

## **SUBMISSION BY FRANCE AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

### **Subject: Fourth Review of the Adaptation Fund**

**Paris, 22 March 2022**

The European Union and its Member States welcome the opportunity to share views on the 4th review of the Adaptation Fund, based on the terms of reference concluded at COP 26 in Glasgow.

1. The Adaptation Fund (AF) is the main multilateral climate finance channel specifically established to finance concrete adaptation projects and programmes in developing country Parties. It has pioneered “direct access”, promoting country-owned and country-driven processes, building capacity and strengthening local institutions.

2. The European Union and its Member States acknowledge the important role of the Adaptation Fund to deliver concrete adaptation action on the ground often for the most vulnerable and welcome the review as an important exercise to acknowledge recent programmatic developments by the Fund. The review follows a well-established process with the objective to ensure the effectiveness, sustainability and adequacy of the Fund and its operations.

3. The EU and its Member States are and remain committed to adaptation finance and welcome the fact that the AF received a record high in new support by far surpassing the Fund’s 2021 resource mobilization goal. The EU and its MS thereby remained as the biggest contributor to the AF. In this regard, the EU and its MS highlights the importance of finalizing the draft resource mobilization strategy of the Adaptation Fund for 2021–2024 in order to encourage mobilization of resources for the Fund.

4. The 4<sup>th</sup> review will be the first since the fund serves the Paris Agreement and the scope of the review, as outlined in the terms of reference, covers four main areas: the provision of financial resources, lessons learned, programming and project coherence and complementarity, the institutional arrangements for the Adaptation Fund.

5. This submission focuses on the main elements that should be dealt with in the 4<sup>th</sup> review and in the technical paper to be prepared by the Secretariat in collaboration with the AFB. These elements particularly include:

- a) Regarding the provision of sustainable, predictable, accessible and adequate financial resources and the mobilization of financial resources to fund concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of developing country Parties
  - Trends regarding various sources of financial resources for the AF
  - Transaction and operational costs of the AF
  - Current financing model and mobilization of innovative resources

- b) Regarding the lessons learned from the application of the access modalities, the project approval procedures, results and impacts of approved adaptation projects and programmes, readiness programme, pilot programme for regional projects and the Innovation Facility:
- Role, efficiency, direct and indirect impact of different implementing entities (IEs) in their countries, in particular the experiences with 'direct access' as well as the decision to amend the Fund's Operational Policies and Guidelines to facilitate an additional NIE per country
  - Efficiency and effectiveness triggered by lifting the country cap from USD 10 million to USD 20 million.
  - Geographical coverage of projects, including projects in the pipeline, LDC/SIDS access to funding
  - Experiences and effectiveness of AF's project approval procedures
  - Results of AF's approved projects and programmes, and from the new funding windows that the MTS initiated such as enhanced direct access; large grants for innovation; small grants for innovation; activities under the learning and sharing pillar
  - Results of AF's readiness programme in building the capacity of national institutions to access funding
- c) Regarding programming and project coherence and complementarity between the Adaptation Fund and other institutions funding adaptation projects and programmes in particular institutions under the Convention and the operating entities of the FM and its specialized funds
- AF comparative advantage in adaptation finance
  - AF contribution in financing adaptation compared to other institutions funding adaptation projects and programmes
  - Performance (efficiency and effectiveness) of the Adaptation Fund compared to other sources of adaptation support
  - Types (scale, implementation, replication) of projects, geographical coverage and scale of the Adaptation Fund compared to other funds under the Convention and other institutions funding adaptation projects and programmes
  - Programmes and projects complementarities and duplications, if any, between the AF and other institutions
- d) Regarding the institutional arrangements for the Adaptation Fund
- Efficiency and effectiveness of AF institutional arrangements