

UNEP Adaptation Gap Report 2024 Key Messages

As climate impacts intensify and hit the world's poorest hardest, UNEP's *Adaptation Gap Report 2024: Come hell and high water* finds that nations must dramatically step up adaptation, starting with a commitment to act on finance at COP 29.

- Global average temperature rise is approaching 1.5°C above pre-industrial levels, and the latest predictions (from the Emissions Gap Report 2024) put the world on course for a catastrophic rise of 2.6-3.1°C this century unless there are immediate and major cuts to greenhouse gas emissions.
- There is therefore an urgent need to significantly scale-up adaptation this decade to address rising impacts. But this is being hampered by the huge gap that exists between adaptation finance needs and current international public adaptation finance flows.
- As they experience increasing loss and damage, developing countries are already struggling with increasing debt burdens. Effective and adequate adaptation, incorporating fairness and equity, is thus more urgent than ever.
- Nations can step up adaptation by adopting an ambitious New Collective Quantified Goal (NCQG) for climate finance at COP 29 in Baku, Azerbaijan, and by including stronger adaptation components in their next round of climate pledges, or nationally determined contributions, due early next year ahead of COP 30 in Belém, Brazil.
- Given the scale of the challenge, bridging the adaptation finance gap will also require innovative approaches and enabling factors to mobilize additional financial resources.
- In addition to finance, there is a need to strengthen capacity-building and technology transfer to improve the effectiveness of adaptation actions – which is in line with the focus on means of implementation at COP 29.
- Overall, increased efforts will be needed to meet the global goal on adaptation through the eleven targets of the UAE Framework for Global Climate Resilience.

International public adaptation finance flows are rising, but there remains a huge gap between what is needed and what is being delivered.

- International public adaptation finance flows to developing countries increased from US\$22 billion in 2021 to US\$28 billion in 2022: the largest absolute and relative year-on-year increase since the Paris Agreement.
- This reflects progress towards the Glasgow Climate Pact, which urged developed nations to at least double adaptation finance to developing countries from circa US\$19 billion (2019 levels) by 2025.
- However, even achieving the Glasgow Climate Pact goal would only reduce the adaptation finance gap, which is estimated at US\$187-359 billion per year, by about 5 per cent.

Planning and implementation of adaptation are generally increasing, but not fast enough. More support and more ambition are required.

- 171 countries now have at least one national adaptation policy, strategy or plan in place. Of these, 51 per cent have a second and 20 per cent have a third.
- 16 of the 26 countries without a national planning instrument are developing one, but 10 countries show no indication of developing an instrument – 7 of which rank highly on the Fragile States Index.
- The potential effectiveness of national adaptation plans (NAPs) from developing countries is mixed and points to a continued need for dedicated support to adaptation planning in developing countries.
- Adaptation actions are, despite some dips, on an upward trend. However, evaluations of adaptation projects funded by the financing entities under the UN Framework Convention on Climate Change (UNFCCC) show that approximately half are either not satisfactory or unlikely to be sustainable without project funds in the longer term.
- Countries report progress in implementing their NAPs, but all countries that assessed their adequacy and effectiveness found that the scale and speed at which adaptation is happening is inadequate in light of mounting climatic risks.

Enabling factors, new approaches and financial instruments are key for unlocking adaptation finance, for both the public and private sectors.

- For the public sector, these enablers include the creation of funds and financing facilities, climate fiscal planning and climate budget tagging, mainstreaming in national development planning and medium-term expenditure frameworks, and adaptation investment planning.
- New approaches and financial instruments are also emerging that could increase adaptation financing. These include risk finance, insurance-linked instruments, performance-based grants, resilience credits and bonds, debt for adaptation swaps, and payments for ecosystem services.
- For the private sector, investment can be encouraged through climate risk disclosure frameworks, transition planning and adaptation taxonomies, and by strengthening approaches and instruments that de-risk private-sector finance using public finance (blended finance). These can be supported by adaptation accelerators and platforms.
- The increase needed in finance flows for adaptation could be supported by reforms being proposed for international finance institutions and multilateral development banks.

Meeting the climate challenge will require greater volumes of adaptation finance and a more strategic approach to investment. It also must consider who ultimately pays for adaptation.

- To address the scale of the climate challenge, adaptation financing needs to shift from a focus on short-term, project-based and reactive action to more anticipatory, strategic and transformational adaptation.
- This requires more action in areas that are harder to finance. Treating adaptation like mitigation – i.e. focusing on technical options, or concentrating on the easiest-to-finance areas only – will not deliver the scale or types of adaptation needed.
- The question of who pays for adaptation is also not being adequately addressed. In many financing models, the ultimate costs of adaptation are borne by developing countries; this may help bridge the finance gap, but it is not in line with the principle

of common but differentiated responsibilities and respective capabilities, or with the polluter pays principle.

Capacity-building and technology transfer are central to enhancing adaptation in developing countries, but changes to how they work are needed to accelerate adaptation actions on the ground.

- References to capacity and technology needs are nearly ubiquitous in UNFCCC documents, with a major focus on water, food and agriculture. However, ongoing efforts to meet these needs are often uncoordinated, expensive and short term.
- Several factors diminish the effectiveness of the current technology transfer provided. Among the most prevalent are economic and financial constraints, such as high upfront investment costs, difficulties in obtaining loans, and legal and regulatory frameworks requiring more supportive domestic policies to foster the development and transfer of technologies and skills identified as important by developing countries.
- Interventions to support capacity-building should mobilize existing capacities, provide a balanced emphasis on hard (technologies) and soft (enabling conditions) capacities, and place gender equality and social inclusion considerations at their center.
- A more robust evidence base to inform capacity-building interventions and technology transfer priorities is needed, including from monitoring and evaluation. This includes evidence about capacity and technology needs, which approaches work for different affected groups, and their actual costs.
- Capacity-building and technology transfer plans should support adaptation across sectors, scales and development priorities, and drive transformational change. Current priorities are often too technical and focused on responding to international commitments or immediate crises, which limits efforts towards deeper change.
- Adaptation strategies should be developed based on a holistic understanding of the needs rather than from the perspective of pushing a particular technology, making them part of broader development strategies.