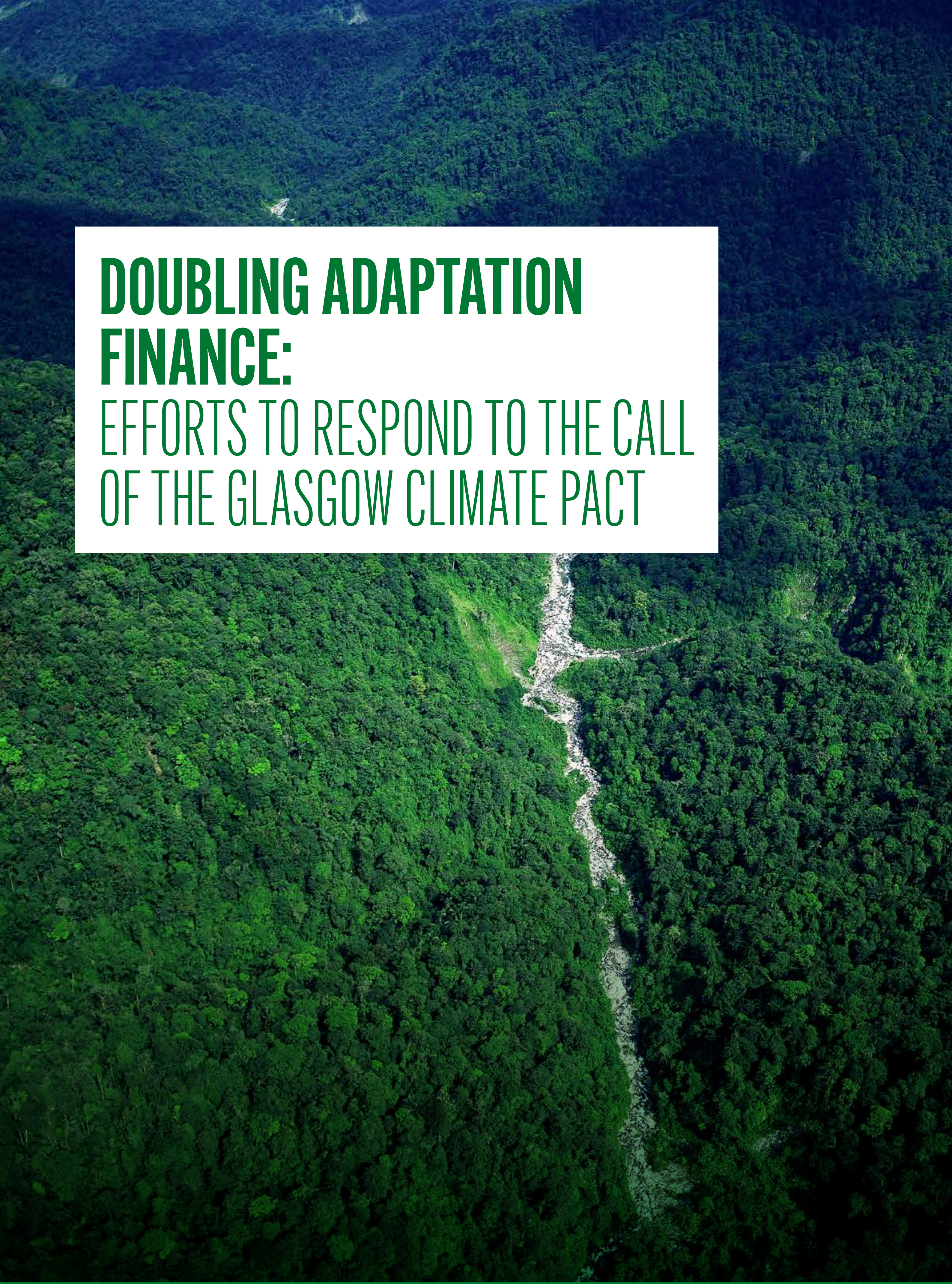
DOUBLING ADAPTATION FINANCE:
EFFORTS TO RESPOND TO THE CALL OF THE GLASGOW CLIMATE PACT



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INTRODUCTION

As the impacts of climate change grow increasingly more severe and frequent, it has never been more critical to invest in building climate-resilient societies all around the globe. Crucially, the impacts of climate change vary significantly across geographies, and supporting developing countries, in particular those that are most vulnerable, is essential to save lives and protect livelihoods, as well as to promote sustainable development.

The *Sixth Assessment Report* of the Intergovernmental Panel on Climate Change affirms that adaptation financing needs to significantly increase, and that there is sufficient global capital to close the global investment gap but there are barriers to redirecting capital to climate action, and that governments through public funding and clear signals to investors are key in reducing these barriers and investors, central banks and financial regulators can also play their part (IPCC 2023).

In this context, it is critical to accelerate efforts to scale-up climate finance for adaptation action urgently, engaging all actors across the international financial system, and deploying the full force of the global economy to tackle the climate crisis.

Across multilateral bodies and efforts, adaptation finance has been a growing focus in recent years. Adaptation and resilience were key features of the 4th International Conference on Small Island Developing States (SIDS4 2024) and the 2024 G20 Environment and Climate Sustainability Working Group Ministerial Declaration placed significant focus on adaptation finance (G20 2024a). Efforts have also been made to convene global financial actors and decision makers to scale up cooperation and ambition, including through new initiatives like the 2023 Summit for a New Global Financial Pact and the 2024 Climate and Development Ministerial.

Adaptation finance provided and mobilized to support developing countries is an essential piece of these efforts and must continue to grow, in view of the significant needs of developing countries. In 2021, the Glasgow Climate Pact recognized this imperative and provided a clear call to developed countries to "at least double their collective provision of climate finance for adaptation" from 2019 levels by 2025.[1]

Since this landmark decision, the international community has continued to champion the need for adaptation finance and respond to the Glasgow Climate Pact's call. At CMA4 Parties requested the UN Standing Committee on Finance in 2023 to prepare a report on the doubling of adaptation finance, which found that significant increases in adaptation finance had already been observed (SCF 2023). These efforts were also recognized in the first Global Stocktake of the Paris Agreement, where Parties to the

1. The urging of the Global Stocktake refers to "developed country Parties", the group of Parties that have contributed to this report only reflect a subset of developed country Parties that have chosen to participate in this report's preparation.

Paris Agreement reiterated the Glasgow Climate Pact's call, and "urged developed country Parties to prepare a report on the doubling of the collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025" (1/CMA.5, paragraph 100). The GST further decided to convene a high-level ministerial dialogue at CMA6 on the urgent need to scale up adaptation finance.

The aim of this report is to respond to the urging of the Global Stocktake and to consider progress toward doubling adaptation finance provided to developing countries, including through a quantitative analysis of adaptation finance flows since 2019 and consideration of emerging trends conducted and supplied by the OECD to expand upon the figures previously published in the USD 100 billion report (OECD 2024).

Notably, this report uses the term "developed countries," in line with the urging of the Glasgow Climate Pact, but acknowledges that this term is not defined under the Paris Agreement, that those included in the drafting of this report reflect only a sub-set of developed countries, and underscores that the language in this report and/or the inclusion of country data in this report are without prejudice to the definition of developed countries or any country's status under the Paris Agreement.[2]

Box 1: Doubling from 2019 levels

The urging from the Glasgow Climate Pact established 2019 as the baseline year for the doubling of adaptation finance.

According to the OECD, developed countries[3] provided USD 18.8 billion in adaptation finance in 2019 through bilateral and multilateral channels. Further, developed countries mobilized an additional USD 1.5 billion in adaptation finance in 2019.

In the *2022 Climate Finance Delivery Plan* Progress Report, and in a joint letter published in 2023, developed countries confirmed their understanding that doubling adaptation finance implies an increase by contributors from the approximately USD 20 billion provided and mobilized in 2019 to USD 40 billion by 2025 (Canada and Germany 2022, 2023).

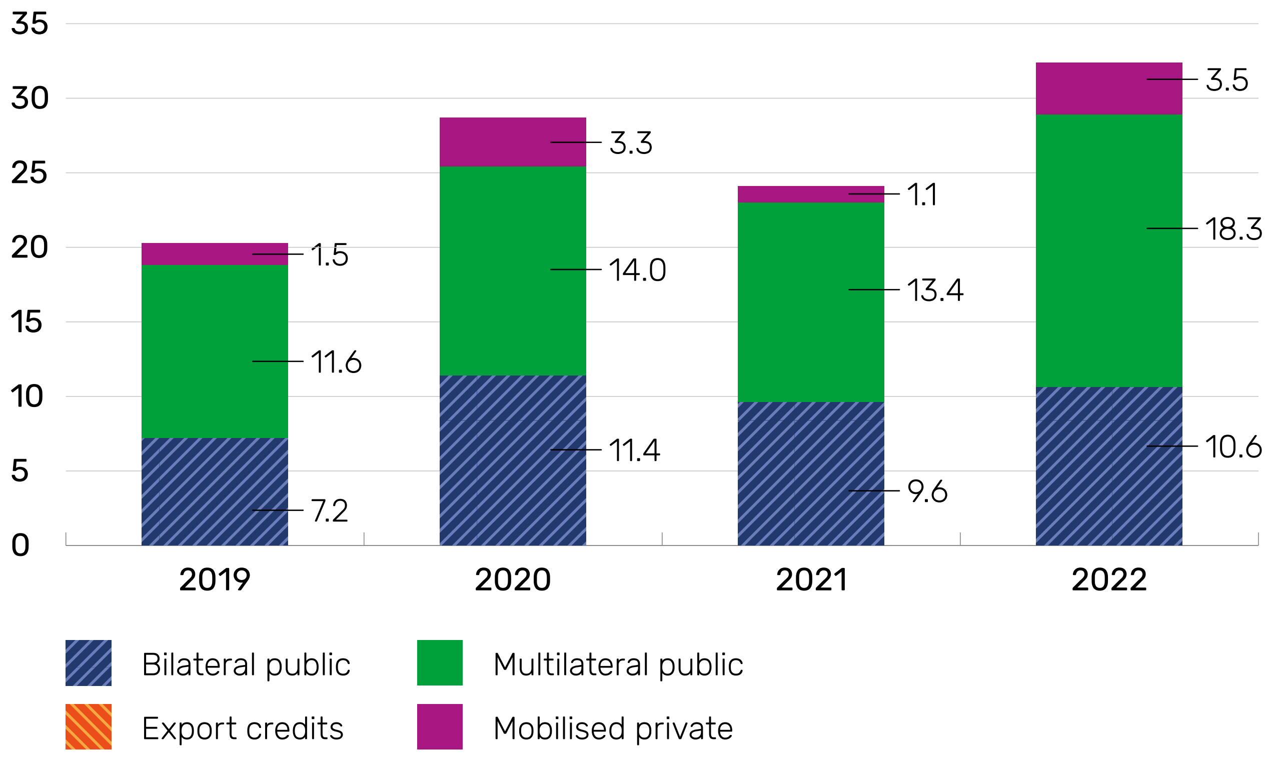
2. In instances where the word "contributor" is used, this refers to contributors toward the doubling, which include developed countries and multilateral institutions such as multilateral development banks (MDBs) and multilateral climate funds (MCFs).
3. The urging of the Global Stocktake refers to "developed country Parties," the group of Parties that have contributed to this report only reflect a subset of developed country Parties that have chosen to participate in this report's preparation.

PROGRESS MADE: ADAPTATION FINANCE FROM 2019 TO 2022

Developed countries[4] provided and mobilized a total of USD 32.4 billion in adaptation finance in 2022, including a total of 28.9 billion in international public finance, a record high and an increase of roughly 23% over 2021 levels and 54% over 2019 levels (Figure 1). Of this, USD 10.6 billion was provided as bilateral finance, and USD 18.3 billion was provided through multilateral channels, including through multilateral development banks (MDBs) and multilateral climate funds (MCFs). USD 3.5 billion in private adaptation finance was mobilized through public interventions in 2022.

It is clear that significant progress has already been made toward doubling adaptation finance from 2019 levels in the first three years of available data and that efforts are on-track to reach USD 40 billion by 2025. As of 2022, halfway between 2019 and 2025, efforts are more than halfway to reaching USD 40 billion by 2025.

Figure 1: Adaptation finance provided and mobilized in 2019-2022 per channel (USD billion)



Source: OECD analysis (OECD 2024)

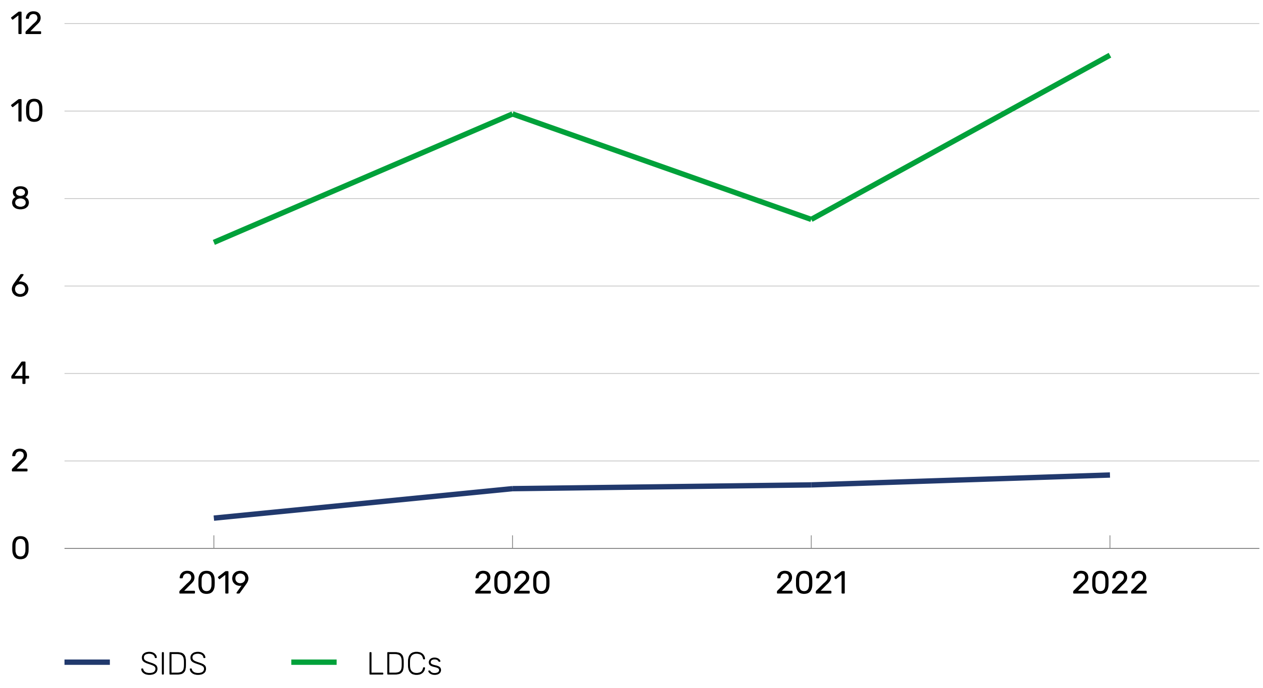
4. This only includes data from developed country parties that reported their climate finance contributions to the OECD between 2019-2022.

The growth in adaptation finance since 2019 can be attributed to a number of factors. In particular, multilateral finance increased over 57% from 2019 to 2022, driven largely by finance from the MDBs. Bilateral finance grew 47%, and mobilized private finance grew 133%, albeit with a drop in 2021 back to 2019 levels.[5]

Regionally, Africa and Asia received the greatest share of adaptation finance from 2019 to 2022, with 39% and 37% of the total, respectively (Figure 3). Latin America and the Caribbean received 13%, and Europe and Oceania each received 2%. 7% of finance was directed to multiple countries or regions.

Further, evidence shows that scaled-up adaptation finance also continues to target the countries that are most vulnerable to climate change, in particular least developed countries (LDCs) and small island developing states (SIDS). In 2022, LDCs received more than USD 11.2 billion in adaptation finance, and SIDS received over USD 1.6 billion (Figure 2). On a per-capita basis, LDCs received USD 8.87 per capita on average from 2019-2022, while SIDS received USD 20.16 per capita.[6]

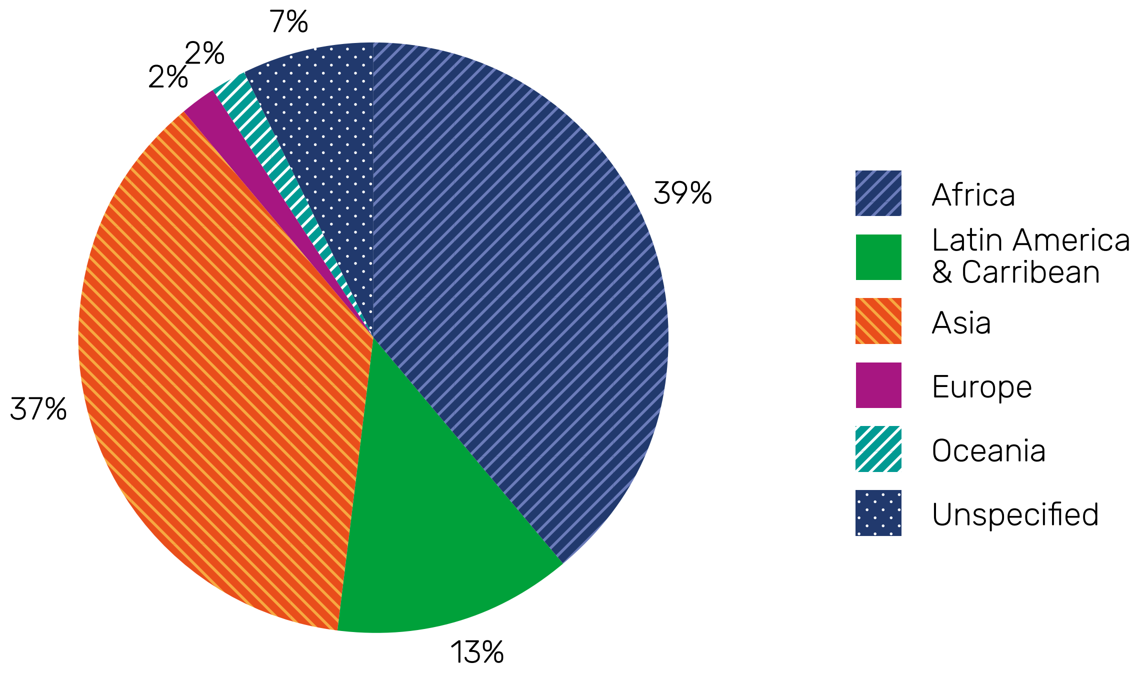
Figure 2: Adaptation finance provided and mobilized in SIDS and LDCs in 2019-2022 (USD billion)



Source: OECD analysis (OECD 2024)

5. Year-on-year variations in the thematic split of climate finance can be influenced by both large individual projects (notably infrastructure) as well as methodologies used by providers to identify the climate theme of activities and determine their climate-specific amount, which may change due to efforts to improve accuracy and comprehensiveness.
6. Per capita figures provide one relative measure of climate finance flows, but are unable to consider different purchasing power or climate vulnerability between countries and regions, among other relevant factors.

Figure 3: **Total adaptation finance by region, 2019-2022**



Source: OECD analysis (OECD 2024)

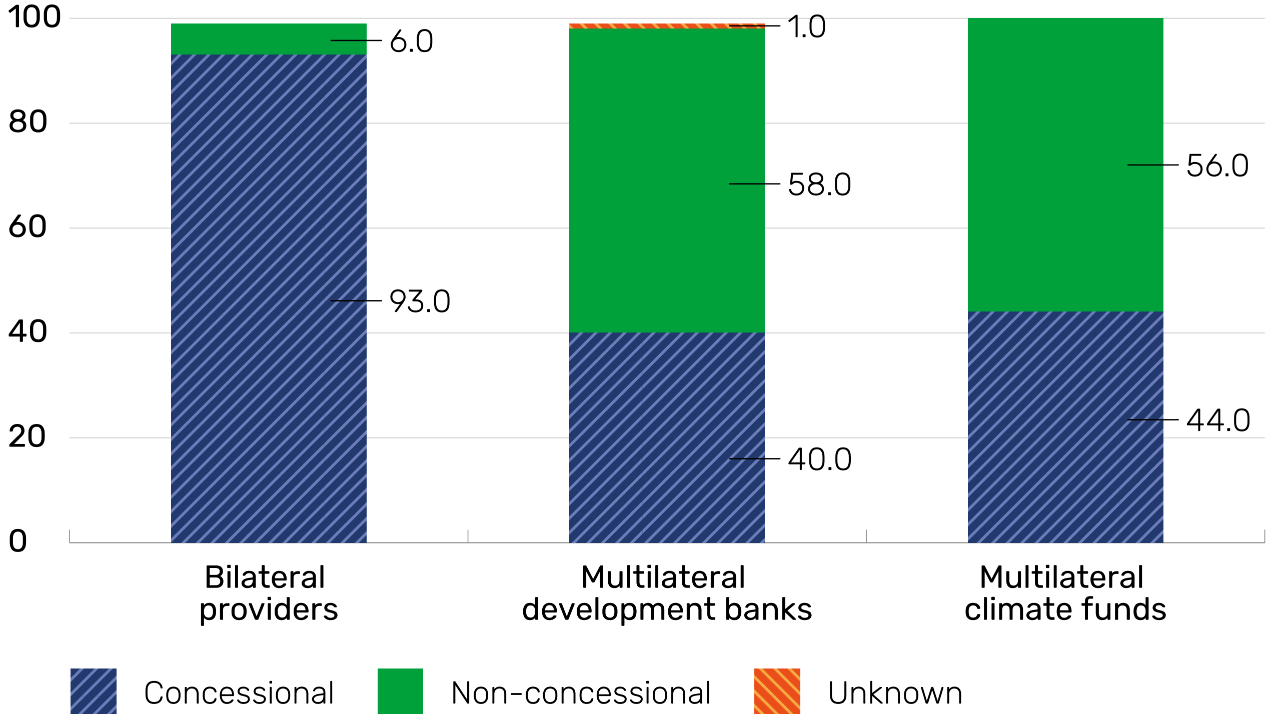
In terms of financial instrument, USD 11.6 billion of international public finance was provided as grants, USD 17.2 billion was provided as loans, and USD 100 million was provided as equity in 2022 (Figure 4). This represents a 63% growth in grants and a 48% growth in loans since 2019, making grants the share of adaptation finance with the strongest increase, while equity has remained flat.

Loans are provided in a mix of concessional and non-concessional terms. For bilateral providers, "concessional" refers to meeting the OECD DAC criteria for concessionality.[7] Non-concessional loans do not meet these criteria, but may still be below market rates or offered at longer maturities. 93% of bilateral loans between 2019 and 2022 met the OECD DAC criteria for concessionality (Figure 4).

For multilateral providers, "concessional" loans require external grant resources to lower costs, while "non-concessional" loans use multilateral institutions' low costs and preferred creditor status to remain below market rate for the recipient country. 40% of MDB and 44% of MCF loans between 2019 and 2022 were defined as concessional.

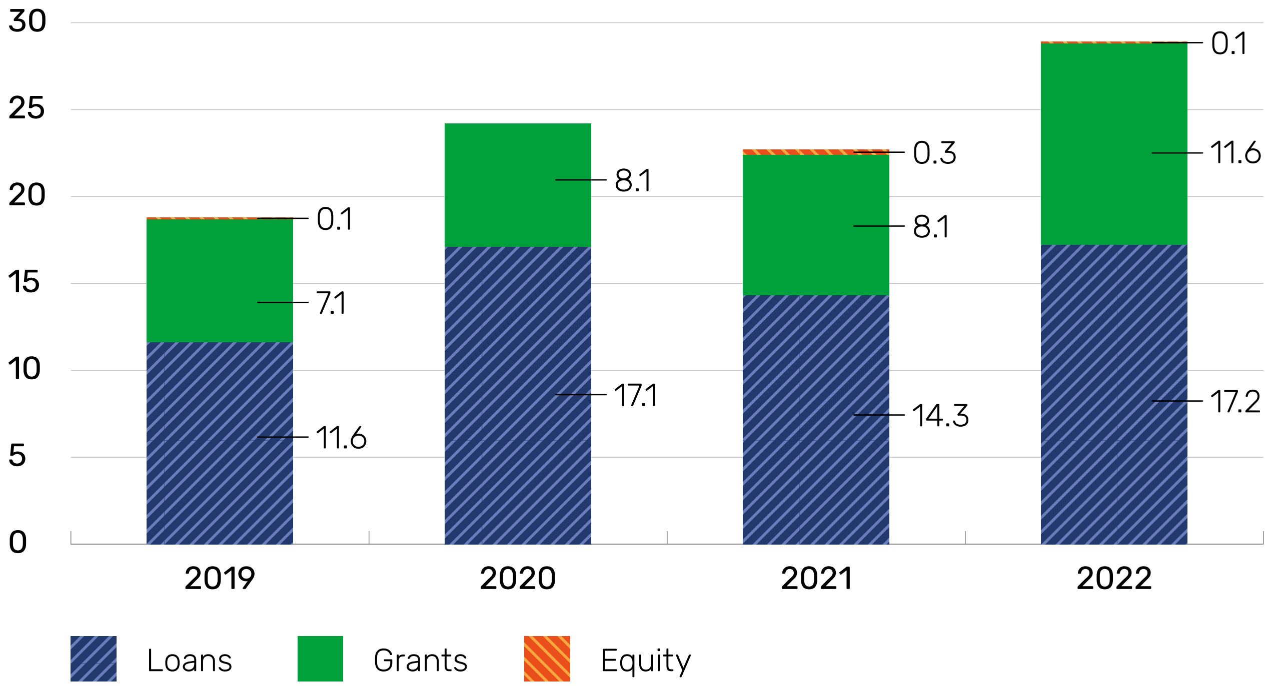
7. As stated in the OECD's report on Climate Finance Provided and Mobilised by Developed Countries in 2013-2022, "For sovereign loans to be concessional, their grant element (calculated based on interest rate, grace period, maturity, repayment schedule, and discount rate) needs to be at least 45% for LDCs and other LICs, 15% for LMICs, and 10% for UMICs and multilateral institutions. Currently, loans to the private sector need to convey a grant element of at least 25% to be concessional. Furthermore, the terms and conditions of ODA loans have to be consistent with the IMF Debt Limits Policy or the World Bank's Non-Concessional Borrowing Policy."

Figure 4: **Public bilateral and multilateral adaptation finance loans by type of concessionality, 2019-2022**[8]



Source: OECD analysis (OECD 2024)

Figure 5: **Public adaptation finance by financial instruments, 2019-2022 (USD billion)**

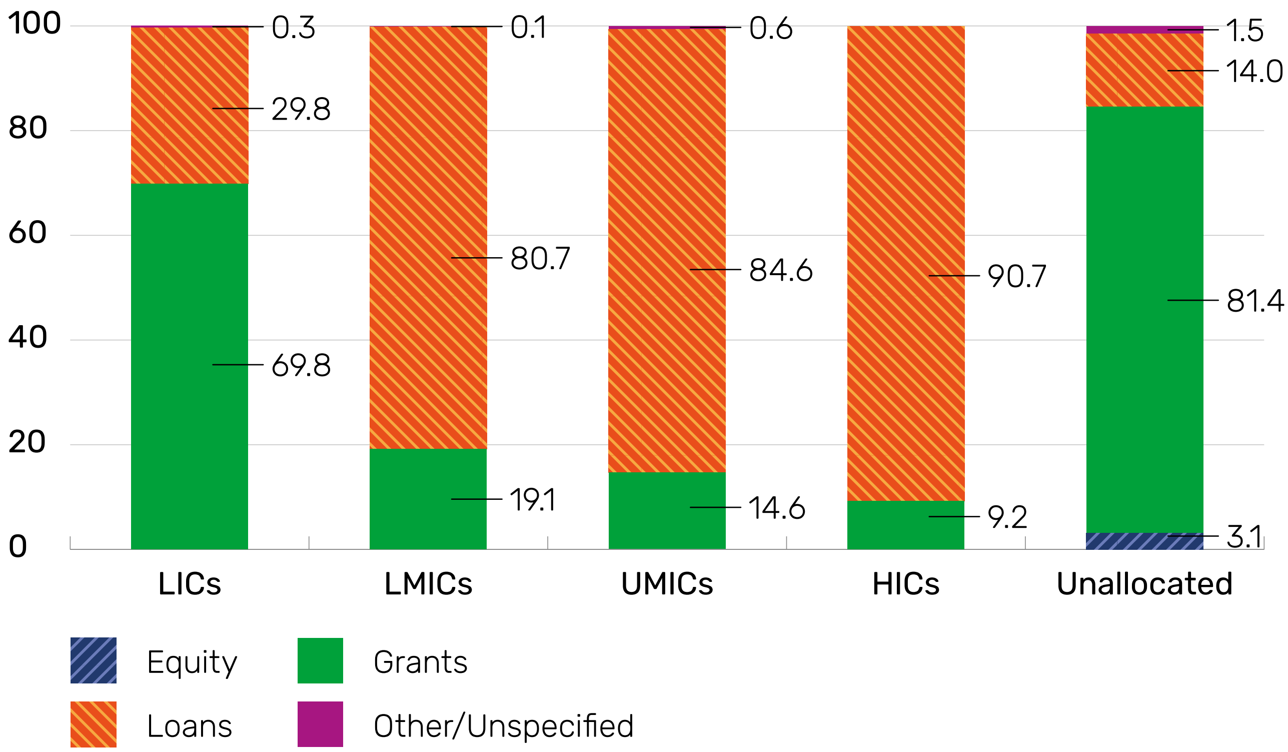


8. As noted in footnote 7, bilateral and multilateral providers use different definitions of concessionality and therefore the bilateral figures cannot be compared with those for multilateral development banks and multilateral climate funds.

Source: OECD analysis (OECD 2024)

By income, low-income countries received the vast majority of adaptation finance in the form of grants (70%) (Figure 6). As income rises, the proportion of grant-based adaptation finance declines (lower middle-income countries, 19%; upper middle-income countries, 14%; high-income countries, 9%). Of note, roughly 12.5% of public adaptation finance provided between 2019 and 2022 (USD 12 billion of USD 96 billion total) was provided to multi-country or regional activities and is therefore not assigned an income group. Of this, more than 80% was in the form of grants.

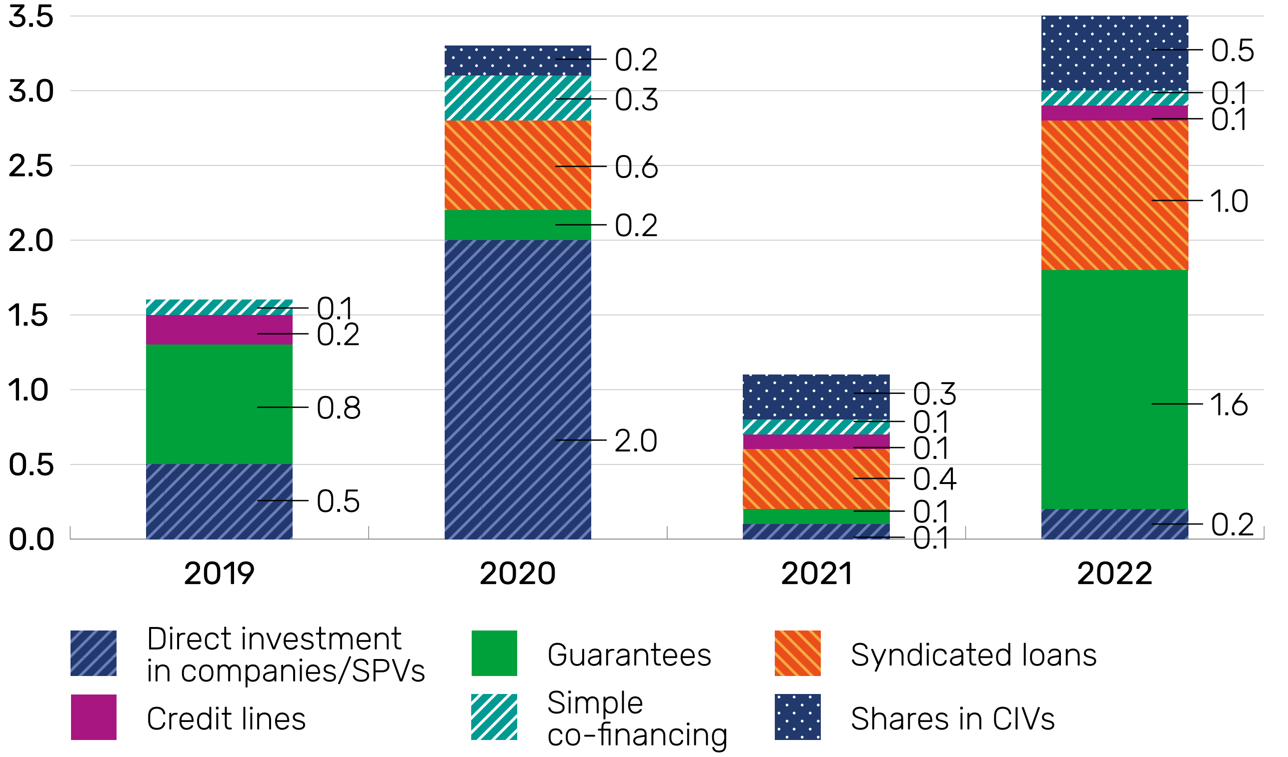
Figure 6: Public adaptation finance by recipient country income group and financial instrument, 2019-2022



Source: OECD analysis (OECD 2024)

Private adaptation finance mobilized through international public finance remains a small but important share of total adaptation finance in developing countries (Figure 7). Contributors use a variety of instruments to leverage private finance, including direct investment in companies (either in the context of project finance or otherwise), guarantees, and syndicated loans.

Figure 7: Private adaptation finance mobilized by leveraging mechanism, 2019-2022 (USD billion)



Source: OECD analysis (OECD 2024)

LOOKING FORWARD: TAKING ACTION TO ACHIEVE THE DOUBLING AND ENHANCE ADAPTATION FINANCE

Achieving the doubling of adaptation finance in 2025 will require continued action. The actions outlined by contributors, highlighted in Annex 1 and described throughout the sections below, alongside the positive trends from 2019-2022, demonstrate that efforts are on-track to reach USD 40 billion by 2025.

Experience shows that deploying the resources needed to adapt to climate change and build resilience globally, and particularly in developing countries, relies on multiple, interconnected factors. These include: public finance from external and domestic sources; strong policy, regulatory, and enabling environments to both access public funding and attract private investment; translation of broad adaptation priorities into concrete financing proposals; utilization of blended finance strategies, and the development of innovative adaptation and risk finance instruments (SCF 2023).

The 2023 report by the OECD on *Scaling-Up Adaptation Finance in Developing Countries* analyzed the effectiveness of adaptation finance provision and mobilisation to-date and offered recommendations on how finance efforts could be made more impactful (OECD 2023). The analysis suggests five action areas and multiple options for bilateral providers, MDBs, MCFs, and other international providers to enhance the volume, private finance mobilisation effect, and accessibility of adaptation finance.

Adaptation finance contributors have continued to make substantial progress across all five action areas. This report identifies a number of key examples across these action areas that demonstrate the action being taken to continue to enhance adaptation finance. These examples are not exhaustive and are intended to provide an indicative overview of the wide variety of ongoing activities in this important space.

The growing ability of multiple actors to cooperate and contribute to developing a successful mix of domestic efforts and international support provide reasons for confidence in further scaling-up adaptation finance, while improving its quality and impact.

ACTION AREA 1: SCALING-UP ADAPTATION FINANCE

In order to achieve a doubling of adaptation finance, it is critical that contributors continue their efforts to scale-up and enhance access to international public adaptation finance. As described above, adaptation finance has increased significantly since the adoption of the Glasgow Climate Pact, demonstrating the clear commitment of existing climate finance contributors to responding to the Pact's call. Public funding remains important for adaptation, especially where investments from the private sector are less available. At the same time, efforts continue to increase the strategic use of international public finance, with a view to scaling up finance for adaptation in developing countries and to unlocking private investment.

Critically, these increases through to 2022 capture only a fraction of existing contributor efforts. While adaptation action to-date provides a strong foundation for further growth, more must be done. A number of climate finance contributors have made clear pledges to continue to increase adaptation finance, described in full in Annex I.

Examples of key multilateral actors that have scaled-up adaptation finance, supported by developed country contributions, include:

- **MDBs** have significantly scaled-up their adaptation programming, and collectively committed USD 27.7 billion for adaptation in 2023 (EIB 2024).[9] This includes wider efforts such as the World Bank Group's aim to devote 45 percent of its annual financing to climate-related projects as well as specific adaptation initiatives such as the Asian Development Bank's **Water Resilience Trust Fund, the World Bank's Global Facility for Disaster Reduction and Relief (GFDRR)** and the **Climate Action Window** of the African Development Fund.
- **The Green Climate Fund (GCF)** has had a historic Second Replenishment, garnering over USD 12.8 billion in pledges for the 2024-2027 period. The GCF aims to deliver a 50:50 balance between mitigation and adaptation finance across its portfolio and the GCF-2 replenishment aims to enhance the resilience of over 900 million people, provide new or improved early warning systems to 50-60 countries, and support locally-led adaptation. Currently, the GCF provides 55% of its funding to adaptation on a grant-equivalent basis.

9. This figure covers outflows from MDBs, and does not double count contributions made to MDBs by existing contributors, which are removed from bilateral accounting.

- **The Adaptation Fund (AF)** continues to finance concrete adaptation projects in developing countries that are particularly vulnerable to the adverse impacts of climate change. Since 2009, the AF has raised a cumulative amount of USD 1.87 billion from various sources, including certified emissions reductions sales, of which the Fund has committed USD 1.23 billion to 147 projects and programmes in developing countries (as of 30 June 2024). The AF serves the Paris Agreement, promoting direct access and locally led adaptation with public and grant-based financing that generates tangible results at the local level that can be scaled up by other funders. The AF can channel resources from voluntary contributors, private sector, and alternative sources of funding, including carbon markets, to high-quality adaptation projects in the most vulnerable communities. Over half of its project portfolio and its accredited national implementing entities are in LDCs and SIDS.
- **The Global Environment Facility (GEF)** continues to enhance its adaptation efforts and has, as of 2023, reduced vulnerability of over 61 million people in more than 130 countries and put over 180 million hectares under sustainable land management, benefiting more than 90 million smallholders. In the current USD 5.3 billion replenishment period, 74% of GEF finance to date has had adaptation as a principal or significant objective.
- **The Least Developed Countries Fund (LDCF)** and the Special Climate Change Fund (SCCF) continue to support adaptation action in LDCs and SIDS. To date, these funds have provided more than USD 2 billion in grant financing and mobilized more than USD 10 billion from other sources for approximately 488 adaptation projects in LDCs and SIDS, along with other developing countries vulnerable to climate change. Furthermore, the SCCF's strategy for 2022-2026 is to support the adaptation needs of SIDS and to strengthen technology transfer, innovation and private sector engagement for adaptation to help to further scale-up adaptation finance.

Moreover, enhancing access is an integral part of scaling-up adaptation finance, ensuring that those who most need support are able to utilize it. Important steps have also been taken in this regard by both contributors and recipients: simplifying and harmonizing processes on one end and building capacity to attract capital and leverage private finance on the other. At COP28, four MCFs – the AF, CIF, GEF, and GCF – made a joint declaration pledging to strengthen the complementarity and coherence among funds and move toward harmonizing procedures to improve and streamline modalities of access to finance. This declaration will be turned into an action plan, to be launched at COP29. The GCF has identified access as one of the key priorities towards impactful climate finance and is currently examining a new partnerships and access strategy. Work has also taken place through the G20's Independent Review of the Vertical Climate and Environmental Funds to optimize the operations and identify possible efficiencies and enhance access to adaptation finance (G20 2024b). Challenges remain for adaptation finance to reach areas affected by conflict and fragility. While this challenge remains significant, encouraging progress has been made in recent years (World Bank 2024). Fragile states have received comparative increases, noting that 39% (USD 41.4 billion) of total public adaptation finance went to fragile states between 2016-2021, corresponding to a per capita average of USD 3.7 (OECD 2023).

ACTION AREA 2: ENHANCING ENABLING ENVIRONMENTS

A strong enabling environment provides the clarity, stability, and confidence needed to unlock investment from all sources and facilitate effective adaptation implementation that promotes long-term resilience. Adaptation action often takes place at the local and subnational level, relying on strong stakeholder participation and cooperation across different levels of government. Given the wide reach of adaptation needs, it is key to integrate efforts across sectors and practices, including disaster risk reduction. The development of robust monitoring, evaluation, and learning systems can help illustrate adaptation benefits and secure additional support. Creating regulatory standards that embed and account for climate risk, such as in building or zoning codes, can help shift entire markets of goods and services toward climate-resilient development and lower costs. Evidence is clear that a strong enabling environment is crucial and international providers can help by supporting developing countries to strengthen these enabling factors.

Examples of initiatives that aim to improve enabling environments include:

- The **National Adaptation Plan Global Network (NAP-GN)**, which has connected over 1,400 participants from more than 150 countries working on national adaptation planning and action and has delivered direct support to more than 40 countries. The NAP-GN has also supported countries to formulate their adaptation communications, develop national and subnational monitoring, evaluation and learning systems, and engage the private sector in the NAP process.
- The **Least Developed Countries (LDCs) Initiative for Effective Adaptation and Resilience (LIFE-AR)** is an LDC-led initiative intended to achieve a low-carbon, climate resilient future by focusing on locally led adaptation efforts in LDCs. Through LIFE-AR, LDC front-runner countries are integrating climate resilience and adaptation into national and local development objectives; developing strong climate finance architecture to ensure that at least 70% of finance supports locally led climate action by 2030; and building capacity and strengthening governance to develop more effective and inclusive climate decisions.
- The Adaptation Fund's and GCF's respective **Readiness Programmes** aim to help strengthen the capacity of national and regional implementing entities to receive and manage climate financing, particularly through direct access.
- The **Africa Adaptation Initiative (AAI)** seeks to accelerate Africa's adaptation to climate change by strengthening collaboration through high-level, pan-African and regional dialogue, large-scale action, and addressing the adaptation finance gap. It supports African food systems by fostering the enabling environment for investment and innovation, catalyzing private capital, and enhancing the advancement of locally-led sustainable economic transitions. In addition to investing in climate-adaptative solutions, the Accelerator also provides technical assistance, adaptation expertise and capacity-development support to Africa investment fund managers.

- The **Resilience and Adaptation Mainstreaming Program (RAMP)** partners with local universities to build the capacity of ministries of finance to integrate adaptation into national level budgets, plans, and processes. Since it was launched in 2022, RAMP has worked with local universities to develop 12 core curricula and, in February 2024, trained 93 faculty of economics and finance to deliver these courses. Working with faculty, RAMP is delivering country-tailored workshops for ministries of finance.
- **AdaptAction** was created in 2017; it supports 15 countries and regional organizations that are particularly vulnerable to the impacts of climate change in implementing their adaptation strategies. AdaptAction offers technical assistance and capacity-building activities to consolidate their climate governance and better integrate adaptation to climate change into their public policies, including through accreditation of national entities to the GCF and building local capacity to access financing.
- The **Local 2030 Islands Network** seeks to advance island-led resilience through engagement and technical support through a network of 20 island economies representing diverse geographical regions across the globe, with the largest concentration of members currently in the Pacific and Caribbean.
- The **EBRD Green Economy Financing Facility (GEFF)** develops the capacity of local financial institutions through advisory services and provides finance for green economy investments in technologies for climate change mitigation or adaptation, such as energy-efficient cooling, or irrigation or rainwater capture systems.
- The **NDC Partnership (NDCP)** plays a match-making role between developing countries requesting support for the development, implementation, and financing of their Nationally Determined Contributions (NDCs), and donors, MDBs and UN agencies providing technical assistance, capacity building support, and finance. Through NDCP, partners have supported nearly 100 countries with USD 1.8 billion of finance including a considerable amount for adaptation in sectors such as water and food. SIDS have in particularly benefited from NDCP.

ACTION AREA 3: STRENGTHENING DEVELOPMENT PRACTICES

Adaptation and resilience are fundamentally interconnected with sustainable development. In this context, a variety of efforts are underway that focus on aligning all overall international assistance portfolios with the goals of the Paris Agreement. This means climate and environmental impacts must be considered in all international assistance spending, including in sectors not traditionally associated with climate and the environment.

Examples of efforts to identify and enhance synergies between climate change adaptation and development include:

- The **Agri-Food program for integrated resilience and economic development in the Sahel (Pro-ARIDES)**, a 10-year program that contributes to a more resilient and sustainable Sahel in Burkina Faso, Mali, and Niger. It supports systems change in four dimensions – landscape, market, governance, and equity. It strengthens the capacities of local actors to adopt climate smart technologies and practices that withstand and recover from climate shocks and other natural disasters through landscape restoration and asset building.
- The **"Reversing the Flow" (RtF)** strategy of the Netherlands showcases the principles of locally-led adaptation by supporting communities in vulnerable situations through strengthening their water security. In Kenya, this has resulted in Maasai communities taking the lead in landscape restoration of their communal lands even outside the scope of the project.
- Through the United Nations Capital Development Fund program, **Local Climate Adaptive Living (LoCAL)**, local governments, mostly from LDCs across Africa, Asia, and the Pacific, have been assisted to develop climate change adaptation plans that meet their communities' needs. The programme includes climate resilience-based performance grants and has engaged hundreds of local governments in 29 countries on a diverse range of climate challenges. Actions include technical support and capacity building measures, with the potential to reach some 600 million people.
- The **Cities and Climate Change in Africa (CiCLIA Program)** helps African cities prepare low-carbon and resilient urban projects. CiCLIA finances studies and technical assistance in all sectors of a sustainable city to help local authorities in Africa develop projects that help combat climate change.
- Through the **Building Pacific Capacity Program**, Kiribati has secured over USD 150 million in support for priority climate change projects. For example, the **Atoll Food Futures Project** helps households and communities increase their climate resilience by establishing nurseries, biofilta foodcubes, seeds, compost training, keyhole gardens, and water tanks. It has just been expanded to support a school feeding program.

- The **Kiribati Education Improvement Program** is ensuring schools have raised floors and protective seawalls to reduce coastal flooding, that school facilities are built using sustainable materials with integrated water and energy systems, and that children learn about climate change at school.
- **Country Flexible Finance (CFF)** is an innovative programme established under New Zealand's International Climate Finance Strategy *Tuia te Waka a Kiwa* that provides finance directly through national systems of Pacific Island country partners to flexibly pursue their own climate priorities and strengthens their capacity to manage this finance effectively. CFF is a direct response to calls from Pacific governments to have greater autonomy over their climate response and to make climate finance more accessible, flexible, and predictable.
- The **Climate, Environment, and Disaster Risk Reduction Integration Guidance (CEDRIG)** is a practical tool developed by the Swiss Agency for Development and Cooperation (SDC). It is meant to systematically integrate climate, environment and disaster risk reduction (DRR) into development cooperation and humanitarian aid in order to enhance the overall resilience of systems and communities.

ACTION AREA 4: DEPLOYING PUBLIC FINANCE STRATEGICALLY

To make the most efficient and effective use of public resources and to meet the scale of adaptation needs, public finance for adaptation needs to be deployed in a way that crowds in additional investment, including from the private sector. This requires strategic investments that align with developing country priorities as well as investor preferences, such as clear economic and development benefits and stable revenue streams. There has also been a proliferation of recent reports and taxonomies that have illustrated a clear interest by the private sector in identifying opportunities for investment, contrary to the old narrative of limited private sector interest in climate resilience. International providers have worked on de-risking (or risk sharing) activities, engaging corporate actors in building climate resilience in their global supply chains and workforces, enhancing the bankability of adaptation projects, building an ecosystem of adaptation solution-focused small and medium-sized enterprises, and accelerating technology transfer.

Examples of efforts to deploy public finance strategically include:

- The African Development Bank in partnership with the Global Center on Adaptation (GCA) launched a joint initiative – the **Africa Adaptation Acceleration Program (AAAP)** – which aims to mobilize USD 25 billion by 2025 to scale up and accelerate climate change adaptation activities across Africa through interventions in four priority areas/pillars: (i) agriculture and food security; (ii) infrastructure; (iii) youth innovation and job creation; and (iv) innovative finance.
- The **African Financial Alliance on Climate (AFAC)** is a pan-African alliance of Africa's key financial institutions and commercial and development banks; it mobilizes private capital to support continent-wide low-carbon and climate-resilient development.

- The **PREPARE Adaptation Finance Window, launched in collaboration with the Investment Mobilisation Collaboration Alliance (IMCA)**, aims help address barriers to private investment in climate adaptation and provides catalytic grant funding and other financing tools that de-risk the development and scaling of private sector-led adaptation approaches in emerging markets.
- The **Climate Adaptation, Resilience and Climate Finance in Rural India (CAFRI II)** project strengthens planning, implementing, financing, and monitoring of gender-responsive, transformative, and climate risk-informed interventions to enhance climate resilience in rural India. The project aims to enhance climate finance by creating new financing mechanisms for innovative climate adaptation solutions while also facilitating blended finance transactions by converging diverse funding sources.
- In 2022, the EBRD provided a EUR 40 million loan to the **Agence Nationale des Ports in Morocco** aimed at enhancing the climate resilience of several ports along Morocco's Atlantic coastline. A package of construction and infrastructure improvement works will deliver enhanced climate resilience against hazards such as sea level rise and extreme flooding caused by storm surges. The loan will be supplemented by an investment grant of USD 5.7 million from the GEF. The project also comes with a comprehensive technical cooperation package, funded by a USD .5 million grant from the GEF and a USD 1 million grant from the EBRD itself. Designed to support the establishment of a dedicated working group for climate-aware decision-making and comprising key stakeholders in the Moroccan port sector, the technical capacity building package is expected to support the creation of improved environmental management systems and standards.
- The **Team Europe Initiative (TEI) on Climate Change Adaptation and Resilience in Africa**, launched at COP27 will bring together existing and new climate change adaptation programmes for an initial amount of over EUR 1 billion. This joint European initiative provides a way forward to mobilise additional finance and find new modalities between European and African institutions to promote resilience and adaptation; it will improve coordination and reinforce policy dialogue on adaptation, supporting African partners by improving the understanding of risks, strengthening policy and governance, and leveraging public and private resources to that end.

ACTION AREA 5: EXPLORING INNOVATIVE APPROACHES

Adaptation is relevant to multiple sectors, scales, and industries, requiring a diverse and often new approach to adaptation. Whether it is new financial instruments, innovation of new adaptation technologies, or applying existing methodologies to different types of communities and markets, there is a clear need for innovative approaches to adaptation financing.

Examples of such efforts include:

- The **International Monetary Fund's Resilience and Sustainability Trust (IMF RST)** has raised USD 31 billion (SDR 22.9 billion) of its USD 44.55 billion (SDR 33 billion) funding goal. As of 2024, 20 RSF programmes have been approved, with 25% of reform measures focused on adaptation and another 48% focused on a combination of adaptation, mitigation, and transition.
- The **Adaptation Fund's** Innovation Facility accelerates, encourages, and enables innovation for effective, long-term adaptation to climate change through several dedicated grants windows, including a Global Aggregator Programme, the "AF Climate Adaptation Accelerator (AFCIA)" that allows entities to apply for small grants of up to USD 250,000.
- The **Global Facility for Disaster Reduction and Relief (GFDRR)** continues to pioneer new initiatives in climate-related disaster risk management by utilizing innovative technology and tools such as digital Earth, artificial intelligence, and social media to better understand disaster risks. It employs creative approaches for climate adaptation, including the use of nature-based solutions alongside established methodologies for resilient infrastructure.
- The multi-donor **Trust Fund of the Africa Disaster Risk Financing Programme, ADRiFi**, aims to facilitate access to subsidies for the payment of natural disaster insurance. Payouts will allow governments to respond to the needs of their population in case of disaster on the basis of prepared contingency plans.
- The **Global Shield Against Climate Risks** aims to increase the financial protection of vulnerable people and countries by enhancing Climate and Disaster Risk Finance and Insurance (CDRFI) instruments to be more systematic, coherent, and sustainable.
- The adoption of **climate resilient debt clauses (CRDCs)** and debt for climate swaps has taken off, with five MDBs committing or confirming the integration of CRDCs at COP 28, unlocking innovative finance mechanism to enhance finance for resilience and adaptation.

- The **Adaptation Benefits Mechanism (ABM)**, which provides a mechanism through which governments (donor or recipient), philanthropies, corporates, or even individuals can contribute towards the costs of stated adaptation needs in developing countries. As a non-market instrument, the ABM aims to generate just enough money (through the sale of Certified Adaptation Benefits) to make a project attractive to a private (or public) sector developer.
- A debt swap by the **Tunisian coastal protection authority APAL** of EUR 15 million aims to improve the Tunisian coastal landscape's ability to adapt to climate change. The activities supported by the debt conversion are intended to contribute to a new phase of the coastal protection program including underwater breakwaters, dyke construction, sand replenishment, and dune stabilization.
- The **ILX initiative** provides institutional investors access to investment opportunities of the development finance asset class by investing in private-sector loans arranged by MDBs and DFIs. The fund's investment strategy benefits from the DFIs' experience of investing in emerging markets to deliver attractive risk-adjusted returns for its investors, whilst mitigating ESG risks and delivering positive, direct SDG-related results.
- The **G7 Adaptation Accelerator Hub**, aims to foster strategic partnerships, accelerate, strengthen and mobilise support for adaptation actions in the most vulnerable developing countries by advancing viable investment plans to move from adaptation planning to implementation. Building on the cooperation model promoted by the UN Secretary-General, Adaptation Pipeline Accelerator (APA), the initiative will build on the important contribution of other existing national and international initiatives on adaptation, such as the NAP Global Network, the NDC Partnership, and other similar platforms, and create linkages and synergies between them to enhance their contribution and maximize impact.

ANNEX I: TABLE OF RELEVANT PLEDGES

Contributors	Pledge
African Development Bank	The AfDB committed to deliver 40% of its total annual approvals as climate finance, out of which at least 50% is adaptation finance. The target has been met and exceeded since 2019, and AfDB was the first MDB whose adaptation finance exceeds mitigation finance. The Bank has committed to mobilize USD 12.5 billion for climate adaptation finance between 2020 and 2025. The amount is to be supplemented by an additional USD 12.5 billion mobilized through the Africa Adaptation Acceleration Program.
Asian Development Bank	The Bank's climate adaptation finance commitments in 2023 mean that ADB has provided more than USD 10.4 billion in cumulative adaptation financing from 2019 to 2023 — surpassing its target of USD 9 billion in 2019-2024 a year early. The Bank updated its target to deliver more than USD 100 billion in cumulative climate finance (2019-2030), of which USD 34 billion is adaptation and resilience finance, and for ADB's climate finance to reach 50% of total committed financing volume by 2030.
Asian Infrastructure Investment Bank	The AIIB have a climate finance target committing to allocate at least 50% of its annual financing approvals as climate finance by 2025. The Bank has met or surpassed this goal every year since 2022. The bank has planned to increase the overall share of adaptation and resilience finance by 2025.
Caribbean Development Bank	Commitment to allocate 25-30% of CDB's own resources for climate action by 2024.

Contributors	Pledge
European Bank for Reconstruction and Development	In November 2022 at COP27, the EBRD announced a Climate Adaptation Action Plan to integrate adaptation into project and policy design, build partnerships, develop business, and mobilize private finance. By the end of 2024, the EBRD has committed to propose enhancements to the Bank's approach to supporting public and private sector clients adapt to the impact of climate change both in the short and medium term and facilitating country and client access to external sources of resilience funding, such as through specialized climate funds. Since 2021, 50% of the EBRD's investments have been environmental or climate related.
European Investment Bank	Increase the share of adaptation support to 15% of EIB's overall climate financing by 2025. This represents an almost three-fold increase compared to adaptation finance over the past five years. A second target is focused on ensuring high impact and measuring the results of adaptation finance through a series of new dedicated indicators. To scale up adaptation finance, the EIB are ready to take on more risk. Typically, the EIB finances up to 50% of a project. They have decided to increase this to 75% for projects that are primarily motivated by adaptation. The EIB will go up to 100% for adaptation projects in the most vulnerable parts of the world, including small-island developing states and least-developed countries.
Inter-American Development Bank	The IDB will strive to increase its adaptation finance by at least 50 percent compared to 2020-2023 and to direct most of its climate finance to adaptation finance. The Group projects reaching at least USD 25 billion in climate adaptation finance over the 2024-2030 period.

Contributors	Pledge
World Bank Group	At least 50% of IDA and IBRD climate finance to be allocated to adaptation of the Bank's overall finance for climate action in fiscal year 2025, while IFC and MIGA will endeavor to scale up private sector climate finance for adaptation. The World Bank Group's climate finance target was raised to 45% by 2025 at COP28.
Adaptation Fund	In line with its Resource Mobilization Strategy, the AF Board sets increasing targets for annual resource mobilization from voluntary contributions. Between 2019 and 2023, the AF has mobilized the following voluntary contributions from national and sub-national governments: • 2019: USD 89 million • 2020: USD 116 million • 2021: USD 353 million • 2022: USD 241 million • 2023: USD 188 million For the 2024, the AF Board has set the annual resource mobilization target of USD 300 million from a higher number of contributors that the previous year (which is 14). The AF is currently implementing its second Medium-Term Strategy for 2023 to 2027, in line with its implementation plan that includes a tentative budget range of USD 250 to 400 million in yearly average project approvals. As of 30 June 2024, AF funded activities have achieved the following aggregated impact by Fund indicators: over 45 million beneficiaries reached; 577 early warning systems established; 116 climate change policies introduced or strengthened; 728 hectares of natural habitats created, protected or restored; and 181000m of coastline protected.

Contributors	Pledge
Green Climate Fund	Under its Updated Strategic Plan for the period 2024-2027, the GCF aims to meet or exceed its portfolio-level adaptation results to strengthen the resilience of 570 to 900 million people. The GCF also aims to maintain a 50:50 balance over time between adaptation and mitigation funding, in grant equivalent terms, capturing synergies and addressing trade-offs through cross-cutting projects and programmes that help advance just transitions. The GCF will maintain a floor of at least 50% of the adaptation allocation to developing countries that are particularly vulnerable to the adverse effects of climate change, including SIDS, LDCs, and African States, while aiming to meet or exceed first replenishment period outcomes of 65% of adaptation allocation in grant equivalent allocated to the SIDS, LDCs and African States. Thus far the second GCF replenishment for the 2024-2027 period has received pledges amounting to USD 12.8 billion, with further contributions expected. Annual programming is estimated to range from USD 2.05 to 3.2 billion per year for funding proposal programming. Given the GCF's allocation commitments, roughly half of this would be allocated to adaptation projects. In addition, the GCF has allocated USD 500 million for capacity building support to countries for this same period, which includes support for adaptation planning including NAPs.

Contributors	Pledge
Global Environment Facility	The GEF supports climate change adaptation in the Least Developed Countries (LDCs) through the Least Developed Countries Fund (LDCF). The LDCF is the only multilateral mechanism exclusively dedicated to the particular challenges of climate change adaptation faced by LDCs, and LDCs have adopted it as their own. For over 20 years, the LDCF has been helping LDCs address their adaptation priorities. It provides targeted support to the world's most vulnerable countries, their people and their ecosystems. The GEF also supports climate change adaptation through the Special Climate Change Fund (SCCF). The SCCF has two funding windows that are designed to meet the adaptation needs of Small Island Developing States (SIDS) (Window A) and to strengthen technology transfer, innovation, and private sector participation (Window B). In June 2022 the LDCF and SCCF Council approved a GEF climate change adaptation programming strategy for the GEF-8 period, which runs from July 1, 2022 to June 30, 2026. This strategy facilitates transformational adaptation towards the Paris Agreement's global goal on adaptation, and broader participation of partners following a whole-of-society approach. The initial floor for access to the LDCF during the GEF-8 period is set at USD 20 million in grant aid for each LDC (i.e. a total of USD 920 million). This amount is double the floor of USD 10 million during GEF-7. This brings the cumulative floor for access to LDCF resources since its inception to USD 60 million. For SCCF Window A (Addressing the adaptation needs of SIDS), the strategy foresees country allocations ranging from USD 3 million to USD 6.5 million for 2022-2026 (for a total of USD 90 million to USD 190 million). The financial scenarios for Window B of the Special Fund (Strengthening technology transfer, innovation and private sector participation) range from USD 103.5 million to USD 198.5 million.

Contributors	Pledge
Australia	The majority of Australia's bilateral and regional climate finance supports adaptation (62% in 2022-23). Australia has more than tripled adaptation finance provided per year between 2019 and 2023, from AUD 96 million to AUD 294 million. Australia has strengthened its previous AUD 2 billion climate finance commitment and expects to deliver AUD 3 billion, over 2020-25. This includes AUD 1.3 billion in climate finance for the Pacific, most of which will support adaptation. Australia will provide an anchor investment of AUD 100 million in the Pacific Resilience Facility, a Pacific-owned and led initiative for climate finance that will be an important source of support for locally led adaptation, disaster preparedness, and projects that respond to loss and damage. Australia's International Development Policy commits to strengthening climate resilience across Australia's development program by ensuring that, from 2024-25, half of all new bilateral and regional investments valued over AUD 3 million will have a climate objective, with a goal of reaching 80% in 2028-29. The policy commits to considering climate risks in all country and regional Development Partnership Plans, created jointly with partner countries, and aligning bilateral programs with partners' NAPs and NDCs.
Austria	Austria strives for a balance between mitigation and adaptation in bilateral grant-based climate finance, with a view to reaching and possibly over-achieving a doubling of bilateral, grant-based adaptation finance by 2025. Austria provided EUR 13.55 million of bilateral grant-based adaptation finance in 2019 and this figure has grown to EUR 56.24 million in 2023.
Belgium	During the period of 2013-2022, 50% of all support went to adaptation action and 35% to cross-cutting activities. This reflects Belgium's prioritization of its international action helping to mobilize resources for adaptation to the impacts of climate change, responding to the needs of its partner countries and their people. Belgium will remain committed to this priority.
Canada	Dedicate 40% of Canada's CA 5.3 billion climate finance commitment to adaptation over 2021-2026. This is double the adaptation finance from the previous CA 2.65 billion commitment.

Contributors	Pledge
Denmark	The Danish government is committed to provide at least 60% of the grant-based climate finance for adaptation in 2024 and 2025. This corresponds to more than DKK 3 billion annually in 2024 and 2025.
European Commission	Between 2019 and 2022, more than half of the climate finance provided by the EU external budget (without the EU Member States) served climate adaptation objectives (in adaptation or cross-cutting projects), with a similar trend expected up to 2025. Under the current 7-year EU external budget, a 30% climate target has been set. This would represent approximately EUR 28 billion, between 2021 and 2027.
Finland	Aim of scaling up finance for adaptation.
France	France has committed to provide EUR 6 billion per year of climate finance to developing countries from 2021 to 2025, including a third dedicated to adaptation. This was announced by the French President in December 2020, during the Climate Ambition Summit.
Germany	Germany strives for a balanced split between mitigation and adaptation out of its total commitment for climate finance from budgetary sources of at least EUR 6 billion per year by 2025. In 2023, Germany reached a 43 % adaptation share of its climate finance from budgetary sources, totaling EUR 2.43 billion. Including mobilized sources, Germany's climate finance reached EUR 9.94 billion in total for 2023.
Greece	Aim to increase climate finance including adaptation relative to previous levels.
Iceland	Iceland continues to be committed as of 2024 to maintain a balanced commitment to mitigation and adaptation finance. Consistently climate finance accounts for more than 30% of Iceland´s total international development cooperation commitments.

Contributors	Pledge
Ireland	Provide at least EUR 225 million per year in climate finance to developing countries by 2025. This target is on track to be met in 2025. While there is no specific target within the roadmap for adaptation finance, the most recent verified expenditure report shows that in 2022, of the EUR 120.8 million Ireland provided in climate finance, 80% went to programmes and projects that support adaptation either as a whole or as one component. Ireland's bilateral climate finance is 100% grant based.
Italy	Italy aims at maintaining a balance between support to mitigation and adaptation. In 2022 Italy established the Italian Climate Fund with an endowment of EUR 840 million per year from 2022 to 2026 for climate action in developing countries as part of the commitment to nearly triple its climate finance to USD 1.4 billion. The "Piano Mattei", that recently provided strategic direction for financial support to international cooperation, including in relation to the Italian Climate Fund, also identifies adaptation to climate change among the priority sectoral areas. In addition, as G7 presidency, Italy further pledged EUR 6 million financial contribution for 2024 and 2025 to UNDP to enable the implementation of the G7 initiative "Adaptation Accelerator Hub."
Japan	At COP26, Prime Minister Kishida pledged that "for adaptation to climate change, Japan will double our assistance to approximately USD 14.8 billion" in five years (2021-2025).
Luxembourg	Luxembourg has pledged a total of EUR 220 million in climate finance for developing countries over the period 2021-2025, in addition to official development assistance. Nearly 60% of these funds are targeting adaptation action.

Contributors	Pledge
Monaco	Monaco's international climate finance is provided entirely through grants and generally aims for a balanced allocation of funds between adaptation and mitigation support. As part of GCF-2 replenishment, the Principality pledged a 10% increase in its contribution to the Green Climate Fund, bringing its total to EUR 3.3 million for 2024-2027. As a general principle, Monaco is committed to raising its climate finance budget by at least EUR 100,000 biennially from 2020 to 2030. By 2026, this will result in a minimum of EUR 1.4 million in climate-specific Official Development Assistance (ODA), with the aim of targeting the additional funding on projects/programs that strengthen local communities' adaptation and resilience. For example, Monaco has allocated EUR 100,000 to the CREWS Initiative (Climate Risk and Early Warning Systems) for 2024-2025. Additionally, among the various development cooperation projects with climate co-benefits, adaptation remains the key priority, even if the projects are not climate-specific.
Netherlands	In 2021 the Dutch government pledged to increase Dutch total climate finance to at least EUR 1.8 billion by 2025, with at least half of the public funds to be used for adaptation and a focus on the poorest and most vulnerable people in the world. Due to an additional push through the government's foreign trade and development policy "Do what we do best", this was already exceeded in 2023. It should be noted that our public climate finance is grants based.
New Zealand	In 2021 New Zealand made an updated climate finance pledge for 2022-25 of NZ 1.3 billion, with at least 50% to go to the Pacific and at least 50% to be for adaptation (so minimum of NZ 650 million for adaptation during this period). Overall, this was more than a fourfold increase from New Zealand's previous commitment of NZ 300 million for 2019-2022. New Zealand is on track to fully deliver this climate finance commitment, and has high confidence that it will more than double its adaptation finance by 2025 (from 2019 levels). In 2019 New Zealand delivered around NZ 82 million in adaptation finance. New Zealand indicatively forecasts that in 2024 around NZ 437 million will be spent on adaptation and NZ 278 million in 2025. The difference between 2024 and 2025 reflects yearly variation in programming cycles and the advanced efforts made to fully deliver the commitment on schedule.

Contributors	Pledge
Norway	The Government will double Norway's annual climate finance from NOK 7 billion in 2020 to NOK 14 billion by 2026 at the latest. As part of this doubling, Norway will at least triple our adaptation finance.
Portugal	Total climate finance commitment: double climate finance, allocating a total of EUR 35 million by 2030.
Spain	In July 2023, the Council of Ministers adopted the Spanish International Climate Finance Strategy. Whereas it does not include a specific pledge as regards adaptation finance, it has explicitly prioritized the financing of adaptation projects within its broader commitment to increase climate finance overall. In particular, the Strategy includes a commitment to progressively increase Spain´s international climate finance to mobilise EUR 1,350 million in 2025. As part of this commitment, Spain also pledged to double its multilateral and bilateral Official Development Aid (ODA) contributions, which would become the main individual component of the Spanish climate finance commitment. This exercise will include, as a matter of priority, an increase in the financing of adaptation projects through ODA.
Sweden	The Swedish budget for development aid is decided by the Parliament on an annual basis, therefore there is no pledge, commitment or announcement clarifying the total volume of future contributions to climate change adaptation. However, Sweden has increased its finance for climate change adaptation since 2019. From approximately SEK 3.5 billion in 2019 to approximately SEK 4 billion in 2022. These figures do not include cross-cutting support for both mitigation and adaptation. In 2023 the Swedish government adopted an updated adaptation strategy. It states the intention from the Government to continue an ambitious engagement in global adaptation issues in line with the Paris Agreement and global commitments. Furthermore, the government has adopted a reform agenda in which its sets out its intention to increase and streamline Swedish climate aid, while at the same time mobilising other types of capital to a greater extent.

Contributors	Pledge
Switzerland	Switzerland aims to contribute its fair share to the call for doubling adaptation finance to USD 40 billion by 2025 based on its capacity to pay and the polluter-pays principle, including by continuing to provide at least 50% of its bilateral public grant-based climate finance for adaptation, while increasing the bilateral public grant-based climate finance to approximately CHF 250 million per year by 2024.
United Kingdom	At COP27 the UK committed to tripling its adaptation finance to GBP 1.5 billion by 2025. The UK has committed to spend GBP 11.6 billion on International Climate Finance from 2021/22 to 2025/26.
United States	In 2021, President Biden pledged to work with Congress to quadruple U.S. international public climate finance to over USD 11 billion per year by 2024, including a six-fold increase in adaptation finance to USD 3 billion per year by 2024, supporting the President's Emergency Plan for Adaptation and Resilience (PREPARE). In 2022, U.S. international public adaptation finance reached USD 2.3 billion, on track to reach this pledge in 2024. This funding has enabled climate-vulnerable communities to safeguard hard-won development goals, including poverty reduction, job creation, improved health outcomes, and better lives and livelihoods for women and girls.

ANNEX II: REFERENCES

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