

Draft decision -/CMP.16

Report of the Adaptation Fund Board for 2020 and 2021

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

Recalling decisions 1/CMP.3, 1/CMP.4, 2/CMP.10, 1/CMP.11, 2/CMP.12, 1/CMP.13, 1/CMP.14 and 3/CMP.15,

Also recalling decision 13/CMA.1,

1. *Takes note* of the annual reports of the Adaptation Fund Board for 2020 and 2021 and the information contained therein;¹

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board presented in the reports referred to in paragraph 1 above:

(a) A request for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to provide guidance and/or clarification on how to address requests for funding from Parties that are either a Party to the Kyoto Protocol or a Party to the Paris Agreement but not a Party to both;²

(b) The updated response of the Adaptation Fund Board³ to the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol pertaining to the third review of the Adaptation Fund;⁴

(c) The accreditation of 4 national implementing entities, 2 multilateral implementing entities and 1 regional implementing entity (with the national implementing entities granted direct access to resources from the Adaptation Fund), resulting in a total number of accredited implementing entities of 33 national (of which 9 in the least developed countries and 7 in small island developing States), 14 multilateral and 7 regional implementing entities, of which 31 were reaccredited (16 national implementing entities, 4 regional implementing entities and 11 multilateral implementing entities) for accessing resources from the Adaptation Fund directly;

(d) Cumulative project and programme approvals increasing by around 32 per cent to USD 744.58 million between 1 July 2019 and 30 June 2020 and by 12 per cent to USD 831.49 million between 1 July 2020 and 30 June 2021, despite the challenging circumstances related to the coronavirus disease 2019 pandemic;

(e) Resources available for new funding approvals amounting to USD 167.2 million as at 30 June 2020 and USD 195.69 million as at 30 June 2021;

(f) New funding approvals, including for concrete single-country and regional (multi-country) proposals, grant proposals under the Medium-Term Strategy of the Adaptation Fund for 2018–2022⁵ and readiness grants, amounting to USD 180.5 million as at 30 June 2020 and USD 86.9 million as at 30 June 2021;

¹ FCCC/KP/CMP/2020/2–FCCC/PA/CMA/2020/2 and FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4 and Add.1.

² For the status of issues related to the Adaptation Fund and the Paris Agreement, see annex IX to document FCCC/KP/CMP/2020/2–FCCC/PA/CMA/2020/2 and chap. V of document FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4.

³ FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4, annex IX.

⁴ Decision 2/CMP.13.

⁵ See <https://www.adaptation-fund.org/document/medium-term-strategy-2018-2022/>.

(g) An active pipeline of project and programme proposals submitted but not approved amounting to around USD 286 million as at 30 June 2020 and USD 279 million as at 30 June 2021, reflecting an upward trend from previous years;

(h) The cumulative receipts of USD 1,107.40 million, as at 30 June 2021, into the Adaptation Fund Trust Fund, comprising USD 208.38 million from the monetization of certified emission reductions, USD 858.82 million from contributions and USD 40.21 million from investment income earned on the Trust Fund balance;

(i) Contributions amounting to USD 200.89 million between 1 July 2019 and 30 June 2021 from the Governments of Germany, Ireland, Norway, Poland, Spain, Sweden and Switzerland, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium; new pledges amounting to USD 116 million from the Governments of Germany, Ireland, Italy and Sweden, as well as the governments of the Brussels-Capital and Walloon Regions of Belgium, towards the Adaptation Fund resource mobilization target of USD 120 million per year for the biennium 2020–2021; direct funding of EUR 10 million from the European Commission for a programme under the Adaptation Fund Innovation Facility; and the transfer of aggregated contributions from the United Nations Foundation, comprising various individual donations made between 1 July 2019 and 30 June 2020, prepared by the Adaptation Fund Board secretariat and the trustee;

(j) Outstanding pledges of USD 21.85 million as at 30 June 2020 and outstanding contributions of USD 36.27 million as at 30 June 2021;

(k) The approval of 29 single-country project or programme proposals submitted by implementing entities, totalling USD 174 million, of which 9 proposals submitted by national implementing entities, amounting to USD 14.5 million; 1 single-country proposal submitted by a regional implementing entity amounting to USD 9.9 million; and 19 single-country proposals submitted by multilateral implementing entities, totalling USD 149.6 million;

(l) The recommendation of the Project and Programme Review Committee to approve nine regional (multi-country) projects amounting to USD 93.9 million, for which funding was not readily available for one project from the tentatively set-aside amount, and the resulting decision of the Adaptation Fund Board to place it on a waitlist, to be approved intersessionally subject to the availability of funds;

(m) The ongoing implementation of activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, with the second, third, fourth and fifth review cycles for grant funding windows for innovation, learning and project scale-up and the approval by the Adaptation Fund Board of the first four small-grant proposals for innovation, the first grant proposal for project scale-up and two grant proposals for learning, totalling USD 1,348,322; and the launch of two new innovation aggregator programmes, totalling USD 10 million, that offer small grants for innovation to non-accredited entities via two accredited multilateral implementing entities;

(n) The facilitation of the 2nd meeting of the Committee of the Community of Practice for Direct Access Entities, held with the participation of the Green Climate Fund;

(o) New activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, including the approval of large grants for innovation and a funding window for enhanced direct access; the endorsement of the principles of locally led adaptation action following engagement with the Global Commission; and the launch of the Adaptation Fund Climate Innovation Accelerator;

(p) The launch of a virtual learning course on unlocking adaptation finance and accessing the Adaptation Fund;

(q) The approval of funding decisions for readiness grants amounting to USD 234,820, consisting of South–South cooperation grants and technical assistance grants for the environmental and social safeguards policy and the gender policy; and a new readiness support package grant window following a successful pilot phase;

(r) The organization of virtual readiness events for accredited national implementing entities, including two webinars on project development, a global accreditation training workshop and a country exchange for South–South learning;

(s) Cumulative disbursements to the 121 projects approved since the operationalization of the Adaptation Fund amounting to USD 485.9 million, including USD 76.2 million disbursed between 1 July 2020 and 30 June 2021;

(t) The implementation of proactive measures to support Parties and implementing entities in mitigating the effects of the pandemic and minimizing any related disruption, and to mitigate the impact on the portfolio of the Adaptation Fund;

(u) The issuance of targeted communication and messaging on themes such as the unique value of the pioneering scalable work of the Adaptation Fund, the implementation of the Medium-Term Strategy of the Adaptation Fund for 2018–2022, the response of the Adaptation Fund to the pandemic and the value of the Adaptation Fund in building broader resilience;

(v) The promotion of linkages of the Adaptation Fund with other bodies under the Convention, such as the Adaptation Committee, the Climate Technology Centre and Network, the Global Environment Facility, the Green Climate Fund, the Paris Committee on Capacity-building and the Standing Committee on Finance – the Adaptation Fund Board held discussions on linkages between the Adaptation Fund and the Green Climate Fund, including through a framework for promoting the scaling up of funded projects and the Community of Practice for Direct Access Entities;

(w) Policy decisions regarding project approval and implementation, including to streamline the project and programme review process, to update the policy for project and programme delays and to make readiness grants available throughout the year by including an additional review cycle;

(x) The approval of the updated Adaptation Fund gender policy and action plan and application of the updated Adaptation Fund project performance report template by implementing entities to track progress more systematically;

(y) Consideration of options for further enhancing civil society participation and engagement in Adaptation Fund work;

(z) The implementation of activities of the Technical Evaluation Reference Group of the Adaptation Fund as the basis for developing and approving its multi-year strategy and work programme and corresponding two-year budget, including evaluative activities as part of the multi-year strategy and work programme approved by the Adaptation Fund Board, such as the revision of the Adaptation Fund evaluation framework and the midterm review of the Medium-Term Strategy of the Adaptation Fund for 2018–2022;⁶

3. *Welcomes with appreciation* the decision of the Adaptation Fund Board to increase the finance access cap per country from USD 10 million to USD 20 million and the number of accredited national implementing entities per eligible developing country Party from one to two;

4. *Welcomes* the financial pledges to the Adaptation Fund made by the European Commission, the Governments of Canada, Finland, Germany, Ireland, Norway, Qatar, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium and the provincial government of Quebec, equivalent to USD 356 million;

5. *Reiterates* the encouragement to scale up financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;

⁶ Adaptation Fund Board document AFB/EFC.28/7. Available at <https://www.adaptation-fund.org/document/mid-term-review-of-the-medium-term-strategy-of-the-adaptation-fund/>.

6. *Confirms* that 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 and *requests* the Adaptation Fund Board to amend the relevant operational policies and guidelines, as well as its strategic priorities, policies and guidelines accordingly;
7. *Confirms* that Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board and *requests* the Adaptation Fund Board to amend the relevant procedures and modalities;
8. *Also requests* the Subsidiary Body for Implementation to continue its consideration of matters relating to membership of the Adaptation Fund Board further to decision 1/CMP.14, paragraph 5, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its next session;
9. *Welcomes* the operationalization of the fast-track accreditation process on the basis of operational complementarities between the Adaptation Fund and the Green Climate Fund;
10. *Takes note* of the findings from the midterm review of the Medium-Term Strategy of the Adaptation Fund for 2018–2022 and *underlines* the relevance, niche function and ambition of the Adaptation Fund in contributing to the implementation of adaptation action in a timely manner;
11. *Requests* the Adaptation Fund Board, in line with its existing mandate and decision 1/CMP.3, to consider providing support for country-driven adaptation projects and programmes in developing countries with a view to contributing to enhancing implementation of their national adaptation plans and other voluntary adaptation planning processes;
12. *Notes* the importance of finalizing the draft resource mobilization strategy of the Adaptation Fund for 2021–2024 in order to encourage mobilization of resources for the Fund.
