



Adaptation Fund Board
Forty-fifth meeting
Bonn, Germany

Status of 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 took note of the CMA decision 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 consideration by the CMP 20 and CMA 7 (Decisions -/CMP.19 and -/CMA.6).

Purpose

1. This board document is to support the Board's continuing discussion on the matter of the status of the arrangements for the Adaptation Fund's transition 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.

Recommended Decision

2. The Adaptation Fund Board (the Board), having considered document AFB/B.45/5 and its Annex, decides to take note of the draft new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund.

Background

3. 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).
4. 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).
5. 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).

6. 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).
7. 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.
8. The independent consultants' work focused on three areas: (1) identification of key issues that may require clarification by the 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.
9. The Board considered the consultants' report at its 44th meeting 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 45th meeting.
10. At SB62 in June 2025, the SBI considered the membership of the Board, the arrangements for the Adaptation Fund to exclusively serve the Paris Agreement and the fifth review of the Adaptation Fund, producing a [co-facilitators' informal note](#) and a [conference room paper](#). The co-facilitators' note and conference room paper both contain elements of draft decisions for CMP 20 that includes language that the Adaptation Fund shall transition to exclusively serving the Paris Agreement as soon as the Adaptation Fund receives written notification from the trustee that the trustee has monetized the first share of proceeds under Article 6.4 of the Paris Agreement, and that requests the Adaptation Fund Board to develop and conclude, as soon as possible, new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund.
11. The co-facilitators' note and conference room paper also include elements of draft decisions for CMA 7 that includes language that also requests the Adaptation Fund Board to develop and conclude, as soon as possible, new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund, and further invites the World Bank to develop and conclude, in collaboration with the Adaptation Fund Board, the new terms and conditions.
12. The SBI will be invited to continue consideration of these issues at [SB 63](#).
13. To support the Board's continued consideration of the arrangements for the Adaptation Fund to exclusively serve the Paris Agreement in response to decision 1/CMP.14, and without prejudging the outcomes of SB 63, CMP 20, or CMA 7, a confidential Trustee's discussion note and a confidential draft new terms and conditions of Trustee services to be provided by the World Bank is being shared with the Board separately as AFB/B.45/5/Add.1 and AFB/B.45/5/Add.2, respectively.