



Adaptation Fund Board
Forty-fourth meeting
Bonn, Germany

Arrangements for the Transition of the Adaptation Fund to Exclusively Serve the Paris Agreement

Strategic Issues

- a) In 2018, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided that “the Adaptation fund (the 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 decision on this matter made by the CMP”. The CMA also recommended to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) that “the Adaptation Fund shall exclusively serve the Paris Agreement once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available” (Decision 13/CMA.1).
- b) In 2018, upon this recommendation by the CMA, 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”, and that the Adaptation Fund shall continue to receive share of proceeds, if available, from activities under Articles 6, 12 and 17 of the Kyoto Protocol. It also decided that the Fund shall serve the Paris Agreement under the guidance of the CMA and be accountable to the CMA with respect to all matters relating to the Paris Agreement, effective 1 January 2019 (Decision 1/CMP.14).
- c) In 2018, the CMP requested the Adaptation Fund Board to consider the rules of procedure of the Board, the arrangements of the Fund with respect to the Paris Agreement and any other matter so as to ensure the Fund serves the Paris Agreement smoothly; to consider the implications of the Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Fund serves the Paris Agreement; and to make recommendations to CMP 15 with a view to the recommendations being forwarded to the CMA 2 (December 2019) (Decision 1/CMP.14, paragraph 6).
- d) In 2022 and 2023, the CMA encouraged the Board to continue its consideration of its Rules of Procedure in the context of serving the Paris Agreement, including after the Subsidiary Body for Implementation (SBI) has concluded consideration of matters related to membership of the Board (Decisions 12/CMA.5 and 18/CMA.4).
- e) In 2024, the CMP and the CMA encouraged the Board to complete, as a matter of priority, its work related to implementing its mandates in decision 1/CMP.14 and 13/CMA.1 and to report thereon in its annual report to the CMP 20 and the CMA 7 (Decisions -/CMP.19 and -/CMA.6). In addition, the CMP and the CMA requested the SBI to consider, at its 62nd session (June 2025), the matter of the arrangements for the Adaptation Fund to exclusively serve the Paris Agreement and to make recommendations on this matter for

Purpose

1. This board document is to support the Board's continuing discussion on the matter of the arrangements of the transition of the Adaptation Fund from the Kyoto Protocol to exclusively serve the Paris Agreement, in response to Board decision B.43/32 and relevant decisions by the CMP and CMA related to the Fund's transition as described above.

Background

2. At its 40th meeting in March 2023, the Board considered decisions taken by CMP17 and CMA4 related to the Fund and decided to request the Secretariat to continue consultations with the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), the Trustee and any other relevant stakeholders with a view to the timely preparation of the arrangements for the transition of the Fund from the Kyoto Protocol to the Paris Agreement, as per decision 1/CMP.14, paragraph 2, and report on the status of the work to the Board at its 41st meeting (Decision B.40/80).
3. At its 41st meeting in October 2023, the Board considered document AFB/B.41/9 and its annexes and addendum and decided to request the Secretariat to prepare draft amendments to the Memorandum of Understanding regarding Secretariat services, the Rules of Procedure, the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, and the Strategic Priorities, Policies and Guidelines in the context of the transition of the Adaptation Fund from the Kyoto Protocol to the Paris Agreement and report on the status of the work to the Board at its 42nd meeting. It also requested the Secretariat and the Trustee to continue consultations with the UNFCCC Secretariat with a view to the timely development of a new terms and conditions for the Trustee services and a strategy on monetization of Article 6, paragraph 4, emission reductions (A6.4ERs) and to report on the status of the work to the Board at its 42nd meeting (Decision B.41/38).
4. At its 42nd meeting in April 2023, the Board considered confidential document AFB/B.42/13 and its addenda in a closed session and decided to request the Secretariat to: launch a consultation, including a survey, collect input from the Board on drafts the amendments to the memorandum of understanding regarding Secretariat services, the rules of procedure, the operational policies and guidelines for parties to access resources from the Fund and the strategic priorities, policies and guidelines in the context of the transition of the Fund from the Kyoto Protocol to the Paris Agreement, respectively contained in documents AFB/B.42/13/Add.1, AFB/B.42/13/Add.2, AFB/B.42/13/Add.3 and AFB/B.42/13/Add.4, during the intersessional period between the 42nd and 43rd meetings of the Board; and update the drafts of the amendments to the instruments referred to in subparagraph (a) (ii), taking into consideration and reflecting the discussion of the Board at its 42nd meeting and the input received through the consultation, and present the outcome of the work to the Board for consideration at its 43rd meeting. It also requested the Trustee to prepare drafts of new terms and conditions of Trustee services and a strategy on monetization of the A6.4ERs and present to its 43rd meeting (Decision B.42/58).
5. At its 43rd meeting, the Board considered the results of the Board's input from the survey conducted per decision B.42/58 and the draft amendments to the instruments related to the arrangements for the Fund's transition to exclusively serve the Paris Agreement and decided to continue considering the matter of the arrangements for the transition of the Fund from the Kyoto Protocol to the Paris Agreement at its 44th meeting (Decision B.43/22).

6. In response to Decision B.43/22, in order to support the Board's deliberations at its 44th meeting on the transition of the Fund to exclusively serve the Paris Agreement, in consultation with the Chair of the Board, the Secretariat commissioned an independent analysis by two independent expert consultants. The experts were chosen for their independence, familiarity with the mandate of the Fund, the history and complexity of decisions by the CMP and the CMA regarding the Adaptation Fund.
7. The independent consultants' work focused on three areas: (1) identification of key issues that may require clarification by the Adaptation Fund Board for it to successfully serve the Paris Agreement; (2) suggestions regarding what issues the Adaptation Fund Board can or should make proposals on for the consideration of the Parties, and what issues the Adaptation Fund Board should entirely refer for guidance from or decision by the Parties; and (3) suggestions regarding what specific governance features and functions would enable the Board to best serve the Paris Agreement.
8. This report contains the consultants' report as Annex A and is intended to support the Board's deliberations without intending to influence or prejudge the Board's decisions or any future decisions by the Parties.

Memorandum
Consideration of Matters Relating to the
Smooth Transition of the Adaptation Fund to
Exclusively Serve the Paris Agreement

17 March 2025

BODLE, Ralph
YU, Vicente Paolo

Table of Contents

1	<i>Executive Summary</i>	3
2	<i>Introduction and mandate for this report</i>	5
3	<i>Current Adaptation Fund structure</i>	6
4	<i>Mandates to address the transition</i>	7
4.1	Adaptation Fund Board mandate.....	7
4.2	SBI mandate from COP29 in Baku.....	8
4.3	SBI mandate to discuss matters relating to Adaptation Fund Board membership .	9
5	<i>Required steps for the transition</i>	11
5.1	When is the condition fulfilled and the Transition Takes Place?	11
5.2	Essential elements of the CMP decision	13
5.3	Essential elements of the CMA decision	13
5.3.1	Accepting the transition	14
5.3.2	What happens to the existing CMP decisions	15
5.3.3	Adopting external arrangements	17
5.4	External arrangements for the Adaptation Fund	17
5.4.1	Legal arrangements with secretariat services provider	18
5.4.2	Legal arrangements with the Trustee	20
5.4.3	Host country	22
5.5	Internal arrangements of the Adaptation Fund	22
5.5.1	Adaptation Fund Board Rules of Procedure	22
5.5.2	OPG - Amended Operational Policies and Guidelines.....	23
5.5.3	SPPG - Amended Strategic Priorities, Policies, and Guidelines of the Adaptation Fund ...	24
6	<i>Roadmap for Adaptation Fund Board, SBI, CMA/CMA Actions</i>	24
7	<i>Skeleton CMP and CMA decisions</i>	28

1 Executive Summary

This report was commissioned by the Adaptation Fund secretariat to look into issues pertaining to the transition of the Adaptation Fund to serving exclusively the Paris Agreement. It has been prepared by the consultants in their personal capacity.

The report briefly looks at the series of CMP and CMA decisions that set out essential governance elements of the Adaptation Fund, as well as the Adaptation Fund Board's decisions that prove for the external and internal arrangements to make the Adaptation Fund operational. The report also looks at the SBI and Adaptation Fund Board's respective mandates regarding the arrangements and other work relating to the transition of the Adaptation Fund to exclusively serving the Paris Agreement, and some of the issues that have come up in this regard (such as on Adaptation Fund Board membership composition).

The report then has subsequent sections on specific issues, a roadmap that discuss key actions or decisions that are needed to make the transition work, and a skeleton of the essential elements of a CMP and a CMA decision. Key findings include:

1. The **Adaptation Fund Board** has the **mandate** to consider any matter relating to the transition, including matters to be decided by the CMA (section 4.1). It is to make recommendations to CMP 15 – which means that the Adaptation Fund Board is not supposed to already adopt amendments or conclude arrangements etc. The Adaptation Fund Board does not have an explicit mandate to *determine* when the condition "becomes available" is fulfilled. However, its mandate does allow it to *consider* how this condition could be understood, in order to develop its recommendations (section 5.1).
2. The **SBI mandate** to consider in the June 2025 session, "the matter of the arrangements for the Adaptation Fund to exclusively serve" is not quite clear, in particular to what extent this mandate is meant to be different in scope from the mandate given to the Adaptation Fund Board. Procedurally, the Adaptation Fund Board's recommendations go directly to the CMP and do not seem to formally provide input to the SBI. Informal ways to provide such input should be explored (section 4.2).
3. The SBI also has a mandate to consider "matters related to membership of the Adaptation Fund Board. While this matter may be politically important to parties, it seems that the current definition of Board membership is not an obvious *legal* barrier to the Adaptation Fund serving the Paris Agreement exclusively (section 4.3).
4. There are several plausible understandings of **what the condition "share of proceeds become available" could mean**. However, since there is no mandate or process for determining it, it is ultimately a political decision by the CMP to decide that the Adaptation Fund serves the Paris Agreement exclusively (section 5.1).
5. The **main issues** for the transition stem from the way the Adaptation Fund and its governance structure was set up and how it has evolved. The question of when the condition is fulfilled just adds an additional aspect.
6. At least **two decisions are needed** for the Adaptation Fund to exclusively serve the Paris Agreement: A CMP decision and a CMA decision.

7. Essential elements of the **CMP decision** (see section 5.2):
 - The CMP has to express that it "lets go" of the Adaptation Fund by deciding that the Adaptation Fund serves the Paris Agreement exclusively under the sole authority of the CMA, from a certain date, and "subject to the decision on this matter by the CMA".
 - The CMP does not necessarily have to *explicitly* decide that the condition is fulfilled. It might be politically easier to simply agree that the CMP lets go of the Adaptation Fund, without having to *explicitly* agree that the SoP have become "available".
8. Essential elements of the **CMA decision** (see section 5.3):
 - The CMA has to decide that it accepts that the Adaptation Fund now serves *only* the Paris Agreement under its authority.
 - The CMA also has to decide whether and how the existing CMP decisions apply to the Adaptation Fund when it serves the Paris Agreement exclusively. This is necessary because the CMP decisions contain the Adaptation Fund's governance structure. T
 - The CMA decision would override any existing internal arrangement (such as the Adaptation Fund Board's rules of procedure) that might be in conflict or contradiction.
9. In addition, **these two decisions also have to decide on the external arrangements** with the Trustee and Secretariat (section 5.4). The CMP needs to terminate the old agreements and the CMA needs to adopt the new arrangements, even if they had exactly the same content.
 - The **CMP decision** has to
 - terminate the existing MoU with the GEF Council for secretariat services
 - terminate the existing arrangement with the World Bank Council for trustee Services
 - agree that that the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be transferred to, and continue be, assets of the Adaptation Fund operating under the Paris Agreement.
 - The **CMA decision** has to
 - adopt a new memorandum of understanding between the CMA and the GEF Council regarding secretariat services to the Adaptation Fund
 - adopt a new trustee agreement between the CMA and the World Bank
 - accept that the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be considered as assets of the Adaptation Fund operating under the Paris Agreement
 - After adoption by the CMA, the World Bank and the GEF Council respectively approve the arrangements according to their own procedures.
 - Each arrangement becomes effective under its own terms, usually once both the CMA and the World Bank and GEF Council respectively have approved.
 - The relation with the host country, Germany, does not need to be changed.
10. With regard to **internal arrangements**, i.e. the Rules of Procedure, the SPPG and OPG, the priority should be to address issues in the relevant CMP decisions, and not to address Board decisions (section 5.5).
11. Since CMP and CMA decisions override potentially conflicting Adaptation Fund Board decisions, **the Rules of Procedure, the SPPG and OPG do not need to be a priority** as long as the Adaptation Fund Board can function on the basis of the CMP and CMA decisions that affect the transition, in particular what the CMA decides with regard to the existing CMP decisions.
12. Besides these necessary matters, parties may also decide on matters they wish to address on occasion of the transition.

2 Introduction and mandate for this report

The CMP has already decided that the Adaptation Fund shall serve the Paris Agreement exclusively once the following condition is fulfilled: "once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available".¹ In this paper, we call this "**the condition**".

The consultants for this report were engaged by the secretariat of the Adaptation Fund to look into issues pertaining to the transition of the Adaptation Fund to serving exclusively the Paris Agreement, pursuant to the mandate given to the Adaptation Fund Board under decisions 1/CMP.14, 13/CMA.1, 12/CMA.5, 3/CMP.18, and the CMA6 and CMP19 decisions on matters relating to the Adaptation Fund.

The terms of reference for the assignment requested the consultants to provide governance advice to the Adaptation Fund board regarding what the Adaptation Fund Board needs to successfully serve the Paris Agreement exclusively. The advice would focus on the following:

- Identification of key issues that require clarification and a concrete proposal for the Adaptation Fund Board to successfully serve the Paris Agreement;
- Guidance regarding the issues for which the Adaptation Fund Board can or should make proposals on for the consideration of the Subsidiary Body for Implementation (SBI) at its June 2024 meeting, and what issues the Adaptation Fund Board should refer for guidance or decision to the SBI at its June 2024 meeting; and
- Advice regarding what specific governance and board features and functions would enable the Adaptation Fund Board to best serve the Paris Agreement.

The mandate was to provide a fresh bird's eye view and explicitly not to review the preparatory work already done by the Adaptation Fund Board. In this context, in preparing this report, the consultants worked in their personal capacity. They used the principles of legal consistency, accuracy, economy and simplicity in identifying and analysing relevant issues and in proposing various options for action that may then be considered by the Adaptation Fund Board. The ultimate objective that this report is intended to serve is to support the smooth transition of the Adaptation Fund to serving the Paris Agreement exclusively.

For the purposes of this report, the consultants looked at the following CMP and CMA decisions and Adaptation Fund documentation:

- COP – Decision 5/CP.7, 10/CP.7
- CMP – Decision 28/CMP.1, 5/CMP.2, 1/CMP.3, 1/CMP.4, 4/CMP.5, 1/CMP.14, Baku CMP decision on matters relating to the Adaptation Fund
- CMA – Decision 13/CMA.1, 3/CMA.3, 7/CMA.4, 18/CMA.4, 12/CMA.5, Baku CMA decision on matters relating to the Adaptation Fund, Baku decision on further guidance for the Art. 6.4 mechanism,

Date	Reference number	Content
14.08.2024	AFB/B.43/11	Transition and monetisation
23.09.2024	AFB/B.43/11/add.2	RoP draft amendments

¹ 1/CP.14, para 2. The CMA has also agreed to this condition, 13/CMA.1, para 3.

23.09.2024	AFB/B.43/11/add.3	OPG draft amendments
23.09.2024	AFB/B.43/11/add.4	SPPG draft amendments
23.09.2024	AFB/B.43/11/Add.5	Trustee WB T&C draft amendments
23.09.2024	AFB/B.43/11/add.6	Trustee WB T&C note
23.09.2024	AFB/B.43/11/add.7	Survey amendments
04.10.2024	AFB/B.43/13/add.1	Sec MoU draft amendments
09.10.2024	AFB/B.43/11/add.2 extra	RoP “paras to be considered”

3 Current Adaptation Fund structure

‘The Adaptation Fund was established by the CMP through a series of **CMP decisions** that set out its mandate and governance structure.² Most notably they include Decision 28/CMP.1, 5/CMP.2, 1/CMP.3, 1/CMP.4, 4/CMP.5, 1/CMP.14, but all CMP decision can contain provisions that may be counted as “governance” and may be relevant for the transition to the Paris Agreement. There is no single governing instrument for the Adaptation Fund that is contained in a single document. Legally speaking this is not a problem. However, it means that all existing CMP decisions regarding the Adaptation Fund have to be looked at in order to assess to what extent they are relevant for the Adaptation Fund to serve the Paris Agreement exclusively.

Rather, these CMP decisions set out essential governance elements such as mandate, organs, Board composition, fundamental principles and modalities inter alia on accountability fiduciary standards, eligibility and access.

In addition, since 2019 the Adaptation Fund has also served the Paris Agreement in addition to still serving the Kyoto Protocol. The Adaptation Fund is under the guidance of the CMA with regard to matters relating to the Paris Agreement, while the CMP retains overall authority over the fund. The CMA has adopted decisions that already affect how the Adaptation Fund serves the Paris Agreement.³ These decisions to some extent mirror the CMP decisions, but not completely, e.g. on eligibility for funding and on the share of proceeds from the Article 6.4 mechanism. The **CMA decisions** should also be included in considering the transition.

In addition to the CMP and CMA decisions, the Adaptation Fund Board has adopted a multitude of Board decisions that operationalise the Adaptation Fund. For the purpose of this report, we call these “**internal arrangements**”. Those most relevant for the transition are:

- the Adaptation Fund Board's rules of procedure,
- the Operational Policies and Guidelines (OPG)
- the Strategic Priorities, Policies and Guidelines (SPPG).

² 10/CP.7 can be disregarded for the purpose of the transition, for reasons and the history of the Adaptation Fund see Czarnecki/Guilanpour (2009), The Adaptation Fund after Poznan. Carbon & Climate Law Review, 79–87.

³ Notably 1/CMA.1; 13/CMA.1; 1/CMA.3; 2/CMA.3; 3/CMA.3; 13/CMA.3; 7/CMA.4; 18/CMA.4; 1/CMA.5; 2/CMA.5; 12/CMA.5; -/CMA.6 (Baku)

It is important to note that the content of these internal arrangements, in particular the rules of procedure, partly reiterate what is already in CMP and CMA decisions and partly go into more detail. By default, CMP and CMA decisions rank higher in legal hierarchy than Board decisions and would take precedence over them in case of inconsistency or contradiction.

Besides the Adaptation Fund has legal and quasi-legal relationships with actors outside the UNFCCC. For the purpose of this report, we call these "**external arrangements**". Those relevant for this report are:

- the Council of the Global Environment Facility, who provides secretariat services,
- the World Bank, who acts as the trustee, who provides trustee services still on an interim basis, and
- Germany, who has enacted a law conferring legal capacity on the Adaptation Fund Board, as well as certain immunities and other rights.

4 Mandates to address the transition

4.1 Adaptation Fund Board mandate

Summary:

- The Adaptation Fund Board has the mandate to consider any matter relating to the transition. The mandates in 1/CMP.14 and 13/CMA.1 are still valid.
- The mandate includes not only transition in a narrow sense, but any matter “so as to ensure the Adaptation Fund serves the Paris Agreement smoothly”
- The mandate also includes matters that could or need to be decided by the CMA.
- In terms of process, the Adaptation Fund Board is to make recommendations to the CMP, but not to already adopt or conclude any relevant documents etc.

Decision 1/CMP.14 para 6 explicitly says that the Adaptation Fund Board has the mandate to consider

- the Adaptation Fund Board's rules of procedure,
- the arrangements of the Adaptation Fund with respect to serving exclusively the Paris Agreement,
- the implications of the Adaptation Fund receiving the share of proceeds under the Kyoto Protocol when the Adaptation Fund serves the Paris agreement,
- and also “**any other matter**” so as “to ensure the Adaptation fund serves the Paris Agreement smoothly”.

It is noteworthy that the mandate in 1/CMP.14 is **not confined to the “transition” to the Paris Agreement in a narrow sense**: The mandate includes any matter “so as to ensure the Adaptation Fund serves the Paris Agreement *smoothly*” (emphasis added). This implies that the Adaptation Fund Board is not only mandated to consider how the CMP lets go of the Adaptation Fund, but also to include in its considerations that the Adaptation Fund should work “smoothly” once it is exclusively serving the Paris Agreement.

In accordance with decision 1/CMA.1 para 11 and 13/CMA.1 para 6, the mandate for the Adaptation Fund Board **also includes matters regarding the CMA**.

In terms of **process**, 1/CMP.14 "requests" the Adaptation Fund Board "to make recommendations" to CMP 15 – which means that the Board is not supposed to already adopt amendments or conclude arrangements etc. Further, the recommendations are made to the CMP "with a view to" them being forwarded to the CMA. This means that Adaptation Fund Board transmits its recommendations only to the CMP, and not to the CMA. However, this is merely procedural. The *content* of what the Adaptation Fund Board recommends can include what the Adaptation Fund Board considers the CMA could or should do. The CMP will then forward these recommendations to the CMA. In theory, the wording "with a view to " could mean that the CMP has discretion to *not* transmit those recommendations that are meant for the CMA. However this seems implausible and would not make sense for ensuring the transition, because the CMA also has to adopt decisions.

The mandate in 1/CMP.14 is still valid. Although it envisages that the CMP would consider the recommendations at CMP.15 in 2019, the mandate has not become obsolete: The most recent decisions in Baku encourage the Adaptation Fund Board "to complete" the mandates in decision 1/CMP.14 and 13/CMA.1 and to report to CMP20 and CMA7 in 2025.⁴

4.2 SBI mandate from COP29 in Baku

The Baku decisions of 2024 request the SBI to consider in the June 2025 session, "the matter of the arrangements for the Adaptation Fund to exclusively serve" the Paris Agreement and to make recommendations to CMP 20 and CMA 7.

This mandate is in addition to the mandate in 1/CMP.14 for the Adaptation Fund Board to consider "any" matter concerning the Adaptation Fund serving the Paris Agreement, which requests the Adaptation Fund Board to make recommendations without SBI involvement.

However, it is not quite clear what the mandate comprises. The term "arrangements" is not clear. In particular, it is not clear to what extent this mandate is meant to be different in scope from the mandate given to the Adaptation Fund Board.

The mandate to the SBI might be intended to overlap fully or partly in scope with the mandate given to the Adaptation Fund Board. The rationale could be that the SBI provides an early opportunity for *parties* to discuss thoughts that are considered by the Adaptation Fund Board. This would give parties time to prepare for the CMP20/CMA7. However, if this was the intention, then it is strange that the Baku mandate does not ask the Adaptation Fund Board to report or communicate to the SBI in June 2025 on the progress of the Adaptation Fund Board's mandated work under 1/CMP.14 and 13/CMA.1 in relation to the transition: While the Baku decisions encourage the Adaptation Fund Board to complete its mandates in 1/CMP.14 and 13/CMA.1, they do not ask the Adaptation Fund Board to provide input on these matters already to the SBI in June 2025.

Alternatively, the parties in Baku might have intended that the SBI in June 2025 looks at issues that the Adaptation Fund Board is *not* looking at, such as the content of potential decisions at CMP20/CMA7 that effect the transition. However, this does not seem useful if the SBI in June is not officially informed of the current state of play of the Adaptation Fund Board's thinking at that time.

⁴ Baku decisions regarding the Adaptation Fund: -/CMP.19 para 21. -/CMA.6 para 23.

There is also lack of clarity in relation to the other mandate explicit given to the SBI namely to look at the Adaptation Fund Board membership (see below).

This lack of clarity and apparent inconsistency should be clarified with the Secretariat. Perhaps pragmatic ways can be found to let the Adaptation Fund Board update parties about its thinking at the June session of the SBI.

4.3 SBI mandate to discuss matters relating to Adaptation Fund Board membership

Summary:

- Since 2018 the SBI has had a long-standing mandate from the CMP to consider “matters related to membership of the Adaptation Fund Board”.⁵ This mandate continued after CMP 16 and CMA 3 confirmed in 2021 that Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board. The reason for continuing the mandate was that some parties wish to discuss not only general eligibility for membership, but also the composition more generally for the time when the Adaptation Fund serves the Paris Agreement exclusively. Since other parties were so far reluctant to discuss such a fundamental matter of Adaptation Fund governance before the Adaptation Fund actually serves the Paris Agreement exclusively, the SBI has so far not been able to agree on conclusions and the mandate has been carried over by the CMP and CMA several times.
- Adaptation Fund Board membership was originally confined in decision 5/CMP.2 to parties to the Kyoto Protocol, and by a structural majority of Annex-I parties. Subsequent decision 1/CMP.3 merely says that Adaptation Fund Board members had to “represent” parties to the Kyoto Protocol. After the Adaptation Fund started to also serve the Paris Agreement in 2019 in addition to serving the Kyoto Protocol, both the CMP and the CMA confirmed in 2021 that parties to the Paris Agreement are eligible to be on the Adaptation Fund Board. However, some parties regard some of the remaining parameters as not suitable any more, nor fit for purpose, for the time when the Adaptation Fund exclusively serves the Paris Agreement. This includes, for instance, references to Annex I of the Convention.
- However, **while this matter may be politically important to parties, it seems that the current definition of Board membership is not an obvious *legal* barrier** to the Adaptation Fund serving the Paris Agreement exclusively.

Procedural history:

At Katowice in December 2018, the CMP in decision 1/CMP.14, paragraph 5, requested the SBI to consider the issue of the membership of the Adaptation Fund Board at SBI50 (June 2019) with a view to forward a recommendation to CMP15 (December 2019). However, the SBI was not able to conclude its consideration at SBI50 and did not forward any recommendation to the CMP.

In Glasgow in December 2021, the CMP in decision 3/CMP.16, paragraph 8, requested the SBI to continue its consideration (during SBI56) of matters relating to Adaptation Fund Board membership and to forward a recommendation thereon to CMP17 (December 2022). At SBI56 (June 2022), the SBI was again not able to conclude its consideration and the issue was included in the provisional agenda for SBI57 (December 2022).

⁵ This is the latest wording in decision 12/CMA.5.

In Sharm El Sheikh in December 2022, at SBI57 the SBI agreed to defer consideration of the item to SBI58 (Bonn in June 2023); and the CMA in decision 18/CMA.4, paragraph 18, requested the SBI to continue its consideration of matters relating to Adaptation Fund Board membership at SBI58 in June 2023, “as needed, in view of the Adaptation Fund’s transition to exclusively serve the Paris Agreement”. At SBI58 in June 2023, the SBI agreed to defer consideration of the issue to SBI59 (December 2023).

In Dubai in December 2023, at SBI59, the SBI again agreed to defer its consideration of the matter to SBI60 in June 2024. The CMA in decision 12/CMA.5, paragraph 18, encouraged the Adaptation Fund Board to continue its consideration of its rules of procedure in the context of serving the Paris Agreement, “including after the Subsidiary Body for Implementation has concluded consideration of matters related to membership of the Adaptation Fund Board.”

In Bonn in June 2024, at SBI60, the SBI again could not conclude its consideration of matters relating to the Adaptation Fund (including the issue of membership of the Adaptation Fund Board), and hence the matter was included in the provisional agenda for SBI61 (November 2024). At SBI61 in Baku in November 2024, the SBI again was not able to conclude its consideration of such matters.

This was the context in which the CMP, in paragraph 23 of its Baku decision on matters relating to the Adaptation Fund, and the CMA in paragraph 25 of its Baku decision on matters relating to the Adaptation Fund, requested the SBI to consider during SBI62 (in June 2025) the matter of arrangements for the Adaptation Fund to exclusively serve the Paris Agreement and to make recommendations on this matter to CMP20/CMA7.

For additional background on this matter, see the respective annotated provisional agenda for SBI61, CMP19, and CMA6.

To what extent is this mandate to discuss Board composition *necessary* for the transition?

Concluding the mandate to discuss the composition of the membership of the Board by having the CMA and CMP decide on any changes to such composition, while politically important for some parties, is not strictly a legal necessity for the transition to take place. This is because the transition can still take place with the current composition of the Adaptation Fund Board’s membership under 1/CMP.3 in place, especially if adopted by the CMA.

The language of the CMA in decision 18/CMA.4, paragraph 18, requesting the SBI to continue its consideration of matters relating to Adaptation Fund Board membership at SBI58 in June 2023, “as needed, in view of the Adaptation Fund’s transition to exclusively serve the Paris Agreement”, clearly indicates that it is up to the parties, acting collectively as the SBI and subsequently through the CMA, to politically decide whether the consideration and conclusion of the matter of the membership of the Adaptation Fund Board is “needed” for purposes of the transition.

Nothing in the CMP or CMA decisions relating to this matter shows that the CMP or CMA have decided that changing the Adaptation Fund Board membership and composition is a *legal* prerequisite or necessary condition for the transition to take place. While doing so may be politically important for some parties, it would seem that the negotiations relating to changes in the Adaptation Fund Board’s membership composition could continue and be concluded even

after the transition of the Adaptation Fund to serving exclusively the Paris Agreement and would not pose any *legal* barrier to such transition.

5 Required steps for the transition

5.1 When is the condition fulfilled and the Transition Takes Place?

Summary:

- There is no definition or agreed indicator for determining when the condition is fulfilled, nor a mandate for who determines it.
- It might be argued that the condition is objective, so that once the share of proceeds becomes available, the Adaptation Fund *automatically* stops serving the Kyoto Protocol and only serves the Paris Agreement. However, even if the condition was meant to have "automatic" effect, there are no agreed objective parameters that would show when the condition is fulfilled. Therefore, it would still not be clear who determines that the condition is fulfilled.
- Therefore, in any event, ultimately it is the CMP who has to agree explicitly or implicitly that the condition is fulfilled and who has to express that the CMP gives up its authority and oversight of the Adaptation Fund. Given that there is no agreed criteria on the fulfilment of the condition, this **(the fulfilment of the condition) is ultimately a political decision to be taken by the CMP**. The same goes for the CMA insofar as when it formally accepts that it assumes exclusive authority over the Adaptation Fund.
- The Adaptation Fund Board does not have an explicit mandate to *determine* what "becomes available" means and whether the condition is fulfilled. However, its mandate does allow it to *consider* how this condition could be understood, in order to develop its recommendations (see above). Such consideration may be particularly useful in order to explain to the parties of the CMP

From 1 January 2019, pursuant to decisions 13/CMA.1 and 1/CMP.14, the Adaptation Fund serves both the Kyoto Protocol and the Paris Agreement concurrently. Under the same decisions, 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” to the Adaptation Fund.

CMA	CMP
1. Decides that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision on this matter made by the Conference of the Parties serving as	1. Takes note of decision 13/CMA.1, whereby the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement decided that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with respect to all matters relating to the Paris Agreement, effective 1 January 2019;

<p>the meeting of the Parties to the Kyoto Protocol;</p> <p>3. Also recommends to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that the Adaptation Fund shall exclusively serve the Paris Agreement once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available;</p>	<p>2. Decides 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;</p>
---	--

Neither decision 13/CMA.1 nor 1/CMP.14 provide any definition, criteria, or guidance as to how or when such share of proceeds “becomes available” to the Adaptation Fund. This being the case, the determination of when such condition of becoming available to the Adaptation Fund has occurred for purposes of transferring authority over the Adaptation Fund exclusively to the CMA necessarily becomes a political decision to be taken by the CMP. This is because it is the CMP that will have to explicitly relinquish its authority and oversight of the Adaptation Fund. There is also nothing on record in any CMP decision after decision 1/CMP.14 in which the CMP has delegated its authority to make such political decision. It is hence the CMP that will have to make a decision.

This being the case, the CMP has the following basic options:

Option 1 - State in a new decision that the condition (of the share of proceeds becoming available to the Adaptation Fund) is automatically fulfilled once the share of proceeds has becomes available to the Adaptation Fund to be used consistently with its mandate.

- However, there is a lack of clarity as to when exactly the share of proceeds under Art. 6.4 “becomes available” to the Adaptation Fund which then makes the definite transition date also uncertain. It should be noted that the CMA has clarified the elements of such share of proceeds under Art. 6.4 and the corresponding modalities and procedures for levying such share of proceeds for adaptation through decision 3/CMA.3 and provided further guidance thereon through the Baku CMA decision on further guidance for the Art. 6.4 mechanism. However, no guidance has been provided by either the CMP or the CMA with respect to when such share of proceeds is deemed to “become available” to the Adaptation Fund.
- Therefore, Option 1 seems viable only if the CMP clearly specifies, with regard to all three elements of the SoP laid out in decision 3/CMA.3, the precise requirements for the fulfilment of the condition. For instance, the CMP could specify that the condition is fulfilled when the first A6.4ERs have been transferred to the specific Adaptation Fund account in the registry. If the CMP does not lay down such specifics of when the condition is fulfilled, Option 1 would not achieve any more clarity as to when the transition takes place. However, it needs to be considered whether it is useful for parties to negotiate such precise and technical matters, and whether it is likely that they can agree on it. This option would therefore likely delay the transition pending the conclusion of such negotiations.

Option 2 - Procedural: The CMP could decide to start a process for determining when the condition is fulfilled. This means that the effectivity date of the actual transition to exclusively serving the Paris Agreement will remain uncertain until the conclusion of such process.

Regardless of the extent of the mandate of such a process, ultimately it would still have to be the CMP who needs to decide to relinquish its authority and let the Adaptation Fund go. Therefore this option does not seem to provide added value.

Option 3: Revisit its condition and specify a specific date on which the transition takes place. The CMP decision text could expressly state, or just imply, that the condition would be deemed fulfilled on that date for the purposes of decision 1/CMP.14, para. 2, regardless of whether such share of proceeds have in fact been delivered and become available to the Adaptation Fund. For example, the CMP could state in a new decision that in light of the completion of the necessary guidelines for the operationalization of the Article 6.4 mechanism under the Paris Agreement, it relinquishes its authority over the Adaptation Fund by a certain date and that from such a date, the Adaptation Fund is exclusively under the authority of the CMA. This provides clarity as the Adaptation Fund and its Board and to Parties as to when the transition will actually take place. This option does not have to mean postponement: The date could be immediate or almost immediate to when the CMP's decision to relinquish the Adaptation Fund is taken, or it could be for a date farther into the future. For instance, the CMP could in Belem decide that the Adaptation Fund serves the Paris Agreement exclusively "as from this decision", or "from 1 January 2026" or some other specific date in the future.

5.2 Essential elements of the CMP decision

The CMP has to decide that it "lets go" of the Adaptation Fund by relinquishing its authority and oversight over the Adaptation Fund. The **CMP decision has to express that the CMP gives up its authority** and oversight of the Adaptation Fund. This is important because unlike other funds such as the GCF, the Adaptation Fund is under full "authority" of the CMP. So far the CMA has a mandate to provide guidance to the Adaptation Fund but does not have this full authority.

Relinquishing its authority **should be expressed together with the wording "subject to the decision on this matter by the CMA"**. The reason is to avoid a scenario in which the CMP decides to relinquish its authority over the Adaptation Fund, but the CMA cannot agree to accept and assume this authority. If this happened, the Adaptation Fund would "only" be under the guidance of the CMA, but formally there would be no body that has full authority.

The **CMP does not necessarily have to explicitly decide that the condition is fulfilled**. Relinquishing its authority and letting the Adaptation Fund serve the Paris Agreement exclusively would in any event imply that the condition is fulfilled, even if the CMP does not explicitly say so. Reasons for stating that the condition is fulfilled may be clarity and messaging. On the other hand, a reason against explicitly stating that the condition is fulfilled may be political expediency: It might be politically easier to simply agree that the CMP lets go of the Adaptation Fund, without having to *explicitly* agree that the SoP have become "available".

In addition, **the CMP should terminate the arrangements for the Trustee and the Secretariat Services** (see section 5.4). The termination of the arrangement with the trustee becomes effective three months after receipt by the Trustee.

5.3 Essential elements of the CMA decision

Summary:

- One of the essential steps for the transition is for the CMA decide whether and how the existing governance structure of the Adaptation Fund applies when the Adaptation Fund serves the Paris Agreement exclusively.
- One essential element of the governance structure is the existing CMP decisions (see section 3 above). As a minimum, the CMA has to decide that it accepts that the Adaptation Fund now serves only the Paris Agreement under its (i.e. not the CMP's) authority.
- In addition, there are compelling reasons for the CMA to decide to what extent existing CMP decisions apply when the Adaptation Fund serves the Paris Agreement exclusively. There are several, non-mutually exclusive options for the CMA:
- For instance, the CMA could decide to apply all relevant, or only certain CMP decisions simply by referring to them, or combine this with certain modifications, or reiterate text from CMP decisions.
- One option is for the CMA to decide that all existing CMP decisions apply “*mutatis mutandis*”, which is the standard legal term meaning “with the necessary changes” in order to take account of the different situation. The advantage is its brevity and simplicity. The disadvantage is that there might be potential uncertainty or disagreements about which changes exactly are necessary when applying the “old” Adaptation Fund decisions to the new situation of serving the Paris Agreement exclusively. Such disagreements may already exist or emerge later.
- Another option is for the CMA to decide that all existing CMP decisions apply (as in the previous option), but to also specify certain *generic* modifications, e.g. that all references to the CMP are deemed to refer to the CMA etc. The CMP could also add *specific* amendments.
- Although these "referring" options do not result in a single unified document, this is how the Adaptation Fund has worked from the beginning without problems.
- Parties do not have to agree on everything in one go. It is likely that the Adaptation Fund will be able to work with the options outlined. Unresolved details can be decided by the CMA later.
- The CMA should adopt the arrangements for trustee and for secretariat services. These should be developed by the Adaptation Fund Board and submitted to the CMA (see section 5.4)
- The line between what is legally necessary and what parties may wish to see in addition might not always be strict and clear.
- The CMA may also as well decide on other changes, where parties find this useful *on occasion* of the transition.

5.3.1 Accepting the transition

One essential element of the governance structure is the existing CMP decisions (see section 3 above). Since the Kyoto Protocol continues to exist as a treaty (albeit as a largely empty shell), its CMP decisions also continue to exist. Therefore, technically speaking, the CMP decisions could continue to apply without a CMA decision addressing them, even when the Adaptation Fund serves the Paris Agreement exclusively. It could therefore be argued that the CMA does not *have to* reiterate all governance elements from existing CMP decisions that it wants to apply after the transition.

However, the question of ultimate authority has to be clarified in any event: **The CMA has to decide that it accepts** that the Adaptation Fund now serves only the Paris Agreement under its

authority. This is important because with authority the CMA also assumes full responsibility for the Adaptation Fund.

5.3.2 What happens to the existing CMP decisions

As set out above, it might be argued that the CMA does not *have to* reiterate all governance elements from existing CMP decisions that it wants to apply after the transition. The experience of the past 6 years of the Adaptation Fund serving in parallel could support this view: For the last 6 years, the governance structure as defined by the CMP has already applied to the Adaptation Fund serving the Paris Agreement in parallel, even though there was no explicit decision by either CMP or CMA regarding which elements of existing CMP decisions apply. The CMA has so far not needed to adopt decisions that reiterate the governance structure as set out in CMP decisions, for the purpose of serving the Paris Agreement. For instance, the CMA did not need to decide separately and additionally that the Adaptation Fund has to apply international fiduciary standards (as provided in decision 5/CMP.2): it was simply clear that this governance element of decision 5/CMP.2 also applies when the Adaptation Fund serves the Paris Agreement. Apparently, even parties to the Paris Agreement but not to the Kyoto Protocol (like the US) did not argue that the existing CMP decisions did not apply to them for the purpose of the Adaptation Fund serving the Paris Agreement. The Adaptation Fund has been serving the Paris Agreement in parallel mostly "as is".

However, in addition to accepting the transition and authority (see above), at least some clarifications by the CMA will be needed regarding **which content of the existing CMP decisions should apply** after the transition. An approach in which the CMA simply *assumes* that existing CMP decisions apply after the transition would probably lead to considerable legal and practical uncertainty: First, the above argument is quite technical. It is based on a combination of legal points and past experience that might not provide the legal certainty and clarity that the transition of a fund from one treaty to another might require. Second, parties have already expressed questions and uncertainty around this issue.

Against this backdrop, to fully transition the Adaptation Fund (and its Board) to exclusively serve the Paris Agreement, the existing series of CMP decisions setting out the mandate, functions, and other operational arrangements of the Adaptation Fund and its Board should no longer be tacitly assumed to apply as such and be used as the basis for the operations of the Fund and its Board. The CMA will need to find a way to set out the governance structure under which the Adaptation Fund and its Board would work and be accountable to the CMA in serving the Paris Agreement exclusively.

However, given that the Fund and its Board have successfully and effectively operated under such CMP decisions for more than two decades, it stands to reason that these should be drawn upon for purposes developing new decisions for the Fund and its Board to be adopted by the CMA, under which the Fund and its Board will then exclusively serve the Paris Agreement.

In this context, the CMA has the following basic options for addressing the existing CMP decisions:

Option 1 – The CMA can adopt a decision that ; authorizes the Fund and the Board to continue their activities as previously conducted under all relevant CMP decisions, notably including decisions 5/CP.7, 10/CP.7, 28/CMP.1, 5/CMP.2, 1/CMP.3, 1/CMP.4, and 1/CMP.14, *mutatis mutandis*, and such other decisions and guidance from the CMA such as the relevant CMA decisions relating to the Adaptation Fund, including decisions 13/CMA.1, 3/CMA.3, 18/CMA.4,

12/CMA.5, Baku decision on further guidance for the Art. 6.4 mechanism, Baku decision on matters relating to the Adaptation Fund. This option would be legally sufficient for purposes of making the transition work. However, it will require that significant authority be delegated to the Adaptation Fund and Adaptation Fund Board to operationalize it, subject to the ultimate oversight and guidance of the CMA. It could also give rise subsequently to operational disagreements over which changes are in fact needed, which might then need to be settled by the CMA.

Option 2 – The CMA can adopt a decision that notes the relinquishment by the CMP of its authority over the Adaptation Fund and its Board; affirms that the Fund and its Board exclusively serve the Paris Agreement and are under the guidance of, and are accountable to, the CMA exclusively; states that the Fund and its Board shall conduct their activities pursuant to such guidance as the CMA may adopt; endorses decisions 5/CP.7, 10/CP.7, 28/CMP.1, 5/CMP.2, 1/CMP.3, and 1/CMP.14, and recalls relevant CMA decisions relating to the Adaptation Fund, including decisions 13/CMA.1, 3/CMA.3, 18/CMA.4, 12/CMA.5, Baku decision on further guidance for the Art. 6.4 mechanism, Baku decision on matters relating to the Adaptation Fund, as the basis for the continued operations of the Fund and its Board, mutatis mutandis, and specifying that the following terms in these decisions are to be read as being replaced or changed accordingly to the corresponding terms under the Paris Agreement:

Terms under COP and CMP Decisions	Corresponding Terms under CMA
Kyoto Protocol	Paris Agreement
Parties to the Kyoto Protocol	Parties to the Paris Agreement
Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
Parties included in Annex I to the Convention (Annex I Parties)	Developed country Parties that are Parties to the Paris Agreement
Parties not included in Annex I to the Convention (non-Annex I Parties)	Developing country Parties that are Parties to the Paris Agreement
Developing country Parties to the Kyoto Protocol	
Certified emission reductions	Article 6.4 emission reductions
Executive Board of the clean development mechanism	Supervisory Body of the Paris Agreement Crediting Mechanism under Article 6.4 of the Paris Agreement

This option would also be legally sufficient for purposes of making the transition work. This will provide some guidance to the Adaptation Fund and Adaptation Fund Board on how to read and operationalize as CMA-endorsed instruments the previous COP, CMP, and CMA decisions relating to the Adaptation Fund and Adaptation Fund Board. Nevertheless, significant authority would still have to be delegated to the Adaptation Fund Board to operationalize this, subject to the ultimate oversight and guidance of the CMA.

A practical disadvantage of these "referring" options is that they do not result in a single unified document that collects all decisions that apply to the Adaptation Fund from the point of transition. On the other hand, this is not new, as parties always had to look up previous CMA and CMA decisions. This may be inconvenient, but has not led to governance problems. Secretariats have sometimes compiled the decisions in a consolidated document for practical

use. This also the case for the Adaptation Fund.⁶ If parties think there is a need for formally codifying existing decisions into a single document (see option 3 below) , it can mandate e.g. the Adaptation Fund Board or its Secretariat to develop a draft which the CMA may then adopt at a later stage

Option 3 – The CMA can develop and adopt a fresh, new unified text to serve as a full new governing instrument for the Fund and its Board. The unified document would be based and drawing on the provisions of existing relevant CMP decisions, notably 5/CP.7, 10/CP.7, 28/CMP.1, 5/CMP.2, 1/CMP.3, and 1/CMP.14, as well as relevant CMA decisions relating to the Adaptation Fund, including decisions 13/CMA.1, 3/CMA.3, 18/CMA.4, 12/CMA.5, Baku decision on further guidance for the Art. 6.4 mechanism, Baku decision on matters relating to the Adaptation Fund. This would entail going through all the CMP and CMA Adaptation Fund decisions one by one and revising them into becoming CMA decisions relating to the Adaptation Fund, then putting together all the CMP and CMA decisions relating to the Adaptation Fund and Adaptation Fund Board into a single document with appropriate changes and revisions, copying what would still be relevant and making such changes as may be necessary and/or deemed appropriate by the CMA following negotiations among the Parties to the Paris Agreement, and ensuring that there is legal consistency and coherence. Such a new governing instrument can be a stand-alone decision or be an annex to a CMA decision. Procedurally, this option will entail having the CMA first providing a mandate – e.g., to the SBI or to the Adaptation Fund Board – to develop or recommend a draft of such governing instrument and forward it to the CMA for its consideration and appropriate action. In theory this can be done in Belem, but in practice, it is not clear if this can be done cleanly and smoothly in the period up to Belem CMP20/CMA7. This is likely to be a lengthy process that could delay the transition and potentially pose challenges to the smoothness of such transition. From a legal point of view, while it would be legally sufficient and would be consistent with the UNFCCC/Paris Agreement practice as was done for the GCF and the FRLD that have their respective individual governing instruments, doing this option does not seem to be absolutely necessary for making the transition work given the already significant acquis of CMP and CMA decisions relating to the Adaptation Fund that already govern its work and operations.

5.3.3 Adopting external arrangements

The CMA should adopt the arrangements for trustee and for secretariat services. These should be developed by the Adaptation Fund Board and submitted to the CMA (see section 5.4).

5.4 External arrangements for the Adaptation Fund

The Adaptation Fund currently has arrangements for secretariat services and for trustee services. The former are provided by the GEF, the latter by the World Bank. These arrangements are formalised in documents agreed between the CMP on one side, and the external party providing the service –GEF or World Bank- on the other.

At least formally speaking, new arrangements are needed for both trustee and Sec services respectively. This is because currently these arrangements are with the CMP, which will be out

⁶ See <https://unfccc.int/Adaptation-Fund> and <https://www.adaptation-fund.org/documents-publications/key-decisions/> and <https://www.adaptation-fund.org/documents-publications/legal-documents/>

of the Adaptation Fund governance after the transition. Therefore new arrangements will have to be made with the CMA, even if they had exactly the same content.

This report does not look at *which* new content is needed for these arrangements. These technical matters are left for the Adaptation Fund Board and the trustee and secretariat respectively to discuss and prepare draft new arrangements. It is our understanding that the Adaptation Fund Board is already working on preparing these drafts and that it will recommend them to the CMA ready for adoption.

5.4.1 Legal arrangements with secretariat services provider

The legal arrangements for the secretariat of the Adaptation Fund Board were originally set out in an **MOU between the CMP and the GEF Council**. The original MoU was contained in annex II and its appendix of decision 1/CMP.4. The MoU was subsequently amended and restated, and the current version was adopted in 2019 by decision 3/CMP.15.⁷ It came into effect when the GEF Council also formally approved it.

These **existing arrangements with the CMP need to be terminated** prior to or simultaneously with the effectivity of the new arrangements with the CMA. Although it may be legally possible to still have the old arrangements in effect while the new arrangements already apply, it would seem not ideal, and in any event the GEF might not want to agree to new arrangements unless the old ones are superseded. One exception to this could be option 1 below.

A new MoU for secretariat services has to be concluded between the GEF Council⁸ and the CMA, because the CMP will have no say in the governance of the Adaptation Fund after the transition. This is the case even if the content were to be exactly the same.

Based on the current MoU, the new MoU needs to be adopted by the CMA and as well be approved by the GEF Council, which usually happens after adoption by the CMA. The CMA could also decide that it authorises the Adaptation Fund Board to approve the new MOU *on the CMA's behalf*, in the sense that the act of approval is done by the Adaptation Fund Board as a proxy for the CMA, but it would still be the CMA who becomes a party to the MoU. Alternatively, the CMA could even authorise the Adaptation Fund Board to approve and become a party to the MoU *instead of the CMA*, in which case it will be the Adaptation Fund Board becoming the counterparty of the new MOU with the GEF Council. There is, however, no legal necessity for this delegation of authority to the Adaptation Fund Board by the CMA to be done for purposes of the CMA entering into the new MOU with the GEF Council. In any event, whether the Adaptation Fund Board is the CMA's delegate or not, it will ultimately be the CMA that enters into the MOU with the GEF Council.

To conclude the new MOU between the CMA and the GEF Council so that such MOU would be exclusively under the authority of the CMA, the CMA has the following options:

Option 1 – The current MoU stays in place with the same content, but the CMA replaces the CMP as the party to the MoU vis-a-vis the GEF Council. In terms of content, this option could be considered only if all content of the current MoU can stay the same and the only thing that changes is that the CMA becomes party to the MoU instead of the CMP. In terms of procedure,

⁷ The current text is contained in FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, annex.

⁸ Unless the CMA wants to choose a different provider for secretariat services, which is a scenario not examined in this report.

this option first requires (1) that the current MoU is *not* terminated by the CMP. Instead, the CMP decides to agree to being replaced by the CMA as a party to the MoU; (2) The CMA can adopt a decision noting the CMP's agreement to be replaced as party to the MoU, and deciding that the CMA steps into, and continues to use, the MoU, as the CMP's replacement and legal successor, *mutatis mutandis*, and subject to the agreement of the GEF Council; (3) As in all options, this change cannot be done unilaterally: The GEF Council has to agree that the other contracting party to the MoU changes, even if the content stays the same.

Against this backdrop, this option does not seem to be any faster or less complicated than agreeing a new MoU with the same content (see other options below).

Option 2 – The basis is option 1, where the current MoU stays in place and the CMA replaces the CMP as the counterparty to the GEF Council. In contrast to option 1, in option 2 the CMA decision would not merely state that the current MoU applies *mutatis mutandis*. Instead, **the CMA decision would in addition specify that the following terms in relevant CMP decisions are to be read as being replaced or changed** accordingly to the corresponding terms under the Paris Agreement. However, as with Option 1, because GEF approval is required, taking this option would need some kind of prior negotiation and agreement with the GEF Council with respect to the changes being made to the MOU

Terms under COP and CMP Decisions	Corresponding Terms under CMA
Article 12 of the Kyoto Protocol	Article 6, paragraph 6, of the Paris Agreement
Kyoto Protocol	Paris Agreement
Parties to the Kyoto Protocol	Parties to the Paris Agreement
Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	CMA

Option 3 – The CMA can **develop and adopt (as a new CMA decision) new legal arrangements** based and drawing on the provisions of the current arrangements, which would also be subject to the agreement of the GEF Council. This new MoU would then replace the existing legal arrangements between the CMP and the GEF Council. The process would be as follows: (1) The CMP decides to terminate the current MoU. (2) The CMA would adopt the new MoU subject to subsequent approval by the GEF Council. CMA adoption would usually be based on a draft new MoU submitted to it by the Adaptation Fund Board, and can happen at the same session where the CMP terminates the current MoU. The Adaptation Fund Secretariat has already developed a draft of such new legal arrangements that could be considered and discussed by the Adaptation Fund Board (see Adaptation Fund Board document AFB/B.43/13/Add.1 on the draft MOU regarding secretariat services). The idea is that the Adaptation Fund Board can then submit a complete draft MoU to the CMA that is ready for adoption and can also be sure to be subsequently approved by the GEF as well. The Adaptation Fund Board and the GEF could copy from the current MoU what would still be relevant and making such changes as may be necessary. Given that the most recent amendment of the MoU in 2019 already incorporates the fact that the Adaptation Fund served the Paris Agreement in parallel, it is likely that very few changes need to be discussed and agreed. The CMA would usually not change the draft text submitted by the Adaptation Fund Board. Alternatively, the CMA may wish to make changes to the draft, as deemed appropriate by the CMA following

negotiations among the Parties to the Paris Agreement. However, it should be borne in mind that this would risk that the GEF Council does not agree, because it was not involved in these changes to the submitted draft. (3) After adoption by the CMA, the GEF Council also needs to approve the draft. (4) The new MoU becomes effective in accordance with its terms, which would usually say “upon adoption by the CMA and the GEF Council”.

With respect to all three options, it is important to consider the issue of **timelines** relating to when the CMP-GEF Council MOU terminates and when the new CMA-GEF Council MOU comes into effect. Article V of the current CMP-GEF MOU specifies a six-month termination notice period. Assuming, for example, that the CMP decides at the end of CMP20 in Belem to terminate this MOU, and the CMA decides to adopt a corresponding new CMA-GEF MOU at CMA7 in Belem, the GEF Council would then have the 6-month termination period that would be ending in late May 2026 in which to consider and accept the new CMA-GEF MOU. In such a case, the new CMA-GEF MOU could come into effect (depending on when the GEF Council accepts the MOU) either immediately upon adoption thereof by the GEF Council or on specific date prior to or immediately after the old CMP-GEF MOU expires in late May 2026. In other words, the termination period is helpful because it enables the old MoU to end before the new MoU comes into effect. This would allow for a smooth and seamless transition with respect to the MOU from the CMP to the CMA as the counterparty to the GEF Council.

5.4.2 Legal arrangements with the Trustee

The original legal arrangements for the trustee of the Adaptation Fund are set out in annex III and its appendix in decision 1/CMP.4. The appendix contains the Terms and Conditions of services to be provided by the World Bank as trustee of the Fund and are entered into between the CMP and the World Bank. The original arrangements were subsequently amended several times and the current restated version was adopted in 2019 by decision 3/CMP.15.⁹

A new arrangement for trustee services has to be concluded between the World Bank¹⁰ and the CMA, because the CMP will have no say in the governance of the Adaptation Fund after the transition. This would be the case even if the content was exactly the same. However, at least some of the content will have to change in any event, because the mechanism that produces the share of proceeds is different from before: Under the Paris Agreement, it is the article 6.4 mechanism, and it works in a different way from the CDM under the Kyoto Protocol. Therefore the arrangement with the trustee will have to reflect how the article 6.4 mechanism works and how the World Bank as the interim trustee handles the share of proceeds, monetisation etc.

To update such legal arrangements so that these reflect the exclusive authority of the CMA with respect to the Fund, the CMA has the following options:

Option 1 – The CMA can adopt a decision in which it decides to continue using the Terms and Conditions for the World Bank’s trustee services as set out in decision 1/CMP.4, annex III and its appendix, *mutatis mutandis*, and subject to the concurrence of the World Bank. It will then be up to the Adaptation Fund Board and the Trustee to discuss and decide how to operationalize this in a manner that reflects the transition of the Adaptation Fund to serving the Paris Agreement exclusively. This is likely to require significant operational authority to be delegated to the Adaptation Fund Board to make the necessary operational decisions and agreements in consultation with the Trustee and subject to the ultimate oversight and guidance of the CMA

⁹ The current text is contained in FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, annex.

¹⁰ Unless the CMA wants to choose a different trustee, which is a scenario not examined in this report.

Option 2 – The CMA can adopt a decision to continue using the Terms and Conditions for the World Bank’s trustee services as set out in decision 1/CMP.4, annex III and its appendix, mutatis mutandis, and subject to the concurrence of the World Bank, and specifying that the following terms in these decisions are to be read as being replaced or changed accordingly to the corresponding terms under the Paris Agreement:

Terms under COP and CMP Decisions	Corresponding Terms under CMA
Clean development mechanism (CDM)	Paris Agreement Crediting Mechanism under Article 6.4 of the Paris Agreement
Article 12 of the Kyoto Protocol Article 12, paragraph 8, of the Kyoto Protocol	Article 6, paragraph 6, of the Paris Agreement
Kyoto Protocol	Paris Agreement
Parties to the Kyoto Protocol	Parties to the Paris Agreement
Developing country Parties that are Parties to the Kyoto Protocol	Developing country Parties that are Parties to the Paris Agreement
Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	CMA
Certified emission reductions (CERs)	Article 6.4 emission reductions (A6.4ERs)
CDM Account	Paris Agreement Crediting Mechanism Account

As with the previous option, it will then be up to the Adaptation Fund Board and the Trustee to discuss and decide how to operationalize this in a manner that reflects the transition of the Adaptation Fund to serving the Paris Agreement exclusively. This is likely to require significant operational authority to be delegated to the Adaptation Fund Board to make the necessary operational decisions and agreements in consultation with the Trustee and subject to the ultimate oversight and guidance of the CMA.

Option 3 – The CMA can develop and adopt (in a new CMA decision) new legal arrangements with the Trustee based and drawing on the provisions of annex III and the appendix of decision 1/CMP.4, copying what would still be relevant and making such changes as may be necessary and/or deemed appropriate by the CMA following negotiations among the Parties to the Paris Agreement and subject to the concurrence of the World Bank. This would then replace the existing legal arrangements between the Trustee and the CMP. The Adaptation Fund Secretariat has already developed a draft of such new legal arrangements that could be considered and discussed by the Adaptation Fund Board (see Adaptation Fund Board document AFB/B.43/11/Add.5 on the Trustee WB T&Cs).

With respect to the three options outlined above, it is important to consider the issue of **timelines** relating to when the CMP-World Bank trustee agreement terminates and when the new CMA-World Bank trustee agreement becomes effective. Paragraph 34 of the current CMP-World Bank trustee agreement specifies a three-month termination notice period in the event of the CMP being the party to terminate the agreement. Assuming, for example, that the CMP decides at the end of CMP20 in Belem to terminate the current trustee agreement, and the CMA

decides to adopt a corresponding new CMA-World Bank trustee agreement at CMA7 in Belem, the World Bank would then have the 3-month termination period that would be ending in late February 2026 in which it can consider and accept the new CMA-World Bank trustee agreement. In this case, the new CMA-World Bank trustee agreement could become effective (depending on when the World Bank Board accepts the new trustee agreement) either immediately upon acceptance thereof by the World Bank Board or on a specific date prior to or immediately after the old CMP-World Bank trustee agreement expires in late February 2026. In other words, the termination period is helpful because it enables the old arrangement to end before the new MoU becomes effective. This would allow for a smooth and seamless transition with respect to the trustee agreement from the CMP to the CMA as the counterparty to the World Bank.

5.4.3 Host country

The law in Germany -the host country of the Adaptation Fund Board- does not need to be amended. The relevant Act of 2011 confers legal capacity to the Adaptation Fund Board and defines the immunity of Adaptation Fund Board members and the status of the Adaptation Fund Board's assets etc. All these rules can apply unchanged when the Adaptation Fund serves the Paris Agreement exclusively and will fulfil their function in the same way.

5.5 Internal arrangements of the Adaptation Fund

5.5.1 Adaptation Fund Board Rules of Procedure

The Adaptation Fund Board's Rules of Procedure partly reiterate text from CMP decisions. Because CMP decisions rank higher in legal hierarchy than Board decisions, merely changing the RoP would not be sufficient because the higher-ranking CMP decision would still be in place and override the RoP. This might be different if the CMP had mandated the Adaptation Fund Board to make changes to the RoP *that deviate from existing CMP decisions*. However, the CMP has not given such a mandate. Therefore, where the RoP merely reiterate content of CMP decisions, **the priority should be to address issues in the relevant CMP decisions, and not to address Board decisions.**

Regarding parts of the RoP that are not covered or overridden by CMP/CMA decisions, the Adaptation Fund Board has the mandate to consider changes and make recommendations to the CMP (see section 4.1). As set out above, this does not need to be a priority as long as the Adaptation Fund Board can function on the basis of the CMP and CMA decisions that affect the transition, in particular what the CMA decides with regard to the existing CMP decisions (see section 5.3.2). In any event, a full revision of its RoP by the time of these decisions is not a requirement for the transition to take place. This report does not go into detail regarding *which* changes to the RoP are required or should be made.

The Rules of Procedure of the Adaptation Fund Board are set out in decision 1/CMP.4 as amended by decision 4/CMP.5. The Adaptation Fund Board does not have the delegated authority from the CMP to revise the Rules of Procedure in a manner inconsistent with the underlying CMP decisions from which substantial parts of the Rules were drawn. To update the Rules of Procedure of the Adaptation Fund Board so that it reflects that the Board would be exclusively under the authority of the CMA, the CMA has the following options:

Option 1 – The CMA can adopt a decision that authorizes the Board to continue using the latest version of Rules of Procedure , mutatis mutandis, in accordance with what the CMA decides regarding the existing CMP decisions (see section 5.3.2).

Option 2 – The CMA can adopt a decision authorizing the Board to continue using the latest Rules of Procedure as the basis for the continued operations of the Fund and its Board, mutatis mutandis, in accordance with what the CMA decides regarding the existing CMP decisions (see section 5.3.2), and **in addition** specifying that the following terms in these decisions are to be read as being replaced or changed accordingly to the corresponding terms under the Paris Agreement:

Terms under COP and CMP Decisions	Corresponding Terms under CMA
Kyoto Protocol	Paris Agreement
Parties to the Kyoto Protocol	Parties to the Paris Agreement
Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	CMA
Parties included in Annex I to the Convention (Annex I Parties)	Developed country Parties that are Parties to the Paris Agreement
Parties not included in Annex I to the Convention (non-Annex I Parties)	Developing country Parties that are Parties to the Paris Agreement
Developing country Parties to the Kyoto Protocol	
Executive Board of the clean development mechanism	Supervisory Body of the Paris Agreement Crediting Mechanism under Article 6.4 of the Paris Agreement

Option 3 – The CMA can develop and adopt new Rules of Procedure for the Board based and drawing on the provisions of decision 1/CMP.4 as amended by decision 4/CMP.5, copying what would still be relevant and making such changes as may be necessary and/or deemed appropriate by the CMA following negotiations among the Parties to the Paris Agreement. The Adaptation Fund Secretariat has developed draft Rules of Procedure that could be considered and discussed by the Adaptation Fund Board (see Adaptation Fund Board document AFB/B.43/11/Add.2 on the draft ROP amendments).

5.5.2 OPG - Amended Operational Policies and Guidelines

The OPGs are not essential to be addressed for purposes of making the transition work per se, as amending these to reflect the transfer of authority from the CMP to the CMA can be done by the Adaptation Fund Board itself. That is, legally, there does not need to be a CMA decision that adopts the amended OPGs. To some extent the CMP has already given the Adaptation Fund Board an explicit mandate in decision 1/CMP.16, para 6-7, regarding eligibility for funding and eligibility for membership on the Adaptation Fund Board. If at all, the CMA could simply mandate the Adaptation Fund Board to revise the OPGs to reflect the transition generally. In any event, draft amended OPGs have been prepared for the consideration of the Adaptation Fund Board (Adaptation Fund Board document AFB/B.43/11/Add.3).

5.5.3 SPPG - Amended Strategic Priorities, Policies, and Guidelines of the Adaptation Fund

Having a finalized set of amended SPPGs is not essential for purposes of making the transition work per se, as amending these to reflect the transfer of authority from the CMP to the CMA can be done by the Adaptation Fund Board itself. That is, legally, there does not need to be a CMA decision that adopts the amended SPPGs. To some extent the CMP has already given the Adaptation Fund Board an explicit mandate to it itself in decision 1/CMP.16, para 6-7, regarding eligibility for funding and eligibility for membership on the Adaptation Fund Board. If at all, the CMA could simply mandate the Adaptation Fund Board to revise the SPPGs to reflect the transition generally. Draft amended SPPGs have been prepared for the consideration of the Adaptation Fund Board (Adaptation Fund Board document AFB/B.43/11/Add.4).

6 Roadmap for Adaptation Fund Board, SBI, CMA/CMA Actions

Below is a suggested Roadmap for ensuring a smooth transition of the Adaptation Fund to exclusively serve the Paris Agreement.

Timeframe	Action
Throughout 2025	<p>Pursuant to decisions 13/CMP.1 and 1/CMP.14 and the Baku decisions pertaining to the Adaptation Fund, the Adaptation Fund Board is mandated to, inter alia:</p> <ul style="list-style-type: none"> consider the rules of procedure of the Board, the arrangements of the Adaptation Fund with respect to the Paris Agreement and any other matter so as to ensure the Adaptation Fund serves the Paris Agreement smoothly; and complete, as a matter of priority, its work related to implementing its mandates in decisions 1/CMP.14 and 13/CMA.1 and to report thereon in its annual report to the CMP and CMA in November 2025. <p>Note that even though the Adaptation Fund Board has the mandate to consider "any other matter" regarding the transition, this probably excludes the matter of membership to the Adaptation Fund Board, because the CP has given a specific mandate for this to the SBI.</p> <p>The Adaptation Fund Board should draft the following recommendations, for the consideration the CMP and CMA, on:</p> <ul style="list-style-type: none"> Terms and conditions between the CMA and the World Bank on the provision of trustee services to the Adaptation Fund exclusively serving the Paris Agreement

	<ul style="list-style-type: none"> • MOU between the CMA and the GEF Council on the provision of secretariat services to the Adaptation Fund Board exclusively serving the Paris Agreement • What should happen to the existing CMP decisions, in particular which elements need to be changed or added in order for the Adaptation Fund to function, or to avoid major uncertainty after the transition. • Optional: Rules of procedure to be applied after the Adaptation Fund has transitioned to exclusively serve the Paris Agreement <p>Because the Adaptation Fund Board's mandate does not include a role for the SBI, the Adaptation Fund Board should explore ways to make parties aware of the state of play of its work at the June 2025 session.</p>
June 2025	<p>SBI has been given two mandates relevant for the transition:</p> <p>1) One mandate is to consider, at its sixty-second session (June 2025), the matter of the arrangements for the Adaptation Fund to exclusively serve the Paris Agreement and to make recommendations on this matter for consideration by the CMA and the CMP in November 2025.</p> <p>However, it is not quite clear what the mandate comprises, in particular to what extent this mandate is meant to be different in scope from the mandate given to the Adaptation Fund Board. The Adaptation Fund Board has not been mandated by the CMP nor the CMA to provide official formal inputs to SBI62 on these matters. However, there is also nothing that prohibits the Adaptation Fund Board from informally briefing Parties on the progress of the Adaptation Fund Board's work in implementing its mandate with respect to the transition.</p> <p>The SBI should, if possible with input from the Adaptation Fund Board, look at</p> <ul style="list-style-type: none"> • the state of play of the draft new external arrangements for trustee and secretariat services; <p>2) The other mandate is to consider "matters related to membership of the Adaptation Fund Board". Parties have so far not engaged on the underlying issue of potential changes to the Adaptation Fund Board composition because some parties want to address this as part of, or after, the transition. It is unclear whether parties will be prepared to engage in June 2025. However, the current definition of Board membership does not seem to not an obvious <i>legal</i> barrier to the Adaptation Fund serving the Paris Agreement exclusively.</p> <p>Irrespective of the Adaptation Fund Board composition, the SBI should, if possible with input from the Adaptation Fund Board (see above), look at the following issues that hamper the functioning of the Adaptation Fund Board:</p>

	<ul style="list-style-type: none"> • Roll-over clause with respect to Adaptation Fund Board membership arising from issues about the lack of quorum that have been raised due to the lack of a provision in the current Adaptation Fund Board membership provisions under decision 1/CMP.3 nor the current ROP that allows for Adaptation Fund Board members whose terms are expiring to continue to serve on the Adaptation Fund Board until their successors have been appointed. •
November 2025 at CMP20 and CMA7	<p>CMP and CMA to consider the recommendations of the SBI and the report of the Adaptation Fund Board for appropriate action. Such actions may include:</p> <ul style="list-style-type: none"> • By the CMP: A single CMP omnibus decision on matters relating to the Adaptation Fund that would, inter alia: <ul style="list-style-type: none"> o Relinquish its authority of the CMP over the Adaptation Fund immediately or by a certain date, subject to the decision on this matter by the CMA. The CMP does not necessarily have to explicitly decide that the condition is fulfilled o invite the CMA to accept that from such a date, the Adaptation Fund is exclusively under the authority of the CMA and serves the Paris Agreement exclusively o Terminate the CMP-World Bank trustee agreement pursuant to para. 34 of the Terms and Conditions^[2], which will then take effect 3 months after receipt by the trustee of the notice in writing of the termination (the termination can also take effect immediately or by a certain date within a period less than three months if both parties – the CMP and the World Bank – mutually agree) o Terminate the MOU^[3] between the CMP and the GEF Council regarding secretariat services to the Adaptation Fund Board pursuant to para. 6 of the MOU, which will then take effect 6 months after the notification (the termination can also take effect immediately or by a certain date within a period less than six months if both parties – the CMP and the GEF Council – mutually agree) o State that the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be transferred to, and continue to be, assets of the Adaptation Fund operating under the Paris Agreement. • By the CMA: A single CMA omnibus decision on matters relating to the Adaptation Fund that would, inter alia: <ul style="list-style-type: none"> o Take note of the CMP's decision to relinquish its authority over the Adaptation Fund

	<ul style="list-style-type: none"> o Decide that the Adaptation Fund serves the Paris Agreement exclusively under its authority from a certain date (which must be the same as the date set by the CMP) o State that the CMA accepts the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be considered as assets of the Adaptation Fund operating under the Paris Agreement o Decide on whether and how the existing CMP and CMA decisions apply o Potentially, adopt the updated Adaptation Fund Board Rules of Procedure for the Adaptation Fund Board (if submitted by the Adaptation Fund Board) o Adopt a new memorandum of understanding between the CMA and the GEF Council regarding secretariat services to the Adaptation Fund exclusively under the Paris Agreement, invite the GEF Council to also adopt it o Adopt the new trustee agreement between the CMA and the World Bank containing terms and conditions updated to reflect the full transition of the Adaptation Fund serving exclusively the Paris Agreement, invite the WB to also adopt it o Request the Adaptation Fund Board to communicate with Germany regarding the transition of the Adaptation Fund to exclusively serving the Paris Agreement and inviting Germany to make any appropriate arrangements that may be needed to reflect such transition and ensure that the Adaptation Fund Board continues to have the same legal capacity as it did when it served the Kyoto Protocol o other matters as recommended by the Adaptation Fund Board according to its mandate o other matters coming from the SBI mandates
December 2025-February 2026	<ul style="list-style-type: none"> • World Bank to consider and accept new CMA-World Bank Adaptation Fund trustee agreement
December 2025-May 2026	<ul style="list-style-type: none"> • GEF Council to consider and accept new CMA-GEF Council MOU on Adaptation Fund secretariat services
No later than late February 2026	<ul style="list-style-type: none"> • Effectivity of the termination of CMP-World Bank Adaptation Fund trustee agreement • new CMA-World Bank Adaptation Fund trustee agreement becoming effective
No later than late May 2026	<ul style="list-style-type: none"> • Effectivity of the termination of CMP-GEF Council MOU on Adaptation Fund secretariat services • new CMA-GEF Council MOU on Adaptation Fund secretariat services coming into effect

Note that in the Roadmap proposed above, the date when the transition of the Adaptation Fund to exclusively serving the Paris Agreement is not indicated. This is because it would be up to the

CMP to specify when it would relinquish its authority over the Adaptation Fund and for the CMA to then take up such authority for the Adaptation Fund to then exclusively serve the Paris Agreement. As pointed out earlier in this paper, the CMP could decide that the transition takes place immediately once it has adopted the decision (for example in Belem at CMP20) to relinquish or it could specify another date. **However, while the CMP and CMA are in principle free to choose a date, this has to be synchronised with when the termination of the existing arrangements for trustee and secretariat services become effective, and when the new arrangements are supposed to come into effect.**

7 Skeleton CMP and CMA decisions

CMP20 Belem Decision on Matters Relating to the Adaptation Fund

- o Preamble paragraphs
- o Paragraph deciding that the Adaptation Fund serves the Paris Agreement exclusively and that the CMP relinquishes its authority over the Adaptation Fund by a specified date , subject to the decision on this matter by the CMA
- o Paragraph on terminating the CMP-World Bank trustee agreement
- o Paragraph on terminating the MOU between the CMP and the GEF Council regarding secretariat services to the Adaptation Fund Board
- o Paragraph stating that the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be transferred to, and continue be, assets of the Adaptation Fund operating under the Paris Agreement.

CMA7 Belem Decision on Matters Relating to the Adaptation Fund

- o Preamble paragraphs
- o Paragraph noting the CMP's decision to relinquish its authority over the Adaptation Fund
- o Paragraph affirming the CMA's acceptance that the Adaptation Fund serves the Paris Agreement exclusively under the CMA's exclusive authority beginning on a specified date. (The CMP does not necessarily have to explicitly decide that the condition is fulfilled)
- o Paragraph stating that the CMA accepts the assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol are to be considered as assets of the Adaptation Fund operating under the Paris Agreement
- o Paragraph(s) deciding whether and how the existing CMP and CMA decisions apply, e.g. mutatis mutandis, to reflect the transition
- o Optional: Paragraph adopting the updated Adaptation Fund Board Rules of Procedure for the Adaptation Fund Board (if submitted by the Adaptation Fund Board)
- o Paragraph adopting a new memorandum of understanding between the CMA and the GEF Council regarding secretariat services to the Adaptation Fund; inviting the GEF Council to also adopt them
- o Paragraph adopting the new trustee agreement between the CMA and the World Bank containing terms and conditions updated to reflect the full transition of the

Adaptation Fund serving exclusively the Paris Agreement; inviting the WB to also adopt them

- o Paragraph requesting the Adaptation Fund Board to communicate with Germany regarding the transition of the Adaptation Fund to exclusively serving the Paris Agreement and inviting Germany to make any appropriate arrangements that may be needed to reflect such transition and ensure that the Adaptation Fund Board continues to have the same legal capacity as it did when it served the Kyoto Protocol
- o Paragraph mandating the Adaptation Fund Board to continue working on the Rules of Procedure, OPGs and SPPGs to reflect the transition, and report back to the CMA on such work
- o Paragraph on other matters relating to Adaptation Fund governance, e.g. Adaptation Fund Board composition and membership (if such matters are discussed and concluded by the CMA).