

Co-facilitators' informal note
on
SBI 62 agenda item 15
Matters relating to the Adaptation Fund

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This informal note has been prepared by the co-facilitators under their own responsibility and has no formal status. It is an attempt by the co-facilitators to capture the discussions under this agenda item at the sixty-second session of the Subsidiary Body for Implementation. It does not represent agreement among Parties and does not prejudice further work or prevent Parties from expressing their views in the future. Further, it does not prejudice the number of draft decisions that Parties may wish to recommend or consider on these matters.

Elements for draft decision(s)

[Arrangements for the Adaptation Fund to exclusively serve the Paris Agreement]

Trustee arrangements

Elements for draft decision(s) for CMP 20

- *Decides* that the Adaptation Fund shall exclusively serve the Paris Agreement (the “transition”) as soon as the Adaptation Fund receives notification from the trustee that the trustee has monetised the first share of proceeds under Article 6.4 of the Paris Agreement and the resulting funds are in the account available for use by the Adaptation Fund, as per decision 1/CMP.14, paragraph 2;
- *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session (November 2025) to request the Adaptation Fund Board to develop, approve and adopt, as soon as possible, new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund serving the Paris Agreement with a view to ensuring that:
 - The share of proceeds under Article 6, paragraph 4, of the Paris Agreement can be promptly monetized;
 - The Adaptation Fund is able to accept contributions from a wide variety of sources, including voluntary contributions of resources for adaptation under Article 6, paragraph 2, of the Paris Agreement;¹
 - Remaining assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol, and eligible certified emission reductions under the clean development mechanism, are transferred to, and continue to be assets of, the Adaptation Fund operating under the Paris Agreement;
- *Decides* to terminate the terms and conditions of services provided by the World Bank as interim trustee of the Adaptation Fund, as contained in annex III to decision 1/CMP.4 and amended in decisions 5/CMP.6, 1/CMP.9, 1/CMP.10 and 3/CMP.15, in accordance with paragraph 34 of those terms and conditions,² subject to the new terms and conditions referred to in paragraph xx above coming into effect, with a view to ensuring a smooth transition of the Adaptation Fund to exclusively serving the Paris Agreement;

¹ Pursuant to decision 2/CMA.3, annex, para. 37.

² As contained in annex I to the report of the Adaptation Fund Board to Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, contained in the annex to document FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1.

Elements for draft decision(s) for CMA 7

- *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 serving the Paris Agreement with a view to ensuring that:
 - The share of proceeds under Article 6, paragraph 4, of the Paris Agreement can be promptly monetized;
 - The Adaptation Fund is able to accept contributions from a wide variety of sources, including voluntary contributions of resources for adaptation under Article 6, paragraph 2, of the Paris Agreement;³
 - Remaining assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol, and eligible certified emission reductions under the clean development mechanism, are transferred to, and continue to be assets of, the Adaptation Fund operating under the Paris Agreement;
- *Invites* the World Bank to prepare and conclude, in collaboration with the Adaptation Fund Board, the new terms and conditions referred to in paragraph Xx above;

Memorandum of understanding regarding secretariat services

Option 1:

Elements for draft decision(s) for CMA 7

- *Confirms* that the secretariat services provided by the Global Environment Facility to the Adaptation Fund Board shall continue under the authority of the Adaptation Fund Board after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;
- *Requests* the Adaptation Fund Board, with the assistance of its secretariat, to develop and conclude any necessary arrangements with the Global Environment Facility to ensure the continuity of secretariat services to the Adaptation Fund Board after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;

Option 2:

Elements for draft decision(s) for CMP 20

- *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to adopt a new memorandum of understanding to be concluded by the Adaptation Fund Board and the Council of the Global Environment Facility regarding the provision of secretariat services to the Adaptation Fund Board;
- *Decides* to terminate the memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding the provision of secretariat services to the Adaptation Fund Board, on an interim basis, as contained in annex II to decision 1/CMP.4 and amended in decision 3/CMP.15, with the termination taking effect once the memorandum of understanding referred to in paragraph xx above has come into effect;

³ Pursuant to decision 2/CMA.3, annex, para. 37.

Elements for draft decision(s) for CMA 7

- *Adopts* the new memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Council of the Global Environment Facility regarding the provision of secretariat services to the Adaptation Fund Board, as contained in the annex;
 - ***Annex** contains the new MOU (may build on existing MOU and any recommendation that may result from AFB-45);*
 - *New MOU to state that:* The present memorandum of understanding comes into effect following the last date of signature by the duly authorized representatives of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and the Council of the Global Environment Facility and upon the Adaptation Fund exclusively serving the Paris Agreement;
- *Authorizes* the UNFCCC Executive Secretary to sign, on behalf of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, the memorandum of understanding referred to in paragraph x above;

Governance-related decisions

Option 1:

Elements for draft decision(s) for CMA 7

- *Decides* to consider, following the transition of the Adaptation Fund to exclusively serving the Paris Agreement, the governance-related decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol relating to the Adaptation Fund with a view to adopting decisions to make the necessary adjustments in the light of the transition;

Option 2:

Elements for draft decision(s) for CMA 7

- *Decides* that decisions taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol with respect to governance of the Adaptation Fund shall apply mutatis mutandis under the Paris Agreement after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;
- *Invites* the Adaptation Fund Board to make recommendations, as needed, relating to necessary adjustments to the governance arrangements of the Adaptation Fund for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

[Membership of the Adaptation Fund Board]

Option 1

- Composition of the Adaptation Fund Board and the number of Board members is unchanged;
- Terminology to be amended with reference to representation of groups of Parties to be aligned with the Paris Agreement text;

Option 2

- No further discussion at this session; procedural conclusion at this session to defer consideration of matters related to the membership of the Board until the transition of the Adaptation Fund to exclusively serve the Paris Agreement is complete;

[Fifth review of the Adaptation Fund]

Option 1

Elements for draft decision(s) by CMP 20 and CMA 7

- Initiate the fifth review of the Adaptation Fund at this session on the basis of the terms of reference of the fourth review, or as amended, with the same governance arrangements as the fourth review, whereby:
 - Terms of reference for the fifth review are adopted at CMP 20;
 - SBI 65 will complete its work on the fifth review, while welcoming the participation of Parties to the Paris Agreement, with a view to recommending a draft decision for consideration and adoption by [CMP 21 (November 2026), while CMA 8 (November 2026) is invited to consider the outcomes of the review][the appropriate governing body];

Option 2

Elements for draft decision(s) by CMP 20 and CMA 7

- Defer fifth review so that it will be undertaken by the CMA following the transition of the Adaptation Fund to exclusively serve the Paris Agreement, such that it is initiated at CMA xx and concludes at CMA xx;