

**APA Agenda Item 8A: informal consultations on issues related to Adaptation Fund**  
**Thursday December 6, 2018, 12:00-1:00PM**  
**Meeting Room 4**

Notes taken by Anna McGinn, University of Maine, U.S. (badges through Dickinson College  
and University Corporation for Atmospheric Research)

**\*Please note that these notes are an attempt to capture what took place during the meeting, but they are not comprehensive and could have errors.**

Key:

...means that there were comments that I missed

AF: Adaptation Fund

AFB: Adaptation Fund Board

[ ]: my comments

PA: Paris Agreement

KP: Kyoto Protocol

Co-F: Co-Facilitator

Para: paragraph

[Start meeting]

Co-F: We want your comments on the first iteration of the text. Parties might observe that para. 10-11, we have moved the previous para. 11 as there was a sense we could do that yesterday. We also have inputs for a new para. 10

On sources of funding, they have been adjusted and new comments of sources of funding for KP has been added...

...

Some minor changes through the editorial process

Now we want to work on convergences to be able to have a second iteration, and we will work on the basis of your work today on that regard. Does this approach work?

Need to streamline the text. Open the floor for any necessary comments based on the edits.

South Africa on behalf of the Africa group: Thank you for the revised iteration. We still need more time to work with our group. On para 19, we don't think that our views have been reflected. We don't think para B is necessary also maybe not C. Also, not sure about A. We need to figure out exactly how the AFB will support the PA in the context of helping the developing countries.

We all stress the importance of the Adaptation Fund to support developing parties in carrying out work under the Paris Agreement.

The text on 19 doesn't reflect our views. Yesterday, I agreed with Gabriella [Switzerland] on what is now para 10 and that language is there. We had a conversation which we didn't conclude and to be clear here, it was because of time, not because we were not in agreement. That was to see about institutional arrangements. We might need to come back to you on that, but for now that is what we have. So, for now, thank you Switzerland and we will come back to you.

Japan: Issues in governance and operational modalities and sources of funding...if we choose the starting point for exclusively serving the Paris Agreement, issues with current projects

...

Regarding sources of funding, we can't prejudge article 6, so related things in our documents should be bracketed. We are good with AF being funding by share of proceeds....

US: Para 19- some things we deem essential are gone. I understand we didn't want the laundry list, but it moves away from our mandate from Marrakech. Suggests new streamlined text-

"Request the newly formed AFB to review the operating modalities and policies and guidelines of the AF including its Environmental and Social Safeguards, the AML CTF [anti-money laundering and counter terrorist financing] policies and independent accountability mechanisms, are revised as appropriate to ensure that the Fund is in line with international best practices."

China- It is too early to only serve the PA, it is too early to judge. We have an issue with para 14. We want it changed to the PA language. Decides that developing countries parties to the PA are eligible for funding under the adaptation fund (??)...

Interrupted by Co-F: We haven't talked about eligibility yet. So, can we come back to this next??

China: Okay, I will come back later.

Canada: Support the recommendation by Japan to bracket things related to article 6, 4, 15. That would make sense given that article 6 is still bracketed.

Saudi Arabia speaking on behalf of Arab group: is 6.1.4 this document? I don't see it.

We don't think much changed from what we have. To go forward, we said that the outcome earlier.

We want to leave the AF as the same as possible- in governance, institutions, safeguards... If we make changes then it becomes the GCF. We want it to serve the developing countries...we don't want the AF to be a mirror of the GCF, which is already a problematic Fund for us.

We don't want to rush into any other ideas. We want to have a process for replenishment for the AF. We don't have that yet. We want public financing into the Fund, so it can be more sustained. Any notions, any ideas, to push funding for the AF through social finance is not acceptable, we will not accept that.

Co-F: In para 15, it says article 6.4 of the Paris Agreement. So, we are working on this basis.

EU: We are working on the basis of the new iteration. We can work with the next text. Thank you for it. We still have some issues with some paras, para 11 and we need to check new next on 10.

Argentina: (Argentina, Brazil, Uruguay): We haven't finished considering this iteration, but I am happy to work on this basis to collect comments on this basis with caveat that we might come back to what is not reflected.

Are we discussing funding, sources of funding. Yes okay. The paragraph that refers to the trustee- I saw it was bracketed, I think para 16, we have a proposal, we are discussing with G77. This is that it could be the AFB that could conclude the relationship with the CMP... We are not sure where this belongs through. It could be broader under institutional arrangements.

Under 19, the list as it is reflected now, is fine with us. Any additional sub-item, we should need to consider. Thank you.

Malawi on behalf of LDCs: We also thank you for the work. With the question, I think the African group put it, as we have said before, the LDCs see the AF as one of the most, very key funds. It was established to support LDCs. We want to see the AF move forward as soon as we can and that it is serving the PA as soon as we can. We are not looking to go into details to form a new fund board. Those details can be left out... we should give ourselves a transition period and we agree when the AF shall start serving the PA. We can ask the Fund board to do the transitional items. For the sources of funding and the time that the AF shall start serving the PA- these are the two issues. Don't agree with the others on exclusivity. The AF is right now serving the KP and we cannot see...

Co-F: Invite you to move to para 12 and 13 on eligibility. Be brief. We are looking for ideas to streamline. How we put together this text.

China- We want to change 14 to decides that developing countries parties in the PA are eligible for funding under AF, in particular for the LDC and the SIDS because we don't want two paragraphs. Just one.

Co-F- That was an idea to merge 13 and 14.

China- No, just to change 14. And just get rid of 13.

Switzerland: We could accept option 2. If we go for option 1, our group wonders about the bracket- [particularly vulnerable] because we don't know how to measure this. We would like it to just say the names of the vulnerable countries since we don't have a measure for vulnerability at this time. Thank you.

Chile- Peru and Chile: Support para 14, option 2.

Argentina (ABU)- We too, strongly support option 2.

EU- We also would prefer option 2- similar and does the job. If option 1, we would have the same concern as Switzerland with the language on vulnerable countries.

Maldives on behalf of AOSIS- Our preference is option 1. We want to see para 12 and 13 streamlines and we want a reference to SIDS and LDCs in line with article 9.4

Saudi Arabia: We would merge 13 and 14- parties to the Paris agreement are developing countries parties with special attention LDCs and SIDS. They should get special treatment everywhere, not just here in the AF.

We are prejudging when we said the PA because we haven't decided that it won't serve the KP

Australia: we support option 2, however, if consensus comes around option 1, we want to merge 13 and 14. In para 12, it is hard to define what vulnerability is, but this is not true with the terms SIDS and LDCs. Given that they are the groups most adversely impacts, we think it makes sense to merge and just say the group names.

Country x- Option 2

Malawi- In para 13, there is the SIDS and LDCs, but in para 14, we want to have developing countries and in particular LDCs and SIDS, this was our view before and we will go with the suggestions...we don't exhaust everything in the fund, so others will still get money for projects.

India- Support China and Malawi. And to Saudi Arabia- we should not prejudge limiting the AF to serve the PA

Country xx- Support the proposal by China. Agree with Saudi Arabia on prejudgment

South Africa- We don't think we need a section on eligibility. The notion of eligibility is well covered in the founding documents under the CMP, so we don't think we need to decide that now. We want the board to come back to the parties and tell us how they will implement their work under the PA. We don't want to prejudge as the other colleagues have said.

Argentina- We would support having a reference to LDC and SIDS quoting the PA: 'In particular, the LDCs and SIDS.' Regarding the comment by Saudi Arabia, these group supported to have a transition period where the AF would be under both the CMP and the CMA, so we understand that it referred to the PA is the AF serving under the PA, but the fund at the same time will be working under Kyoto, so, of course, those parties under Kyoto would be eligible for accepting funding under the AF. That is our understanding. Since we haven't touched the topics.

Indonesia- Support option 2, but we are ready to work if other parties want to have an exercise in merging para 12 and 13.

Co-F- Invite you to move to para 5-9 on board composition. I can invite the parties and the group to intervene in this regard. Signal your preferences. In particular, the essential need of having this section in this COP24 decision, so that is very much appreciated. If it is important for your group, give us a signal in the option. Don't forget to engage with your colleagues on this. I think we can keep working this.

Saudi Arabia- We don't see a need for changing the board composition because the same sources of funding from the CDM are there. One of the key successes of the AF is the way the board is structured, it meets the need of the developing countries. It is the most successful fund that we hear of. Let's not make it less successful by changing the board...we are of the opinion that the majority to the developing countries is the way to go. Is the right structure. Will continue to make developing countries sort of consideration of their circumstance and the way they go about their lives is the overarching business environment. We don't want a board that brings in conditionality associated with financing. We are very keen to keep the structure as it is, the composition of the board, the majority of developing countries being on the board.

Switzerland- we wouldn't be in agreement with option 2. Because the fund needs clarity with what the board is moving forward. We want to clarify what the board looks like during the transition period is important. This is a decision we have to take in Katowice. Option 1 is not okay because it makes references to the annexes. This is a sensitive political issue. If we want the fund to serve the PA, we have to remove the annexes. At least replaces annex 1 and non-annex with developed and developing. If we want to make this credible, we have to include parties not in the KP to be a part of this decisions. We want to add one seat to the board for non-KP parties so they can be part of the conversation. We don't intent to change the balance of the fund. But important to include all countries in discussions during this transition. We see South Africa is not happy, but we are trying to find solutions.

Argentina: Changing the board is not a good idea from a practical perspective. The board has worked well as it did now. We suggest to keep the current composition of the board. We see the PA parties that are not KP parties in the core membership, they are eligible, they can take the seats that are available, but changing the composition of the board is not something we support.

South Africa on behalf of the African group- Support Argentina colleague, there is no need for us to change the composition of the board. It is a very strong position. We are dealing to respond to the competency of another body, we don't need to change the board. There is a concern of other parties about those that are not part of KP or PA. we can make a mountain out of a mole hill. This is a simple issue that the bureau can resolve. The secretariat can just tell all parties that they are invited to be elected to the board. We think there is a manageable way to deal with this. The natural connections are better dealt with within the regional groups. We think that it is not necessary to have a section on composition of the AFB. We want the board to remain as it is. Thank you very much.

India: Like to resonate the views made by South Africa and others. No need for changing the board structure. The body has functioned as it should.

Pakistan: Just to add our voice to the view that we do not think there is a need to change the composition of the board. It functions effectively and is delivering on its mandate. I agree with South Africa. This can be deal with within the regional groups.

Japan- We support what Switzerland says. The AF board should be changed in accordance with the PA...decision on the composition of the board should be made this year.

US- Explain our submission- changing composition of the board- the composition was based on the funding source of CDM, under the PA we don't know the funding source. At this time, we should leave some options open. So, we can make sure that the board going forward can reflect the funding that goes into the AF.

Co-F: Tomorrow we will meet again and talk about the governance. We want to see if we can solve the issues on governance.

We are prepared to make rooms for you to meet, but we realized that you have a lot of clashes, give us the signal on the when to meet. That is for you to tell us. Any proposals on that?

So please let us know through the traditional channels to see how we can arrange that.

Meeting adjourned.

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