

Developed countries push for changes to Adaptation Fund

24 June, Bonn (TWNN) — Discussions over the composition of the Adaptation Fund (AF) Board and eligibility of Parties to the Board have become contentious at the ongoing climate talks in Bonn, Germany. This was due to the proposals by developed countries, including the United States (US), to change the composition of the AF Board.

Developing countries were united that they do not envisage any change in the composition of the AF Board now. The exchange happened in a series of informal consultations under the ongoing talks of the UNFCCC's Subsidiary Body for Implementation (SBI).

(In a decision adopted in Dec. 2018 in Katowice, Poland, [para 4 of decision 1/CMP] the SBI was tasked to consider the membership of the AF Board and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) for its consideration at its session later this year).

During the discussions, several developing country groupings under **G77 and China** said that the decision adopted in Katowice had made clear that developing and developed countries that are Parties to the Paris Agreement (PA) are eligible for membership on the AF Board and therefore, there was no need to discuss the matter further. They stressed that under the SBI, they were not tasked to reconfigure the number of members or change the composition of the Board. They also said that they would like to maintain the current composition of the Board as is, while adding that the AF was very dear to developing countries because of its specific focus on adaptation and the Fund's unique direct access modalities.

Developed countries, led by the **European Union, Switzerland** and **Norway**, however, referred to past decisions (viz. decision 1/CMP.3), which outlined the composition of the Board and had references to the annexes to the Convention. They said that this needed to be changed, given that the PA does not refer to

Annex I and Non-Annex I, but uses the terms developed and developing countries. Further, they proposed, in their submissions, that the composition be changed to 18 members (from the current 16 members), and include representatives from Eastern Europe and Western European groups.

These proposals were reflected in an informal note by the co-facilitators facilitating the informal consultations, who are Amjad Abdulla (**Maldives**) and Fiona Gilbert (**Australia**).

(Decision 1/CMP.3 decided that the AF Board shall have 16 members, representing Parties to the Kyoto Protocol [KP], taking into account fair and balanced representation among these groups and would include two representatives from each of the five United Nations regional groups; one representative of the Small Island Developing States [SIDs]; one representative of the Least Developed Country Parties; two other representatives from the Parties included in Annex I to the Convention [Annex I Parties]; two other representatives from the Parties not included in Annex I to the Convention [non-Annex I Parties]).

Further, developed countries also said that when the Fund exclusively serves the PA, the composition would have to be adjusted. As an outcome of the Bonn session, they wanted the draft conclusions to also reflect that when the AF serves the PA exclusively, the issue of changing the composition of the Board be taken up by the Conference of the Parties serving as the meeting of the Parties to the PA (CMA). Some developed countries also said that the rules of procedure of the AF needs to be amended.

The AF currently serves both the KP and the PA. In Poland last year, it was decided that the AF shall exclusively serve the PA and shall no longer serve the KP, once the share of proceeds under Article 6.4 of the PA becomes available.

(Negotiations on the share of proceeds are currently ongoing in Bonn. Article 6.4 establishes a mechanism to contribute to the mitigation of greenhouse gas

emissions and support sustainable development for use by Parties on a voluntary basis. Article 6 of the PA deals with cooperative approaches among Parties, which includes the use of market and non-market mechanisms. Parties were unable to arrive at an agreement on the operational details and rules to be applied in the implementation of Article 6 Poland last year).

In response to developed countries' calls for the SBI draft conclusions to reflect that the AF serves the PA exclusively and for amendments to the Board's composition, developing countries said that there was no hurry to do so. They said there was no need for a recommendation on the AF serving the PA exclusively when the CMP had already decided on this, which was linked to share of proceeds from the Article 6.4 mechanism, which was still under negotiations.

On proposals to amend the rules of procedure, developing countries said that the AF Board was already considering issues in relation to rules of procedure; hence, it was not necessary to provide any recommendations to that effect.

(The decision from Katowice [in para 6 of decision 1/CMP.14] requests the AF Board to consider the rules of procedure of the Board, the arrangements of the AF with respect to the PA and any other matter so as to ensure the AF serves the PA smoothly and to make recommendations to the CMP at its next session, in Dec. 2019.)

According to a senior developing country delegate who spoke to TWN, the proposals raised by developed

countries has to do with the situation of the US, which was not on the AF Board as it was not Party to the KP, and wants to get involved in the AF under the PA and change the structure of the Fund.

Divergences also arose on the next steps in relation to whether the co-facilitators proposed draft conclusions should refer to an informal note prepared by co-facilitators which captures the views expressed by Parties on eligibility, amendments to the AF Board rules of procedure, possible changes to the Board composition, and an option of no recommendation to be forwarded and for the next SBI session to continue discussions.

Among the views expressed by Parties includes that of the US as well, which has an observer status in the KP. Some developing countries sought legal clarification of whether the US's views could be included in the submission and added that not all the views were reflected in the informal note.

The **Africa Group, Least Developed Countries, India and China** were against including the informal note in the draft conclusions, whereas **Switzerland, Japan and Norway** were in favour of including the informal note.

Since there was no consensus, the next steps are likely to be decided either in additional informal consultations or at the closing plenary of the SBI on 27 June, which is the last day of the Bonn talks.