Submission by the Republic of Senegal on behalf of the Least Developed Countries (LDCs) Group on views on *information and data for the preparation of the report on the doubling of adaptation finance*.

The Least Developed Countries (LDCs) Group welcomes this opportunity to share views in response to the call by the Standing Committee on Finance (SCF) to provide **information and data for the preparation of the report on the doubling of adaptation finance**, in the context of decision 1/CMA.4, in line with paragraph 18 of decision 1/CMA.3

The views provided below are structured around the topics proposed by the SCF for this call for submissions.

- ***About latest trends and data on progress towards the doubling of adaptation finance from 2019 levels to date and, where and if available, projections towards 2025***

The OECD[1] has estimated that adaptation finance provided and mobilised was US$ 20.3 billion in 2019 (a 25% of the total climate finance). Doubling this amount, as the call in the Glasgow Climate Pact indicates, would bring adaptation finance to at least US$40.6 billion in 2025 (in nominal terms).

The OECD report showed that adaptation finance provided and mobilised to LDCs in 2019 was around US$7 billion, which is equivalent to US$8.5 per capita. Thus, doubling adaptation finance on a per capita basis would be equivalent to LDCs accessing about US$17 in nominal terms by 2020.

Other sources, like Oxfam[2], estimates that the "*real support value of reported adaptation finance in 2019–20 was between US$9.0bn and US$10.5bn per year*", which shows how applying different methodological approaches can result in greatly distinct assessment outcomes.

Noting article 9.4 of the Paris Agreement, and paragraph 18 of decision 1/CMA.3, the analysis in the SCF report should be made in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources. Thus, the report should consider yearly projections through 2025, and how doubling adaptation finance would be consistent with a balance between mitigation and adaptation, in the context of delivering the goal US$100 billion per year between 2020 and 2025.

Furthermore, as per article 9.4 of the Paris Agreement, adaptation finance mobilized and provided should consider the need for public and grant-based resources for adaptation. Still, OECD and OXFAM reports show that support for adaptation is not fully grant based, with more than fifty percent being loan based, including market based interest rate for some loans. Out of these resources only around 2% goes to GCF and the rest is delivered by bilateral channels and MDBs. LDC believes that, a

[1]OECD 2022, "Aggregate Trends of Climate Finance Provided and Mobilised by Developed Countries in 2013-2020", https://www.oecd.org/environment/aggregate-trends-of-climate-finance-provided-and-mobilised-by-developed-countries-in-2013-2020-d28f963c-en.htm .

[2]OXFAM 2023, "climate finance shadow report 2023", https://policy-practice.oxfam.org/resources/climate-finance-shadow-report-2023-621500/

common definition of climate finance, transparent accounting and reporting of the US$100 billion goal and enhanced quality of adaptation finance are paramount as part of the doubling adaptation finance effort

Projections on adaptation finance, however, are limited. The type of information in communications presented by developed Parties in accordance with Article 9, paragraph 5, of the Paris Agreement is not adequate for aggregation. According to the compilation summary report by the Secretariat[3], from the 34 Parties that submitted information, seven Parties emphasized their commitment to at least doubling their contributions to adaptation finance, and 16 highlighted efforts to achieve a balance between mitigation and adaptation.

The 2022 report by the SCF[4], on progress towards achieving the US$ 100 billion goal, provides yearly projections between 2021 and 2015. Nevertheless, the projections are for the goal as a whole, not split by thematic area.

- ***About the effectiveness of adaptation finance, including measuring impacts/outcomes, timely access to finance, and country ownership.***

The 2022 UNDP Adaptation Gap Report estimates that the **annual adaptation costs/needs by developing countries are in the range of US$160–340 billion by 2030 and US$315–565 billion by 2050**[5]. This estimation shows that current provision and mobilisation of climate finance for adaptation is greatly inconsistent with the scale required by future needs.

LDCs have limited capacities and resources to manage lengthy and costly application processes. Hence, enhancing access to adaptation finance is imperative, as climate impacts can be immediate and urgent. Delays in receiving funds can hinder vulnerable communities' ability to implement timely and effective adaptation measures, potentially exacerbating vulnerabilities. For example, GCF adaptation projects on average take over two years from proposal submission to concluding the legal agreement[6].In addition, GCF requirements to present a robust evidence-based climate rationale in adaptation proposals have proven extremely challenging for countries with limited availability of data, like LDCs[7].

Furthermore, building local capacity in project management, financial management, and technical competence can help governments implement and manage adaptation programmes more successfully, especially in LDCs where capacity constraints are most acute at the local level.

- ***Challenges and opportunities in relation to the doubling of adaptation finance.***

[3] https://unfccc.int/documents/628432

[4] SCF, 2022. "Report on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation", https://unfccc.int/sites/default/files/resource/J0156_UNFCCC%20100BN%202022%20Report_Book_v3.2.pdf

[5] https://www.unep.org/resources/adaptation-gap-report-2022

[6] Binet, Silvia, Matthijs De Bruijn, Daisuke Horikoshi, Rene Kim, Byungsuk Lee, Max Markrich, Peter Mwandri, Kulthoum Omari-Motsumi, Martin Prowse and Galyna Uvarova (2021). Independent evaluation of the adaptation portfolio and approach of the Green Climate Fund. Evaluation Report No. 9, February 2021. Independent Evaluation Unit, Green Climate Fund.

[7] Independent Evaluation Unit (2022). Independent evaluation of the relevance and effectiveness of the Green ClimateFund's investments in the Least Developed Countries. Evaluation Report No. 12, (January). Songdo, South Korea:Independent Evaluation Unit, Green Climate Fund.

The delivery of this commitment is an opportunity to reduce the adaptation finance gap. However, given the magnitude of the gap, adaptation finance would have to be scaled-up much beyond what is being targeted.

A key challenge is to deliver adaptation finance in the form of full-cost grants. This is a major need, especially for vulnerable and highly indebted countries like LDCs.

Ensuring equitable and accessible finance distribution also remains a challenge. Due to numerous obstacles, including inadequate technical capacity, complex application processes, and stringent eligibility requirements, many developing nations, especially LDCs and SIDS, struggle to obtain adaptation funds. Hence, doubling adaptation finance should also be delivered in the context of a balance between support for mitigation and adaptation. With still pending delivery of the US$100 billion per year goal through 2025, there is an opportunity to address the current imbalance and at the same time go beyond doubling the 2019 adaptation baseline.

- ***Methodologies for tracking and reporting on adaptation finance flows and outcomes.***

As illustrated above, estimations of adaptation finance can vary greatly depending on sources and the methodologies applied. The SCF report should consider different sources and data sets, comparing information and trends, and provide a technical explanation when figures substantially diverge.

Regardless of the source and data set used, it is fundamental that the report clearly identifies the baseline(s) that would be considered for assessing progress against the target.