ADAPTATION GAP REPORT 2023, KEY MESSAGES

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UNEP's *Adaptation Gap Report 2023: Underfinanced. Underprepared – Inadequate investment and planning on climate adaptation leaves world exposed* finds that progress on climate adaptation is slowing on all fronts when it should be accelerating to catch up with rising climate change impacts.

- In 2023, temperature records toppled, while storms, floods, droughts and heatwaves caused devastation. These growing impacts point to the need to urgently increase efforts to protect vulnerable populations, alongside rapid cuts to greenhouse gas emissions.
- However, progress on adaptation is slowing across all three areas assessed: finance, planning and implementation.
- Slow and insufficient action on mitigation and adaptation is increasingly translating into limits to adaptation, some of which may have already been reached.
- This failure to adapt adequately deepens the climate crisis and has massive implications for losses and damages, particularly for the most vulnerable.

The updated costs of adaptation for developing countries are estimated to be in a plausible central range of US$215 billion to US$387 billion per year this decade.

- The report has undertaken a major update and now estimates higher costs of adaptation than earlier studies.
- The modelled costs of adaptation in developing countries are estimated at US$215 billion per year this decade and are projected to rise significantly by 2050.
- The adaptation finance needed to implement domestic adaptation priorities, based on extrapolation of costed Nationally Determined Contributions and National Adaptation Plans to all developing countries, is estimated at US$387 billion per year for 2021 to 2030.

The adaptation finance needs of developing countries are 10-18 times as great as international public finance flows – over 50 per cent higher than the previous estimated range.

- Public multilateral and bilateral adaptation finance flows to developing countries declined by 15 per cent to around US$21 billion in 2021.
- This dip comes despite pledges made at COP26 in Glasgow to double 2019 adaptation finance support to around $40 billion per year by 2025 and sets a worrying precedent.

- As a result of the growing adaptation finance needs and faltering flows, the current adaptation finance gap is now estimated to be US$194-366 billion per year.

Adaptation planning and implementation appear to be plateauing despite the increased need for adaptation actions.

- While five out of six countries now have at least one national adaptation planning instrument, progress to reach full global coverage is slowing and requires greater support.
- Over half of Parties to the UN Framework Convention on Climate Change have two or more national-level instruments. Progress is thus largely in terms of adequacy and effectiveness.
- The number of adaptation actions supported through the four international climate funds is lower than in the previous year, probably driven by COVID-19 and the war in Ukraine. The number of actions has stagnated for the past decade.

As a result of slow mitigation and adaptation, climate-related losses and damages are increasing.

- A recent study indicates that the 55 most climate-vulnerable economies alone have already experienced losses and damages of more than US$500 billion in the last two decades.
- These costs will rise steeply in the coming decades, particularly in the absence of forceful mitigation and adaptation, but more robust numbers are needed that underpin the urgency of addressing losses and damages.
- The new loss and damage fund will be an important instrument to mobilize resources, but issues remain. The fund will need to move towards more innovative financing mechanisms to reach the necessary scale of investment.

Investing in adaptation and mitigation now will minimize climate costs in the future.

- Ambitious adaptation can enhance resilience, which is particularly important for low-income countries and disadvantaged groups, including women.
- Studies indicate that every billion invested in adaptation against coastal flooding leads to a USD 14 billion reduction in economic damages.
- USD 16 billion per year invested in agriculture would prevent approximately 78 million people from starving or chronic hunger because of climate impacts.

Finding innovative ways to deliver finance to back increased adaptation is essential – with a focus on anticipatory adaptation and effectiveness.

- Neither the goal of doubling 2019 international finance flows to developing countries by 2025 nor a possible New Collective Quantified Goal for 2030 will significantly close the adaptation finance gap on their own.
- This report identifies seven ways to increase financing, including through domestic expenditure and international and private sector finance.
- Additional avenues include remittances, increasing and tailoring finance to Small and Medium Enterprises, implementation of Article 2.1(c) of the Paris Agreement on shifting finance flows towards low-carbon and climate resilient development pathways, and a reform of the global financial architecture, as proposed by the Bridgetown Initiative.

COP28 must deliver new momentum on adaptation and loss and damage.

- The loss and damage fund and ongoing discussions to establish a New Collective Quantified Goal on Climate Finance are important steps in the right direction.
- Together with the first Global Stocktake, making significant progress toward these objectives at COP28 can inform the Global Goal on Adaptation and provide a more robust framework for adaptation finance needs, without losing sight of ramping up mitigation.
- Policymakers, multilateral banks, investors and the private sector must make COP28 the moment that the world committed fully to insulating low-income countries and disadvantaged groups, such as women and Indigenous Peoples, from climate impacts.