



Subsidiary Body for Implementation

Fifty-seventh session

Sharm el-Sheikh, 6–12 November 2022

Agenda item 18(b)

Matters relating to the Adaptation Fund

Fourth review of the Adaptation Fund

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Draft conclusions proposed by the Chair

Recommendation of the Subsidiary Body for Implementation

The Subsidiary Body for Implementation, at its fifty-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 seventeenth session:

Draft decision -/CMP.17

Fourth review of the Adaptation Fund

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

Recalling decisions 1/CMP.8, 2/CMP.13 and 4/CMP.16,

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

Noting with 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,

Noting the importance of the full operationalization of Article 6 of the Paris Agreement in the context of scaling up the mobilization of Adaptation Fund resources,

1. *Takes note* of the technical paper on the fourth review (covering 2018–2021) of the Adaptation Fund,¹ which was prepared on the basis of the terms of reference for the review;²
2. *Welcomes* the positive results and performance of the Adaptation Fund, including its relevance, efficiency and effectiveness;

¹ FCCC/TP/2022/1.

² Decision 4/CMP.16, annex.

3. *Recognizes* the comparative advantages of the Adaptation Fund, including the speed of project approval, strategic engagement of stakeholders at the subnational level, various institutional benefits, efficiency of institutional arrangements, enhancement of country ownership in the funding process, direct and regional access modalities and readiness programmes;
4. *Also recognizes* the lessons learned and progress made since the third review of the Adaptation Fund, including the launch of new funding windows,³ the growth of the Fund's project portfolio and the update of the Fund's gender and evaluation policies, while acknowledging opportunities for improvement with regard to, inter alia, instruments, financial windows and knowledge management;
5. *Encourages* the Adaptation Fund to strengthen ongoing efforts related to promoting resilience measures, improving policies and regulation, innovation, and development and diffusion of innovative adaptation practices, tools and technologies;
6. *Welcomes* the increased contributions made to the Adaptation Fund during the fourth review period compared with the previous period;⁴
7. *Notes with concern* the outstanding pledged contributions to the Adaptation Fund and *urges* Parties that have not fulfilled their pledges to do so as soon as possible;
8. *Stresses* the importance of financial contributions to the Adaptation Fund, including in the context of urging developed country Parties to at least double their collective provision of climate finance for adaptation to developing countries from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, recalling Article 9, paragraph 4, of the Paris Agreement, as per decision 1/CMA.3, para. 18;
9. *Calls for* continued and increased voluntary contributions of financial resources to the Adaptation Fund;
10. *Notes* the importance of further enhancing the predictability of resources channelled through the Adaptation Fund;
11. *Also notes* that multi-year contributions to the Adaptation Fund enhance the predictability of its funding, *acknowledges* that some developed country Parties have already committed to multi-year contributions to the Fund and *encourages* additional multi-year contributions to the Fund;
12. *Notes* the resource mobilization strategy of the Adaptation Fund (2017–2020),⁵ which refers for the first time to subnational governments, the private sector and charitable foundations as possible additional sources of finance for the Adaptation Fund and *encourages* the Adaptation Fund Board to continue its efforts to mobilize finance from a variety of sources under its next resource mobilization strategy (2022–2025);⁶
13. *Also encourages* the Adaptation Fund Board to continue to enhance access to the Fund, including by:
 - (a) Strengthening engagement with and support for building the institutional capacity of national implementing entities;
 - (b) Expediting the disbursement of approved adaptation grants;
 - (c) Further strengthening coherence and complementarity between the Adaptation Fund and other institutions funding adaptation projects and programmes, including the Green Climate Fund, in order to facilitate streamlining access modalities, as appropriate, including for accreditation, and scaling up Adaptation Fund projects;

³ Enhanced direct access grants, learning grants, project scale-up grants, Adaptation Fund Climate Innovation Accelerator, and small and large innovation grants.

⁴ Contributions during the period of the fourth review (2018–2021) amounted to USD 684 million, 272 per cent more than the contributions of USD 251.4 million during the period of the third review (2015–2017).

⁵ See Adaptation Fund Board document AFB/B.32/Inf.6.

⁶ See Adaptation Fund Board document AFB/B.39/6/Add.1/Rev.2.

(d) Further improving geographical and thematic coverage in the accreditation of national and regional implementing entities;

14. *Requests* the Adaptation Fund Board to include in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighteenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November 2023) information on aggregated actual results of projects and programmes funded by the Adaptation Fund, in particular across the Fund's five core indicators, accompanied by qualitative analysis of successes, challenges and lessons learned;

15. *Also requests* the Board to review and update the environmental and social safeguard policy of the Adaptation Fund, as needed;

16. *Further requests* the Board to increase the gender-responsiveness of the resources provided by the Adaptation Fund;

17. *Invites* the Board to consider ways to strengthen the engagement of the Adaptation Fund with the private sector in order to increase private sector participation in adaptation action;

18. *Notes* that some Adaptation Fund policy and guidance documents and readiness activities are available or conducted in multiple official languages of the United Nations and *invites* the Adaptation Fund Board to continue to strengthen its provision of support and country engagement at the regional level;

19. *Requests* the Subsidiary Body for Implementation at its sixty-second session (June 2025) to initiate the fifth review of the Adaptation Fund in accordance with the terms of reference contained in the annex to decision 4/CMP.16, or as amended, and to report back to its governing bodies at the session to be convened in conjunction with the thirty-first session of the Conference of the Parties (2026);

20. *Notes* the recommendation of the Subsidiary Body for Implementation⁷ that subsequent reviews of the Adaptation Fund include a request for the secretariat to prepare a technical paper on the review, including inputs and submissions from Parties, for consideration by the Subsidiary Body for Implementation at its session that follows the adoption of the relevant terms of reference, to allow for substantive engagement.

⁷ FCCC/SBI/2022/10, para. 113.