arise in any aspect of a project activity or a body representing a project for approval to the Board. Members and alternates have an obligation to promptly disclose any such situation.

## **VIII. OBSERVERS**

31. Except where otherwise decided by the Board, meetings shall be open for attendance, as observers, to representatives of UNFCCC Parties, the UNFCCC secretariat and UNFCCC accredited observers. Such observers may attend without the right to vote.

32. The secretariat shall, upon the request of the Board, notify any individual or entity, whether national or international, governmental or non-governmental, qualified in a field related to the work of the Fund, of any meeting so that it may be represented by an observer.

33. Observers may, upon the invitation of the Chair and if there is no objection from any of the members present, participate without the right to vote in the proceedings of any meeting in matters of direct concern to the body or agency, which they represent.

34. Observers may, upon invitation of the Chair and if there is no objection from the members present, make presentations relating to matters under consideration by the Board.

## **IX. PROCEDURES FOR PUBLIC COMMUNICATION**

35. The secretariat shall acknowledge receipt of unsolicited communications addressed to the Chair and make them available to the Chair and the Board via e-mail or fax. The Chair, with the support of the secretary of the Board, shall initiate action, including consultation with the Board, as needed, and answer unsolicited communications on behalf of the Board, as appropriate.

36. Unsolicited communications may be taken into consideration at the Board's next meeting if received before the document submission deadline (four weeks prior to the meeting). Any unsolicited communication received after this deadline would normally be considered at a subsequent meeting. At the discretion of the Chair, a communication may be brought forward to the Board.

37. If a member or alternate of the Board, in that capacity, receives an unsolicited communication, he or she shall forward it to the secretariat, copying the sender of the unsolicited communication, for processing as per the above. The same shall apply for submissions received by members of panels, committees or working groups.

## **X. AGENDA**

38. The Chair, assisted by the secretariat, shall draft the provisional agenda for each regular meeting.

The secretariat shall indicate the administrative and financial implications of all substantive agenda items submitted to the meeting. The provisional agenda, together with the notice of the meeting and other relevant documents, shall be transmitted to all those invited to the meeting in accordance with paragraphs 22 and 43 of these rules.

39. The Board shall, at the beginning of each meeting, adopt the agenda for the meeting.

40. Any item on the agenda of any meeting, consideration of which has not been completed at the meeting, shall automatically be included in the agenda of the next meeting unless otherwise decided by the Board.

## **XI. TRAVEL**

41. As soon as the Trust Fund for the Adaptation Fund is established, eligible members and alternates of the Board shall have their full costs of travel and daily subsistence allowance (DSA), including full transit costs, at the standard United Nations DSA rate, provided under the budget of the Board and secretariat.

42. As soon as the Trust Fund for the Adaptation Fund is established, travel for Board members and alternates shall be arranged according to United Nations rules.

## **XII. TRANSMITTAL OF DOCUMENTS**

43. The secretariat shall transmit the documentation related to items on the provisional agenda to all those invited to the meeting at least four weeks before the first day of the meeting scheduled. In exceptional circumstances, the Chair may instruct the secretariat to transmit a document after the deadline.

## **XIII. DECISION-MAKING AND VOTING**

44. Decisions of the Board shall be taken by consensus whenever possible.

45. If all efforts to reach a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote.

46. An alternate may cast a vote only if acting for the member in accordance with paragraph 6.

47. The Chair shall ascertain whether consensus has been reached. The Chair shall declare that a consensus does not exist if there is a stated objection to the proposed decision under consideration by a member or alternate acting for a member.

48. After ascertaining the existence of a quorum, the Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

49. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the Chair.

50. The name of each member shall be called in all roll-calls, and he or she shall indicate the vote ('yes' or 'no') or abstention.

51. Votes cast by each member participating in a roll-call shall be recorded in the report of the meeting.

#### **XIV. TERMINATION OF BOARD MEMBERSHIP**

52. The Board may propose to the CMP the termination of the membership of any member or alternate for cause including, inter alia, breach of the conflict of interest provision, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Board without proper justification.

53. The Board shall recommend to the CMP the termination of the membership of a member or an alternate only after the member or alternate has been given the opportunity of a hearing by the Board in a meeting.

54. Any motion calling for the termination of the membership of a member or alternate shall be decided in accordance with the voting rules in section XIII above. When the motion concerns the termination of the office of a Chair, the Vice-Chair shall act as Chair until the voting has been conducted and its result announced.

#### **XV. COMMITTEES AND WORKING GROUPS**

55. The Board may establish committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions.

#### **XVI. INTERSESSIONAL DECISIONS**

56. Decisions without meetings may occur on an extraordinary basis when, in the judgement of the Chair and the Vice-Chair, a decision must be taken by the Board that should not be postponed until the next meeting of the Board. The secretariat, with the approval of the Chair, shall transmit to each member and alternate a proposed decision with an invitation to approve the decision on a no-objection basis.

57. Each member's comments on the proposed decision shall be sent to the secretariat during such period as the secretariat may prescribe, provided that such period is no less than two weeks.

58. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members. If there is an objection

raised by any member to any proposed decision that cannot be resolved, the Chair shall include consideration of the proposed decision as an item on the agenda for the next meeting.

59. Any intersessional decision shall be deemed to have been taken at the headquarters of the UNFCCC secretariat. The secretariat shall inform members and alternates about the decision and post all intersessional decisions on the Adaptation Fund website.

## **XVII. LANGUAGES**

60. The working language for the Board shall be English. Simultaneous interpretation shall be provided during its meetings in all of the official United Nations languages that correspond to the actual language requirements of the members and alternates present at that meeting.

61. Late meetings, committees and working groups will be held in English when interpretation is not available.

62. Documents for the meetings will be provided in English only.

63. The full text of all reports including decisions taken by the Board shall be made publicly available via the Adaptation Fund website in all six official languages of the United Nations.

## **XVIII. AMENDMENTS TO RULES OF PROCEDURE**

64. These rules of procedure may be amended according to paragraphs 44–51 above and, to be effective, must be formally approved by the CMP.

## **XIX. OVERRIDING AUTHORITY OF THE KYOTO PROTOCOL**

65. In the event of any conflict between any provisions of these rules and any provisions of the Kyoto Protocol, the Kyoto Protocol shall prevail.