



**Ad Hoc Working Group on the Paris Agreement**

2 August 2018

Sixth part of the first session  
Bangkok, 4–9 September 2018

**Additional tool under item 8 of the agenda**

**Further matters related to implementation of the Paris Agreement: (a) 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**

**Informal document by the Co-Chairs**

**A. Mandate**

1. The Ad Hoc Working Group on the Paris Agreement (APA), in order to facilitate deliberations at APA 1.6, requested its Co-Chairs, with the assistance of, to the extent possible, the persons who facilitated work on the relevant matters at APA 1.5, to prepare, by 1 August 2018, tools that are additional to and based on the informal notes contained in the annex to the APA 1.5 conclusions,<sup>1</sup> including proposals for streamlining the outcome of the APA at APA 1.6 and examples of how Parties could further progress towards the development of an agreed basis for negotiations, taking account of the level of maturity and delicate balance achieved to date for individual items. The streamlining should not imply the insertion or deletion of substantive concepts or textual narratives.<sup>2</sup>

2. The APA noted that the tools referred to in paragraph 1 above would be prepared by the Co-Chairs under their own responsibility, and emphasized that at this stage in the negotiations it would be important to ensure that all options identified by Parties remain on the table, recalling the right for any Party to make submissions to be considered under the relevant agenda items.<sup>3</sup>

**B. Scope**

3. Annex I contains the additional tool relating to agenda sub-item 8(a), “Further matters related to implementation of the Paris Agreement: 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”, that addresses matters relating to the Adaptation Fund. The tool was prepared by the APA Co-Chairs with the assistance of Ms. María del Pilar Bueno (Argentina) and Mr. Pieter Terpstra (Netherlands).

**C. Approach**

4. The tool contains proposals for streamlining the options for each of the three elements of the preparatory work for the Adaptation Fund to serve the Paris Agreement<sup>4</sup> and is based on the revised final iteration of the relevant informal note that reflects the work of Parties at APA 1.5 contained in the annex to the APA 1.5 conclusions. The proposals attempt to capture each of the options in textual form, reflecting options directly as draft text without making any substantive changes to the nature of the options. All options are reflected and no options have been removed in the draft text. For ease

<sup>1</sup> See document FCCC/APA/2018/L.2/Add.1.

<sup>2</sup> FCCC/APA/2018/2, paragraph 21.

<sup>3</sup> FCCC/APA/2018/2, paragraph 22.

<sup>4</sup> Further to decision 1/CMP.13, paragraph 14.

of reference, each of the option boxes from the informal note (outlined with a dotted line) has been included before the corresponding textual proposals for each of the sub-elements.

5. The streamlining proposals presented in the tool do not imply that there is consensus among Parties on any of the elements or sub-elements of the preparatory work. In their further discussions on this tool, Parties may wish to recall that at APA 1.5 there was some convergence among Parties on a possible decision of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement stating that the Adaptation Fund shall serve the Paris Agreement.<sup>5</sup>

6. Annex II contains possible timeline scenarios for the Adaptation Fund to serve the Paris Agreement. The scenarios are only intended to assist consideration and are not meant to be final in nature.

7. Some elements have been added in the tool to assist readers in navigating through the document. As noted above, boxes containing relevant text from the informal note have been included at the start of each subsection to provide a reference for the draft text that follows. Also, descriptions of each of the options have been included in *{curly brackets and italic font}*.

#### **D. Possible action by the Ad Hoc Working Group on the Paris Agreement**

8. APA 1.6 may wish to consider this tool, in addition to the relevant informal note contained in the annex to the APA 1.5 conclusions, in its deliberations.

---

<sup>5</sup> As per page 2 of the revised final iteration of the informal note, available at [https://unfccc.int/sites/default/files/resource/InformalNote\\_APA1.5\\_Item8AF%209%20May\\_final\\_revised.pdf](https://unfccc.int/sites/default/files/resource/InformalNote_APA1.5_Item8AF%209%20May_final_revised.pdf).

## Annex I

### Additional tool under sub-item 8(a) of the agenda

#### Further matters related to implementation of the Paris Agreement: 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

#### I. Governance and institutional arrangements

##### A. Guidance/accountability/reporting

##### B. Adaptation Fund serves the Paris Agreement / date

##### C. Exclusivity

###### Box 1. Relevant text from the informal note related to the guidance, accountability and reporting

1. As confirmed / decided by the CMA, the Adaptation Fund / Board:

- Option 1: under the guidance of, be accountable to and report to the CMA and the CMP
- Option 2: under the guidance of, be accountable to and report to the CMA and the CMP for a limited time, after certain date only under the guidance of, be accountable to and report to the CMA
- Option 3: under the guidance of, be accountable to and reports to the CMA as of a specific date onwards, not serving the CMP as of that date

###### Considerations

- If the AF is serving both the KP and the PA either indefinitely or during a transition period, reporting arrangements and arrangements to resolve conflicting guidance need to be made

###### Box 2. Relevant text from the informal note related to the date when the Adaptation Fund starts serving the Paris Agreement

2. The Adaptation Fund serves the Paris Agreement

- Option 1: CMA confirms / decides that AF starts serving PA immediately as of COP24
- Option 2: CMA confirms / decides that AF starts serving PA as of 2020 or 2021

###### Box 3. Relevant text from the informal note related to exclusivity

3. The Adaptation Fund serves the Paris Agreement:

- Option 1: CMA recommends that AF continues to serve the KP and the PA as of COP 24 / as of a specific date
- Option 2: CMA recommends that AF starts serving the PA as of a specific date and stops serving the KP as of a later date
- Option 3: CMA recommends that AF stops serving the KP as of a specific date and immediately starts serving the PA thereafter

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), [confirms] [decides] that the Adaptation Fund [Board]:

**Option 1** {*AF serves both PA and KP*}

2. Shall [serve] [function] [other] under the guidance of, be accountable to, and report to the CMA with respect to all matters related to the Paris Agreement as of [CMA 1.3] [COP 24] [2020] [2021]. The CMA notes that the Adaptation Fund continues to serve the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

**Option 2** {*AF serves both PA and KP. AF serves KP until [date] and thereafter continues to serve the PA only*}

Shall [serve] [function] [other] under the guidance of, be accountable to, and report to the CMA as of [CMA 1.3] [COP 24] [2020] [2021]. The CMA also [re-confirms] [confirms] [decides] [notes] [other] that the Adaptation Fund shall continue to function under the guidance of, be accountable to<sup>6</sup> and report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) for a limited time [until 2020/2021]. After [2020/2021], the Adaptation Fund shall serve under the guidance, be accountable to, and report to the CMA and notes that the Adaptation Fund shall no longer function under the guidance of, be accountable to<sup>7</sup> or report to the CMP.<sup>8</sup>

**Option 3** {*AF serves KP until [date] and thereafter it starts serving the PA*}

Notes that the Adaptation Fund shall continue to function under the guidance of, be accountable to,<sup>9</sup> and report to Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) until [date]. After [2020] [2021] the Adaptation Fund shall serve under the guidance of, be accountable to, and report to the CMA and notes that the Adaptation Fund shall no longer function under the guidance of, be accountable to<sup>10</sup> or report to the CMP.<sup>11</sup>

**For options 1 and 2**

3. [Acknowledges] [Recommends] that for the AF to [serve] [function] under the guidance of both the CMP and the CMA [during the transition period [from date to date]], reporting arrangements and arrangements to resolve conflicting guidance may be needed.

**D. Transitional period**

**Box 4. Relevant text from the informal note related to a transitional period**

4. Transitional period:

- Option 1: no transitional period is necessary
- Option 2: transition to begin /when decision is adopted /2019 /2020/.... during which AF serves both PA and KP

Considerations

- Whether there is a transitional period or not, Parties need to consider whether more work needs to be done by the AFB / other body in preparation for the AF to serve the PA (see box L for suggested work that needs to be done)
- Work to be done by the AFB (see box L for suggested work that needs to be done)

**Option 1** {*No transitional period*}

4. The CMA recommends [to the CMP] that there should be no transitional period between the Adaptation Fund serving the Kyoto Protocol and the Paris Agreement.

<sup>6</sup> Decision 28/CMP.1, paragraph 2.  
<sup>7</sup> Decision 28/CMP.1, paragraph 2.  
<sup>8</sup> See CMP decision [X].  
<sup>9</sup> Decision 28/CMP.1, paragraph 2.  
<sup>10</sup> Decision 28/CMP.1, paragraph 2.  
<sup>11</sup> See CMP decision [X].

**Option 2** *{Transitional period where AF serves KP and PA}*

The CMA recommends [to the CMP] that there should be a transition period beginning [when decision is adopted] [in 2019] [in 2020]. The Adaptation Fund would serve both the Kyoto Protocol and the Paris Agreement during this transitional period.

**For options 1 and 2** *{Parties consider whether more work needs to be done by the AFB/other body}*

5. Notes the need for further consideration of whether more work is required [for the Adaptation Fund to serve the Paris Agreement], and whether that work should be done by the [Adaptation Fund Board] [other body] in preparation for the Adaptation Fund to serve the Paris Agreement (see also paragraphs 32–34 below).

**E. Board composition / practices****Box 5. Relevant text from the informal note related to Board composition/practices**

5. Eligibility for Board Membership
- Option 1: Parties to the KP and/or the PA only
  - Option 2: Parties to the PA only
6. Representation
- Option 1: no change to representation on the board
  - Option 2: change to representation on the board
7. Timing
- Option 1: change to representation on the Board effective immediately after AF serves PA
  - Option 2: change to representation on the Board determined by the COP/CMP/CMA at a later stage
- Considerations for change
- Depending on sources of funding
  - If sources of funding different from share of proceeds from PA in line with Art. 6
  - More appropriate balance between donor countries (voluntary contributions) and recipient countries taking into consideration geographic distribution, gender, other relevant elements
  - One LDC representative and one SIDS representative / preserving seats for LDCs and SIDS
  - Ensures adequate geographic representation
  - Not categorize Annex 1 / non-Annex 1
  - Aims to achieve gender balance
  - Quorum for AFB decision making should be raised above three-quarters
  - No text

**1. Eligibility for Board membership**

**Option 1** *{Parties to the KP and/or the PA only}*

6. Decides that the Adaptation Fund Board shall comprise of members representing Parties the Kyoto Protocol [and] [or] the Paris Agreement only.

**Option 2** *{Parties to the PA only}*

Decides that the Adaptation Fund Board shall comprise of members representing Parties the Paris Agreement only.

## 2. Representation

### **Option 1** *{No change to Board representation}*

7. Decides that there shall be no change to the representation of membership on the Adaptation Fund Board.

### **Option 2** *{Change to Board representation}*

Decides that there shall be a change to the representation of membership on the Adaptation Fund Board.

#### **For options on Board representation**

8. [Acknowledges] [Recommends] [Notes] that a change in Board composition/membership should take into account one or more of the following:

- (a) [One representative of the least developed country Parties and one representative of the small island developing States; [preserving representation from the least developed country Parties and the small island developing States];
- (b) [Ensuring adequate geographic representation];
- (c) [Representation not categorized according to representatives from the Parties included in Annex I to the Convention (Annex I Parties) and/or representatives from the Parties not included in Annex I to the Convention (non-Annex I Parties)];

## 3. Timing

### **Option 1** *{Change to Board representation immediately after AF serves PA}*

9. Decides that the change to representation on the Board shall be effectively immediately after the Adaptation Fund serves the Paris Agreement [COP 24] [CMA 1.3] [2020] [2021].

### **Option 2** *{Change to Board representation to be determined by the COP/CMP/CMA at a later stage}*

Decides that the change to representation on the Board shall be determined by the [COP] [CMP] [CMA] [by date] [at a later stage].

#### **For options on Board composition / practices** *{Considerations to change Board membership}*

10. Notes that a change in Board composition/membership should take into account the following:

- (a) [Sources of funding];
- (b) [Whether sources of funding are different from the share of proceeds on the mechanism under Article 6 of the Paris Agreement];
- (c) [More appropriate balance between donor countries (voluntary contributions) and recipient countries; taking into consideration geographic distribution, gender and other relevant elements];
- (d) [Aiming to achieve gender balance];
- (e) [Raising quorum above three-quarters for decision-making by the Adaptation Fund Board];
- (f) [Not including any of [sub-paragraphs (a)–(e)] [the above-mentioned options]].

11. [[Acknowledges][Recommends][Notes] that a change in the composition of the Board should take into account the number of members required to be present to constitute a quorum for decision-making by the Adaptation Fund Board.]

## F. Arrangements for secretariat and trustee services

### Box 6. Relevant text from the informal note related to arrangements for secretariat and trustee services

#### 8. Arrangements for secretariat and trustee services

- Option 1: continue with current arrangements with minor adjustments
- Option 2: create new arrangements
- Option 3: create interim / transitional arrangements

#### Considerations:

- Extent to which the arrangements need to be adjusted can be finalized following the CMA decision (for further clarification, refer to question and answer)
- Extent to which the arrangements need to be adjusted may depend on discussions with the secretariat and the trustee
- Further work on who and when these arrangements will be made to follow
  - o Check and consult on whether current arrangements are sufficient
  - o Prepare amendments if necessary and report back to CMA
  - o Decide on transitional period on the secretariat
  - o Decide on administrative arrangements
  - o Decide on the permanent trustee until end of 2020
  - o Establish new agreements/arrangements for trustee and secretariat, effective on date / Jan 2021
  - o Seek out appropriate legal personality for the Fund

#### **Option 1** *{Current arrangements with minor adjustments}*

12. Recognizes that the current arrangements for secretariat and trustee services to the Adaptation Fund be continued, and that further consideration should be given for minor adjustments to these arrangements.

#### **Option 2** *{Create new arrangements}*

Recognizes that new arrangements are needed for secretariat and trustee services to the Adaptation Fund. [Invites] [Requests] [body] to develop arrangements for secretariat and trustee services.

#### **Option 3** *{Create interim / transitional arrangements}*

Recognizes that [interim] [transitional] arrangements are needed for secretariat and trustee services to the Adaptation Fund. [Invites] [Requests] [body] to develop [interim] [transitional] arrangements for secretariat and trustee services.

#### **For options 1, 2 and 3** *{Extent of adjustments}*

13. [Acknowledges][Recommends][Notes][Decides] that the [CMA][other] would decide on whether and how much the arrangements for secretariat and trustee services would need to be adjusted following the CMA decision that the Adaptation Fund services the Paris Agreement [by date].

14. Also notes that arrangements for secretariat and trustee services may be adjusted based on discussions [between [body] and] with the secretariat and the trustee.

15. Decides that [body] could consider including one or more of the following actions before recommending adjustments, if any, to the arrangements for secretariat and trustee services:

- (a) [[Check][consider] and consult [with whom] on whether current arrangements are sufficient;]
- (b) [Prepare amendments if necessary and report back to the CMA;]
- (c) [Decide on a transitional period for secretariat services;]
- (d) [Decide on administrative arrangements;]
- (e) [Decide on the permanent trustee until the end of 2020;]
- (f) [Establish new [agreements] [arrangements] for the secretariat and trustee, to be effective as of [date] [January 2021];]
- (g) [Seek out appropriate legal personality for the Fund.]

## II. Operating Modalities

### A. Operating modalities

**Box 7. Relevant text from the informal note related to operating modalities and funding priorities**

<p>9. Operating policies and guidelines</p> <ul style="list-style-type: none"> <li>- Option 1: apply mutatis mutandis to the Agreement</li> <li>- Option 2: changes to operating policies and guidelines <ul style="list-style-type: none"> <li>o new policy to open accreditation for multiple NIEs from a single developing country</li> <li>o business modalities changed only for legal matters that allow the Fund to serve the PA</li> </ul> </li> </ul> <p>Consideration</p> <ul style="list-style-type: none"> <li>- Further work to be done by AFB/other body (see also box L)</li> </ul> <p>10. Funding priorities</p> <ul style="list-style-type: none"> <li>- Option 1: no change to funding priorities</li> <li>- Option 2: change to funding priorities <ul style="list-style-type: none"> <li>o particularly LDCs and SIDS</li> </ul> </li> </ul>
--

**Option 1** *{No changes to operating modalities}*

16. The CMA decides that the [operating modalities] [operational policies and guidelines, including the fiduciary risk management standards, the environmental and social safeguards policies and the gender policies and action plan of the Adaptation Fund as it serves the Kyoto Protocol shall apply mutatis mutandis for the Adaptation Fund to serve the Paris Agreement.

**Option 2** *{Changes to modalities}*

The CMA decides that the [operating modalities] [operational policies and guidelines, including the fiduciary risk management standards, the environmental and social safeguards policies and the gender policies and action plan of the Adaptation Fund as it serves the Kyoto Protocol shall be changed for the Adaptation Fund to serve the Paris Agreement to include the following:

- (a) A policy will be established to open accreditation for multiple national implementing entities from a single developing country;
- (b) No changes will be made except for legal matters that allow the Fund to serve the Paris Agreement.



**For option 2 {Refer work to other body}**

17. The CMA requests the [AFB] [other body] to undertake further work on whether changes are required to the [operating modalities] [operational policies and guidelines, including the fiduciary risk management standards, the environmental and social safeguards policies and the gender policies and action plan for the Adaptation Fund to serve the Paris Agreement (see also paragraphs 32–34 below).

**B. Funding priorities****Option 1 {No change to funding priorities}**

18. The CMA decides that no changes will be made to funding priorities.

**Option 2 {Change to funding priorities}**

The CMA decides that changes be made to funding priorities. [These changes [may] include prioritization of funding to least developed country Parties and the small island developing States].

**C. Role in the climate international architecture / Linkages with other bodies and institutions****Box 8. Relevant text from the informal note related to the role in the climate international architecture and linkages with other bodies and institutions**

## 11. Role in climate finance architecture / Linkages with other bodies and institutions

## Considerations

- Emphasize the added value of the fund providing support to developing country Parties such as through the principle of country-ownership, small scale projects, innovative approaches, direct access / enhanced direct access, and its experience in M&E of projects to be applied mutatis mutandis as the AF serves the PA
- To consider the role of the Adaptation Fund in the climate finance architecture
- To promote coordination with other funds / OEs under the FM to ensure coherence and complementarity
- AF is not an operating entity of the FM

19. The CMA emphasizes the added value of the Adaptation Fund in providing support to developing country Parties such as through the following:

- (a) [The principle of country-ownership];
- (b) [Small scale projects];
- (c) [Innovative approaches];
- (d) [Direct access] [Enhanced direct access];
- (e) [Its experience in monitoring and evaluation of projects].

20. The CMA recommends that paragraph 19 above should be applied mutatis mutandis as the Adaptation Fund serves the Paris Agreement.

21. The CMA will further consider the role of the Adaptation Fund in the climate finance architecture.

22. The CMA will [continue to] promote coordination with other [Funds] [operating entities under the Financial Mechanism], to ensure coherence and complementarity.

23. Notes that the AF is not an operating entity of the Financial Mechanism of the Convention.

## D. Sources of funding – Eligibility

### Box 9. Relevant text from the informal note related to eligibility for the sources of funding

#### 12. Eligibility

- Option 1: KP and/or PA developing country Parties are eligible to receive resources
- Option 2: KP and/or PA developing country Parties are eligible to receive resources in transitional period / until AF starts serving the PA. From 2019 / 2020/ 2021 onwards PA eligible developing countries receive resources exclusively
- Option 3: PA developing country Parties are eligible to receive resources

#### **Option 1** *{Kyoto Protocol and Paris Agreement Parties}*

24. The CMA decides that developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]<sup>12</sup> are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation.

25. The CMA [the CMP] takes note of decision 1/CMP.3, paragraph 1 that decides that developing country Parties to the Kyoto Protocol 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.<sup>13</sup>

#### **Option 2** *{Kyoto Protocol and Paris Agreement Parties during transition. Later Paris Agreement Parties exclusively}*

The CMA decides that developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]<sup>14</sup> are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation.

The CMA [the CMP] takes note of decision 1/CMP.3, paragraph 1 that decides that developing country Parties to the Kyoto Protocol 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.<sup>15</sup>

The CMA also takes note that following the transitional period [as of X], only developing country Parties to the Paris Agreement will be eligible for funding. [To be determined: possible reference to interim/transitional period or corresponding action for CMP].

#### **Option 3** *{Paris Agreement Parties}*

The CMA decides that developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]<sup>16</sup> are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation.

<sup>12</sup> Decision 1/CMP.3, paragraph 1.

<sup>13</sup> Decision 1/CMP.3, paragraph 1.

<sup>14</sup> Decision 1/CMP.3, paragraph 1.

<sup>15</sup> Decision 1/CMP.3, paragraph 1.

<sup>16</sup> Decision 1/CMP.3, paragraph 1.

## E. Sources of funding

### Box 10. Relevant text from the informal note related to sources of funding

13. Sources of funding (one option or a combination of options)

- Option 1: link to Article 6
- Option 2: no linkage to Article 6 / 6.2 / 6.4
- Option 3: additional voluntary funding by international Parties and organizations
- Option 4: share of proceeds CDM KP
- Option 5: voluntary public funding
- Option 6: innovative sources of funding
- Option 7: no text on other sources of finance

Considerations

- Sustainability, adequacy and predictability of funding reassured / reaffirmed
- Transitional period funded by KP and PA share of proceeds and AFB/ad hoc technical working group ensure flow of Art. 6 share of proceeds
- Sources of finance changed only for legal matters to allow the Fund to serve the Paris Agreement
- Sources of funding part of core CMA decision
- Innovative sources of finance to be further defined / agreed by Parties

#### **Option 1** *{Link to Article 6}*

26. Decides that the Adaptation Fund shall be financed from the share of proceeds on the mechanisms under Article 6 of the Paris Agreement.

#### **Option 2** *{No link to Article 6}*

Decides that the Adaptation Fund shall not be financed from the share of proceeds on the mechanisms under Article 6 of the Paris Agreement.

#### **Option 3** *{Additional voluntary funding}*

Decides that Parties and international organizations are invited to continue providing funding to the Adaptation Fund.

#### **Option 4** *{CDM share of proceeds}*

Decides [to make a recommendation recommend to the CMP] that the Adaptation Fund shall continue to be financed from the share of proceeds on the clean development mechanism project activities of the Kyoto Protocol.

#### **Option 5** *{Voluntary public funding}*

Decides that the Adaptation Fund shall be financed by voluntary public funding.

#### **Option 6** *{Innovative sources of funding}*

Decides that the Adaptation Fund shall be financed by innovative sources of funding.

#### **Option 7** *{No text on other sources}*

[Not including text on other sources of funding] [Decides no further consideration be given to the Adaptation Fund being financed through other sources of funding.]

#### **For all options** *{Considerations for the sources of funding}*

27. In making arrangements on the sources of funding for the Adaptation Fund under the Paris Agreement, the CMA would consider one or more of the following issues:

- (a) [Reassuring] [reaffirming] the sustainability, adequacy and predictability of funding for the Adaptation Fund;
- (b) Funding during the transitional period from the share of proceeds on the clean development mechanism project activities of the Kyoto Protocol and the share of proceeds on the mechanisms under Article 6 of the Paris Agreement. [AFB] [Ad hoc technical working group] to ensure the flow of share of proceeds on the mechanisms under Article 6 of the Paris Agreement;
- (c) Sources of finance changing only for legal matters to allow the Adaptation Fund to serve the Paris Agreement;
- (d) Sources of funding as part of the core CMA decision;
- (e) Further defining and agreeing on innovative sources of finance.

### III. Safeguards

#### A. Safeguards

**Box 11. Relevant text from the informal note related to safeguards**

<p>14. Safeguards</p> <ul style="list-style-type: none"> <li>- Option 1: apply existing policies and guidelines on safeguards</li> <li>- Option 2: amend /enhance policies and guidelines on safeguards</li> <li>- Option 3: AFB / other body to review whether to amend policies and guidelines on safeguards</li> </ul> <p>Considerations</p> <ul style="list-style-type: none"> <li>- Review current safeguard policies and align them with international best practices, recognizing the small scale of projects and programmes</li> <li>- Types of safeguard policies, including (not mutually exclusive) <ul style="list-style-type: none"> <li>o fiduciary risk management</li> <li>o environmental and social safeguards / in particular related to indigenous peoples and traditional knowledge</li> <li>o gender</li> <li>o disclosure</li> <li>o independent accountability mechanism</li> <li>o independent M&amp;E</li> <li>o anti-money laundering</li> </ul> </li> <li>- Ensure more accredited entities satisfy more robust safeguard policies</li> </ul>
---

**Option 1** *{Existing policies}*

28. [The Adaptation Fund] will apply existing policies and guidelines on safeguards.

**Option 2** *{Review whether to amend policies}*

The CMA requests that [the Adaptation Fund Board] [other body] review whether amendments are needed to existing policies and guidelines on safeguards.

**Option 3** *{Amend/enhance existing policies}*

[Body] will [amend] [enhance] policies and guidelines on safeguards.

**For options 2 and 3** *{Possible scope of review}*

29. [Body] to review existing policies and guidelines on safeguards and align them with international best practices, recognizing the small scale of projects and programmes.

30. The Adaptation Fund serving the Paris Agreement will [include] [amend] safeguard policies (not mutually exclusive) on:

- (a) [Fiduciary risk management];
  - (b) [Environmental and social safeguards, in particular related to indigenous peoples and traditional knowledge];
  - (c) [Gender];
  - (d) [Disclosure];
  - (e) [Independent accountability mechanism];
  - (f) [Independent monitoring and evaluation system];
  - (g) [Anti-money laundering].
31. [Body] to [consider and decide how] [put measures in place] to ensure more accredited entities satisfy more robust safeguard policies.

## B. Work for the Adaptation Fund Board / Other Body

### Box 12. Relevant text from the informal note related to work for the Adaptation Fund Board or other body

15. A body to undertake preparatory work
- Option 1: task the AFB to undertake work
  - Option 2: task another body to undertake work
- Considerations: work in relation to
- Arrangements/adjustments for trustee and secretariat services, rules of procedures for application for funding
  - Develop the necessary legal arrangements for the trustee and secretariat services
  - Review and revise its operational policies and inform CMA
  - Ensure its unique role in the financial architecture – that it provides direct access modalities, grants for adaptation, small scale projects
  - No text – delegated to the AFB
16. Timeline
- Option 1: start at CMA 1 and finish at CMA 2
  - Option 2: timeline to be decided by date
  - Option 3: to be decided by the AFB

*A body to undertake preparatory work [Note: see also above paragraph related to safeguards]*

**Option 1** {CMA requests AFB to undertake preparatory work}

32. The CMA requests the Adaptation Fund Board to undertake preparatory work.

**Option 2** {CMA requests another body to undertake preparatory work}

The CMA requests [another body (TBD)] to undertake preparatory work.

**For all options** *{work to be undertaken}*

33. Preparatory work by the [AFB][body] may include one or more of the following:
- (a) [Consider] [Make recommendations to the CMA on] [arrangements] [adjustments] for secretariat and trustee services, to the Adaptation Fund;
  - (b) [Consider] [Make recommendations to the CMA on] to the rules of procedure for application for funding;
  - (c) Develop the necessary legal arrangements for secretariat and trustee services to the Adaptation Fund;
  - (d) Review and revise its operational policies and inform the CMA;
  - (e) Ensure its unique role in the financial architecture, including providing direct access modalities, grants for adaptation, small scale projects;
  - (f) Delegate preparatory work to the AFB.

**Timeline**

**Option 1** *{CMA 1 to CMA 2}*

34. The CMA requests the [AFB] [other body] to undertake this preparatory work starting at CMA 1, and to report to the CMA at its second session upon completion of its work.

**Option 2** *{Timeline to be decided by date}*

The CMA requests that the [AFB] [other body] undertake this preparatory work and report back to the CMA by [date].

**Option 3** *{To be decided by AFB}*

The CMA requests that the [AFB] [other body] undertake this preparatory work, including on the timeline for it to report back to the CMA.

## Annex II

### Possible scenarios for the Adaptation Fund to serve the Paris Agreement

#### Adaptation Fund serves the Paris Agreement (sequencing CMP and CMA decisions)

##### Scenario 1: AF serves the PA effective immediately; AF serves both KP and PA



##### Serving

CMA 1.3 decides AF serves PA [by date]; under CMA guidance/accountability and that the AFB would report to the CMA on PA related issues;

##### Arrangements

CMA 1.3 decides on interim/final arrangements for sources of funding, Board composition; possible work for the AFB/ad hoc body (operational policies, rules of procedure, administrative arrangements, safeguards, adjustments to trustee/secretariat arrangements)  
Joint CMA/CMP guidance to the AFB and clarity of roles between CMA and CMP

CMP 14 endorses decisions of the CMA, including implementation of any amendments to the trustee/secretariat arrangements as appropriate

##### Exclusivity

CMA recommendation to CMP as per decision 1/CMP.13 para 13 recommending that the AF does not serve the PA exclusively;  
 CMP decides in 2019 or another date that AF will continue to serve the KP

##### Trustee/secretariat

CMP extends trustee/secretariat arrangements (interim/permanent)

##### Additional work

AFB/ad hoc body reports back to CMA and CMP on its work as appropriate (operational policies, rules of procedure, administrative arrangements, safeguards, adjustments to trustee/secretariat arrangements); CMA and CMP consider report and take decisions as appropriate

##### Guidance

Joint CMA/CMP guidance to the AFB continues

## Adaptation Fund serves the Paris Agreement (sequencing CMP and CMA decisions)

### Scenario 2: AF serves KP only until a future date when it starts serving PA only



CMA 1.3 decides AF serves PA effective at future date; under CMA guidance/accountability and that the AFB would report to the CMA on PA related issues;

**Additional work**  
 CMA 1.3 invites another body to undertake work on arrangements for sources of funding, eligibility for funding, Board composition, trustee/secretariat arrangements;  
 CMA 1.3 invites AFB/ad hoc body to undertake work on operational policies, rules of procedure, administrative arrangements, safeguards)

CMP 14 confirms/endorse CMA 1.3 decisions; CMP takes complementary action regarding adjustments to the trustee/secretariat

**Exclusivity**  
 CMA recommendation to CMP on exclusivity

**Additional work**  
 CMA considers recommendations and takes decisions noting the work and recommendations from another body and AFB/ad hoc body

**Hand-over**  
 CMP takes decisions for AF to stop serving CMP/KP and any arrangements needed for smooth transition to AF serving CMA/PA only; may extend interim trustee/secretariat arrangements until finalized under CMA

**Guidance**  
 CMA only guidance / reporting arrangements with AFB

**Trustee/secretariat**  
 Trustee/secretariat arrangements under CMA



## Adaptation Fund serves the Paris Agreement (sequencing CMP and CMA decisions)

**Scenario 3: AF serves both KP and PA until a future date; AF serves PA only from that future date**

