

Conference Room Paper on SBI 62 agenda item 15

Matters relating to the Adaptation Fund

This conference room paper is submitted by the Republic of Iraq on behalf of G77 and China on the SBI 62 agenda item 15, on matters relating to Adaptation Fund.

The Republic of Iraq on behalf of G77 and China requests this CRP to be forwarded to SBI 63 as part of the conclusions of SBI 62.

Elements for draft decision(s)

Annex I

[Arrangements for the Adaptation Fund to exclusively serve the Paris Agreement]

Trustee arrangements

Elements for draft decision(s) for CMP 20

- *Decides* that the Adaptation Fund shall transition to exclusively serving the Paris Agreement as soon as the Adaptation Fund receives written notification from the trustee that the trustee has monetized the first share of proceeds under Article 6, paragraph 4, of the Paris Agreement and the resulting funds are in the account available for use by the Adaptation Fund;
- *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its seventh session (November 2025) to request the Adaptation Fund Board to develop and conclude, as soon as possible, new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund serving the Paris Agreement with a view to ensuring that:
 - The share of proceeds under Article 6, paragraph 4, of the Paris Agreement can be promptly monetized;
 - The Adaptation Fund is able to accept voluntary contributions, including of resources for adaptation under Article 6, paragraph 2, of the Paris Agreement;¹
 - Remaining assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol, and eligible certified emission reductions under the clean development mechanism, are transferred to, and continue to be assets of, the Adaptation Fund operating under the Paris Agreement;
- *Decides* to terminate the terms and conditions of services provided by the World Bank as interim trustee of the Adaptation Fund, as contained in annex III to decision 1/CMP.4 and amended in decisions 5/CMP.6, 1/CMP.9, 1/CMP.10 and 3/CMP.15, in accordance with paragraph 34 of those terms and conditions,² after the new terms and conditions referred to in paragraph xx above come into effect with a view to ensuring a smooth transition of the Adaptation Fund to exclusively serving the Paris Agreement.

Elements for draft decision(s) for CMA 7

- *Requests* the Adaptation Fund Board to develop and conclude, as soon as possible, new terms and conditions of services to be provided by the World Bank as trustee of the Adaptation Fund serving the Paris Agreement with a view to ensuring that:
 - The share of proceeds under Article 6, paragraph 4, of the Paris Agreement can be promptly monetized;

¹ Pursuant to decision 2/CMA.3, annex, para. 37.

² As contained in annex I to the report of the Adaptation Fund Board to Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, contained in the annex to document FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1.

- The Adaptation Fund is able to accept voluntary contributions, including of resources for adaptation under Article 6, paragraph 2, of the Paris Agreement;³
- Remaining assets of the Adaptation Fund accrued from its operations under the Kyoto Protocol, and eligible certified emission reductions under the clean development mechanism, are transferred to, and continue to be assets of, the Adaptation Fund operating under the Paris Agreement;
- *Invites* the World Bank to develop and conclude, in collaboration with the Adaptation Fund Board, the new terms and conditions referred to in paragraph xx above.

Memorandum of understanding regarding secretariat services

Elements for draft decision(s) for CMP 20

- *Confirms* its intention that the secretariat services provided to the Adaptation Fund Board should continue seamlessly after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;
- *Authorizes* the Adaptation Fund Board to enter into the existing memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding the provision of secretariat services to the Adaptation Fund Board,⁴ and to thereby replace the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, subject to the agreement by the Council of the Global Environment Facility, after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;
- *Requests* the Adaptation Fund Board, with the assistance of its secretariat, to develop and conclude the necessary arrangements with the Global Environment Facility to continue the memorandum of understanding referred to in paragraph XX above after the transition of the Adaptation Fund to exclusively serving the Paris Agreement, and to provide any updates on the progress of developing and concluding such arrangements in its report to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
- *Invites* the Council of the Global Environment Facility to confirm its agreement to continue the existing memorandum of understanding referred to in paragraph XX above, with the Adaptation Fund Board in place of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, after the transition of the Adaptation Fund to exclusively serving the Paris Agreement.

Elements for draft decision(s) for CMA 7

- *Endorses* the authorization of the Adaptation Fund Board by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to enter into the existing memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding the provision of secretariat services to the Adaptation Fund Board⁵ and thereby replace the Conference of the Parties serving

³ Pursuant to decision 2/CMA.3, annex, para. 37.

⁴ Annex II to decision 1/CMP.4, as amended in the annex to FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, and adopted in decision 3/CMP.15.

⁵ Annex II to decision 1/CMP.4, as amended in the annex to FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, and adopted in decision 3/CMP.15.

as the meeting of the Parties to the Kyoto Protocol after the transition of the Adaptation Fund to exclusively serving the Paris Agreement.

Governance-related decisions

Elements for draft decision(s) for CMP 20

- *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to mandate the Adaptation Fund Board to make recommendations, as needed, relating to necessary adjustments to the governance arrangements of the Adaptation Fund for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its **XX** session.

Elements for draft decision(s) for CMA 7

- *Confirms* that decisions taken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol with respect to the Adaptation Fund, including with regard to its institutional arrangements, operational modalities and access modalities, shall apply mutatis mutandis under the Paris Agreement after the transition of the Adaptation Fund to exclusively serving the Paris Agreement;
- *Mandates* the Adaptation Fund Board, once the Adaptation Fund exclusively serves the Paris Agreement, to make recommendations, as needed, relating to necessary adjustments to the governance arrangements of the Adaptation Fund for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its **XX** session.

Annex II

[Membership of the Adaptation Fund Board]

Option 1

- Composition of the Adaptation Fund Board and the number of Board members is unchanged;
- Terminology to be amended with reference to representation of groups of Parties to be aligned with the Paris Agreement text;

Option 2

- No further discussion at this session; procedural conclusion at this session to defer consideration of matters related to the membership of the Board until the transition of the Adaptation Fund to exclusively serve the Paris Agreement is complete;

Option 3

- Composition of the Adaptation Fund Board, the number of Board members and the procedure of their nomination are unchanged.

Option 4

- Composition of the Adaptation Fund Board and the number of Board members is unchanged;
- Terminology with respect to the composition of the Adaptation Fund Board is amended, such that:

- With respect to the seats referred to in paragraph 6(d–e) of decision 1/CMP.3, “developed country Parties” replaces “Parties included in Annex I to the Convention (Annex I Parties)”, and “developing country Parties” replaces “Parties not included in Annex I to the Convention (non-Annex I Parties)” respectively.⁶

Annex III

[Fifth review of the Adaptation Fund]

Option 1

Elements for draft conclusions of SBI 62

- The Subsidiary Body for Implementation (SBI) initiated the fifth review of the Adaptation Fund in accordance with the terms of reference for the fourth review of the Adaptation Fund contained in the annex to decision 4/CMP.16.
- The SBI recommended a draft decision on this matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twentieth session (November 2025).

Elements for draft decision(s) for CMP 20

- *Notes* the initiation of the fifth review of the Adaptation Fund by the Subsidiary Body for Implementation at its sixty-second session in accordance with the terms of reference contained in the annex to decision 4/CMP.16;
- *Reaffirms* that the Subsidiary Body for Implementation shall complete its work on the fifth review of the Adaptation Fund at its sixty-fifth session (November 2026), while welcoming the participation of Parties to the Paris Agreement;
- *Decides* that the fifth review of the Adaptation Fund will be undertaken in accordance with paragraph 33 of decision 1/CMP.3 and the terms of reference contained in the annex of decision 4/CMP.16;
- *Invites* Parties to the Kyoto Protocol, Parties to the Paris Agreement and observer organizations, as well as interested international organizations, non-governmental organizations and other stakeholders involved in the activities of the Adaptation Fund, including implementing entities accredited by the Adaptation Fund Board, to submit via the submission portal⁷ by 31 March 2026 views on the fifth review of the Adaptation Fund on the basis of the terms of reference contained in the annex to decision 4/CMP.16 for consideration at SBI 64 (June 2026);
- *Requests* the UNFCCC secretariat, in collaboration with the Adaptation Fund Board secretariat, to prepare a technical paper on the fifth review of the Adaptation Fund, in accordance with the terms of reference referred to in paragraph XX above, taking into account inputs and submissions from Parties, for consideration at SBI 65 (November 2026) to facilitate substantive engagement;
- *Agrees*, if the share of proceeds under Article 6, paragraph 4, of the Paris Agreement has not become available by the twenty-first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (November 2026), to invite the Conference of the

⁶ This does not alter the status of countries, nor does it prejudice future negotiating positions or views of Parties in this regard.

⁷ <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

Parties serving as the meeting of the Parties to the Paris Agreement to consider the outcomes of the review at its eighth session (November 2026);

- *Also agrees*, if the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available by the twenty-first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (November 2026), to invite the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its eighth session (November 2026), to consider and transmit, as appropriate, the outcomes of the review to the Adaptation Fund Board;
- *Decides* that the work of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the fifth review of the Adaptation Fund shall conclude at the twenty-first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

Option 2

Elements for draft decision(s) for CMP 20

- *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to undertake the fifth review of the Adaptation Fund following the transition of the Adaptation Fund to exclusively serving the Paris Agreement.

Elements for draft decision(s) for CMA 7

- *Agrees* to undertake the fifth review of the Adaptation Fund following the transition of the Adaptation Fund to exclusively serving the Paris Agreement and *requests* the Subsidiary Body for Implementation to initiate the review at its first session following the transition and report back to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its session the following year.