



ADAPTATION FUND

AFB/B.29/Inf.8
9 March 2017

Project and Programme Review Committee
Ethics and Finance Committee
Twentieth meeting
Bonn, Germany, 14-15 March 2017

Adaptation Fund Board
Twenty-ninth meeting
Bonn, Germany, 16-17 March 2017

RELATED DECISIONS OF COP22, CMA1 AND CMP12

Decision 1/CP.22 (<http://unfccc.int/resource/docs/2016/cop22/eng/10a01.pdf>): Preparations for the entry into force of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

Recalling the Paris Agreement, adopted under the Convention, and decision 1/CP.21, the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) at its twenty-second meeting (COP 22)

[...]

- *Paragraph 14: Requests the Ad Hoc Working Group on the Paris Agreement in its consideration of the necessary preparatory work on the Adaptation Fund to address the governance and institutional arrangements, safeguards and operating modalities for the Adaptation Fund to serve the Paris Agreement;*
- *Paragraph 15: Invites Parties to submit, by 31 March 2017, their views on the governance and institutional arrangements, safeguards and operating modalities for the Adaptation Fund to serve the Paris Agreement;*

[...]

Decision 1/CMA.1 (<http://unfccc.int/resource/docs/2016/cma1/eng/03a01.pdf>): Matters relating to the implementation of the Paris Agreement

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), recalling the Paris Agreement, adopted under the Convention, also recalling decision 1/CP.21,

[...]

- *Paragraph 11: Decides that the Adaptation Fund **should serve the Paris Agreement**, following and consistent with decisions to be taken at the third part of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, to be convened in conjunction with the twenty-fourth session of the Conference of the Parties (COP24), and by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that address the governance and institutional arrangements, safeguards and operating modality of the Adaptation Fund. **[emphasis added]***

[...]

Decision 1/CMP.12 (<http://unfccc.int/resource/docs/2016/cmp12/eng/08a01.pdf>): *Third Review of the Adaptation Fund*

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, Recalling decisions 1/CMP.3 and 6/CMP.6 on the three-year review cycle for the Adaptation Fund,

Also recalling decisions 2/CMP.9 and 2/CMP.10, Further recalling decision 1/CP.21,

1. *Decides that the third review of the Adaptation Fund will be undertaken in accordance with the terms of reference contained in the annex;*
2. *Requests the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November 2017) information on the financial status of the Adaptation Fund with a view to the third review of the Adaptation Fund being finalized at the same session;*
3. *Invites Parties and observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board, to submit by 30 April 2017 their views on the third review of the Adaptation Fund based on the terms of reference contained in the annex, for consideration by the Subsidiary Body for Implementation at its forty-sixth session (May 2017);¹*
4. *Requests the secretariat, in collaboration with the Adaptation Fund Board secretariat, to prepare a technical paper on the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its forty-sixth session and the views referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its forty-seventh session (November 2017);*
5. *Also requests the Subsidiary Body for Implementation to complete its work on the third review of the Adaptation Fund at its forty-seventh session with a view to recommending a draft decision on the matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session.*

Annex to Decision 1/CMP.12

Terms of reference for the third review of the Adaptation Fund

I. Objective

1. The objective of the third review of the Adaptation Fund is to ensure the effectiveness, sustainability and adequacy of the fund and its operations with a view to the

Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) adopting a decision on the matter at CMP 13 (November 2017).

II. Scope

2. The scope of the review will cover the progress made to date and lessons learned in the operationalization and implementation of the fund and will focus on, inter alia:

- (a) The provision of sustainable, predictable and adequate financial resources and the mobilization of financial resources to fund concrete adaptation projects and programmes that are country-driven and based on the needs, views and priorities of eligible developing country Parties;
- (b) Lessons learned from:
 - (i) The application of the access modalities of the Adaptation Fund, including its operational policies and guidelines, including its Streamlined Accreditation Process;
 - (ii) The project approval procedures of the Adaptation Fund;
 - (iii) The results and impacts of approved adaptation projects and programmes;
 - (iv) The readiness programme for direct access to climate finance, including the component aimed at increasing South–South cooperation between accredited national implementing entities and those seeking accreditation;
 - (v) The pilot programme for regional projects;
- (c) Programming and project coherence and complementarity between the Adaptation Fund and other institutions funding adaptation projects and programmes, in particular institutions under the Convention and the operating entities of the Financial Mechanism and its specialized funds;
- (d) The institutional arrangements for the Adaptation Fund, in particular the arrangements with the interim secretariat and the interim trustee.

III. Sources of information

3. The review shall draw upon, inter alia, the following sources of information:

- (a) Submissions from Parties to the Kyoto Protocol, observer organizations, other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board on their experiences regarding the Adaptation Fund;
- (b) The annual reports of the Global Environment Facility (GEF) to the Conference of the Parties (COP) on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy, information and evaluation documents;

- (c) The annual reports of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;
- (d) The report of the Adaptation Fund Board to the CMP, the Adaptation Fund annual performance report for the most recent fiscal year and the outcomes of the initial and second reviews of the Adaptation Fund;
- (e) The outcomes and reports emanating from United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and nongovernmental organizations dealing with climate change financing;
- (f) The reports of the Standing Committee on Finance;
- (g) The reports on the work programme on long-term finance;¹
- (h) The reports of the Least Developed Countries Expert Group, the Adaptation Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;
- (i) The technical paper and summary for policymakers arising from the technical examination process on adaptation in 2016;
- (j) The report on the independent evaluation of the Adaptation Fund (stage 1).²

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17 November 2016**

Decision 2/CMP.12 (<http://unfccc.int/resource/docs/2016/cmp12/eng/08a01.pdf>): *Report of the Adaptation Fund Board*

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, Recalling decisions 1/CMP.3, 2/CMP.10 and 1/CMP.11, Also recalling decision 1/CP.21, Noting the annual report of the Adaptation Fund Board,¹

1. *Notes the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board and the oral report provided by the Chair of the Adaptation Fund Board in November 2016:*

- (a) *The accreditation of 25 national implementing entities that can access resources from the Adaptation Fund directly, including 4 entities accredited during the reporting period, and the accreditation of 6 regional implementing entities, including 2 accredited during the reporting period;*
- (b) *Cumulative project and programme approvals reaching USD 358 million as at 9 November 2016;*
- (c) *Funds available for new funding approvals amounting to USD 230.5 million as at 17 November 2016;*

¹ FCCC/KP/CMP/2016/2

- (d) *The approval of six project/programme proposals, totalling USD 36.8 million, submitted by implementing entities, including four proposals submitted by national implementing entities totalling USD 19.2 million;*
 - (e) *The cumulative receipts of USD 546.9 million into the Adaptation Trust Fund;*
 - (f) *The institutionalization of the readiness programme for direct access as a permanent component of the Adaptation Fund's operations and the approval of South–South cooperation grants for Guinea, Malawi, Sierra Leone and Zimbabwe totalling USD 242,347, and technical assistance grants for Benin, Costa Rica, Micronesia (the Federated States of), Panama, Senegal and South Africa totalling USD 118,000;*
 - (g) *The endorsement of the first concepts and pre-concepts under the pilot programme for regional projects/programmes, as well as the decision of the Adaptation Fund Board to extend the opportunity to submit regional proposals beyond the pilot programme;*
 - (h) *The approval of the gender policy and action plan of the Adaptation Fund;*
 - (i) *The ongoing discussion on linkages between the Adaptation Fund and the Green Climate Fund;*
 - (j) *The fact that, in the light of the early entry into force of the Paris Agreement, the timelines given in paragraphs 59 and 60 of decision 1/CP.21 and paragraphs 8 and 9 of decision 1/CMP.11 may not align;*
2. *Decides to renew the interim institutional arrangements with the Global Environment Facility as the interim secretariat of the Adaptation Fund Board for an additional three years, from 30 May 2017 to 30 May 2020;*
 3. *Also decides to restate the terms and conditions of the services to be provided by the International Bank for Reconstruction and Development (the World Bank) as the interim trustee of the Adaptation Fund and to extend the term of the trustee's services for an additional three years, from 30 May 2017 to 30 May 2020;*
 4. *Welcomes the financial pledges and contributions made to the Adaptation Fund by the Governments of Germany, Italy, Sweden and the Flemish and Walloon Regions of Belgium, amounting to USD 81 million;*
 5. *Takes note of the resource mobilization strategy of the Adaptation Fund Board;*
 6. *Notes with concern issues related to the sustainability, adequacy and predictability of funding for the Adaptation Fund based on the current uncertainty on the prices of certified emission reductions, assigned amount units and emission reduction units;*
 7. *Notes that the scale of funding required for projects in the active pipeline is estimated to be of the scale of USD 233.5 million and that the current available funds for new projects amount to USD 230.5 million, resulting in a current funding gap of USD 3 million;*

8. *Encourages developed country Parties to scale up financial resources for the implementation of adaptation projects in the active pipeline of the Adaptation Fund;*
9. *Also encourages the provision of voluntary support that is additional to the share of proceeds from clean development mechanism project activities in order to support the resource mobilization efforts of the Adaptation Fund Board, with a view to strengthening the Adaptation Fund;*
10. *Further encourages the Adaptation Fund Board, in implementing its resource mobilization strategy, to further consider all potential sources of funding;*
11. *Encourages the Adaptation Fund Board to continue its consideration of linkages between the Adaptation Fund and other funds, including the Green Climate Fund, and to report on its findings to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November 2017);*
12. *Highlights the findings of the first stage of an independent overall evaluation of the Adaptation Fund,²including that:*
 - (a) *The Adaptation Fund has pioneered several issues related to adaptation finance and is meeting developing countries' needs, including those related to direct access;*
 - (b) *The design of the Adaptation Fund and its operational processes are efficient and largely coherent with guidance under the Convention and national adaptation priorities;*
 - (c) *The Adaptation Fund has allowed countries to advance the implementation of important measures at the national and subnational levels, with links to national policymaking;*
 - (d) *The policies adopted by the Adaptation Fund have created a solid foundation for operational success;*
13. *Takes note of the information provided by the Adaptation Fund Board on the added value of the Adaptation Fund for the operationalization of the Paris Agreement, as contained in the addendum to annex I to the report of the Adaptation Fund Board;*
14. *Invites the Conference of the Parties to bring the information referred to in paragraph 13 above to the attention of the Ad Hoc Working Group on the Paris Agreement.*

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² Available at <<https://www.adaptation-fund.org/document/independent-evaluation-of-the-adaptationfund-first-phase-evaluation-report/>>.