

19 October 2018

Joint reflections note by the presiding officers of the Ad Hoc Working Group on the Paris Agreement, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation

Addendum 4

Matters relating to Article 9 of the Paris Agreement and paragraphs 52–64 of decision 1/CP.21

Contents

4.1. Identification of the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement	1
A. Progress to date and ways forward	1
B. Textual proposals	2
4.2. Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement.....	6
A. Progress to date and ways forward	6
B. Textual proposals	6
4.3. Preparing for the convening of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement/matters relating to the Adaptation Fund.....	13
A. Progress to date and ways forward	13
B. Textual proposals	14

4.1. Identification of the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement

A. Progress to date and ways forward

1. In Bangkok, Parties continued to engage on this matter on the basis of the informal note from the first part of the forty-eighth session of the Subsidiary Body for Implementation (SBI). Parties were able to deepen their understanding of the various elements of quantitative and qualitative information to be provided in accordance with Article 9, paragraph 5, of the Paris Agreement. Parties further elaborated which types of information on Article 9, paragraph 5, of the Paris Agreement would be useful and practical and identified elements which can be turned into draft decision text in Katowice.

2. The progress made at SBI 48.2 is reflected in the Bangkok outcome as a focused, streamlined and better structured informal note.

3. To ensure a successful outcome in Katowice, the following issues need to be addressed in a timely manner:
 - (a) Identifying the types of information on Article 9, paragraph 5, of the Paris Agreement that would be useful and practical in ways that enhance the implementation of the Paris Agreement;
 - (b) Finalizing the decision text, including the types of information to be provided in the context of Article 9, paragraph 5, of the Paris Agreement, with a view to forwarding the outcomes to the Conference of the Parties (COP) in a timely manner.
4. In addition to the overall principles that guided me in the preparation of the textual proposals outlined in paragraph 21 of the joint reflections note, the following steps were taken in the preparation of the textual proposals under this agenda item:
 - (a) Converting the Bangkok outcome into a draft decision text with minimal changes to the underlying concepts;
 - (b) Presenting the elements from the Bangkok outcome in a draft decision text and an annex that contains the quantitative and qualitative information to be communicated in accordance with Article 9, paragraph 5, of the Paris Agreement.

B. Textual proposals

Draft decision -/CMA.1

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

Recalling Articles 4 and 11 of the Convention,

Also recalling Article 9, paragraphs 1, 2, 3, 4, and 5, of the Paris Agreement,

Further recalling Articles 3, 4, 10, 11 and 13 of the Paris Agreement,

Further recalling decisions 1/CP.21, paragraph 55, 13/CP.22, and 12/CP.23,

Further recalling decision 3/CP.19, paragraph 10,

1. *Reiterates* that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9 paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties, and that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;
2. *Recognizes* the importance of providing adequate and predictable financial resources to be provided by developed country Parties to developing country Parties for the implementation of the Paris Agreement;
3. *Requests* developed country Parties and *encourages* other Parties that provide resources to submit biennial communications referred to in paragraph 1 above on any available quantitative and qualitative information as contained in the annex to this decision, starting in 20XX;

Option 1

4. *Decides* to initiate the review of the adequacy of the information referred to in paragraph 3 in 20XX to ensure the information remains relevant;
5. *Decides* to continue deliberations on this matter and *requests* the secretariat to prepare a compilation and synthesis of information included in biennial communications referred to in paragraph 3 above for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement starting in 20XX;

End of option 1

OR option 2

4. *Decides to continue deliberations on this matter and requests the secretariat to prepare a compilation and synthesis of information included in biennial communications referred to in paragraph 3 above for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement starting in 20XX;*

End of option 2

OR option 3

4. *{Placeholder for reference to the outcomes on modalities for biennially communicating information in accordance with Article 9, paragraph 5, of the Paris Agreement}.*

End of option 3

OR option 4

{No need for reference to the outcomes on modalities for biennially communicating information in accordance with Article 9, paragraph 5, of the Paris Agreement}.

End of option 4

Annex

Quantitative and qualitative information to be biennially communicated in the context of Article 9, paragraph 5, of the Paris Agreement

1. Enhanced information to increase clarity on the expected levels of provision and mobilization of climate finance to developing countries, including time frame, from different sources.
2. Quantitative information,¹ to the extent possible, and qualitative information where quantitative information cannot be provided, on the nature of support/parameters, including:
 - (a) Amounts and currencies
 - (b) Financial instruments
 - (c) Channels
 - (i) Operating entities of the financial mechanism of the Convention and the Paris Agreement and the specialized funds
 - (ii) UNFCCC Trust Fund for Supplementary Activities
 - (iii) Other multilateral climate change funds
 - (iv) Multilateral financial institutions, development banks
 - (v) Specialised United Nations bodies.
 - (d) Purposes and types of support and sectors: mitigation, adaptation and cross-cutting activities, including loss and damage:
 - (i) How Parties are ensuring balance between adaptation and mitigation, in particular, the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.
 - (e) Expected levels of support for technology transfer and capacity building to be provided for mitigation, adaptation, loss and damage and cross-cutting activities
 - (f) Status of commitment of financial resources to be provided
 - (g) Information on the baseline reference to facilitate an overview of trends over time and to facilitate comparison with indicative quantitative information on expected levels of climate finance
 - (h) Programmes.
3. Information on recipient countries, geographies, beneficiaries, targeted groups
 - (a) Information on the factors that providers of climate finance look for in evaluating proposals, to help inform developing countries.
4. Information on how support takes into account the needs and priorities of developing countries, including:
 - (a) By supporting country driven strategies to implement the Paris Agreement
 - (b) Gender responsive processes.
5. Information on actions and plans to mobilize additional finance, as part of the global effort to mobilize climate finance flows consistent with low greenhouse gas and climate resilient development.

¹ In the version of 17 October, paragraph 2 incorrectly started with “Qualitative information, to the extent possible...”.

6. Information on national circumstances and internal processes in Parties providing support of relevance to the provision of ex-ante information.
7. Information on actions taken and plans to mobilize finance for the implementation of mitigation and adaptation actions, including for the implementation of nationally determined contributions and national adaptation plans and identified priorities and implementation plans, and to avert, minimize and reduce the risk of loss and damage.
8. Information on efforts to mobilize financial resources for developing countries from the widest array of sources, including:
 - (a) How the need for public grant-based resources is taken into account.
 - (b) The relationship between public interventions used and the private finance mobilized
 - (c) Concrete initiatives and measures to facilitate private sector engagement in SIDS and LDCs.
9. Information on efforts to integrate climate change considerations, including resilience, into their development strategies/assistance.
10. Information on efforts by Parties to improve the effectiveness of their climate finance provided and mobilized.
11. Information on challenges and barriers encountered in the past to facilitate/mobilize support and/or investments and measures taken to overcome them.

4.2. Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement

A. Progress to date and ways forward

1. At the second part of the forty-eighth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), Parties continued to develop modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7, of the Paris Agreement, and produced a draft decision text. The SBSTA agreed that the progress achieved at this session provides a useful basis for further negotiations by Parties at SBSTA 49, and to forward the outcome to COP 24 with a view to the COP making a recommendation for consideration and adoption at the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).
2. Parties made good progress in Bangkok, and the text included in the Bangkok outcome was already an advanced product. To facilitate work on this matter in Katowice, I have included textual proposals for this agenda item which are limited to some light editing to reduce redundancies and, where possible, to further streamline the text. The textual proposals remain without prejudice to whether the modalities for the accounting of financial resources provided and mobilized through public intervention in accordance with Article 9, paragraph 7, of the Paris Agreement will be included in a stand-alone decision or integrated as a section of a decision on transparency.
3. It is now important that Parties finalize the remaining choices in this text as soon as possible during the first week, especially given the linkage of this work to the outcome of the work of the Ad Hoc Working Group on the Paris Agreement (APA) under agenda item 5. I encourage Parties to seek resolution of the question of placement and to continue to ensure consistency between the textual elements on this matter and the work under APA agenda item 5, in terms of both content and format. I intend to continue consultations with the APA Co-Chairs with a view to ensuring coherence and coordination, and avoiding the duplication of efforts.

B. Textual proposals

[COP/CMA Decision

Option 1:

The Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement

Based on the mandate contained in Decision 1/CP.21, paragraph 57,

Recalling Articles 4 and 11 of the Convention;

Further recalling Articles 2, 3, 4, 7, 8, 9, 10, 11, 13 of the Paris Agreement

1. [Takes note of decision XX/CMA on the information to be provided by Parties in their biennial communication of indicative support in accordance with Article 9, paragraph 5 of the Paris Agreement;]
2. [Confirms that the accounting reports by developed country Parties on financial resources provided through public interventions via the transparency framework will reflect the information provided in the biennial indicative communication of support;]
3. Endorses the modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with article 9, paragraph 7, [applicable

to the information to be reported under article 13 of the Paris Agreement,] as included in Annex I to this decision.

4. [Reaffirms that the modalities build on existing reporting guidelines for developed country Parties, including those specified in decision 2/CP.17 and decision 9/CP.21;]
5. Decides that these modalities shall be applicable as of the first report of developed country Parties under the transparency framework.
6. [Confirms that the information provided by developed country parties in their respective reports as per Article 9.7 should reflect the progression in the provision of finance under the Paris Agreement;]
7. [Encourages other Parties that provide support to implement these modalities when voluntarily reporting such support, if applicable and to the extent possible.]

Option 2:

The below annex would be adopted by the CMA in the decision adopting the transparency MPGs, and not as a standalone CMA decision. This would ensure that the guidance is coherent with the rest of the MPGs. Under the current APA5 tool, it would be included as part of Section E of the MPGs.

Annex

1. a. [These modalities shall be applicable as of the first report of developed country Parties under the transparency framework.]

b. [Other Parties that provide support [should] [may] implement these modalities when voluntarily reporting such support, if applicable and to the extent possible.]

1.bis [Parties that provide support] [Developed country Parties] [Reporting Parties] [will][shall] provide information on financial support provided and mobilized to developing country Parties under Article 9, [developing country Parties report the information on voluntary basis], consistent with paragraph 9 of Article 13 and paragraph 7 of Article 9

1.ter [Each Party] [Developed country Parties] [Reporting Parties] that provides information on financial support provided and mobilized through public interventions, in accordance with paragraph 9 of Article 13 and paragraph 7 of Article 9 of the Paris Agreement, shall implement these modalities, taking into account Parties' different capacities.]

2. [The reports by developed country Parties on financial resources provided and mobilized through public interventions shall reflect the information provided in their biennial communication of indicative support]

A. National circumstances, institutional arrangements and country-driven strategies

3. [Reporting Parties][Developed country Parties][Developed country Parties shall and developing country Parties should] [that provides information] [should][shall] provide information on national circumstances and institutional arrangements relevant to reporting on the provision and mobilization of support, such as a description of the systems and processes used [by Parties] to identify, track, and report on support provided and mobilized, including a description of the challenges and limitations.

B. [Cross-cutting] underlying assumptions, definitions, and methodologies

4. In order to enhance transparency on reporting, each [reporting Party][developed country Party][developed country Party shall and developing country Party should] [Parties] [that provides information] [should][shall] describe its underlying assumptions, methodologies and definitions used in reporting [, as applicable and available,] including [the following] [those used to identify and/or report]:

(a) The chosen reporting year [, including methodology used to calculate annualized information;]

(b) The conversion between domestic currency and USD [exchange rate calculation;]

(c) The status (committed, disbursed) [, including official documentation;]

(d) The channel (bilateral, regional, multilateral;)

(e) [The funding source (ODA, OOF, private, or other);]

(f) The financial instrument (e.g. grant, concessional loan, [non-concessional loan,] [equity,] [guarantee,] [insurance,] other (specify));

(g) [Both face value and grant-equivalent value;]

(h) The type of support (e.g. adaptation, mitigation, or cross-cutting, [loss and damage];)

(i) The sector;

- (j) [The sub-sector;]
- (k) The information [whether it][how it has] supported capacity-building and technology-transfer objectives [(yes or no)] [, including the share of support that contributes to this objective;]
- (l) The support as being “climate-specific”;
- (m) The avoidance of double counting among multiple Parties involved in the provision and mobilization of support;
- (n) The resources as provided;
- (o) The support as going to the recipient;
- (p) [The net finance provided, in case where loan repayments by recipient countries the period of reporting is done] [,as well as loan repayments and return on investments;]
- (q) The finance as being mobilized (those related to assumptions establish causality between a public intervention and mobilized finance, [including evidence,] boundaries, time-period, [leveraging factor per type of public intervention reported];)
- (r) [How resources are considered to implement Paris Agreement efforts in developing countries;]
- (s) [How support is considered new and additional and how it represents a progression from previous levels;]
- (t) [How [support has][resources have] been targeted at NDCs/NAPs/country needs, [including for loss and damage,] and how [it has][they have] facilitated the implementation of the Paris Agreement;]
- (u) [How resources are consistent with Article 2.1(c) and contribute to the fulfilment of finance goals;]
- (v) [The outflows through multilateral channels to developing country Parties, including methodologies, information from financial institutions by financial instrument and recipient;]
- (w) [The criteria used by Parties and international financial institutions to identify contributions and outflows as being climate specific;]
- (x) [How information submitted was mutually agreed/cross-checked with recipients before submitting;]
- (y) [The amount of funding disbursed per each beneficiary country, in cases where a project involves more than one country;]
- (z) [The calculation of the amount of resources provided to mobilize support;]
- (aa) [The qualitative information such as good practices on public policy and regulatory frameworks to incentivize further private climate financing and investments;]
- (bb) [How the resources used through emission trading schemes with developing countries were not counted as support provided or mobilized;]
- (cc) [How developed country Parties have been enhancing comparability and ensuring harmonization of their information with those of other developed country parties reported information;]
- (dd) [The imputed multilateral contributions, a percentage of their core contribution, based on the totals reported by the MDB on overall climate-specific financing by MDBs. Obviously reporting needs to avoid double-counting;]
- (ee) [The definition of public and private finance, in particular in cases where entities or funds are mixed]
- (ff) [The attribution of mobilized private finance, where multiple public actors are involved;]

(gg) [The assessment of causality between public interventions and flows of private finance;]

4.bis [In order to improve comparability of reporting, Parties shall use international standards, to the extent possible, in the provision of information of financial support provided and mobilized through public interventions;]

C. Information on financial support provided [and mobilized under Article 9]

Bilateral, regional and other channels

5. [Reporting Parties][Each Party][Developed country Parties][Developed country Parties shall and developing country Parties should] [shall] [should] include, for the previous two reporting years without overlapping with the previous reporting periods, relevant information on bilateral and regional financial support provided, specifying [, as applicable and available]:

- (a) Year (calendar year, fiscal year);
- (b) Amount (in USD and domestic currency) [(including face value and grant-equivalent value);]
- (c) Recipient (e.g. country, region, global, project, programme, activity, other (specify));
- (d) Status (disbursed, committed);
- (e) Channel (bilateral, regional);
- (f) [Funding source (ODA, OOF, and other);]
- (g) Financial instrument (e.g. grant, concessional loan, [non-concessional loan,] [equity,] [guarantee,] [insurance,] other (specify));
- (h) Type of support (e.g. mitigation, adaptation, cross-cutting, [loss and damage];)
- (i) Sector (energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify));
- (j) [Sub-sector];
- (k) Additional information;
- (l) [Whether][how] it contributes to technology development and transfer objectives [(yes or no)] [, including the share of support that contributes to this objective;]
- (m) [Whether][how] it contributes to capacity building objectives [(yes or no)] [, including the share of support that contributes to this objective;]
- (n) [Transaction and overhead costs, loan repayments and return on investments;]
- (o) [Climate-specific;]
- (p) [New and additional;]
- (q) [Link to mobilized resources;]
- (r) [Needs of the recipient]

Multilateral channels

6. [Reporting Parties][Each Party][Developed country Parties][Developed country Parties shall and developing country Parties should] [shall][should] also include, for the previous two reporting years without overlapping with the previous reporting periods, relevant information on financial support provided through multilateral channels, including the Operating Entities of the Financial Mechanism [and the entities of the Technology Mechanism], specifying [, as applicable and to the extent possible]:

- (a) Year (calendar year, fiscal year);
- (b) Institution;
- (c) Amount (in USD and domestic currency) [(including face value and grant-equivalent value);]
- (d) [(Core-general, climate-specific), as appropriate;]
- (e) [Recipient (e.g. [country, region, global, project, programme, activity,][multilateral fund, international organization] other (specify));]
- (f) Status (disbursed, committed);
- (g) [Funding source (ODA, OOF, and other);]
- (h) Financial instrument (e.g. grant, concessional loan, [non-concessional loan,] [equity,] [guarantee,] [insurance,] other (specify));
- (i) Type of support (e.g. mitigation, adaptation, cross-cutting, [loss and damage];)
- (j) Sector (energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify));
- (k) [Sub-sector];
- (l) [[Whether][how] it contributes to technology development and transfer objectives [(yes or no)] [, including the share of support that contributes to this objective.]];]
- (m) [[Whether][how] it contributes to capacity building objectives [(yes or no)] [, including the share of support that contributes to this objective.]];]
- (n) [Transaction and overhead costs, loan repayments and return on investments];
- (o) [Outflows]

Information on finance mobilized through public interventions

7. [Recognizing the important role of climate-specific support mobilized through public interventions, as referred to in Article 9, paragraph 3], [Parties][developed country Parties][developed country Parties shall and developing country Parties should] [shall][should] report, for the previous two reporting years without overlapping with the previous reporting periods, relevant information on support mobilized through public interventions through bilateral, regional and multilateral channels, including the Operating Entities of the Financial Mechanism, [and the entities of the Technology mechanism], specifying [, as applicable and to the extent possible]:

- (a) Year (calendar year, fiscal year);
- (b) Amount [(in USD and domestic currency)] [(including face value and grant-equivalent value);]
- (c) Recipient [(e.g. country, region, global, project, programme, activity, other (specify));]
- (d) Type of support [e.g. mitigation, adaptation, cross-cutting, [loss and damage].);]
- (e) Sector [(energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify));]
- (f) [Sub-sector;]
- (g) Additional information;
- (h) [Type of public intervention used to mobilize the support reported (e.g. grant, concessional loan, [non-concessional loan,] [equity,] policy intervention, capacity building, technology transfer, technical assistance);]
- (i) [Recipient country share of mobilization;]

- (j) [Amount of resources used to mobilize the support (in USD and domestic currency);]
- (k) [Good practice and public policies/ regulatory framework]

D. Reporting format

8. A common tabular reporting format shall be developed [in line with the modalities for][to facilitate [reporting on]] [the accounting of] financial resources provided and mobilized through public interventions in accordance with Article 9, paragraph 7 of the Paris Agreement.

9. [Requests the Subsidiary Body for Scientific and Technological Advice to develop the common tabular format referenced in paragraph [x] above for consideration by the Conference of the Parties Serving as the Meeting of the Parties to the Paris Agreement by no later than its [x] session].

10. [Reporting Parties][Developed country Parties][Developed country Parties shall and developing country Parties should] [should][shall] report the information referenced in [section][paragraph][(s)[9,10 and 11] [x]] above in a common tabular format and the information referenced in [section][paragraph[(s) [8][[x] and [y]]] above in a summary narrative format.]

4.3. Preparing for the convening of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement/matters relating to the Adaptation Fund

A. Progress to date and ways forward

1. The discussions at APA 1.6 resulted in coherent decision-type language, with clearer formulation of options, albeit with too many options and some overlaps in the context. It is now possible to see what the options are, and where further substantive work is needed. In order to move forward in Katowice, two questions may be of particular relevance for this item to be resolved:

(a) Focusing on the key issues related to governance, accountability and sources of funding at APA 1.7 for the Adaptation Fund to serve the Paris Agreement will be important to enable timely and successful conclusion on the item in Katowice. What are those issues?

(b) What areas of technical work can be forwarded to another body for more detailed consideration?

2. The textual proposals for this item aim to assist Parties in their further work, and they build on the progress made in Bangkok as captured in the second iteration of the revised tool for this item.² The textual proposals streamline and condense options, reducing duplications and improving the text editorially without changing or removing any substantive concepts.

3. More specifically, the textual proposals in this addendum present options for consideration in the format of draft decision text both for the CMA and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). Building on the tools from Bangkok, the textual proposals convert all placeholder language to decision text, consolidate placeholders with options where possible and merge similar concepts. For example, as raised by Parties during the Bangkok sessions, all issues under consideration to be forwarded to the Adaptation Fund Board or other body have been clustered together. Also, based on the growing number of options related to the composition of the Adaptation Fund Board, the textual proposals within the CMA draft decision remove duplications and consolidate all concepts within three options. The textual proposals in chapter B below also reflect coordination with the identified linkages to ongoing discussions under SBSTA agenda item 11, "Matters relating to Article 6 of the Paris Agreement". Parties may also wish to note that the textual proposal presented in the draft decision text for the CMP is contingent upon the final outcome under the CMA.

4. Some groups and Parties have expressed the view that the Paris Agreement work programme (PAWP) outcome for this item does not require text in certain areas. Informal notes by the co-facilitators have, up to this point, identified these issues by including a 'no text' option. With the textual proposals, however, the APA Co-Chairs have elected to dispense with 'no text' references. Instead, differences in Party views are reflected by the use of square brackets around paragraphs or sections. Readers should interpret such square bracketed text as implying that Parties will need to reach consensus on any text to be included and an alternative is 'no text' in the PAWP outcome for that issue/area. This approach does not imply any judgment on our part as to the inclusion (or not) of substantive text on such issues as part of the final PAWP outcome.

5. The textual proposals in chapter B below have been prepared by the APA Co-Chairs under their own responsibility.

² Available at https://unfccc.int/sites/default/files/resource/APA1.6_RevisedTools_APA%20AF%208_9Sept.pdf.

B. Textual proposals

[The Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement,

[Recalling decision[s 1/CMP.3, 1/CMP.4 and] 1/CMP.13,]

[Emphasizing the added value [and comparative advantage] of the Adaptation Fund in providing support to developing countries, including [the principle of country ownership in the funding process,] [in funding small scale adaptation projects,] [in developing innovative approaches,] [in using direct and enhanced direct access modalities, and] [in its experience in monitoring and evaluating projects,]

[Noting the need to ensure sustainability, adequacy and predictability of funding for the Adaptation Fund,]

I. Governance

{AF to serve the Paris Agreement and the Kyoto Protocol}

1. *[[Decides][Confirms] that the Adaptation Fund shall serve the Paris Agreement under the [authority and] 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 [with immediate effect] [as of 1 January [2019][2020]].]*

{AF to serve the Paris Agreement exclusively}

2. *[Recommends to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol [to decide, at its fifteenth session,] that the Adaptation Fund shall exclusively serve the Paris Agreement [with immediate effect] [as of [1 January [2019] [2020]] [31 December [2022][2023]].]*

3. *[Invites the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to decide that the Adaptation Fund shall no longer serve the Kyoto Protocol as of the date specified in paragraph [2] above.]*

II. Adaptation Fund reporting modalities to the CMA

4. *[Decides that, until the Adaptation Fund serves the Paris Agreement exclusively in accordance with paragraph [2] above, the CMA will transmit guidance on matters relating to the Paris Agreement [through the CMP] [directly] to the Adaptation Fund Board.]*

III. Composition of the Adaptation Fund Board

Option 1 {AF Board composition remains as agreed in decision 1/CMP.3}

5. *[Takes note of the composition of the Adaptation Fund Board as specified in decision 1/CMP.3, paragraph 6.]*

Option 2 {CMA or CMP to consider AF Board composition at a later stage}

6. *[[Decides] [Invites the CMP] to consider [following a decision on the sources of funding under the Paris Agreement for the Adaptation Fund,] [and a decision in accordance with paragraph 2 above,] the composition of the Adaptation Fund Board at [CMA] [CMP] [X][at a later stage].]*

Option 3 {CMA to revise the composition of the AF Board}

7. [Decides that the Adaptation Fund Board shall comprise [16] [18] members [and their alternates] representing Parties to the [other] [Kyoto Protocol] [and] [Paris Agreement] [only], taking into account fair and balanced representation of Parties and the representation and active participation of women in accordance with decision 3/CP.23, as follows:

- (a) [[Two] [Three] representatives of Parties from each of the five United Nations regional groups;]
- (b) [One representative of Parties from small island developing States;]
- (c) [One representative of Parties from the least developed countries;]
- (d) [[Two] [other] representatives of [Parties included in Annex I to the Convention] [developed country Parties];]
- (e) [[Two] [other] representatives of [Parties not included in Annex I to the Convention (non-Annex I Parties)] [developing countries Parties];]
- (f) [Three representatives of Parties [that provide contributions to the Adaptation Fund] [based on the following:
 - (i) If, for the preceding two calendar years more than 30% of the sources of funding to the Adaptation Fund are from voluntary contributions from Parties, the representatives shall be Parties that contribute funding to the Adaptation Fund;
 - (ii) If, for the preceding two calendar years less than 30% of the sources of funding to the Adaptation Fund are from voluntary contributions from Parties, the representatives shall be Parties that receive funding from the Adaptation Fund].]

8. [Decides that the composition of the Adaptation Fund Board, as specified in paragraph [x] above, shall be effective [with immediate effect] [as of 1 January [2020] [2021]].]

9. [Decides that [number] [three quarters] of the members of the Adaptation Fund Board shall be present at the meeting to constitute a quorum for decision-making by the Adaptation Fund Board.]

IV. Operating modalities

10. [[Requests] [Invites] the Adaptation Fund Board to coordinate with other [multilateral financial institutions] [, in particular,] [the operating entities of the Financial Mechanism of the Convention], to promote coherence and complementarity on matters relating to the Paris Agreement serving the Paris Agreement.]

11. [Decides that funding for projects under the Paris Agreement shall be guided by the following:

- (a) [Access to the Fund in a balanced and equitable manner for eligible Parties;]
- (b) [Full adaptation cost basis of projects and programmes to address the adverse effects of climate change;]
- (c) [No duplication with other sources of funding for adaptation in the use of the Adaptation Fund].]

12. [Invites the COP to consider designating the Adaptation Fund as an operating entity of the Financial Mechanism of the Convention in accordance with Article 11 of the Convention.]

V. Eligibility

Option 1 {CMA to adjust the funding priorities}

13. [Decides that from [1 January 2019] [2020] [2021] developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change] are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation, in accordance with decision 1/CMP.3 paragraph 1.]

14. [Decides that Parties that are least developed countries or small island developing States shall be prioritized for the funding of projects under the Paris Agreement.]

Option 2 {Only Paris Agreement Parties eligible for funding}

15. [Decides that only Parties to the Paris Agreement that are developing countries are eligible for funding under the Adaptation Fund for projects under the Paris Agreement.]

VI. Sources of funding

16. [Decides that the Adaptation Fund shall be financed [primarily] from [[activities under] [the share of proceeds] [on the mechanisms under] [in line with] Article [6] [6.4] of the Paris Agreement, [as well as]] [voluntary public funding] [and other sources of funding] [including innovative sources of funding].]

17. [[Requests][Invites] the Adaptation Fund Board, in consultation with the interim trustee, to consider arrangements to implement the activities contained in the paragraph [16] above.]

18. [Invites Parties [and international organizations] to provide funding to the Adaptation Fund.]

VII. CMA requests to the CMP / AFB /other body

19. [[Invites the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to request] [Requests] the [Adaptation Fund Board] [other body] to consider the following [with respect to] [for the] Adaptation Fund [serving] [to serve] the Paris Agreement, and forward recommendations to the [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] at its [X] session:

(a) [[Arrangements] [adjustments] of secretariat services to the Adaptation Fund Board and trustee services to the Adaptation Fund;]

(b) [The legal personality for the Adaptation Fund;]

(c) [The rules of procedure for application for funding;]

(d) [The unique role in the financial architecture, including providing direct access modalities, grants for adaptation, small scale projects;]

(e) [The definition of innovative sources of finance;]

(f) [Enhanced adherence by accredited entities to robust safeguard policies;]

(g) [Any other matter to ensure that there is no [operational gap] [disruption in function] when the Adaptation Fund serves the Paris Agreement;]

Option 1 {No change to operating modalities and safeguards except legal to serve the Paris Agreement}

(h) [Consider only legal changes to the operating modalities, policies and guidelines of the Adaptation Fund, including on safeguards, in order to apply them mutatis mutandis when the Adaptation Fund serves the Paris Agreement;]

Option 2: {Consider need for possible change}

- (i) [Consider the need for possible changes to the operating modalities, policies and guidelines of the Adaptation Fund, including on safeguards, for the Adaptation Fund to serve the Paris Agreement;]

Option 3: {Review/consider possible changes}

- (j) [[Review] [Consider] operational modalities, policies and guidelines of the Adaptation Fund, including:
 - (i) [Fiduciary risk management standards;]
 - (ii) [Environmental and social safeguards policies and guidelines [in order to [amend] [enhance] [align them] with international best practices, recognizing the small scale of projects and programmes], in particular related to indigenous peoples and traditional knowledge;]
 - (iii) [Disclosure policies;]
 - (iv) [The independent accountability mechanism;]
 - (v) [The independent monitoring and evaluation system;]
 - (vi) [The anti-money laundering system;]
 - (vii) [The gender policies and action plan;]
 - (viii) [A policy to open accreditation for multiple national implementing entities from a single developing country;]
 - (ix) [Any other arrangements related to the sources of funding]].]

Draft decision -/CMP

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

[Recalling decision 1/CMP.13,]

[Other preamble sentences]

I. Governance

{AF to serve the Paris Agreement and the Kyoto Protocol}

1. *[Takes note of decision X/CMA.1 whereby the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement [decided][confirmed] that the Adaptation Fund shall serve the Paris Agreement under the [authority and] 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 [with immediate effect] [as of 1 January [2019] [2020]].]*

{AF to serve the Paris Agreement exclusively}

2. *[Decides that the Adaptation Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol [with immediate effect] [as of [1 January [2019] [2020]] [31 December [2022] [2023]]].]*

II. Adaptation Fund reporting modalities to the CMA

3. *[Recommends that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement provides guidance related to the Paris Agreement to the Adaptation Fund Board for transmission by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.]*

III. Composition of the Adaptation Fund Board

4. *[Decides to consider the composition of the Adaptation Fund Board at the X session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.]*

IV. Sources of funding

5. *[Requests the Adaptation Fund Board, in consultation with the interim trustee, to consider arrangements to implement the activities contained in the paragraph [X] of decision X/CMA.1.]*

V. CMA requests to the AFB /other body

6. *[Requests the [Adaptation Fund Board] [other body] to consider the following [with respect to] [for the] Adaptation Fund [serving] [to serve] the Paris Agreement, and forward recommendations to the [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] at its [X] session:*

(a) *[[Arrangements] [adjustments] of secretariat services to the Adaptation Fund Board and trustee services to the Adaptation Fund;]*

(b) *[The legal personality for the Adaptation Fund;]*

- (c) [The rules of procedure for application for funding;]
- (d) [The unique role in the financial architecture, including providing direct access modalities, grants for adaptation, small scale projects;]
- (e) [The definition of innovative sources of finance;]
- (f) [Enhanced adherence by accredited entities to robust safeguard policies;]
- (g) [Any other matter to ensure that there is no [operational gap] [disruption in function] in having the Fund serve the Paris Agreement;]

Option 1 {No change to operating modalities and safeguards except legal to serve the Paris Agreement}

- (h) [Consider only legal changes to the operating modalities, policies and guidelines of the Adaptation Fund, including on safeguards, in order to apply them mutatis mutandis when the Adaptation Fund serves the Paris Agreement;]

Option 2: {Consider need for possible change}

- (i) [Consider the need for possible changes to the operating modalities, policies and guidelines of the Adaptation Fund, including on safeguards, for the Adaptation Fund to serve the Paris Agreement;]

Option 3: {Review/consider possible changes}

- (j) [[Review][Consider] operational modalities, policies and guidelines of the Adaptation Fund, including:
 - i. [Fiduciary risk management standards;]
 - ii. [Environmental and social safeguards policies and guidelines [in order to [amend] [enhance][align them] with international best practices, recognizing the small scale of projects and programmes], in particular related to indigenous peoples and traditional knowledge;]
 - iii. [Disclosure policies;]
 - iv. [The independent accountability mechanism;]
 - v. [The independent monitoring and evaluation system;]
 - vi. [The anti-money laundering system;]
 - vii. [The gender policies and action plan;]
 - viii. [A policy to open accreditation for multiple national implementing entities from a single developing country;]
 - ix. [Any other arrangements related to the sources of funding]].]