

[Overarching Considerations]

- It is significant that we should identify the issues that should be solved during 2018 and divide them into CMP decision and CMA decision.
- We think all the issues relating to governance and institutional arrangements like below should be solved during 2018. In particular, the timing of transition from CMP to CMA will be a critical to such decisions.

1. Authority or guidance under which the Adaptation Fund operates

- CMP should give up all authority over the existing Adaptation Fund Board (AFB) and CMA should decide that the AF exclusively serves the Paris Agreement from the specified date (e.g. Jan 2021), which will be also decided by CMP in 2019 in accordance with the CMP13 decision, ensuring a smooth transition from CMP to CMA.
- In this regard, CMP should stop providing guidance from the specified date (e.g. the end of 2020) before CMA starts providing guidance to the AF to avoid duplicative guidance to the AF and any confusion. APA will send a recommendation to CMP in 2018 in line with the CMP13 decision, without prejudice the CMP decision in 2019 (timing), on top of a recommendation to CMA.

2. Reporting of the Adaptation Fund Board to which governing body/ bodies?

- CMP and CMA should make appropriate arrangements before the AF starts full operation (including approval of funding to new projects) under CMA for then ongoing projects approved under CMP.

3. Composition of the board

- The composition of the AFB should eliminate Annex I and Non-Annex I demarcations.
- CMA should decide a new composition of the board, and the new board should be established under CMA, provided that the existing board will be terminated when hand-over to CMA.
- Only parties to the Paris Agreement are allowed sit on the board, with a more appropriate balance of representation (between donor countries (i.e. voluntary contributions) and recipient countries) taking into consideration geographic distributions, gender, and other relevant elements while preserving seats for SIDs and LDCs.
- Quorum for AFB decision making should be raised above three-quarters.
- AFB decisions should be taken only when three-quarters of the entire AFB agree.

4. Arrangements for the secretariat and the trustee

- CMP would decide to extend the current arrangements with the secretariat (GEF) and the trustee (the WB) to the specified date (e.g. the end of 2020) [*the current arrangement under MOU between CMP and the interim secretariat and trustee will be terminated in the end of May 2020].
- CMA and the new AFB should take subsequent actions to establish new agreements with regard to trustee and secretariat arrangements, which will be effective from the specified date (e.g. Jan 2021).
- The Adaptation Fund Board should seek out an appropriate legal personality for the Fund.

APA1-5 AGENDA ITEM 8(a) - Matters relating to the Adaptation Fund
Submission by Australia, Canada, Japan and the United States of America