



Subsidiary Body for Implementation

Forty-first session

Lima, 1–8 December 2014

Agenda item 11(a)

Matters relating to finance

Second review of the Adaptation Fund

Second review of the Adaptation Fund

Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its forty-first session, recommended the following draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session:

Draft decision -/CMP.10

Second review of the Adaptation Fund

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Underlining the crucial importance of the Adaptation Fund as an essential channel for supporting adaptation action and the main promoter of direct access, together with its focus on funding the full costs of concrete adaptation projects and programmes in developing countries,

Noting with deep concern the continued issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund, given the current prices of certified emission reductions, which affect its ability to fulfil its mandate,

1. *Takes note* of the report of the Adaptation Fund Board¹ and the technical paper on the second review of the Adaptation Fund;²
2. *Underlines* the urgent implementation of the resource mobilization strategy of the Adaptation Fund Board;

¹ FCCC/KP/CMP/2014/6.

² FCCC/TP/2014/7.

3. *Encourages* the Adaptation Fund Board to consider the following options for addressing the predictability of resources, in particular:
 - (a) The scale of resources;
 - (b) Regular estimates of the resources needed;
 - (c) Continuous review of the status of projects;
4. *Requests* the Adaptation Fund Board to consider options, including those contained in the technical paper referred to in paragraph 1 above, for addressing the diversification of revenue streams of the Adaptation Fund, in accordance with the mandate of the Fund;
5. *Also requests* the Adaptation Fund Board to consider, under its readiness programme, the following options for enhancing the access modalities of the Adaptation Fund:
 - (a) Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more national or regional implementing entities to the Adaptation Fund;
 - (b) Ensuring that accredited national implementing entities have increased and facilitated access to the Adaptation Fund, including for small-size projects and programmes;
6. *Further requests* the Adaptation Fund Board to consider options for developing operational linkages, as appropriate, between the Adaptation Fund and constituted bodies under the Convention, taking into consideration the mandates of the respective bodies;
7. *Takes note* of decision -/CP.20³ concerning the request of the Conference of the Parties to the Standing Committee on Finance to consider issues related to possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention;
8. *Decides* to extend to June 2017 the interim arrangements with the secretariat of the Adaptation Fund Board and the trustee of the Adaptation Fund, with a view to further consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol of options for permanent institutional arrangements for the secretariat and trustee, including via an open and competitive bidding process and on the basis of the cost and time frame of each option and its legal and financial implications;
9. *Requests* the Subsidiary Body for Implementation, at its forty-fourth session (May 2016), to initiate the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 2/CMP.9, or as they may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twelfth session (November–December 2016), with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November–December 2017);
10. *Also requests* the Adaptation Fund Board to include in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session (November–December 2015) information on the progress made in relation to the matters referred to in paragraphs 3–6 above.

³ Draft decision proposed for adoption under agenda item 12(b) of the Conference of the Parties.