



## Submission by Portugal and the European Commission

### On behalf of the European Union and its Member States

**Subject:** Voluntary EU Submission on the topic financing for adaptation / share of proceeds (Article 6.2 and Article 6.4) to advise the SBSTA regarding the Informal technical expert dialogues to be held until June 2021

13 April 2021

#### **Financing for adaptation / share of proceeds (Article 6.2 and Article 6.4)**

The EU and its member states would like to thank the SBSTA Chair for the encouragement to provide views ahead of the Article 6 events.

#### **1. There is a need to increase the scale and predictability of finance for adaptation, primarily to developing countries that are particularly vulnerable.**

The EU has been a steadfast supporter of adaptation action. As recently outlined in the EU Submission on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement<sup>1</sup>, the EU and its Member States are the largest contributor of public climate finance to developing countries for adaptation purposes, in particular for adaptation action in the Least Developed Countries (LDCs), Small Island Developing States (SIDS) and countries in Africa. The share of EU climate finance envisaged for adaptation purposes has been increasing.

To date the EU and its Member States are the major contributors to the Adaptation Fund representing over 75% of the total contribution. The voluntary funding represents approximately 80% of the total contribution and the EU share accounts for significantly over 90% of it.

We will continue efforts to channel public climate finance towards adaptation.

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<sup>1</sup> Submission dated 20 November 2020, accessible at <https://unfccc.int/sites/default/files/resource/DE-11-24-2020%20-%20EU%20Submission%20on%20Article%209.5.pdf>



## 2. Voluntary cooperation under Article 6 should allow for higher ambition in adaptation actions.

Parties have agreed in the Paris Agreement to a share of proceeds from activities under the Article 6.4 mechanism to assist developing countries to meet the costs of adaptation, and, in 13.CMA/1, that the Adaptation Fund, when it serves the Paris Agreement, shall be financed from the Article 6.4 share of proceeds, as well as from a variety of voluntary public and private sources.

We note that to date the share of proceeds to support adaptation under the CDM has not, over the long term, significantly improved the scale and predictability of adaptation finance.

We are open to explore whether and how the mechanism for implementation of the share of the proceeds might be improved to deliver a more predictable revenue stream, noting in particular that the share of the proceeds for administrative expenses for the CDM has delivered significant surpluses to the CDM.

We have not taken a view on the level of such a share of proceeds under Article 6.4 but believe it should be set in a way and at a level that provides predictable finance while not hindering the feasibility of activities.

a. The Paris Agreement does not provide a mandate for applying share of proceeds in respect of cooperative approaches under Article 6.2 – thus, as we have previously indicated, we do not see potential for agreement around the mechanical application of a similar approach to that agreed for Article 6.4 to 6.2.

We note that in the final hours of Madrid, the COP25 Presidency proposed compromises on several issues where there was insufficient time for a full consideration by Parties.

In this regard we see that the 3rd iteration text<sup>2</sup> has proposed at para 37

*“Recalling Article 6, paragraph 1, participating Parties using cooperative approaches, are strongly encouraged to commit to contribute resources to adaptation, primarily through contributions to the Adaptation Fund, and to contribute commensurate with the rate delivered under the mechanism established by Article 6, paragraph 4, to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”*

We have signaled a willingness to work on the basis of the COP25 Presidency’s proposal. We welcome in particular its voluntary nature and note the encouragement to *commit* to contribute resources to adaptation. We are also interested in helping to clarify how this could be operationalized.

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<sup>2</sup> Matters relating to Article 6 of the Paris Agreement: Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement Version 3 of 15 December 1:10 hrs