



Letter to: Environment Ministers of EU Member States

CC: Finance Ministers, Development Ministers, Vice President Commissioner for the European Green Deal, Commissioner for International Partnerships

Dear Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology, Leonore Gewessler,

**Delivering on the Paris Agreement and supporting global resilience: tackling inequalities and adaptation challenges in climate vulnerable countries**

At the Environment Council meeting on Thursday 10 June you will approve conclusions on the new EU Adaptation Strategy. We welcome the adoption of a new strategy, which identifies the importance of international action for climate resilience, and the objective to scale up international finance to build resilience.

Intensifying global cooperation and increasing adaptation support to climate vulnerable countries and communities is essential to supporting a global green recovery and tackling the climate crisis. The adoption of the EU Adaptation Strategy also comes at a pivotal moment for climate diplomacy, during the virtual UNFCCC intersessionals, and just ahead of the G7 Summit. To support resilience-building in response to global crises and to secure the success of COP26, 2021 must be the year that sees significant collective movement by contributors on adaptation finance, with the EU playing a major role.

Under the Paris Agreement climate finance contributors should achieve a balance between mitigation and adaptation, considering the need for public and grant-based resources for adaptation. However the global adaptation finance gap is huge, and the cost and needs are growing much faster than previously imagined. The EU's collective reported adaptation finance stands at only 36% of its total.<sup>1</sup> In January 2021 the UNSG called for all donors and multilateral development banks to commit to allocating over half of their climate finance to adaptation by 2024. Delivering on commitments in the new strategy should also mean making progress on the climate finance needs of developing countries and least developed countries and small island states in particular, through new commitments to scale up climate finance and to improve access to tackle inequalities. In this light we set out the following recommendations for ensuring the EU Adaptation Strategy delivers:

**New commitments on climate finance**

EU member states should advance scaled up new and additional climate finance commitments for 2021-25 ahead of COP26, in line with their fair-share of the \$100bn annual

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<sup>1</sup> ACT Alliance EU, *Setting the Standard(2021)*, source: BR4  
[https://actalliance.eu/wp-content/uploads/2021/01/ACT-Alliance\\_EU\\_SettingTheStandard.pdf](https://actalliance.eu/wp-content/uploads/2021/01/ACT-Alliance_EU_SettingTheStandard.pdf)

collective goal, primarily through budget sources, scaling up their adaptation finance towards achieving the 50% balance throughout their bilateral, multilateral and private finance instruments. In view of the on-going debt crisis and difficulties in mobilising private finance for adaptation as it tends to generate lower returns for investors, grants should be prioritised rather than loans. As Austria's last multiannual climate finance commitment dates back to 2014 and ended in 2020 it is high time for Austria to come up with a new and adequate commitment for the period until 2025.

In allocating new climate finance commitments, pledgers should make specific and significantly higher contributions to the UNFCCC Adaptation Fund and to the Least Developed Countries Fund than in previous years, to signal a clear step change in ambition and to provide those funds with a better predictability. The Principles for Locally Led Adaptation are also an effective framework for endorsement and to guide the programming of climate finance, to bring local actors into decision making on climate adaptation.

Additional support is also needed for the increasing instances where the limits of adaptation have been breached and communities experience loss and damage. Supporting the adoption of a solution for new and additional loss and damage finance, including specifically through a work mandate to the Warsaw International Mechanism's Action and Support Expert Group (ASEG), will build trust in the UNFCCC negotiations as well as, through implementation, support longer term stability and resilience in partner countries.

### **Programming the EU Budget's Global Europe Instrument**

The new EU budget funds available under the Global Europe Instrument will dedicate 30% to climate action. The new EU Adaptation Strategy will need to build on this to ensure the instrument supports adaptation and builds resilience of communities, and that adaptation finance increases in the new budget period. All projects and programmes receiving EU funds should be resilient to climate impacts by means of comprehensive adaptation screening processes, which should also apply to investments through the European Fund for Sustainable Development Plus (EFSD+).

Finance for adaptation should go to dedicated adaptation projects as well as those that combine adaptation with multiple other objectives, including biodiversity protection and restoration, so as to maximise development impact. It should support poverty alleviation and food sovereignty, seeking synergies with health, human development, gender equality and across key sectors such as water, agriculture, forestry and housing and urbanisation. Funding must promote and scale-up nature-based solutions and be accessible to local actors and indigenous peoples, since their knowledge is invaluable to developing resilient adaptation.

We hope you can take these recommendations into consideration to ensure the EU's Adaptation Strategy delivers for climate vulnerable countries.

Yours sincerely,

Wendel Trio,  
Director, Climate Action Network Europe