



SUBMISSION BY THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

Pursuant to the decision of CMP16 session during COP26 in Glasgow, November 2021, on **“Fourth review of the Adaptation Fund” (Decision 4/CMP.16, Para. 3)**, the Government of the Republic of Indonesia would like to recall its submission in 2021 on the "Terms of Reference of the Fourth Review of the Adaptation Fund". In its submission, Indonesia viewed that the Adaptation Fund (AF) – which provides a grant-only scheme, pioneering direct access, and does not require co-financing – is an important financial mechanism for developing country Parties in enhancing their adaptation actions. Referring to that, Indonesia highlighted several important issues on the AF, including scaling up of the amount of AF and certainty of its financial sources.

Further, the Government of the Republic of Indonesia is pleased to submit its views on the fourth reviews of the Adaptation Fund, with respect to Decision 4/CMP.16 Paragraph 3 based on the terms of reference set out in its annex, as follows:

1. With regard to Paragraph 2(a), Indonesia supports the provision of sustainable, predictable, accessible, and adequate financial resources and the mobilization of financial resources, to fund concrete adaptation projects and programs that are country driven and based on the needs, and priorities of developing country Parties.
2. On lessons-learned elements in Paragraph 2(b), Indonesia emphasizes the importance to enhance access of the developing countries Parties to AF by strengthening readiness program and simplified procedures. Clear timeliness of the AF disbursement is also important to better address the impacts of climate change through adaptation programs.
3. On the programming and project coherence and complementarity between the AF and other institutional funding as set out in Paragraph 2(c), Indonesia views that complementarity and coherence of the AF with other financial mechanisms need to be implemented at the technical level among these institutions to avoid overlap and to further increase its impact on climate actions.

In addition, Indonesia would like to highlight other relevant issues as follows:

- a. Paris Agreement places adaptation financing on par with that of mitigation. Article 2.1c of the Paris Agreement points out that "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." Thus, Parties need to ensure that the financing for adaptation, including that is channeled through the AF, is sufficient. As the financial mechanism, the AF shall be well resourced to address adaptation issues effectively.
- b. Certainty on the sustainability of the AF financial resource remains an issue. The Summary of Biennial Assessment 2020 highlighted that "Adaptation finance has remained at between 20 to 25 percent of committed concessional finance across all sources (noting measurement differences)", which suggests significant imbalance between adaptation and mitigation financing. Adding to that, referring to the reports on the work program on long-term finance, Indonesia highlights that the current scale of finance does not match the level required to fully address the adaptation and mitigation needs of the developing country Parties.
- c. Based on the technical paper and summary for policymakers from the technical examination process on adaptation in 2020, Indonesia views that the source of fund for adaptation cannot lean only on multilateral donors. Engagement of the private sector is necessary. In this regard, AF needs more innovative financing mechanism to promote closer cooperation between public and private sectors.
- d. Adaptation financing must also cover upskill and reskill the impacted communities, especially those whose jobs lost due to and/or affected by climate change. Indonesia also highlights the need to enhance adaptation actions and support their implementation by reducing vulnerability and mainstreaming adaptation. This enhanced adaptation includes financial resources, technology transfer, and capacity building for scaling up adaptation efforts. There is also a need to improve the capacity of the developing country Parties to conduct assessment according to their priorities.

Aligned with the Decision 3/CMP.16 Paragraph 3, Indonesia also welcomes decision of AF Board on increasing the finance access cap per country from USD 10 million to USD 20 million and the number of accredited national implementing entities per eligible developing country Party from one to two.
