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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	24 February 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2022) 63 final Annex
Subject:	ANNEX to the Proposal for a Council Decision **on the position to be taken on behalf of the European Union in the written procedure by the Participants to the Arrangement on Officially Supported Export Credits amending Annex IV**

Delegations will find attached document COM(2022) 63 final Annex.

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ANNEX

ANNEX

to the

Proposal for a Council Decision

on the position to be taken on behalf of the European Union in the written procedure by the Participants to the Arrangement on Officially Supported Export Credits amending Annex IV

ANNEX

PROPOSAL

The position of the European Union is to support the following amendments to Annex IV of the Arrangement on Officially Supported Export Credits:

Article 3 of Annex IV should be replaced with:

> "3. SCOPE OF APPLICATION FOR CLIMATE CHANGE ADAPTATION PROJECTS ELIGIBLE TO APPENDIX III
>
> a) This Sector Understanding sets out the financial terms and conditions that apply to officially supported export credits relating to contracts for projects with an adaptive share that meet the eligibility criteria set out in Appendix III of this Sector Understanding.
>
> b) Such contracts shall relate to the export of complete projects or parts thereof, comprising all components, equipment, materials and services (including the training of personnel) directly required for the execution and commissioning of an identifiable project, providing that:
>
> 1) The conditions set out in Appendix III are met;
>
> 2) The terms and conditions provided shall be extended only to address specific financial disadvantages encountered by a project, and shall be based on the individual financial needs and specific market conditions of each project.
>
> c) This Sector Understanding applies to the modernisation of existing projects, to take into consideration adaptation concerns, in cases where the economic life of the project is likely to be extended by at least the repayment period to be awarded. If this criterion is not met, the terms of the Arrangement apply."

Article 5 d) of Annex IV should be replaced with:

> "d) For officially supported export credits relating to contracts with an adaptive share, as defined in Appendix III, the maximum repayment term is 15 years for the component of the project related to climate change adaptation. The terms of the Arrangement apply to the remaining project share."

Article 9 d) and e) of Annex IV should be replaced with:

> "d) The Participants shall undertake a review of Appendix III of this Sector Understanding by the end of 2027, with a view to assessing the international initiatives related to adaptation, market conditions, and the body of experience developed from the notification process to determine if the definitions, project criteria, terms and conditions should be continued or amended.
>
> e) After 31 December 2027, the terms and conditions related to Appendix III shall be discontinued unless the Participants agree otherwise."

Appendix III of Annex IV should be replaced with:

"APPENDIX III: ELIGIBILITY CRITERIA FOR CLIMATE CHANGE ADAPTATION PROJECTS

The adaptive share are those project activities (projects, project components, elements or shares of projects) that are clearly linked to reducing vulnerability to climate change.

The adaptive share of a project is eligible for the financial terms and conditions set out in this Sector Understanding if:

a) It substantially contributes to reducing the vulnerability to climate change identified in the project area. This should be explicitly indicated and explained as such in the project plan and supporting documents, as being fundamental to the design of the project. The project documentation should articulate a clear and direct link between the climate vulnerability context and the specific project activities.

b) The project's proposal shall include an explicit statement of intent to address climate vulnerability. This shall be supported by an analysis of how the project's adaptation-related activities will directly address climate vulnerability and/or strengthen the resilience of communities, goods, or ecosystems to climate change.

c) For projects relating to contracts of a value of at least SDR 10 million[1], there is an independent third-party review conducted on the project, either separately or as an integral part of the project documentation. The review is publicly available, such as published on the project website or the website of the relevant public body. The review shall evaluate the specific and relevant climate change-related risks and vulnerabilities and how the proposed measures contained within the project will directly address them."

[1] This amount refers to the entire project value, not limited to the adaptive share.