

Draft decision -/CMP.12

Report of the Adaptation Fund Board

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

Recalling decisions 1/CMP.3, 2/CMP.10 and 1/CMP.11,

Also recalling decision 1/CP.21,

Noting the annual report of the Adaptation Fund Board,¹

1. *Notes* the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board and the oral report provided by the Chair of the Adaptation Fund Board in November 2016:

(a) The accreditation of 25 national implementing entities that can access resources from the Adaptation Fund directly, including 4 entities accredited during the reporting period, and the accreditation of 6 regional implementing entities, including 2 accredited during the reporting period;

(b) Cumulative project and programme approvals reaching USD 358 million as at 9 November 2016;

(c) Funds available for new funding approvals amounting to USD 230.5 million as at 17 November 2016;

(d) The approval of six project/programme proposals, totalling USD 36.8 million, submitted by implementing entities, including four proposals submitted by national implementing entities totalling USD 19.2 million;

(e) The cumulative receipts of USD 546.9 million into the Adaptation Trust Fund;

(f) The institutionalization of the readiness programme for direct access as a permanent component of the Adaptation Fund's operations and the approval of South–South cooperation grants for Guinea, Malawi, Sierra Leone and Zimbabwe totalling USD 242,347, and technical assistance grants for Benin, Costa Rica, Micronesia (the Federated States of), Panama, Senegal and South Africa totalling USD 118,000;

(g) The endorsement of the first concepts and pre-concepts under the pilot programme for regional projects/programmes, as well as the decision of the Adaptation Fund Board to extend the opportunity to submit regional proposals beyond the pilot programme;

(h) The approval of the gender policy and action plan of the Adaptation Fund;

(i) The ongoing discussion on linkages between the Adaptation Fund and the Green Climate Fund;

(j) The fact that, in the light of the early entry into force of the Paris Agreement, the timelines given in paragraphs 59 and 60 of decision 1/CP.21 and paragraphs 8 and 9 of decision 1/CMP.11 may not align;

¹ FCCC/KP/CMP/2016/2.

2. *Decides* to renew the interim institutional arrangements with the Global Environment Facility as the interim secretariat of the Adaptation Fund Board for an additional three years, from 30 May 2017 to 30 May 2020;
3. *Also decides* to restate the terms and conditions of the services to be provided by the International Bank for Reconstruction and Development (the World Bank) as the interim trustee of the Adaptation Fund and to extend the term of the trustee's services for an additional three years, from 30 May 2017 to 30 May 2020;
4. *Welcomes* the financial pledges and contributions made to the Adaptation Fund by the Governments of Germany, Italy, Sweden and the Flemish and Walloon Regions of Belgium, amounting to USD 81 million;
5. *Takes note* of the resource mobilization strategy of the Adaptation Fund Board;
6. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding for the Adaptation Fund based on the current uncertainty on the prices of certified emission reductions, assigned amount units and emission reduction units;
7. *Notes* that the scale of funding required for projects in the active pipeline is estimated to be of the scale of USD 233.5 million and that the current available funds for new projects amount to USD 230.5 million, resulting in a current funding gap of USD 3 million;
8. *Encourages* developed country Parties to scale up financial resources for the implementation of adaptation projects in the active pipeline of the Adaptation Fund;
9. *Also encourages* the provision of voluntary support that is additional to the share of proceeds from clean development mechanism project activities in order to support the resource mobilization efforts of the Adaptation Fund Board, with a view to strengthening the Adaptation Fund;
10. *Further encourages* the Adaptation Fund Board, in implementing its resource mobilization strategy, to further consider all potential sources of funding;
11. *Encourages* the Adaptation Fund Board to continue its consideration of linkages between the Adaptation Fund and other funds, including the Green Climate Fund, and to report on its findings to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November 2017);
12. *Highlights* the findings of the first stage of an independent overall evaluation of the Adaptation Fund,² including that:
 - (a) The Adaptation Fund has pioneered several issues related to adaptation finance and is meeting developing countries' needs, including those related to direct access;
 - (b) The design of the Adaptation Fund and its operational processes are efficient and largely coherent with guidance under the Convention and national adaptation priorities;
 - (c) The Adaptation Fund has allowed countries to advance the implementation of important measures at the national and subnational levels, with links to national policymaking;
 - (d) The policies adopted by the Adaptation Fund have created a solid foundation for operational success;

² Available at <<https://www.adaptation-fund.org/document/independent-evaluation-of-the-adaptation-fund-first-phase-evaluation-report/>>.

13. *Takes note* of the information provided by the Adaptation Fund Board on the added value of the Adaptation Fund for the operationalization of the Paris Agreement, as contained in the addendum to annex I to the report of the Adaptation Fund Board;

14. *Invites* the Conference of the Parties to bring the information referred to in paragraph 13 above to the attention of the Ad Hoc Working Group on the Paris Agreement.
