Submission by Bolivia on behalf of the Like-Minded Developing Countries (LMDC) on the 4th Review of Adaptation Fund (AF)

- Adaptation Fund is dedicated for financing adaptation activities. Recognizing this important role, the country caps have been doubled to $20 million by the board in its last meeting. <u>The adequacy of fund still remains an issue and further scaling up of funds from the developed country Parties is an important requirement for climate resilient future</u>. Although there are indications that some of the developed country Parties have augmented adaptation finance and the decision in COP 26 reflects this, the pledges must translate into actual flows. The effectiveness, sustainability and adequacy of the fund and its operations remain of essence to the developing country Parties.

- Adaptation is a priority for the developing countries whose sustainability depends on the ability to adapt to variability in climate. Demand for adaptation finance is expected to increase as we move ahead and hence, it is vital that developed countries sufficiently finance the Adaptation Fund. Developed countries must ensure sustainable, adequate, timely and predictable replenishment of the Adaptation Fund.

- The fourth review of the Adaptation Fund rightly highlights the pivotal need for adaptation financing to developing countries. India is one of the most vulnerable countries to climate change. Our focus is to ensure adaptation finance that is adequate, predictable, and sustainable. The requirements for adaptation actions are set to increase rapidly with the passage of time. IPCC sixth assessment report has also highlighted that the distribution of finance has remained strongly weighted towards mitigation. Efforts must be made to scale up financing for adaptation and bring it on par with financing for mitigation.

- The Convention and its Paris Agreement make it abundantly clear that it is the legal obligation of developed countries to assist developing countries in meeting costs of adaptation. New and additional public, grant-based finance is a legal obligation, however, we increasingly note a disturbing challenge of decline in public finance for both mitigation and adaptation with grant financing having a lower share and the rest in the form of loans and other non-grant instruments. We speak of balance between mitigation and adaptation funding but the reality is that adaptation funding is far lower than mitigation funding.

- The Direct access modality should be ensured for all Adaptation finances to be accessed by developing countries to adapt and build resilience to counter changing climate conditions in sectors ranging from agriculture and food security to coastal zones and urban areas.

- In terms of sources of funding, it is important to mention that adaptation fund cannot survive on Certified Emission Reductions (CERs) alone. It is important that funds from Article 6 share of proceeds, both from Articles 6.2 and 6.4, are used for adaptation financing thus contributing to the Adaptation Fund which will now also serve the Paris Agreement. We strongly believe that equal treatment of share of proceeds under both Article 6.2 and 6.4 will ensure long-term adaptation finance under the Paris Agreement.

- Resources are required to strengthen climate resilient agriculture, food security, provide adequate housing, access to energy, disaster risk reduction and ensure full access to basic social services. Financing of adaptation action will also impact poverty alleviation and social and economic development.

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