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SUBSIDIARY BODY FOR IMPLEMENTATION

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Item 11 of the provisional agenda

Review of the Adaptation Fund

**Views and recommendations on the possible terms of reference for the review
of the Adaptation Fund**

Submissions from Parties

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its third session, decided to undertake a review of all matters relating to the Adaptation Fund at its sixth session.¹ Following on this decision, the Subsidiary Body for Implementation (SBI) invited Parties to submit to the secretariat their views and recommendations on the possible terms of reference for this review by 22 March 2010. The SBI requested the secretariat to compile these views and recommendations into a miscellaneous document and to prepare, on the basis of these submissions, draft terms of reference for consideration by the SBI at its thirty-second session with a view to the SBI endorsing these terms of reference at the same session. The CMP, at its fifth session, requested the SBI to initiate the review of the Adaptation Fund at its thirty-second session and to agree on the terms of reference for the review and report back to the CMP at its sixth session so that the review can be undertaken by the CMP at that session.²
2. The secretariat has received three such submissions. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the language in which they were received and without formal editing.

¹ Decision 1/CMP.3, paragraphs 32–34.

² Decision 5/CMP.5.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

CONTENTS

	<i>Page</i>
1. SPAIN AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES ³ (Submission received 5 March 2010)	3
2. SRI LANKA (Submission received 22 March 2010)	5
3. UZBEKISTAN (Submission received 23 March 2010)	6

³ This submission is supported by Croatia, the former Yugoslav Republic of Macedonia, Serbia and Turkey.

PAPER NO. 1: SPAIN AND THE EUROPEAN COMMISSION ON BEHALF
OF THE EUROPEAN UNION AND ITS MEMBER STATES

**SUBMISSION BY SPAIN AND THE EUROPEAN COMMISSION ON BEHALF OF THE
EUROPEAN UNION AND ITS MEMBER STATES**

**This submission is supported by Croatia, the Former Yugoslav Republic of Macedonia,
Serbia and Turkey.**

Madrid, 5 March 2010

**Subject: Adaptation Fund under the Kyoto Protocol (SBI)
Parties to submit their views and recommendations on the possible terms of
reference for the review of all matters relating to the Adaptation Fund, which
will be undertaken at the sixth session of the Conference of the Parties serving
as the meeting of the Parties to the Kyoto Protocol (CMP) in accordance with
decision 1/CMP.3, paragraphs 32 to 34, including the institutional
arrangements referred to in paragraphs 19 and 23 of the same decision**

Introduction

The European Union and its Member States welcome this opportunity to share views and recommendations with other Parties on the terms of reference for the review of the Adaptation Fund, with a view to ensuring the effectiveness and adequacy thereof.

The European Union and its Member States welcome the substantial progress that has been made in the operationalisation of the Adaptation Fund since the establishment of the Adaptation Fund Board in December 2007 and the setting up of institutional arrangements to support the operation of the Adaptation Fund. The EU and its Member States recognize and encourage that funding of concrete adaptation measures in developing countries through the Adaptation Fund is imminent.

In the light of this, the EU and its Members States believe that the terms of reference of the first review of the Adaptation Fund should be kept light. As the Fund is not fully operational yet, it is too early to really benefit from a deep review of all aspects. Moreover, the review should not prevent the Adaptation Fund Board and the supporting institutions to continue their work towards a fast and effective delivery of funds.

Objective of the review:

The objective of this review should be to assess matters relating to the Adaptation Fund, including the institutional arrangements, with a view to ensuring the effectiveness and adequacy thereof, in accordance with decision 1/CMP.3. The review shall facilitate the consideration of any further action the CMP may want to take at its 6th session.

The SBI, in preparing the terms of reference, should aim for a review that takes stock of the progress made and lessons learned in the operationalisation of the Fund to date, noting that this work is still ongoing.

Information to be considered

Sources of information to be considered for the review could include:

- The annual reports provided by the Adaptation Fund Board to the CMP, in order to assess progress with the operationalisation of the Fund;
- The outcome of performance reviews of the Secretariat and the Trustee servicing the Adaptation Fund;
- Submissions by developed and developing country Parties and other interested intergovernmental organizations and stakeholders;
- Submissions by developing country Parties providing information on their experience regarding the arrangements to access support from the Adaptation Fund.

Next Steps

The European Union and its Member States commend the work of the Adaptation Fund Board, as well as the Secretariat and the Trustee, so far and recognize that the foundation for a sound institutional and regulatory framework for the Adaptation Fund has now been put in place. The European Union and its Member States support a continued role for the Adaptation Fund in the international financial architecture and encourage continued efforts to ensure the Adaptation Fund's fast and effective delivery of funds for concrete adaptation measures in developing countries.

PAPER NO. 2: SRI LANKA

Adaptation Fund under the Kyoto Protocol (SBI)

As we indicated earlier, when we discussed about the interim arrangements, as stated in paragraph 19 and 23, we would like to support Global Environment Facility to provide secretariat services to the adaptation Fund Board and World Bank to serve as the trustee of the Adaptation Fund only an interim basis. We strongly propose to have an independent body to provide the secretariat services and as the trustee after the interim period.

We also support on review process as mentioned in paragraph 32-34.

International transaction log (SBI)

We would like to have International transaction log fees collect in due date in order to continue the programmes as planned by the secretariat.

Matters relating to Article 4, paragraph 8 and 9, of the Convention: Progress on the implementation of decision 1/CP.10 (SBI)

Being a country with low-lying coastal areas, fragile ecosystems, including mountainous ecosystems, forested cover areas and areas liable to forest decay and areas prone to natural disasters would like further action on funding and transfer of technology with respect to:

- Vulnerability and Adaptation assessment;
- Risk management and reduction;
- regional collaboration and cross cutting issues;
- Capacity building, education, training and public awareness;
- Data, systematic observation and monitoring.

Modalities and procedures for the development of standardized baselines (SBSTA)

Sri Lanka would support matters indicated under the paragraph 23rd, 24th, 25th and 26th of FCCC/KP/CMP/2009/L.10.

PAPER NO. 3: UZBEKISTAN

**Opinion and recommendations of Republic of Uzbekistan regarding the review
of all matters related to Adaptation fund**

Republic of Uzbekistan with satisfaction marks significant progress reached by efforts of the Council of Adaptation Fund which made it possible to:

- accept Strategic priorities, policy and guidelines of Adaptation Fund;
- accept Operational practice and guidelines to be followed by Parties for getting the access to the resources of Adaptation Fund, including also the requirements related to the project cycle, administration, implementing agencies, etc.;
- set up the terms of confiding administration for International bank for reconstruction and development;
- start the process of monetization of certified reduction of emissions.

However, the beginning of monetization of certified reduction of emissions has shown that as far as the increase of Adaptation Fund is insufficient, the potential resources up to the end of 2010 are estimated in average as 145,88 mln. USD (October 2009).

In this regard the issue about the necessity to **find the additional sources of the increase of Adaptation Fund and strengthening its status**. Set up of new financial structures and workup of all mechanisms require substantial efforts and funds, for example, the proposed Copenhagen Green Climate Fund which also implies the support to actions on adaptation in developing countries (item 10 of Copenhagen Agreement).

Uzbekistan supports flexibility of policy of Adaptation Fund established by the decisions of SC/CP in relation to Operational measures and guidelines **which should be improved basing on experience** obtained via the Fund activities and further decisions and account for the further wishes and comments of Parties. This experience, capacity and opportunities should be used.

In accordance with Strategic policy and guidelines the Parties which accord to the criteria for getting financing from Adaptation Fund are the Parties to Kyoto Protocol “which are developing countries being especially vulnerable to adverse consequences of climate change including the lowland ones and other small island countries with the lowland coastal, arid and semi-arid regions or regions subjected to floods, drought and desertification, and developing countries with unstable mountain ecosystems”. This means that almost all developing countries can pretend for the resources of Adaptation Fund, and this is right. However, with the competition of countries and limited funds it is necessary to take different vulnerability degree and adaptation capacity into account.

In this regard it will be needed **to define more clearly and to determine numerically the indices which can be used for objective judging on the vulnerability degree and adaptation capacity of the country** (number of people subjected to risk, GNP per capita, level of poverty, share of rural population, existence of zones of ecological catastrophe of the global and regional scale, etc.). On the base of independent assessments made by international organizations the ratings of countries by the degree of their vulnerability and adaptation capacity should be published. Possibly, these ratings should be regularly updated and approved by the Conference of Parties.

Some criteria of consideration of projects presented by Adaptation Fund should also be defined concretely, for example, Criterion 3 «Will the project bring the economical, societal and ecological benefits, especially to the most vulnerable communities?» will be more concrete in the following version: «Which economical, societal and ecological benefits the project will bring at the local, national and regional levels?» Criterion 4. What is the degree of economical efficiency of the project? For this

criterion it is also required to clear out what is meant by economical efficiency of adaptation project? Possible economical losses with the absence of adaptation can be defined in subjective way.

Probably, the methodical recommendations on the assessment of economical effect of adaptation projects and programs will be needed for reaching compatibility of information provided by the countries.
