

AFB/B.39/9 14 September 2022

Adaptation Fund Board Thirty-ninth meeting Bonn, Germany, 11–14 October 2022

Agenda item 11

DECISIONS OF CMP16, CMA3 AND COP26 RELATING TO THE ADAPTATION FUND AND THE RELEVANT MATTERS TO BE CONSIDERED BY THE ADAPTATION FUND BOARD

I. Background

1. At Glasgow Climate Change Conference in November 2021, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided to confirm that (i) developing country Parties to the Paris Agreement that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund (the Fund); and (ii) Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board (the Board) (decision 3/CMP.16, paragraphs 6 and 7 and decision 13/CMA.3, paragraphs 7 and 8). Furthermore, the CMP decided to: (i) regarding eligible country Parties to access funding from the Fund, *request the Adaptation Fund Board to amend the relevant operational and policy guidelines, as well as its strategic priorities, policies and guidelines accordingly*¹; and (ii) with regards to the decision that Parties to Paris Agreement are eligible for Board membership, request the Adaptation Fund Board to amend the relevant procedures and modalities (decision 3/CMP.16, paragraphs 6 and 7).

2. With respect to the matter of Adaptation Fund Board membership, CMP16 confirmed that Partis to the Paris Agreement are eligible for membership on the Board and requested the Board to amend the relevant procedures and modalities. It also requested the Subsidiary Body for Implementation (SBI) to continue its consideration of matters relating to membership of the Board further to decision 1/CMP.14, paragraph 5, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its next session.² At its 56th session in June 2023, SBI considered this matter in informal consultations and noted that Parties had not been able to agree on conclusions. In accordance with rules 10(c) and 16 of the draft rules of procedure being applies, the matter will be included in the provisional agenda for SBI 57 in November 2023.

3. The Fund is still in transitional period during which the Fund serves both the Kyoto Protocol and the Paris Agreement. As the Board noted at its thirty-third meeting, additional meeting (B.33.b) and thirty-fourth meeting held in 2019, secretariat's consultations with the UNFCCC Secretariat held in March 2022 reaffirmed that during which the Fund serves both the Kyoto Protocol and the Paris Agreement ('transitional period'), the Fund and its Board remained under the authority of the CMP, while they remain under the guidance and accountable to the CMA with respect to all matters relating to the Paris Agreement.

4. To support the Board in fulfilling the mandate under decision 3/CMP.16 and decision 13/CMA.3, the secretariat prepared the draft amendments of the Fund's Strategic Priorities, Policies and Guidelines of the Fund adopted by the CMP (SPPG) and Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG) in consultation with the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and

¹ <u>Decision 3/CMP.16</u>, para. 6.

² Ibid., para. 8.

the trustee, and submitted them to the Board for consideration at its thirty-ninth meeting in April 2022.³

5. The Board considered decisions 3/CMP.16 and 3/CMA.3 as well as documents AFB/B.38/10/Add.1 and AFB/B.38/10/Add.2 and decided to request the secretariat:

(a) To conduct a survey of Board members during the intersessional period, with a view to receiving input on the proposed amendments to the Strategic Priorities, Policies and Guidelines of the Fund adopted by the CMP (SPPG) and the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), respectively, as set out in documents AFB/B.38/10/Add.1 and AFB/B.38/10/Add.2;

(b) To prepare a document setting out the proposed amendments to SPPG and the OPG, respectively, reflecting the Board's discussions at its thirty-eighth meeting and the input received from the Board through the intersessional survey referred to in subparagraph (a), above, for the Board's consideration at its thirty-ninth meeting.

(Decision B.38/51)

II. Intersessional survey of the Board on the amendments to the SPPG and the OPG as per Decision B.38/51

6. The Strategic Priorities, Policies and Guidelines of the Adaptation Fund (SPPG, as Annex I to OPG) was adopted by the CMP (Decision 1/CMP.4). The SPPG forms the basis upon which the OPG shall be developed to enable eligible Parties to access resources from the Adaptation Fund.⁴

7. The Operational Policies and Guidelines (OPG) was first developed in 2009 in accordance with decisions 1/CMP.3 and 1/CMP.4 and based upon the SPPG (later contained as Annex I of the OPG) wherein paragraph 9 indicates that "the operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with <u>decision 5/CMP.2</u>, paragraphs 1 and 2. The adoption of the OPG was taken note of by the CMP by decision 4/CMP.5. The OPG has been amended four times to make it aligned with the Fund's environmental and social policy (ESP), Gender Policy, and to reflect the Fund's readiness programme, and to reflect the Board's decision on two national implementing entities, respectively.

8. To fulfil the mandate under decisions 3/CMP.16 and 13/CMA.3, it is recommended that at its thirty-ninth meeting in October 2022, the Board take a decision on the proposed amendments to the SPPG and OPG contained in document AFB/B.39/9/Add.1 and AFB/B.39/9/Add.2, respectively, and decide to include a summary of the Board's consideration of the amendments to the SPPG and OPG in response to decisions 3/CMP.16 and 13/CMA.3 in the addendum to the

³ See documents <u>AFB/B.38/10</u>, <u>AFB/B.38/10/Add.1</u> and <u>AFB/B.38/10/Add.2</u>.

⁴ SPPG, paragraph 4.

Report of the Board to the CMP17/CMA.4. In addition, given that the amendments to the SPPG are required to be adopted by the CMP to become effective, the Board submits its recommendation to the CMP at its seventeenth session in November 2022 that CMP adopt the amendments to the SPPG as approved by the Board at its thirty-ninth meeting.

9. In response to Decision B.38/51, the secretariat launched a survey of the Board to receive input on the proposed amendments to the SPPG and the OPG, as set out in documents AFB/B.38/10/Add.1 and AFB/B.38/10/Add.2, from 26 July to 26 August 2022. The secretariat had received 8 responses in total. All the survey responses verbatim are contained together with the secretariat's respective analysis in Annex to this document.

10. In response to Decision B.38/51, subparagraph (b), the secretariat prepared this document setting out the proposed amendments to SPPG and the OPG, respectively, by reflecting the Board's discussion at its thirty-eighth meeting and the input received from the Board through the intersessional survey. The input verbatim received from the Board through the survey and the secretariat's respective analysis are contained in Annex to this document, and the proposed amendments to SPPG and the OPG are contained with track changes (in red) in documents AFB/B.39/9/Add.1 and AFB/B.39/9/Add.2, respectively.

Recommendation

30. Having considered decision 3/CMP.16 and decision 13/CMA.3, documents AFB/B.39/9 and its Annex, AFB/B.39/9/Add.1 and AFB/B.39/9/Add.2, the Adaptation Fund Board (the Board) may want to consider and decide to:

a) Approve the amendments to the Strategic Priorities, Policies and Guidelines of the Fund adopted by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) (SPPG) as contained in document AFB/B.39/9/Add.1;

b) Approve the amendments to the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG) as contained in document AFB/B.39/9/Add.2;

c) Submit its recommendation to the CMP at its seventeenth session that the CMP adopt the amendments to the SPPG as approved by the Board at its thirty-ninth session;

d) Include a summary of the Board's consideration of the amendments to the SPPG and OPG in response to decisions 3/CMP.16 and 13/CMA.3 and the Board's recommendation to the CMP for adoption of the amendments to the SPPG as referred to in subparagraph c) in the addendum to the Report of the Board to the CMP at its seventeenth session and the Conference of the Parties serving as the meeting of the Parties to the Parties to the Parties Agreement (CMA) at its fourth session.



Annex: Intersessional (B.39-39) Survey on the Proposed Amendments to SPPG and OPG

- As per Board Decision B.38/51 the AFB secretariat had conducted a survey of the Adaptation Fund Board, during the period from 26 July to 26 August 2022, with a view to receiving input on the proposed amendments to the Strategic Priorities, Policies and Guidelines of the Fund adopted by the CMP (SPPG) and the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG), respectively, as set out in documents AFB/B.38/10/Add.1 and AFB/B.38/10/Add.2.
- The Board was requested to provide inputs and a brief rational behind suggestions considering Documents AFB/B.38/10, AFB/B.38/10/Add.1 and AFB/B.38/10/Add.2.
- The responses are included **verbatim** in this document along with the respective Secretariat's analysis.

Board survey on the amendment of the SPPG

SPPG	Suggestions	Rationale/ background information	AFB Secretariat' analysis
Para. 5 (a)	Assist developing country Parties to the Kyoto Protocol or 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	The text, as written, implies that developing countries must be Parties to the KP <u>AND</u> PA in order to be eligible for resources. In line with 3/CMP.16, paragraph 6, vulnerable countries which are Party to either the KP or PA should be eligible for AF resources.	Reflected.
Para. 6	Just a Comment Regarding NDCs(no change suggested): NDCs are prominently used for mitigation. I assume the idea here is 1. That the AF takes into account adaptation relevant components of NDCs, while also being in line with and/or contributing (co-benefits) to the mitigation part.		The understanding is correct.
	Suggest including national disaster risk reduction strategies	Adaptation projects and efforts should (in addition to the other documents listed) be well articulated with national disaster risk reduction strategies, which increasingly include climate change adaptation. Sendai Framework for Disaster Risk Reduction 2015 – 2030 contains multiple references to climate change and interlinkages with disaster risk reduction	Suggest NOT to include it. New elements added in para.6 are based on decisions related to AF- decision 13/CMA.3, para. 11 & decision 3/CMP.16, para.11, and "national disaster risk reduction strategy" is under the UNDRR framework, separate from the UNFCCC process.

Para. 6	Suggest to include a reference to ' long term strategies'	Long term strategies for mitigation, adaptation or climate action, in the case that some countries had them. adaptation must be approached in a holistic and comprehensive way so that it reinforces the complementarity of all the planning measures.	Suggest NOT to include the reference. New elements added in para.6 are based on the CMP/CMA decisions related to AF. 'Long-term strategy' can be covered by the existing element of 'other relevant instrument.'
	Reading the sentence in para. 6: "projects and programmes funded under the Adaptation Fund should also take into account," I thought about also adding: "best practices that have been highlighted/identified"	This is the idea that there have been interesting experiences/practices that can be inspirational for others. Nevertheless, I cannot suggest any CMP/CMA/COP decision related. It might not be relevant. The idea is developed in para.16 of SPPG	Suggest not to include it for coherence of the elements listed: Newly added elements- such as NAPAs, NDCs, adaptation communication etc. are based on the CMP16/CMA3 decisions related to AF.
Para. 7	The decision referred to should be 5/CP.17 NAPs decision ?	I believe that eventually the numbering will change especially where we have referred to other paras.	Suggest to keep the original text. Decision 5/CP.7 (not Decision 5/CP.17) is correct. This decision covers the need of funding adaptation, implementation of adaptation and factors to be fully considered when implementing (adaptation) actions actions. It is to refer to the decision broader than 'NAP' decision. For Decision 5/CP.7 (Implementation of Art. 4.8 and 4.9 of the Convention (decision 3/CP.3 and Art.2.3 and Art.3.14 of KP)), See <u>here</u>

Para. 10	Inclusion of Land-locked developing countries may be important in order not to leave other vulnerable countries due to their geographical locations.		Suggest to keep the original text which is based on and reflects Decision 28/CMP.1. Land-locked developing countries was not mentioned therein. This paragraph is not listing all the relevant countries but lists the country categories mentioned in Decision 28/CMP.1
	Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol or 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.	The text, as written, implies that developing countries must be Parties to the KP <u>AND</u> PA in order to be eligible for resources. In line with 3/CMP.16, paragraph 6, vulnerable countries which are Party to either the KP or PA should be eligible for AF resources.	Reflected.
Para. 15 (a)	Suggest including national disaster risk reduction strategies	Adaptation projects and efforts should (in addition to the other documents listed) be well articulated with national disaster risk reduction strategies, which increasingly include climate change adaptation. Sendai Framework for Disaster Risk Reduction 2015 – 2030 contains multiple references to climate change and interlinkages with disaster risk reduction	Suggest not to include it. The newly added elements are based on decisions 13/CMA.3, para. 11 & decision 3/CMP.16, para.11. "national disaster risk reduction strategy" is under the UNDRR framework, separate from the UNFCCC process.

Para. 15 (a)	Add "Low Emissions Development Strategies"	As we include the NDCs. Paris Agreement. Long-term low emissions development strategies (LT-LEDS) are a crucial policy tool that can help to place short-term actions in the context of the long-term structural changes required to transition to a low-carbon, resilient economy by 2050. In accordance with Article 4, paragraph 19, of the Paris Agreement, all Parties should strive to formulate	Suggest not to include it. The newly added elements are based on decisions 13/CMA.3, para. 11 & decision 3/CMP.16, para.11. Although the importance of the alignment between the LEDS and NDCs was mentioned in Glasgow Pact (in general, not specific to AF), it would be best to limit the new elements which have direct basis to add (e.g., CMP & CMA decision specifically mentioning AF) A Low-Emission Development Strategy (LEDS) is a country-led strategic plan to achieve sustainable development (development strategies), reduce greenhouse gas (GHG) emission trainetories (mitigation strategies) and
		and communicate long-term low greenhouse gas emission development strategies	trajectories (mitigation strategies) and enhance resiliency to climate change impacts (adaptation strategies). It is a national long-term strategy for reducing emissions while promoting sustainable development. Not all countries have a formal document or process called a LEDS. However, many countries are incorporating LEDS-type concepts into other planning mechanisms, e.g., green growth or sustainable development strategies, climate change national plans, renewable energy and sustainable land-use strategies.

Para. 15 (b)	<i>I am not sure I understand the meaning</i> of the addition ("and equal access to and equitable distribution of those benefits")		Addressed. This phrase is now deleted because ' <u>advancing gender equality and</u> the empowerment of women and girls' as <u>Para. 15 (j)</u> is added to reflect the Board survey. Original phrase was suggested to reflect the Fund's objective of the ESP and GP: the Fund's commitment to achieving 'equal access' (between men and women, and other sub-gender groups) and equitable distribution of those benefits (among men, and women and other sub-gender groups)
	Strong support to the addition "and equal access to and equitable distribution of those benefits". Furthemore, " adaptation impact " could be added here.	Adaptation impact is the core business of the AF, but it is not mentioned in the considerations the AF uses to assess projects/programmes, which seems akward. Adaptation impact permeates all important AF documents (e.g. MTS), incl. other parts of the SPPG and OPG.	Reflected. 'Adaptation impact' is added to para. 15(b) Kindly note that "and equal access to and equitable distribution of those benefits" is now deleted as "Advancing gender equality and the empowerment of women and girls" is added as a new para 15 (j)
(new) Para 15 (i)	Add a new subparagraph (i): "sensitivity to conflict and fragility"	As referenced in the updated Evaluation Policy (AFB38), projects will newly be evaluated also on their sensitivity to conflict and fragility. So it would make sense to also add this under the points that are looked at to assess project proposals. The idea is simple, Adaptation Fund projects should not (inadvertedly) contribute to conflicts (do no harm). There might also be opportunities where AF projects can contribute to overcome conflicts, for example by contributing to a more equitable distribution of resources.	Suggest to Not include 'sensitivity to conflict and fragility. Para. 15 lists elements that the Board must pay particular attention. SPPG reflected relevant CMP decisions related to the AF, and amendments to SPPG requires the adoption by CMP to become effective. Therefore, unless there's a CMP/CMA decision on 'sensitivity to conflict and fragility' related to AF, we suggest not to include this phrase yet in the SPPG.

(new)	Need to add issues of gender	Reflected. Added a new subparagraph 15
Para.	when looking at strategic policies	(j): "Advancing gender equality and the
15 (i)	and guidelines.	empowerment of women and girls" (which
		is a cross-cutting theme of MTS approved
		by the Board)

Board survey on the amendment of the OPG

OPG	Suggestions	Rationale/ background information	AFB Secretariat analysis
Para. 11	Delete "visible and tangible" . Replace with an alternative such as " substantial" .	Visible and tangible both seem to suggest that the AF only works on infrastructure which is not the case (see AF contributions to capacity and institutional building, organizational responses to climate impact, etc.).	Suggest to keep the original text. The phrase 'visible and tangible' to emphasize the results of the projects are trackable and measurable and does not mean to suggest AF only works on infrastructure.
			Kindly note that this term of 'visible and tangible' was included following long discussions among the Board to define 'concrete' which was mentioned in Decision 10/CP.7.
	Add (bold): " the community, national, regional and transboundary level, while harnessing potential synergies among levels."	As most adaptation efforts, they work best if designed and implemented through a coordinated multi-level effort.	Suggest not to include it. Paras 10-12 are under Definition of Adaptation Projects and Programmers' and are to contain basic facts or factual elements (not, e.g., aspirational or goals).
		See principle 8 on Collaborative action and investment, of Principles of Locally Led Adaptation, to which the AF subscribed.	This can be reflected in other instrument, such as the Fund's Medium-Term Strategy.

Para. 11	Would it make sense to accompany "adaptive capacity" with the broader concept of " resilience "?	The two concepts seem quite linked and similar, but resilience seems slightly broader. AF Secretariat experts are best placed to decide if this makes sense or not. Term largely used, e.g. in PA (see Art. 7), Convention, IPCC, also AF, e.g. in its strategy 2018-2022.	Reflected.
Para. 14	Delete "adopted by the CMP" : "Provision of funding under the Fund will be based on, and in accordance with, the Strategic Priorities, Policies and Guidelines of the Adaptation Fund adopted by the CMP, attached as Annex 1"	The text, as written, implies that developing countries must be Parties to the KP <u>AND</u> PA in order to be eligible for resources. In line with 3/CMP.16, paragraph 6, vulnerable countries which are Party to either the KP or PA should be eligible for AF resources.	Reflected. Deleting 'adopted by the CMP' in the title of the SPPG doesn't change the fact that SPPG was adopted by the CMP.
Para. 16	The decision referred to should be 5/CP.17 NAPs decision ?		Suggest to keep the original text. Decision 5/CP.7 (not Decision 5/CP.17) is correct one, which covers the need of funding adaptation, implementation of adaptation and factors to be fully considered when implementing (adaptation) actions actions. It is to refer to the decision broader than 'NAP' decision. For Decision 5/CP.7 (Implementation of Art. 4.8 and 4.9 of the Convention (decision 3/CP.3 and Art.2.3 and Art.3.14 of KP)), See <u>here</u>

	Add a reference to " the WIM Executive Committee "	Much of the information produced by the WIM ExCom and its sub-groups is of relevance for adaptation (e.g. related to comprehensive risk management, to slow onset events, etc.)	Reflected. For WIM ExCom, see <u>https://unfccc.int/wim-excom</u> Also see, the synthesis report by WIM ExCom <u>https://unfccc.int/sites/default/files/resourc</u> <u>e/ExCom SR GST cleared.pdf</u>
Para. 20	Add footnote with link to Annex 5 and SPPG		Reflected.
Para. 25	The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol or and the Parties to the Paris Agreement that are particularly vulnerable to the adverse effects of climate change	The text, as written, implies that developing countries must be Parties to the KP <u>AND</u> PA in order to be eligible for resources. In line with 3/CMP.16, paragraph 6, vulnerable countries which are Party to either the KP or PA should be eligible for AF resources.	Reflected.
Para. 27 (and other paras. Where relevant)	Reference the document that contains the "cap" in a footnote. In all paragraphs (I might have missed some) that make reference to a Board decision or document, or to any other document, it would make sense to put in a footnote and up to date reference number/code and/or website where it can be found.	In fact, the Secretariat should continuously update such references to ensure also there are no outdated references in OPG. This would considerably increase the ease of reading and the accuracy of the document.	Reflected. Footnotes 8-10, 14- 15, 19-21 and 24 are updated or newly added.

Para. 27	Include at the end of this paragraph 'geographical balance'	Being aware that there is a country cap, it would be useful to check this geographical balance	Suggest NOT to include it. geographical balance" could be covered by already existing term "ensuring equitable distribution."
Para. 28	Would it make sense to add RIE after MIE?		Reflected.
Para. 32	[Just a Comment] Would it make sense to specify what happens if in a regional/multi-country one or several Parties' DA do not sign? Can the project then still go ahead in those countries that signed?	Would be a measure to avoid that projects get stuck because of one/several countries blocking endorsement.	No further action needed. The expressed concern hasn't been realized or occurred in the AF so far. Kindly note that 'Non-objection letters from the DA' is a requirement, and therefore, without the required letters, the proposal are not accepted.
Para. 34 (b)(vi)	Add (bold): "Results-based management capacity, including to undertake monitoring and evaluation"	M&E is only part of an institution that is results-oriented. It starts with the definition of results, and ends with reporting. Learning is an important part of it. Results-based management is a concept the AF is familiar with. See its Results-Based Management (RBM) framework	Suggest to keep the original text. This is the reflection of the Annex 2 (Fiduciary Risk Management Standards to be met by Implementing Entities). related to (re) accreditation. If update needs to be made, Annex 2 to OPG needs to be amended first, and then the main OPG can be further updated to be aligned with the Annex 2.
			The Secretariat will consult with the Accreditation Panel to see whether Annex 2 to OPG needs an update.
Para. 36	Include as a tool, the Gender Action Plans developed under the UNFCCC auspices		Suggest Not to include it. Para. 36 is about IE's compliance with AF GP (not the UNFCCC's gender action plan).

Para. 39	Reference these Guidelines in a footnote		Reflected.
Para. 41	Correct/update hyperlink.	<i>The link leads to a page that says "404 page not found".</i>	Reflected.
Paras. 47 (b) & 60 (b)	Add footnote with relevant webpage for ease of reference.		Reflected.
Para. 49	Add footnote with relevant webpage for ease of reference.		Reflected.
Paras. 54-58	Sub-heading for PFA Grant paragraphs should be deleted as well.		Reflected.
Para. 68 (FN 22)	Consider correcting/updating hyperlink.	I am not sure if the document referenced in the footnote contains the latest version of the Strategic Results Framework for the Adaptation Fund and the Adaptation Fund Level Effectiveness and Efficiency Results Framework.	Reflected.
Para. 70	Correct (bold): "All regular size concrete projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the Secretariat implementing entity."	An evaluation is not truly independent if the evaluator is chosen by the IE which is at the same time in charge of implementing the project.	Original text ("selected by the Implementing Entity") is correct. See the <u>Adaptation Fund's Evaluation</u> <u>Policy</u> p. 28 "Final Evaluation: Evaluation by an independent evaluator chosen by the IE to provide evaluative evidence covering the entire intervention."
Para. 86	Reference the document that contains the cap in a footnote		Reflected.