



Fourth Review of the Adaptation Fund

8th June, 2022

Argentina, Brazil and Uruguay are glad to present our views on the Fourth Review of the Adaptation Fund, in the context of the 56^a session of the Subsidiary Body for Implementation (SBI).

The Adaptation Fund (AF) has proven to be an effective tool and has become one of the most essential Funds for developing countries and the only one fully dedicated to adaptation.

With the Fourth Review of the Adaptation Fund, we have, in our hands, the opportunity to strengthen the role of the instrument and produce information that is conducive to increasing its resources and its role in line with the actual needs of developing countries.

It is of paramount importance that the review is aligned with the Terms of Reference (ToRs) in the annex of decision 4/CMP.16. The report should present information on the lessons learned from the application of the access modalities of the Adaptation Fund, including its operational policies and guidelines. The Streamlined Accreditation Process and Direct Access Modality are positive policies of the AF that should continue to be improved and we would like to see in the report a solid assessment as well as suggestions for their enhancement. The report should also capture ways to increase the accreditation of national implementation agencies and their participation.

According to the ToRs, the report of the 4th Review is to capture lessons learned from “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 Financial Mechanism and its specialized funds”. It is important to underline that in this process, the review highlights the commonalities among the AF and other Funds (GEF, GCF, etc.) and, most importantly, the policies of the AF that allow for expedited access modalities, robust readiness projects and the efficiency of implementation of programmes and projects.

The report should also capture alternatives to increase the predictability of resources in the Fund and discuss the scale of resources of the Adaptation Fund in relation to the scale of needs of developing countries and options to scale up the level of available resources. The current flows of resources to increase adaptive capacity are not commensurate with the level of



ambition required to build resilience and to keep the 1,5°C alive. The OECD report entitled “Climate Finance Provided and Mobilised by Developed Countries in 2013-18” indicates that mitigation continues to represent over two-thirds (70%) of the 2018 total, while adaptation represents only 21% of that amount. The IPCC ASR 6-WGII expresses with very high confidence that “the overwhelming majority of global tracked climate finance was targeted to mitigation while a small proportion was targeted to adaptation” and unequivocally points out that adaptation finance estimated needs are higher than those presented in AR5, while stressing the urgency for “enhanced mobilization of and access to financial resources are essential for the implementation of adaptation and to reduce adaptation gaps”. It also indicates with high confidence that “although global tracked climate finance has shown an upward trend since AR5, current global financial flows for adaptation, including from public and private finance sources, are insufficient for and constrain implementation of adaptation options, especially in developing countries”. By 2030, adaptation costs should be in the range of US\$140–300 billion per year. Thus, full funding for adaptation would have to be six to thirteen times higher than current levels of international public funding, to avoid a gap in 2030. By 2050, the costs of adaptation could be in the range of US\$ 280–500 billion. The potential gap in adaptation funding will therefore be much larger — on the order of twelve to twenty-two times the current flows of international public funding for adaptation.

ABU also welcomes the pledges made, at COP 26, by developed countries to increase by more than USD 300 million the resources of the AF, and we call on them to rapidly deliver on these pledges.

At COP 26, we also requested the report on the Adaptation Fund to contain “information on the financial status of the Adaptation Fund, including information on the share of proceeds levied on first international transfers of assigned amount units and emission reduction units for Article 6 projects of the Kyoto Protocol, in accordance with decision 1/CMP.8, paragraph 21”. ABU has been vocal in urging the Secretariat to implement Decision 1/CMP.8, adopted by consensus by Parties. Since 2013, CDM share of proceeds continued to be transferred to the Adaptation Fund, but the same does not apply to the share of proceeds to be levied in regard to transactions of ERUs and AAUs. The levy of a share of proceeds related to the other flexibility mechanisms has already been decided on, we must implement this decision, so as to provide the Adaptation Funds with these resources.