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Agenda item 7(a)
Adaptation Fund
Report of the Adaptation Fund Board

Report of the Adaptation Fund Board

Proposal by the President

Draft decision -/CMP.9

Report of the Adaptation Fund Board

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

Recalling Article 12, paragraph 8, of the Kyoto Protocol,

Also recalling previous decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the report of the Adaptation Fund Board,

Further recalling decision 1/CMP.8,

Taking note of the report of the Adaptation Fund Board,[1]

Noting with concern the level of market prices of certified emission reductions and the expected impact on the availability of funding from the Adaptation Fund,

Cognizant of decision -/CMP.9,[2] concerning Articles 5, 7 and 8 of the Kyoto Protocol,

Taking note of the information on the status of the resources of the Adaptation Fund,[3]

[1] FCCC/KP/CMP/2013/2.
[2] Draft decision proposed for adoption under agenda item 3(a) of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
[3] FCCC/SBI/2013/INF.2.

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1. *Adopts* the amendment to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund on an interim basis;[4]

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board in accordance with decision 1/CMP.4, paragraph 10:

(a) The accreditation of 15 national implementing entities, including one during the reporting period, that can access resources from the Adaptation Fund directly;

(b) Cumulative project and programme approvals reaching USD 184 million;

(c) The funds available for projects and programmes implemented by multilateral implementing entities that reached the 50 per cent cap established by Adaptation Fund Board decision B.12/9;

(d) The establishment of a pipeline of eight projects and programmes recommended for approval by the Project and Programme Review Committee for which no funds were available;

3. *Also notes* that cumulative receipts into the Adaptation Fund Trust Fund reached USD 324.4 million, with USD 188.3 million coming from the monetization of certified emission reductions and USD 136.1 million from additional contributions;

4. *Further notes* that funds available for new funding approvals amounted to USD 115.8 million as at 31 July 2013 and that potential cumulative additional resources from the monetization of certified emission reductions up to the end of 2020 are estimated at USD 15–30 million;[5]

5. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund given the current prices of certified emission reductions;

6. *Takes note with appreciation* of the continued efforts of the Adaptation Fund Board to promote the accreditation of national implementing entities and direct access to the resources of the Adaptation Fund;

7. *Invites* the Adaptation Fund Board to provide, in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (December 2014), its views on the matters included in the terms of reference for the second review of the Adaptation Fund annexed to decision -/CMP.9,[6] taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its fortieth session (June 2014);

8. *Decides* that an account held in the clean development mechanism registry for the Adaptation Fund shall be the recipient of the 2 per cent share of proceeds levied in accordance with decision 1/CMP.8, paragraph 21;

9. *Requests* the Adaptation Fund Board to consider the arrangements for the monetization of the 2 per cent share of proceeds referred to in paragraph 8 above, including the appropriate entity or entities to monetize the share of proceeds, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its tenth session;

[4] FCCC/KP/CMP/2013/2, annex I.

[5] Estimate based on current certified emission reduction prices and estimated certified emission reduction issuance levels.

[6] Draft decision proposed for adoption under agenda item 7(b) of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

10. *Also requests* the Adaptation Fund Board to develop and approve the legal arrangements with the trustee regarding the services for the 2 per cent share of proceeds referred to in paragraph 8 above for approval by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

11. *Takes note* of the Adaptation Fund Board's fundraising strategy and campaign to raise USD 100 million by the end of 2013, as detailed in the report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;

12. *Continues to encourage* Parties included in Annex I to the Convention and international organizations to provide funding to support the Adaptation Fund Board's goal of the fundraising strategy and campaign referred to in paragraph 11 above and to scale up funding, with a view to reaching the Board's fundraising goal from resources that are additional to the share of proceeds from clean development mechanism project activities, the first international transfers of assigned amount units and the issuance of emission reduction units for activities under Article 6 of the Kyoto Protocol;

13. *Welcomes* the financial contributions that have been made to the Adaptation Fund in 2013 by the Governments of Sweden and the Brussels-Capital Region in Belgium, and the pledges of contributions to the Adaptation Fund made by the Governments of Austria, Belgium, Finland, France, Germany, Norway and Switzerland in accordance with decision 4/CMP.5, paragraph 9.