



## **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**

##### *Second 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.

## Preamble

*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]

[Placeholder on the AF continuing to function without disruption]

**Option 1** *{AF serves both PA and KP and is accountable to the CMP for KP matters and the CMA for PA matters}*

1. 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 and thereafter only PA. Firstly accountable to CMA and CMP, then when PA only accountable to CMA; CMP to confirm}*

The CMA decides that the Adaptation Fund shall serve the Paris Agreement from 1 January 2019 and be accountable to, report to and be under the guidance of the CMA.

The CMA recommends to the CMP that the Adaptation Fund shall continue to serve the Kyoto Protocol and also be accountable to, report to and be under the guidance of the CMP until [date][31 December 2022][31 December 2023].

The CMA also recommends to the CMP to decide that the Adaptation Fund shall exclusively serve the Paris Agreement from date mentioned in the paragraph above.

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

Decides that from 2020 the Adaptation Fund shall serve the Paris Agreement, subject to a CMP decision at CMP 15 (2019) that the AF serves the PA exclusively from 2020.

Decides that from that date the AF shall be under the guidance of, be accountable to, and report to the CMA.

The CMA recommends to the CMP 15 (2019), that the AF stops serving the KP from the date specified in the paragraph above.

**Option 4** *{AF is accountable to the CMP, and serves the KP and PA}*

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) confirms that the Adaptation Fund shall [serve and report to] [subject to the authority and guidance of] the CMA with respect to all matters related to the Paris Agreement as of COP 24. The CMA notes that the Adaptation Fund remains under the authority and guidance of and be accountable to the CMP, and that the CMP will transmit guidance from the CMA to the AFB.

[Placeholder for a CMA decision on a range of elements that clarifies the scope of the Adaptation Fund activities in relation to serving the Paris Agreement, i.e clarifications in relation to decision 1.CMP/3, in relation to decision 1.CMA/1]

**B. 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}*

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

**2. Representation**

[Placeholder for all relevant Parties to be represented when the Adaptation Fund Board takes up matters related to the Paris Agreement]

**Option 1**

3. The CMA decides that once the AF serves the Paris Agreement, the Adaptation Fund Board membership will be 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)] [developed country Parties] and/or representatives from [the Parties not included in Annex I to the Convention (non-Annex I Parties)]] [developing country Parties]
- d) [Decision 36/CP.7 on the need to achieve gender balance];]

## **Option 2bis**

*Decides* that the Adaptation Fund Board shall comprise [16] members representing Parties to the Paris Agreement, taking into account fair and balanced representation among these groups as follows, while ensuring an adequate gender balance:

- a) [Two] representatives from each of the five UN regional groups;
- b) [One] representative of the small island developing States;
- c) [One] representative of the least developed country Parties;
- d) [Two] other representatives from developed country Parties;
- e) [Two] other representatives from developing country Parties

## **Option 2 ter**

*Decides* that, effective immediately after the AF serves the PA, the Adaptation Fund be governed by a board consisting of 18 members and 18 alternates representing Parties to the Paris Agreement and aiming to achieve gender balance on the board, each composed as follows:

- a) Three representatives from the African Group, including at least one from SIDS and at least one from LDCs;
- b) Three representatives from the Asia-Pacific Group, including at least one from SIDS and at least one from LDCs;
- c) Three representatives from the Eastern European Group;
- d) Three representatives from the Latin American and Caribbean Group; including at least one from SIDS and at least one from LDCs;
- e) Three representatives from the Western European and Others Group

### **Option (a)**

- f) [Three representatives from the Parties providing contributions to the Adaptation Fund]

### **Option (b)**

- f) [Three representatives to be decided as follows:
  - (i) If, for the preceding two calendar years more than 30% of the sources of funding come from voluntary contributions by Parties, the representatives shall come from Parties contributing financing to the Adaptation Fund.

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- (ii) If, for the preceding two calendar years less than 30% of the sources of funding come from voluntary contributions by Parties, the representatives shall come from recipients of Adaptation Fund funding.]

### **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}*

4. 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].

[Placeholder – CMA recommends to the CMP to agree to the change of the Board composition if the AF remains accountable to the CMP]

**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].

[Placeholder – CMA recommends to the CMP to agree to the change of the Board composition if the AF remains accountable to the CMP]

### **4. Decision Making**

5. [[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.]

6. [Decides that three quarters of the members of the Adaptation Fund Board must be present at the meeting to constitute a quorum;]

## **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 - The CMA invites the CMP to request the AFB to establish a policy to open accreditation for multiple national implementing entities from a single developing country and other policies to be clarified;]

**Option 4** *{Review whether changes are needed}*

The CMA recommends that the CMP mandates the AFB to undertake further work on whether changes are required to the [operating modalities] [operational policies and guidelines, including inter alia 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.

## **B. Funding priorities**

8. The CMA [will] [continue to] promote coordination with other [Funds] [in particular] [the 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** *{Existing priorities and additional principles}*

10. The CMA decides that funding shall continue to be guided by the following:
- a. Access to the Fund in a balanced and equitable manner for eligible countries;<sup>1</sup>
  - b. A full adaptation cost basis of projects and programmes to address the adverse effects of climate change<sup>2</sup>
  - c. No duplication with other sources of funding for adaptation in the use of the Adaptation Fund;<sup>3</sup>
  - d. [Any additional principles]

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

[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][1 January 2019][2020][2021] developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]<sup>4</sup> 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.<sup>5</sup>

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<sup>1</sup> Decision 5/CMP.2, para 1 (b)

<sup>2</sup> Decision 5/CMP.2, para 1 (d)

<sup>3</sup> Decision 5/CMP.2, para 1 (g)

<sup>4</sup> Decision 1/CMP.3, paragraph 1.

<sup>5</sup> Decision 1/CMP.3, paragraph 1.

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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.<sup>6</sup>

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

The CMA decides that from [date][1 January 2019][2021] developing country Parties to the Paris Agreement [that are particularly vulnerable to the adverse effects of climate change]<sup>7</sup> 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].

**Option 3**

[Placeholder - The CMA decides that developing country Parties to the Paris Agreement are eligible for funding from the Adaptation Fund.]

## **C. Sources of funding**

12. [The CMA decides that the Adaptation Fund shall be financed [primarily] from [the share of proceeds [on the mechanisms under] [in line with] Article 6 of the Paris Agreement,] [as well as] 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 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 [during the transitional period].]

15. [Placeholder for the CMA recommends to the CMP to request further legal work so that the interim trustee is able to implement the recommendation contained in the paragraph above.]

16. [Placeholder for [no text] [changed only for legal matters to allow the Fund to serve the Paris Agreement]]

17. [The CMA decides that the Adaptation Fund shall be financed from [a share of proceeds from activities under the mechanism referred to in Article 6.4 of the Paris Agreement] [, voluntary public funding and other sources of funding].]

18. [Placeholder – Decides also that the AF shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding (decision 10/CP.7, paragraph 2).]

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<sup>6</sup> Decision 1/CMP.3, paragraph 1

<sup>7</sup> Decision 1/CMP.3, paragraph 1.

### III. Safeguards

#### A. Policies

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

19. 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] [Ad Hoc Body] 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] [Ad Hoc Body] 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}*

20. 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;<sup>8</sup>
- b) Legal personality for the Fund;
- c) The rules of procedure for application for funding;<sup>9</sup>
- d) The necessary legal arrangements for secretariat and trustee services to the Adaptation Fund;<sup>10</sup>
- 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.

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<sup>8</sup> 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).

<sup>9</sup> 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).

<sup>10</sup> 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).