



Subsidiary Body for Implementation

Forty-seventh session

Bonn, 6–15 November 2017

Agenda item 15(b)

Matters relating to climate finance

Third review of the Adaptation Fund

Third review of the Adaptation Fund

Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its forty-seventh session, recommended the following draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session:

Draft decision -/CMP.13

Third review of the Adaptation Fund

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

Recalling decision 2/CMP.10 and 1/CMP.12,

Reiterating the crucial importance of the Adaptation Fund as an essential channel for supporting adaptation action and the main promoter of direct access, together with its focus on funding the full costs of concrete adaptation projects and programmes in developing countries,

Noting with deep concern the continued issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund, given the current prices of certified emission reductions, which affect its ability to fulfil its mandate,

1. *Takes note* of the technical paper on the third review of the Adaptation Fund,¹ based on the terms of reference for the review contained in the annex to decision 1/CMP.12;
2. *Welcomes* the completion of phase 1 of the independent evaluation of the Adaptation Fund and *looks forward* to phase 2;

¹ FCCC/TP/2017/6.



3. *Recognizes* the lessons learned and progress made since the second review of the Adaptation Fund, including initiatives and improvements such as modalities to enable enhancement of the direct access modality, the Readiness Programme including its South–South mentoring channel, a streamlined process for accreditation for small entities and guidance on accreditation standards;
4. *Also recognizes* the comparative advantage of the Adaptation Fund, including the speed of project approval, the strategic engagement by stakeholders at the subnational level, the various institutional benefits, the efficiency of institutional arrangements and the enhancement of country ownership in the funding process;
5. *Welcomes* the implementation of mandatory compliance for implementing entities with the Adaptation Fund’s environmental and social safeguards and gender policy, which enhances the effectiveness of the Adaptation Fund;
6. *Notes* the efforts made by the Adaptation Fund Board in enhancing cooperation with other funds to ensure coherence and complementarity;
7. *Encourages* the Adaptation Fund Board:
 - (a) To consider options for improvement of efficiency with regard to the operation of the Adaptation Fund;
 - (b) To continue to engage with subnational actors and the private sector through, inter alia, microfinance schemes, weather-based insurance arrangements, involvement with local industry groups and farmers in adaptation projects, and public–private partnerships;
 - (c) To consider voluntary tracking of climate finance mobilized, where appropriate;
 - (d) To continue the efforts to enhance complementarity and coherence with other funds both under and outside the Convention;
8. *Requests* the Adaptation Fund Board:
 - (a) To consider lessons learned from the Adaptation Fund’s engagement with private sector stakeholders in adaptation projects at the local level, including in the decision-making processes of the Adaptation Fund and in communications with donors;
 - (b) To monitor and assess project approval time under the Readiness Programme, identifying any linkages of this time to the introduction of the Adaptation Fund’s environmental and social policy, and to take measures to reduce the time, as necessary, while continuing to implement its environmental and social safeguards and gender policy;
 - (c) To continue to provide information on project approval time;
 - (d) To continue monitoring the adaptation impacts and results of the Adaptation Fund, including using local and sector-specific metrics;
 - (e) To report on progress made on the mandates arising from this decision in the future reports of the Adaptation Fund to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
9. *Also requests* the Subsidiary Body for Implementation, at its session to be held in June 2020, to initiate the fourth review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 1/CMP.12, or as amended, and to report back to its governing body to be convened in conjunction with the twenty-seventh session of the Conference of the Parties (November 2021).