

AILAC's inputs on the Fourth Review of the Adaptation Fund

On the basis of agreed terms of reference as included in Decision 1/CMP.12, and in line with the position of the G77/China, AILAC would like to signal the main changes (gray and bold) that our Group would like to see reflected in the cover decision and the terms of reference for the Fourth Review of the Adaptation Fund, as it is shown below, particularly since we have stated from the beginning that we are looking for precise, concrete amendments to the Terms of Reference from the Third Review that, from our position, reflect the fact that now the Adaptation Fund serves the Paris Agreement as well as necessary performance assessment and lessons learned. In that sense, this is our streamlined version of the TORs and we consider that the scope of current TORs already do that work.

We also would like to signal our two main concerns on views expressed on the scope of the TORs:

1. As shared by the G77, we do not want to open any governance discussions that could lead to reopening the membership of the Adaptation Fund Board.
2. Also, item c) on the scope of the Third Review already makes reference to coherence and complementarity between the AF and other institutions and entities of the Financial Mechanism. Hence, making any other specific reference to the relationship between the AF and the GCF in the scope is redundant and we see that this specific mention could drive to an undesirable mix of the corresponding eligibility criteria of each Fund. It is a redline to our constituency to make reference to any sort of differentiation between developing countries.

Cover Decision

Fourth Review of the Adaptation Fund

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Recalling decisions 1/CMP.3 and 6/CMP.6 on the three-year review cycle for the Adaptation Fund,

Also recalling decisions 2/CMP.9 and 2/CMP.10,

*Further recalling decision 1/CP.21, **13/CMA.1 and 1/CMP.14 by which it was decided that the Adaptation Fund shall serve the Paris Agreement,***

1. *Decides* that the **fourth** review of the Adaptation Fund will be undertaken in accordance with the terms of reference contained in the annex;
2. *Requests* the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its **seventeenth** session (November 2022) information

on the financial status of the Adaptation Fund with a view to the **fourth** review of the Adaptation Fund being finalized at the same session;

3. *Invites Parties **to the Kyoto Protocol and the Paris Agreement** and observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board, to submit by 30 April 2022 their views on the **fourth** review of the Adaptation Fund based on the terms of reference contained in the annex, for consideration by the Subsidiary Body for Implementation at its **fifty-fourth** session (May/June 2022);*

4. *Also requests the Subsidiary Body for Implementation to complete its work on the **fourth** review of the Adaptation Fund at its **fifty-fifth** session with a view to recommending a draft decision on the matter for **corresponding** consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its **seventeenth** session **and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022).***

*Terms of reference for the **fourth** review of the Adaptation Fund*

Objective

1. *The objective of the **fourth** review of the Adaptation Fund is to ensure the effectiveness, sustainability and adequacy of the fund and its operations with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) adopting a decision on the matter at CMP **17** (November 2022).*

Scope

2. *The scope of the review will cover the progress made to date and lessons learned in the operationalization and implementation of the fund, and will focus on, inter alia:*

(a) *The provision of sustainable, predictable 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 eligible developing country Parties;*

(b) *Lessons learned from:*

- (i) *The application of the access modalities of the Adaptation Fund, including its operational policies and guidelines, including its Streamlined Accreditation Process;*
- (ii) *The project approval procedures of the Adaptation Fund;*
- (iii) *The results and impacts of approved adaptation projects and programmes;*
- (iv) *The readiness programme for direct access to climate finance, including the component aimed at increasing South–South cooperation between accredited national implementing entities and those seeking accreditation;*
- (v) *The pilot programme for regional projects;*

(c) *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;*

(d) ***The institutional arrangements for the Adaptation Fund.***

Sources of information

3. *The review shall draw upon, inter alia, the following sources of information:*

(a) *Submissions from Parties to the Kyoto Protocol and the Paris Agreement, observer organizations, other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board on their experiences regarding the Adaptation Fund;*

(b) *The annual reports of the Global Environment Facility (GEF) to the Conference of the Parties (COP) on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy, information and evaluation documents;*

(c) *The annual reports of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;*

(d) *The report of the Adaptation Fund Board to the CMP, the Adaptation Fund annual performance report for the most recent fiscal year and the outcomes of the initial, second and third reviews of the Adaptation Fund;*

(e) *The outcomes and reports emanating from United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;*

(f) *The reports of the Standing Committee on Finance;*

(g) *The reports on the work programme on long-term finance;*

(h) *The reports of the Least Developed Countries Expert Group, the Adaptation Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;*

(i) *The technical paper and summary for policymakers arising from the technical examination process on adaptation in 2020;*

(i) *The report on the independent evaluation of the Adaptation Fund.*