

## DRAFT TEXT

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### APA 1.7 agenda item 8 Adaptation Fund

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#### Draft text

First iteration

*[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 the 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 at 1 January [2019][2020]] [subject to the decision to be taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol [at its fifteenth session], in accordance with decision 1/CMP.13, paragraph 13;]*

*{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 at [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 at 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 Conference of the Parties serving as the meeting of the Parties to the Paris Agreement 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 [Kyoto Protocol] [and] [Paris Agreement] [only], taking into account the 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 per cent 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 per cent 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 at 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* the Adaptation Fund Board to enhance complementarity and coordination with the entities entrusted with the operation of the Financial Mechanism and other funds, entities and channels of climate change financing outside the Fund with a view to enhancing the support provided and mobilized to developing countries to implement the adaptation actions under the Paris Agreement;

11. [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}*

12. [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, mutatis mutandis;]

13. [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}*

14. [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

15. [Decides that the Adaptation Fund shall be financed [primarily] from [X per cent of] [activities under] the share of proceeds from the mechanism under [Article 6] Article 6, paragraph 4, of the Paris Agreement, as well as voluntary public funding and other sources of funding [, including innovative sources of funding];]

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

17. [Encourages the provision of voluntary support that is additional to the sources mentioned in paragraph [X] above to provide funding to the Adaptation Fund;]

18. Recommends to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to decide that the Adaptation Fund continues to be financed by the current and future share of proceeds from the clean development mechanism project activities,<sup>1</sup> as well as the share of the proceeds levied on the first international transfers of assigned amount units and the issuance of emission reduction units for Article 6 projects<sup>2</sup> of the Kyoto Protocol;

## VII. CMA requests to the AFB

19. Requests the Adaptation Fund Board to consider the following with respect to the Adaptation Fund serving the Paris Agreement, and forward recommendations to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its [X] session:

- (a) Arrangements for 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;

20. Requests the Adaptation Fund Board to [review] [consider] the need for possible changes to the operational modalities, policies and guidelines of the Adaptation Fund, and to [report back] [forward recommendations] to CMA [X].

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<sup>1</sup> Decision 5/CMP.2, paragraph 1(a).

<sup>2</sup> Decision 1/CMP.8, paragraph 21.

## **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 at 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 at [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 provide 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.]*

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