



ADAPTATION FUND

AFB/B.38/10/Add.1
22 February 2022

Adaptation Fund Board
Thirty-eight meeting
Bonn, Germany, 7-8 April 2022

Agenda item 13

**PROPOSED AMENDEDMENT OF
STRATEGIC PRIORITIES, POLICIES, AND GUIDELINES OF
THE ADAPTATION FUND ADOPTED BY THE CMP
(ANNEX I TO THE OPG)**

ANNEX 1 to OPG: STRATEGIC PRIORITIES, POLICIES, AND GUIDELINES OF THE ADAPTATION FUND ADOPTED BY THE CMP

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. In decision 13/CMA.1, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the CMA with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision on this matter made by the CMP. In decision 1/CMP.14, paragraph 2, the CMP decided that the Adaptation Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available.
4. In decision 3/CMP.16, paragraph 6 and decision 13/CMA.3, paragraph 7, Parties confirmed that developing country Parties to the Paris Agreement particularly vulnerable to the adverse effects of climate change are eligible for funding from 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.

Strategic priorities

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, and decision 3/CMP.16, paragraph 6 and decision 13/CMA.3, paragraph 7, the Adaptation Fund shall:
 - (a) Assist developing country Parties to the Kyoto Protocol and developing country Parties to the Paris Agreement 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, **adaptation planning processes**, poverty reduction strategies, national communications and national adaptation programmes of action (**NAPAs**) and other relevant instruments, **as well as national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports**, 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 the Adaptation Committee**, and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change, **the Cancun Adaptation Framework and where applicable, the Least Developed Countries Expert Group (LEG)**.
8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

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 **and developing country Parties to the Paris Agreement** 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 and adaptation planning processes, including, where appropriate, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action (NAPAs) and other voluntary adaptation reports and relevant instruments, where they exist;

(b) Economic, social and environmental benefits from the projects and equal access to and equitable distribution of those benefits;

(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.