



Revised 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-facilitators

First iteration

1. This note captures the outcome of Parties' work under 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 note was prepared, under their own responsibility and under the guidance of the APA Co-Chairs, by the co-facilitators of the negotiations on this item, Ms. María del Pilar Bueno (Argentina) and Mr. Pieter Terpstra (Netherlands).
2. The content of the note is without prejudice to the further negotiations by Parties on these matters. It is understood that Parties may express their views thereon at any time, including through submissions to be considered in the further deliberations under this agenda item.

Principles

Role in the climate international architecture / Linkages with other bodies and institutions

Emphasizing 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].

[Reaffirming the sustainability, adequacy and predictability of funding for the Adaptation Fund;]

[Welcoming] [Confirming] decision 1/CMP.13, paragraph 12, that decides that the Adaptation Fund shall serve the Paris Agreement subject to and consistent with decisions to be taken at the third part of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (December 2018), in line with decision 1/CMA.1, paragraph 11

I. Governance and institutional arrangements

A. Governance/institutional arrangements/date/exclusivity

[Placeholder on how CMA will provide guidance to the AFB]

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

3. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), decides that the Adaptation Fund shall serve under the guidance of, be accountable to, and report to the CMA with respect to all matters related to the Paris Agreement as of COP 24. 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 but accountable to CMA or CMP; CMP confirmation required}*

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), decides that the Adaptation Fund shall serve under the guidance of, be accountable to, and report to the CMA as of [COP 24] [1 January 2019, subject to a decision at CMP 15 (December 2019) that the AF serves the PA exclusively from a specific date, no later than [date][31 December 2023] that will be decided by CMA 2 (December 2019)]. The CMA also re-confirms that the Adaptation Fund shall continue to function under the guidance of, be accountable to¹ 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,

¹ Decision 28/CMP.1, paragraph 2.

and report to the CMA and notes that the Adaptation Fund shall no longer function under the guidance of, be accountable to² or report to the CMP.³

[The CMA recommends to the CMP [15] (November 2019), that the AF stops serving the KP from the date specified in the paragraph above. The CMA recommends that the AF shall serve the PA exclusively from that same date, under the guidance of, and accountable to the CMA.]

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

[Notes][Confirms] that the Adaptation Fund shall continue to function under the guidance of, be accountable to,⁴ and report to Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) until [date] [31 December [2019] [2020]]. Decides that from [date][2019] [2020][31 December 2023] the Adaptation Fund shall serve under the guidance of, be accountable to, and report to the CMA and [notes][recommends] that the Adaptation Fund shall no longer function under the guidance of, be accountable to⁵ or report to the CMP.⁶

[The CMA recommends to the CMP [15] (November 2019), that the AF stops serving the KP from the date specified in the paragraph above. The CMA recommends that the AF shall serve the PA exclusively from that same date, under the guidance of, and accountable to the CMA.]

B. Transitional period

Option 1 *{No further decision required}*

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.

{Parties consider whether more work needs to be done by the AFB/other body}

Option 3 *{No transitional period}*

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.

C. Board composition / practices

1. Eligibility for Board membership

[Decides that from [date] the following shall come into effect:]

{Parties to the KP and/or the PA}

4. The CMA decides that the Adaptation Fund Board shall comprise [of] members representing Parties to the [Kyoto Protocol][and][Paris Agreement][only].

² Decision 28/CMP.1, paragraph 2.

³ See CMP decision [X].

⁴ Decision 28/CMP.1, paragraph 2.

⁵ Decision 28/CMP.1, paragraph 2.

⁶ See CMP decision [X].

2. Representation

Option 1 - The CMA decides that the Board membership of the AFB will continue in accordance with 1/CMP.3, paragraph 6.

Option 2

{Change to Board representation}

[Placeholder for changes based on

- 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)];]

Option 3

[Placeholder for changes based on the decision related to sources of funding]

3. Timing

Option 1 *{No further decision required}*

Option 2 *{Change to Board representation immediately after AF serves PA}*

5. Decides that the change to [eligibility to and] representation on the Board shall be effective[ly] [immediately after the Adaptation Fund serves the Paris Agreement] [from] [COP 24] [CMA 1.3] [2020] [2021].

Option 3 *{Change to Board representation to be determined by the CMP/CMA at a later stage}*

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

4. Decision Making

6. [[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.]

II. Operating Modalities

A. Operating modalities

Option 1 *{No changes to operating modalities}*

7. 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 *{Legal 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 only for legal matters that allow the Fund to serve the Paris Agreement.

Option 3 *{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:

[Placeholder to establish a policy to open accreditation for multiple national implementing entities from a single developing country;]

B. Funding priorities

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

9. [The CMA notes that the AF is not an operating entity of the Financial Mechanism of the Convention] / [The CMA recommends that the AF shall be an operating entity of the Financial Mechanism of the Convention [by date]]

Option 1 *{No change to funding priorities}*

The CMA decides that funding shall continue to be guided by the following:

Access to the fund in a balanced and equitable manner for eligible countries⁷

A full adaptation cost basis of projects and programmes to address the adverse effects of climate change⁸
no duplication with other sources of funding for adaptation;⁹

[placeholder for additional principles if any]

Option 2 *{Change to funding priorities}*

10. [The CMA decides that funding shall be prioritized for least developed country Parties and the small island developing States].

C. Sources of funding – Eligibility

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

11. The CMA decides that from [date][2020][2021] developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]¹⁰ 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 1.¹¹

The CMA recommends to the CMP that developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change continue to be eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation.¹²

⁷ Decision 1/CMP.2, para 1 (b)

⁸ Decision 1/CMP.2, para 1 (d)

⁹ Decision 1/CMP.2, para 1 (g)

¹⁰ Decision 1/CMP.3, paragraph 1.

¹¹ Decision 1/CMP.3, paragraph 1.

¹² Decision 1/CMP.3, paragraph 1

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

The CMA decides that from [date][2021] developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]¹³ are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation.

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

D. Sources of funding

12. The CMA decides that the Adaptation Fund shall be financed from [the share of proceeds on the mechanisms under Article 6 of the Paris Agreement,] voluntary public funding and other sources of funding including innovative sources of funding.

13. The CMA invites Parties and international organizations to continue providing funding to the Adaptation Fund.

14. The CMA recommends 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.

III. Safeguards

A. Policies

Option 1 *{Existing policies}*

15. The CMA notes that the Adaptation Fund shall continue to apply existing policies and guidelines on safeguards [mutatis mutandis].

Option 2 *{Review whether to amend policies}*

The CMA invites the CMP to request the Adaptation Fund Board to review whether amendments are needed to existing policies and guidelines on safeguards.

Option 3 *{Amend/enhance existing policies}*

The CMA invites the CMP to request the Adaptation Fund Board to [amend] [enhance] its policies and guidelines on safeguards.

B. Work for the Adaptation Fund Board / Ad hoc Body

{CMA requests AFB to undertake preparatory work}

16. The CMA [invites] [recommends that] the CMP to [request] [mandate] the [Adaptation Fund Board] [Ad hoc body] to undertake preparatory work starting at CMA 1 and report back to the CMA by [date] [2019][2020] [timeline to be determined by the AFB] related to:

- a) [Arrangements] [adjustments] for secretariat and trustee services, to the Adaptation Fund; {only the governing body (i.e. CMP or CMA), with

¹³ Decision 1/CMP.3, paragraph 1.

accountability over the Adaptation Fund and its Board has the authority to give this mandate to the Board) } [footnotes]

- b) Legal personality for the Fund;
- c) The rules of procedure for application for funding; {only the governing body (i.e. CMP or CMA), with accountability over the Adaptation Fund and its Board has the authority to give this mandate to the Board)}
- d) The necessary legal arrangements for secretariat and trustee services to the Adaptation Fund; {only the governing body (i.e. CMP or CMA), with accountability over the Adaptation Fund and its Board has the authority to give this mandate to the Board)}
- e) [Review of] operational modalities, policies and guidelines, including the fiduciary risk management standards, the environmental and social safeguards policies [in order to align them with international best practices, recognizing the small scale of projects and programmes], in particular related to indigenous peoples and traditional knowledge; disclosure, the independent accountability mechanism, the independent monitoring and evaluation system, anti-money laundering system, and the gender policies and action plan for the Adaptation Fund to serve the Paris Agreement ;
- f) The unique role in the financial architecture, including providing direct access modalities, grants for adaptation, small scale projects;
- g) [the definition of innovative sources of finance];
- h) Enhanced adherence by accredited entities to robust safeguard policies;
- i) Any other matter to ensure that there is no operational gap in having the Fund serve the Paris Agreement.