

LDC group in-session submission SBI agenda item 14 (b) Fourth Review of the Adaptation Fund, 08 June 2022

In general, the fourth review of the Adaptation Fund should:

- Acknowledge that the Adaptation Fund is unique in nature and legal standing. It has proven to be an effective tool and has become one of the most important Funds for developing countries, and the only fund fully dedicated to concrete adaptation efforts via full cost grants.
- Recognise overall gap in climate finance, especially for adaptation action. Adaptation averages approximately only 20% of all Climate Finance.
- Acknowledge how limited is the scale of the fund in the context of adaptation needs. Since its implementation, 12 years ago, the cumulative resources of the AF Trust Fund amount to US\$ 1.489 billion as of March 31, 2022 of which approximately 66% (US\$ 982 million) has come in the form of voluntary contributions while only 14% (US\$ 211.52 million) have been received through the proceeds of CER sales.
- The LDC Group welcomes the contributions made by various country parties to the Adaptation Fund. However, we recognize that it is critical that the pledges made by developed countries in Glasgow last year to the AF be urgently fulfilled. The Glasgow Climate Pact urged developed countries to at least double their collective provision of climate finance for adaptation and we expect that the Adaptation Fund can (and should) benefit from the delivery of this call.

In this context the fourth review should consider what is working well and what lessons can be learnt from the ongoing policies, procedures and implementation outcomes. In particular the review should:

- Consider options to improve the predictability and accessibility of funding, and sustainability of the Fund.
- Consider options to enhance the adequacy of funding, based on the needs and priorities of developing countries.
- Consider options for strengthening capacities in developing countries, especially the LDCs and SIDS, and improve the modality of direct access to the Fund. Learning from implementation on the ground is relevant for this aspect of the review.
- Consider capacity building and institutional strengthening of the national institutions accredited with the Fund. Readiness programme should benefit all the countries especially the LDCs and SIDS.
- Consider to streamline and simplify policies, applications and reporting procedures, including on re-accreditation, to reduce the burden to countries, and to accelerate approvals and disbursement of funding.
- Consider ways to enhance and facilitate greater private sector engagement in adaptation and in particularly domestic developing country private sector and medium and small enterprises.