



Adaptation Gap Report 2020

Preliminary assessment of the impacts of COVID-19 on adaptation

Status and progress in adaptation planning, finance and implementation

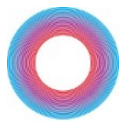
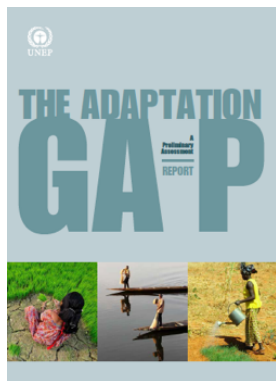
Focus on nature-based solutions



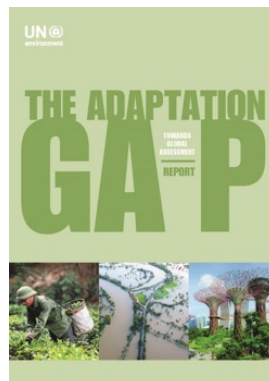
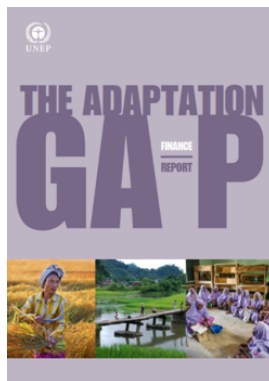
Committee of Permanent Representatives

Subcommittee Meeting | 04 March 2021

The Adaptation Gap Report 2020 is the fifth edition in the series



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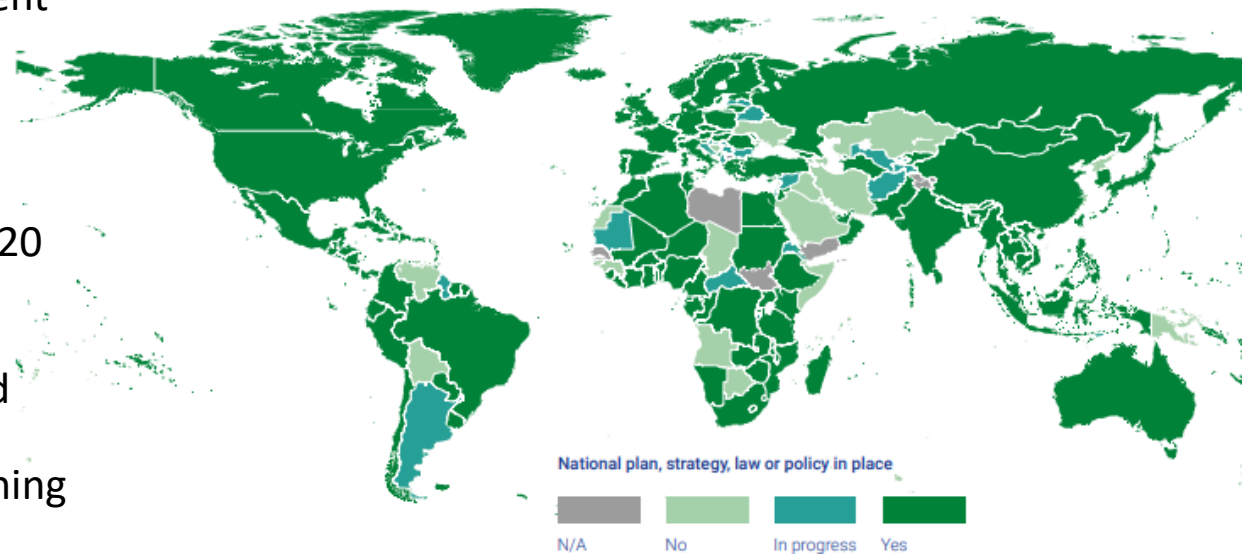


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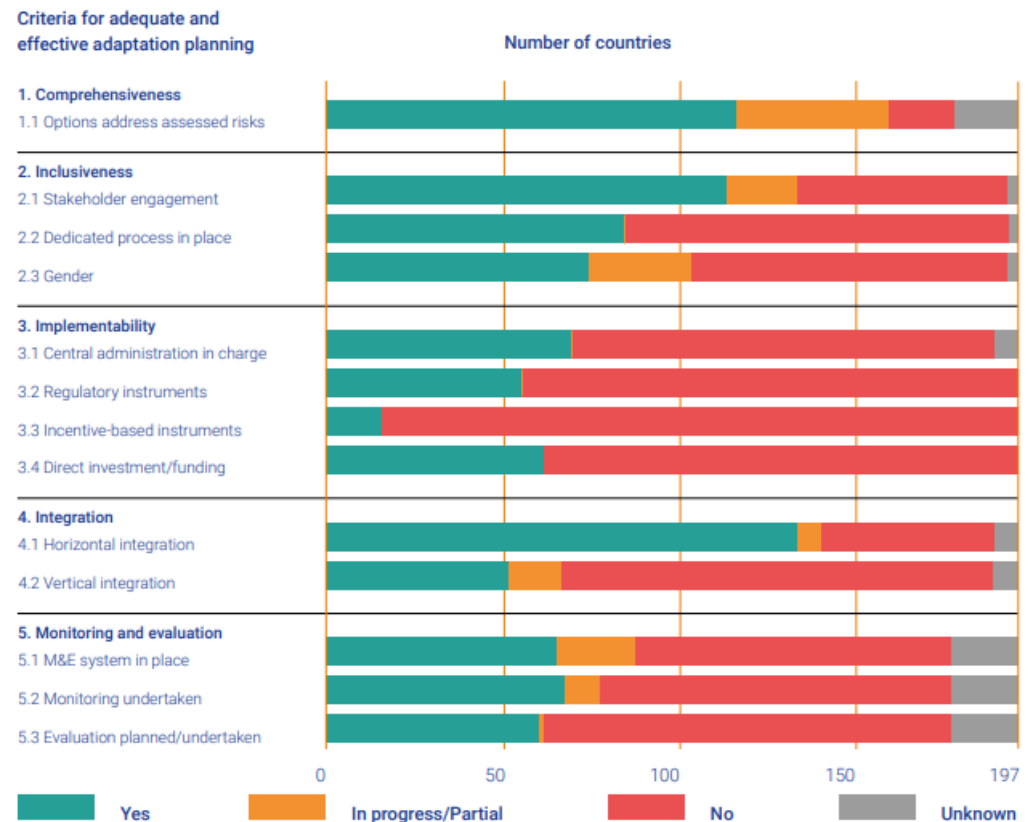
Significant progress in adaptation planning since 2000

- 72 per cent of countries have at least one national-level adaptation planning instrument in place
- 125 developing countries have begun the process of formulating and implementing national adaptation plans (NAPs), of which 20 have their NAPs completed
- Countries have also increasingly established sectoral (58 per cent of countries) or subnational (21 per cent of countries) planning instruments



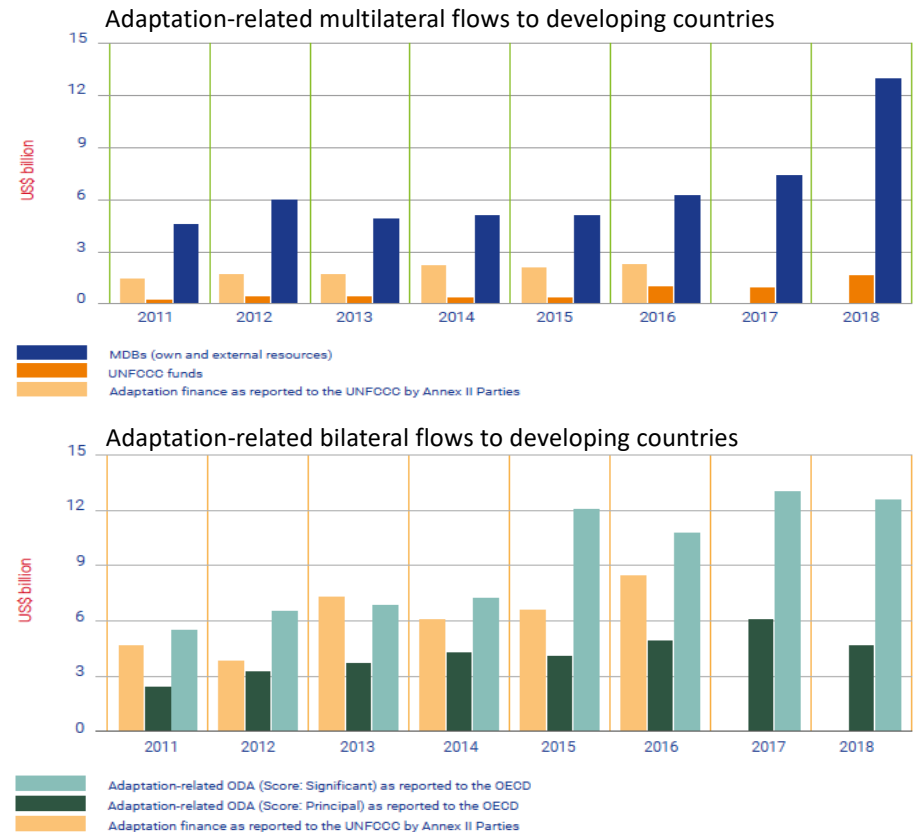
Mixed quality and hence likely success of adaptation planning

- More than half meet the criteria for comprehensive and engage stakeholders, though gender is lagging behind
- Scoring on implementability and monitoring and evaluation is rather low potentially constraining successful implementation
- Picture on integration is mixed: two-thirds have horizontal coordination mechanisms, compared with one-quarter that have vertical coordination mechanisms
- As more consistent information is submitted under the Paris Agreement, more rigorous analyses can provide more nuanced insights into global progress on adaptation planning



Adaptation finance is growing but the gap is not closing

- Current annual adaptation costs in developing countries are estimated at **US\$ 70 billion** and are expected to rise to **US\$ 140-300 billion by 2030** and to **US\$ 280-500 billion by 2050**
- Total tracked **adaptation finance is currently US\$ 30 billion** (ca. 5% of total climate finance of US\$ 579 billion per year)
- **Multilateral and bilateral support for adaptation** have been increasing between 2013 and 2017
- The proportion of tracked adaptation finance to total climate finance has remained at 5% since 2015
- **Adaptation makes economic sense as the avoided costs are typically much higher than the investments**
- **While it is difficult to compare adaptation costs with adaptation finance, the gap does not seem to be closing**



Adaptation finance is evolving

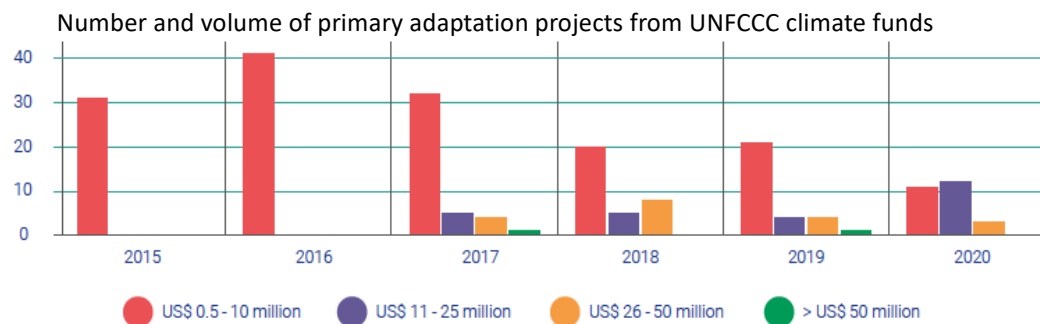
- Adaptation finance modalities are evolving, including a wider range of instruments (besides grants), actors and approaches
- There is **increasing momentum towards ensuring a sustainable financial system** because of the growing recognition that **climate risks require a climate resilient economy**
- **New tools**, such as sustainability investment criteria, climate-related disclosure principles and mainstreaming of climate risks into investment decisions, **can stimulate investments in climate resilience and move finance away from investments that increase vulnerability**



Significant scaling up and incentivizing for both public and private adaptation finance is required to narrow the gap

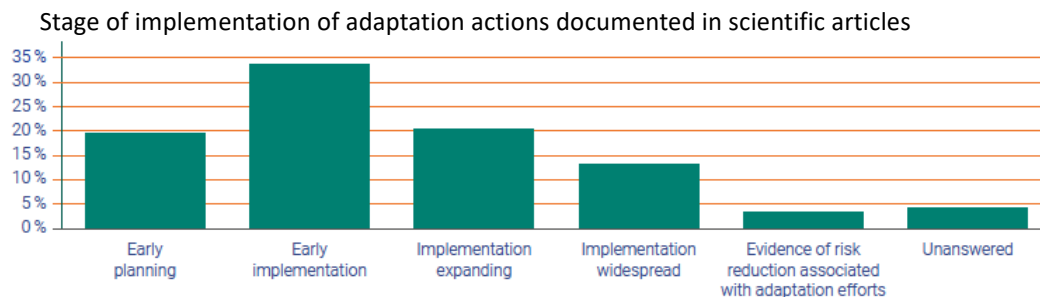
Implementation of adaptation actions is growing worldwide, ...

- Since 2006, the **UNFCCC climate funds have financed close to 400 projects focusing on adaptation**, half of which are being implemented in least developed countries (LDCs) and 15% in small island developing states (SIDS)
- **Projects are getting bigger** (since 2017 often above US\$ 25 million), suggesting that adaptation actions are becoming **more comprehensive** and potentially **more transformative**
- The top three climate hazards addressed by adaptation projects are **drought, rainfall variability and flooding**, mainly in **agriculture and water**
- **Private sector engagement remains low** except for tourism, agriculture and insurance



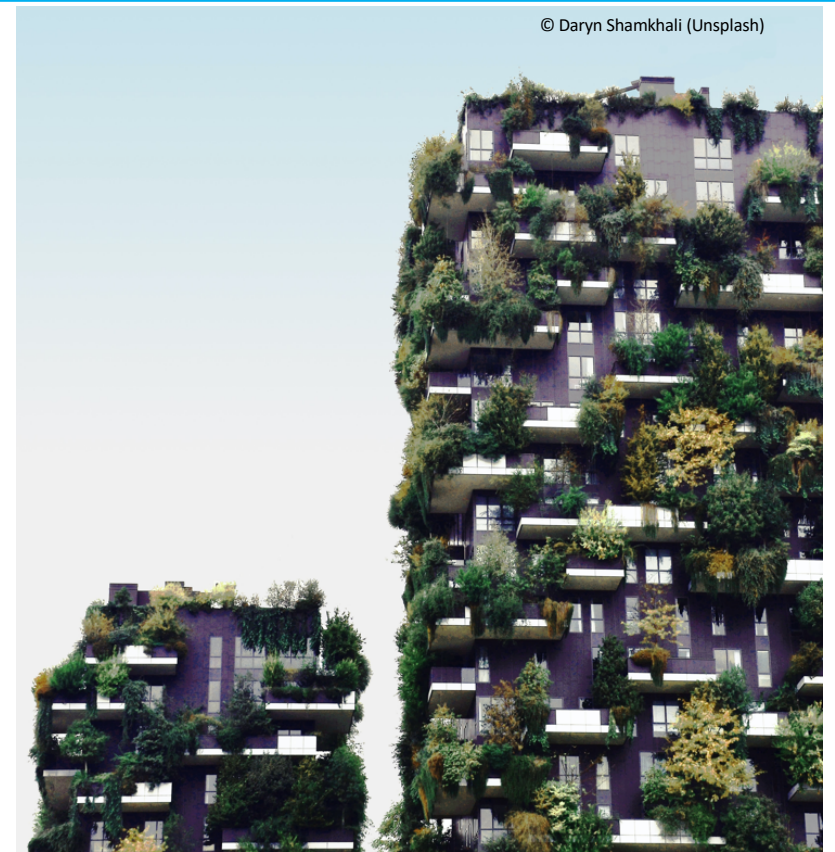
... but there is limited evidence of climate risk reduction

- Projects mostly target national and local governments, communities and technical agencies, but **1/4 to 2/3 ultimately reach vulnerable members of society, including women and the poor**
- UNFCCC climate funds have together **reached more than 20 million direct and indirect beneficiaries** and have **trained more than 500,000 people on climate resilience measures**
- Most projects are in early implementation stages and **only 3% of projects have reached stages of climate risk reduction**
- **Evidence of adaptation outcomes, such as reduced vulnerability, is still rare to find**
- **More attention is needed to assess the effects of adaptation, including on maladaptation**



Further scaling up of the levels of implementation is needed to avoid falling behind with managing climate risks, particularly in developing countries

Focus on nature-based solutions



NbS for adaptation are often low-cost options that bring environmental, economic and social benefits to a wide range of stakeholders, but effectiveness may be limited by climate change

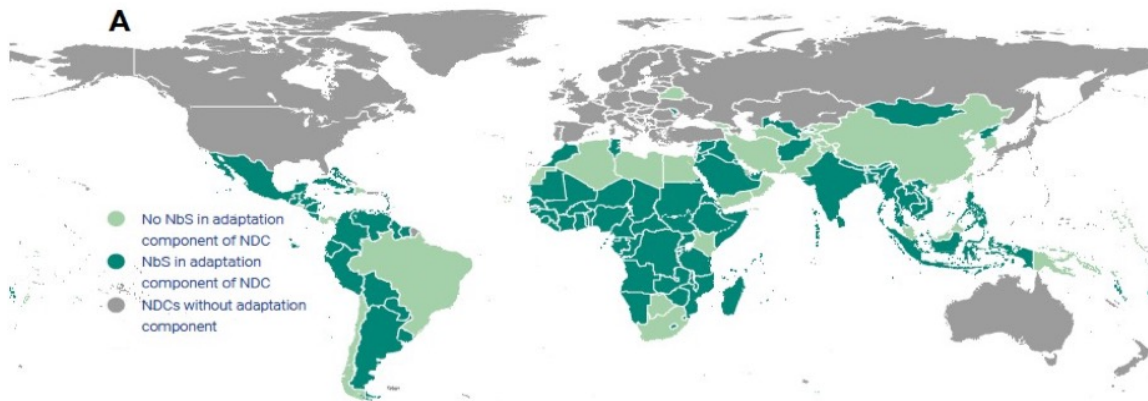
Nature-based solutions in planning

Over **60% of countries** (104 nations) included aspects of NbS in the adaptation component of their NDCs.

A **majority (>90%)** were **least developed countries**.

Most describe **broad goals** and **less than 1/3** describe **measurable targets**.

Nature-based solutions in adaptation components of Nationally Determined Contributions (NDCs)



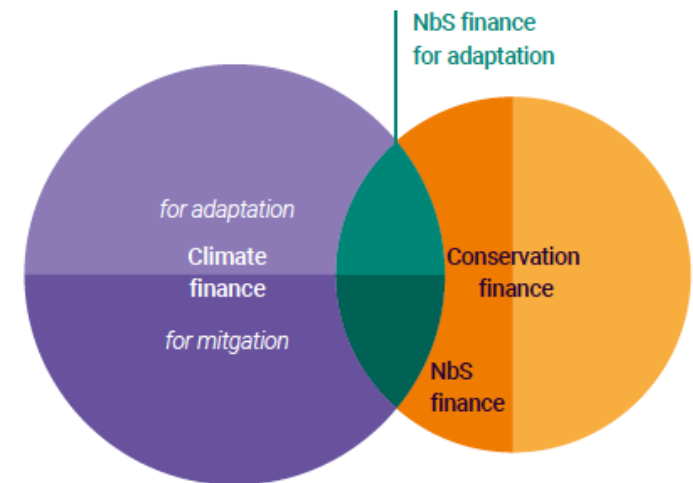
- A majority of NAPs refer to **ecosystem-based approaches** but these are **broadly described with no explicit details** on how they would reduce risks.
- NbS requires **system-scale approaches** and will involve planning and coordination across national and jurisdictional boundaries.
- Targets mainly focus on restoring floodplains and mangroves to reduce flooding, droughts and sea level rise
- Annex I countries focus mainly on flood control and urban heat reduction

Financing of nature-based solutions for adaptation

- **Investment** in NbS for adaptation **has risen considerably** over the past two decades
- **Cumulative investment in adaptation projects** major global funds (GEF, GCF, AF, IKI) now stands **at US\$ 94 billion of which 13% contain NbS elements** with only a fraction for implementation
- Steps to address NbS financing gaps include: **diversifying and expanding the funding base, creating enabling conditions**
- **Mobilizing additional funds remains a challenge** because of high opportunity and transaction costs, large numbers of stakeholders involved and slow returns on investments **despite high benefit to cost ratios**
- New funding mechanisms (e.g., public-private partnerships) and more enabling conditions (e.g., regulations) and incentives are needed

The nebulous nature of NbS financing, makes gauging the current status of NbS funding challenging.

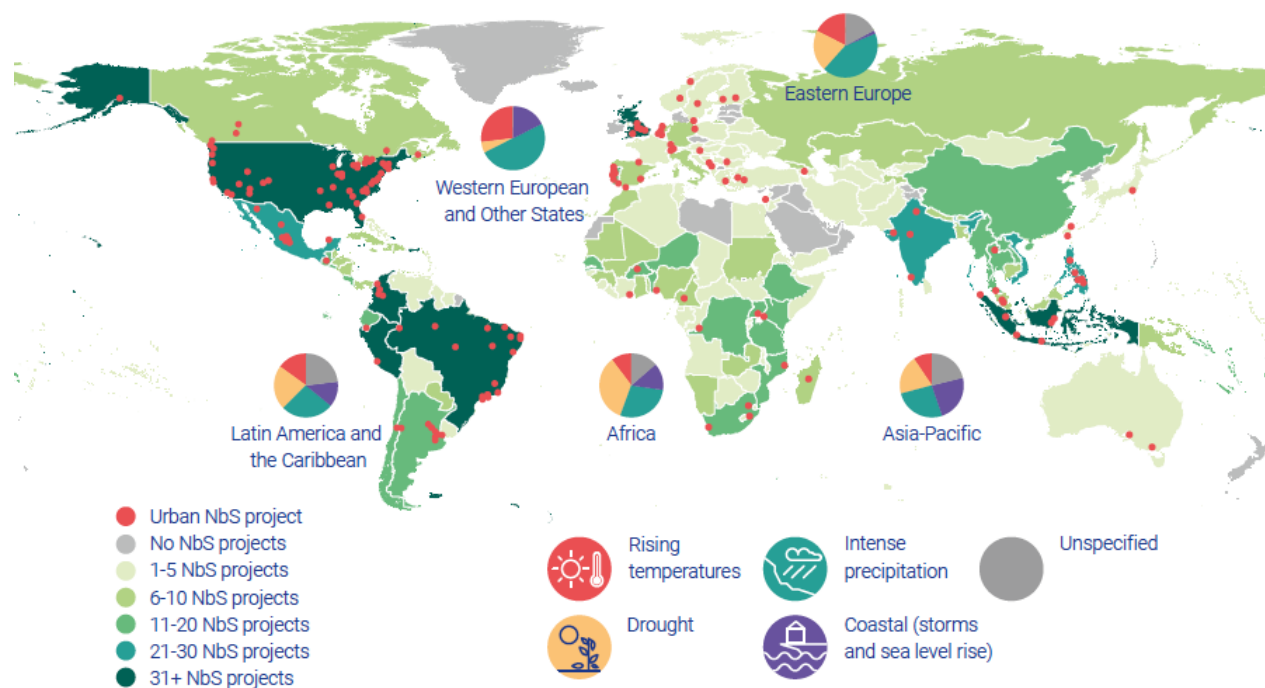
Relationship between NbS finance for adaptation, climate finance and conservation finance



Implementation of nature-based solutions for adaptation

- **New initiatives with NbS for adaptation have risen** from a handful in 2000 to ca. 70 per year today
- Nearly half of all countries (44%) are implementing 1-5 projects and 19% have 6-10 projects
- 39 countries (19%) have no projects
- 11 countries have more than 20 projects
- Regional distribution is balanced with 21-25% of initiatives with the exception of Eastern Europe (4%)
- **Rural NbS** (mainly in developing countries) focus on **coastal flooding and erosion, freshwater flooding, droughts and wildfires**
- **Urban NbS** (mainly in developed countries) focus on **coastal and freshwater flooding as well as heat**
- **Evidence of risk reduction remains sparse**

Figure ES.7 Global map of nature-based solution initiatives for adaptation, showing the number of investments per country, the geographic distribution of cities reporting on nature-based solution activities (red dots), and the regional distribution of hazards being addressed by nature-based solution initiatives (pie charts)



Outlook on the global progress of adaptation

Overall, there is **robust evidence that progress has been made** on greater engagement in national-level adaptation worldwide over the course of the last decade **but further ambition is needed**

Despite encouraging trends, **the scale of adaptation progress at the national level is insufficient and tracking progress remains a challenge**

- **Climate adaptation is now fully part of climate policy action** with widespread adoption and continued development of national, subnational and sectoral adaptation planning instruments
- **Effectiveness and adequacy of planning, finance and implementation** differ depending on national circumstances and climate risk profiles and **require more efforts**
- **Early signs of deeper transformations towards more climate-resilient and sustainable financial systems and investments** are emerging but require stronger, long-term commitments and action
- **Real risk that adaptation costs will increase faster than adaptation finance**
- Inconclusive evidence whether adaptation planning is sufficiently mainstreamed into sectoral and subnational planning
- **Monitoring and evaluation is inadequate** and needs further development and implementation
- **Limited indications of current and future levels of risk reduction in connection with trends in adaptation planning, finance and implementation**

Gaps urgently need to be narrowed as recent IPCC reports warn of increasing climate risk levels, even under emission scenarios curtailing end-of-century warming to +1.5-2°C



Thank you

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