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Item 11 of the provisional agenda

Review of the Adaptation Fund

Draft terms of reference for the review of the Adaptation Fund

Note by the secretariat*

Summary

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its third session, decided to undertake a review of all matters relating to the Adaptation Fund, including its institutional arrangements, with a view to ensuring the effectiveness and adequacy of the Fund and in order to adopt a decision on the outcomes of such a review at its sixth session. Following on from a request by the CMP, the Subsidiary Body for Implementation (SBI) invited Parties to submit to the secretariat, by 22 March 2010, their views and recommendations on the possible terms of reference for this review and requested the secretariat to compile such views and recommendations into a miscellaneous document (FCCC/SBI/2010/MISC.2). It further requested the secretariat, on the basis of these submissions, to prepare draft terms of reference for consideration by the SBI at its thirty-second session. This document provides the draft terms of reference based on the submissions received from Parties.

* This document was submitted after due date in order to incorporate late submissions from Parties.

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I. Introduction

A. Mandate

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) decided to undertake, at its sixth session, a review of all matters relating to the Adaptation Fund, including its institutional arrangements, with a view to ensuring the effectiveness and adequacy of the Fund. The review shall take into account the outcome of performance reviews of the secretariat and the trustee servicing the Adaptation Fund, submissions by Parties and other interested intergovernmental organizations and stakeholders. The CMP further decided that the interim institutional arrangements with the Global Environment Facility (GEF) for the provision of secretariat services to the Adaptation Fund Board, as well as the institutional arrangements with the World Bank for the provision of trustee services to the Adaptation Fund, shall be reviewed at the sixth session of the CMP.¹
2. The CMP, at its fifth session, requested the Subsidiary Body for Implementation (SBI) to initiate the review of the Adaptation Fund at its thirty-second session and to agree on the terms of reference for the review and report back to the CMP at its sixth session so that the review can be undertaken by the CMP at that session.²
3. The SBI, at its thirtieth session, invited Parties to submit to the secretariat, by 22 March 2010, their views and recommendations on the possible terms of reference for this review.³ It requested the secretariat to compile such views and recommendations into a miscellaneous document and to prepare, on the basis of these submissions, draft terms of reference for consideration by the SBI at its thirty-second session with a view to the SBI endorsing the terms of reference at the same session.

B. Background

4. This document is based on the views and recommendations submitted by Parties in response to the request by the SBI referred to in paragraph 3 above.⁴

II. Draft terms of reference for the review of the Adaptation Fund

A. Objective and scope of the review

5. The overarching objective of the review of the Adaptation Fund shall be the assessment of all matters relating to the Fund, including its institutional arrangements, with a view to ensuring its effectiveness and adequacy. Given that the Adaptation Fund has only recently become fully operational, the review shall focus on, but may not necessarily be limited to:
 - (a) Taking stock of the progress made and lessons learned in the operationalization of the Fund to date, noting that this work is still ongoing and with a view to encouraging improvement based on experience;
 - (b) Reviewing the interim institutional arrangements with the GEF for the provision of secretariat services to the Adaptation Fund Board, as well as the interim institutional arrangements with the World Bank for the provision of trustee services to the Adaptation Fund, with a view to ensuring that such services meet the requirements of the work of the Adaptation Fund on a permanent basis;

¹ Decision 1/CMP.3, paragraphs 32–34.

² Decision 5/CMP.5.

³ FCCC/SBI/2009/8, paragraphs 37–39.

⁴ The submissions from Parties are compiled in document FCCC/SBI/2010/MISC.2. The secretariat also received submissions from non-governmental organizations which will be made available at <http://unfccc.int/parties_observers/ngo/submissions/items/3689.php>.

- (c) Assessing the availability of the funds from the Share of Proceeds (SOP) of the clean development mechanism with a view to identifying additional resources and to strengthen the status of the Adaptation Fund;
- (d) Assessing the criteria for establishing vulnerability and adaptive capacity, as well as project review criteria, with a view to prioritizing funding.

B. Methodology

6. The review shall draw upon, but not be limited to, the following sources of information:
- (a) Annual reports provided by the Adaptation Fund Board to the CMP, in order to assess progress with the operationalization of the Fund;
 - (b) Performance reviews of the secretariat and the trustee servicing the Adaptation Fund, to be undertaken by the Adaptation Fund Board or by an independent entity appointed for such purposes by the Adaptation Fund Board, and whose outcomes shall be reported by the Adaptation Fund Board to the CMP at its sixth session;
 - (c) Submissions by developing country Parties providing information on their experience with arrangements to access funding from the Adaptation Fund;
 - (d) Submissions by developed country Parties and developing country Parties, and other interested intergovernmental organizations and stakeholders.

C. Outcome and follow up

7. The CMP, at its sixth session, may wish to adopt a decision based on the review with a view to ensuring the effectiveness and adequacy of the Adaptation Fund and its institutional arrangements, with regard to fast and effective delivery of funds for concrete adaptation measures in developing countries.
8. Progress made in the implementation of any recommendations and guidance contained in such a decision shall be reported by the Adaptation Fund Board to the CMP at its seventh session.
9. The CMP shall also decide on the timing of the next review of all matters related to the Adaptation Fund, including its institutional arrangements.
