



UN
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Climate Change Adaptation Finance Landscape

Importance of adaptation

Climate change adaptation is crucial to safeguard communities, economies, and ecosystems from the unavoidable impacts of a changing climate.

Climate change can reverse hard-won development gains, worsen inequalities and trigger displacement and conflict. It could drive an additional 122 million people into poverty by 2030 (IPCC 2022).

Over the last 50 years, a million lives have been lost in Asia and US\$ 1.2 trillion have been reported in damages due to weather, climate and water extremes. Disasters as a percentage of GDP by region are by far the highest in the Asia-Pacific region.

Adaptation Planning through NDCs and NAPs

NDCs

Mitigation and Adaptation - vision and objectives

175 countries have submitted new or updated NDCs. 145 NDCs have adaptation components

Short to medium term (5-10 years), update every 5 years

NAPs

Adaptation - priorities and action plan

46 countries submitted to the UNFCCC

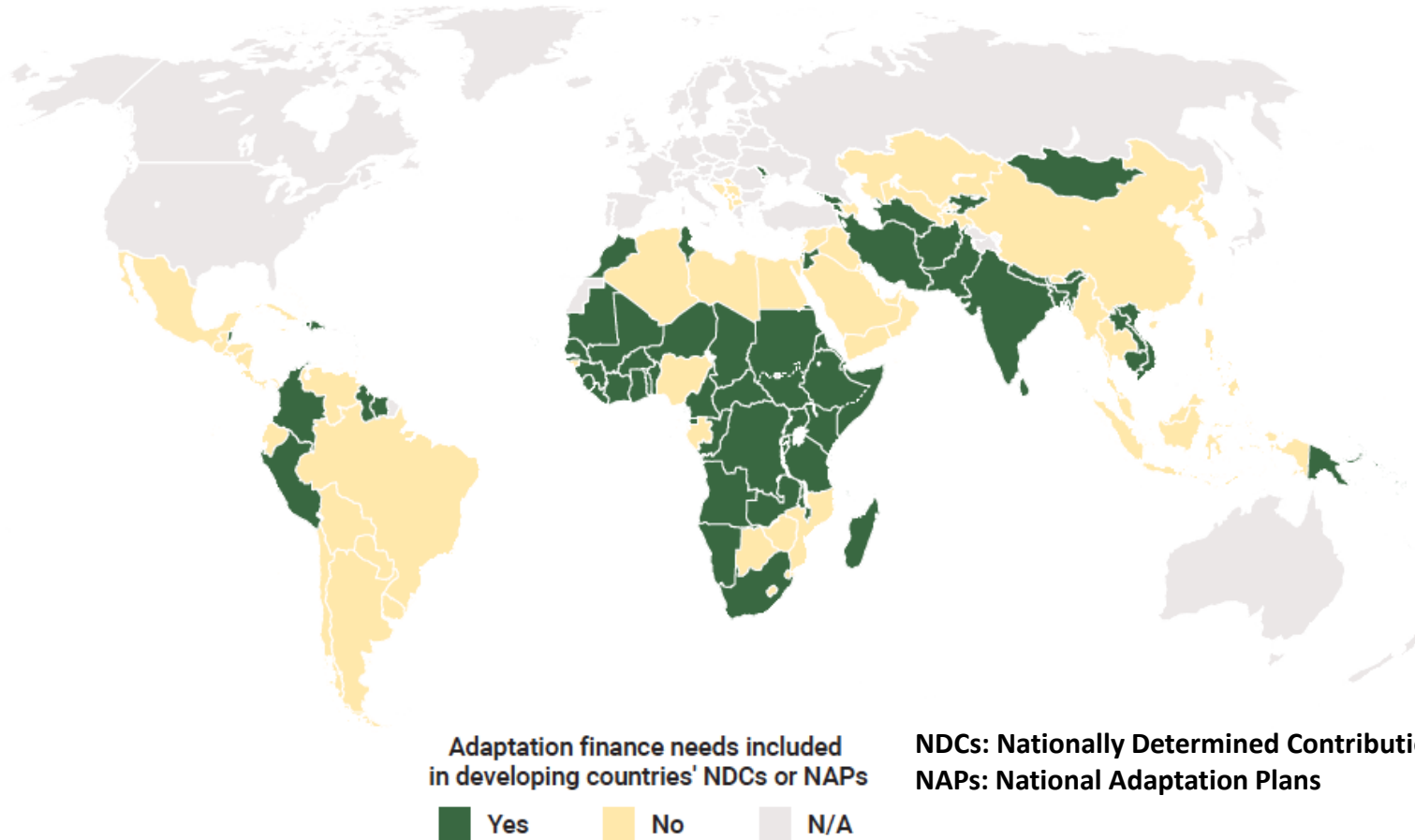
Medium to long term (5-10 years)

UNDP Climate Promise – supporting 120 countries and territories on NDCs, synergies NDCs and national development priorities with a focus on SDGs, now in Phase 2 ‘Pledge to Action’

UNDP is also supporting 50+ Countries with National Adaptation Plans; and is a core member of the Adaptation Pipeline Accelerator initiative by the Executive Office of the Secretary General, in collaboration with the NDC Partnership and GCF.

Adaptation Facing Significant Finance Gap

The adaptation finance gap in developing countries is likely 5-10 times greater than current international finance flows and continues to widen



- International adaptation finance reached US\$29 billion in 2020
- Estimated annual adaptation costs are US\$160-340 billion by 2030 and US\$315-565 billion by 2050
- At current rates the US\$100 billion pledged to developing countries will only be reached in 2025
- Doubling of 2019 finance flows by 2025, as the Glasgow Climate Pact urged, requires strong acceleration



Climate Finance Landscape 2019/2020

LANDSCAPE OF CLIMATE FINANCE IN 2019/2020

Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years' data, in USD billions.

632

 BN USD ANNUAL AVERAGE

SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?

INSTRUMENTS

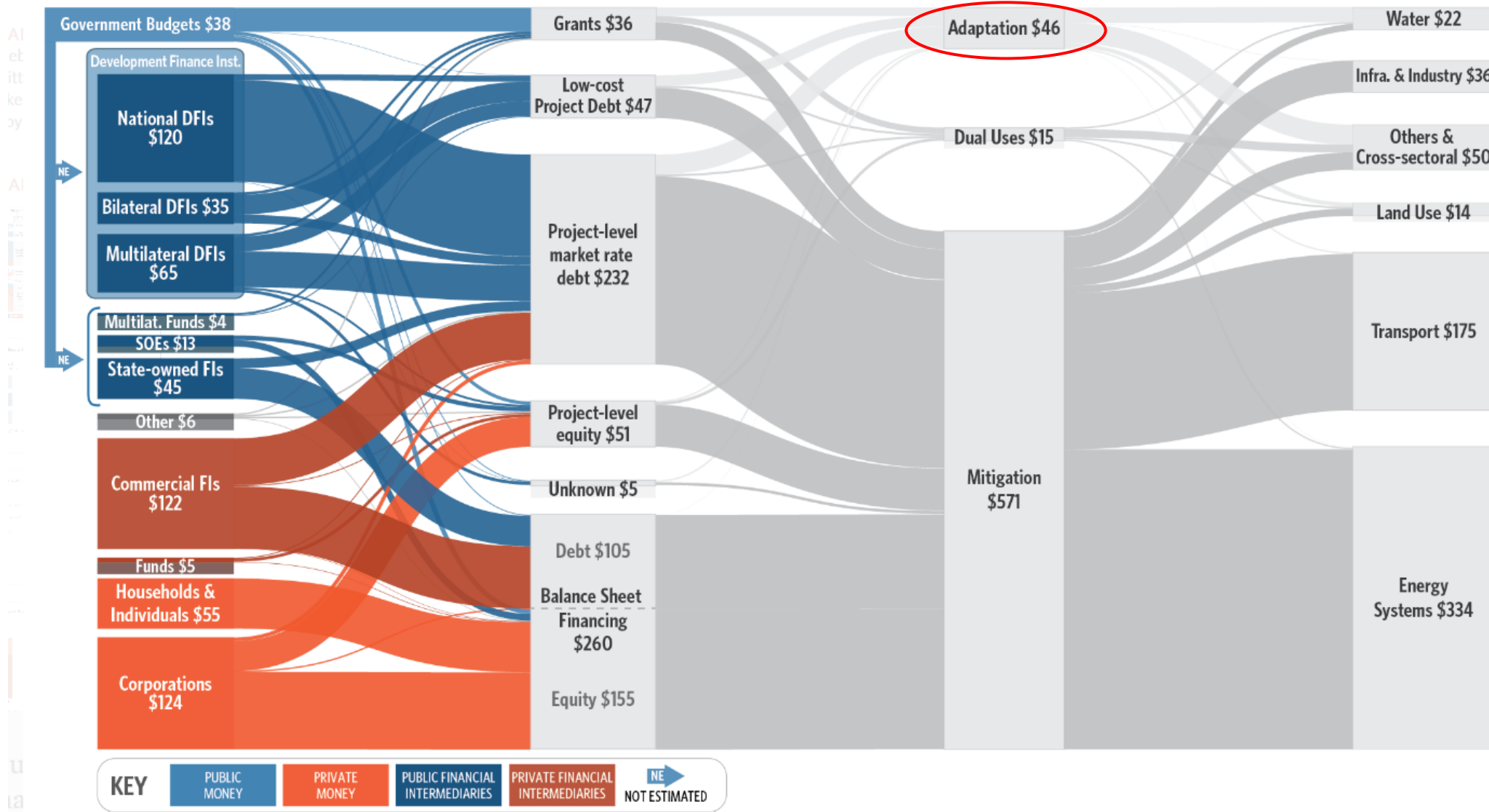
What mix of financial instruments are used?

USES

What types of activities are financed?

SECTORS

What is the finance used for?

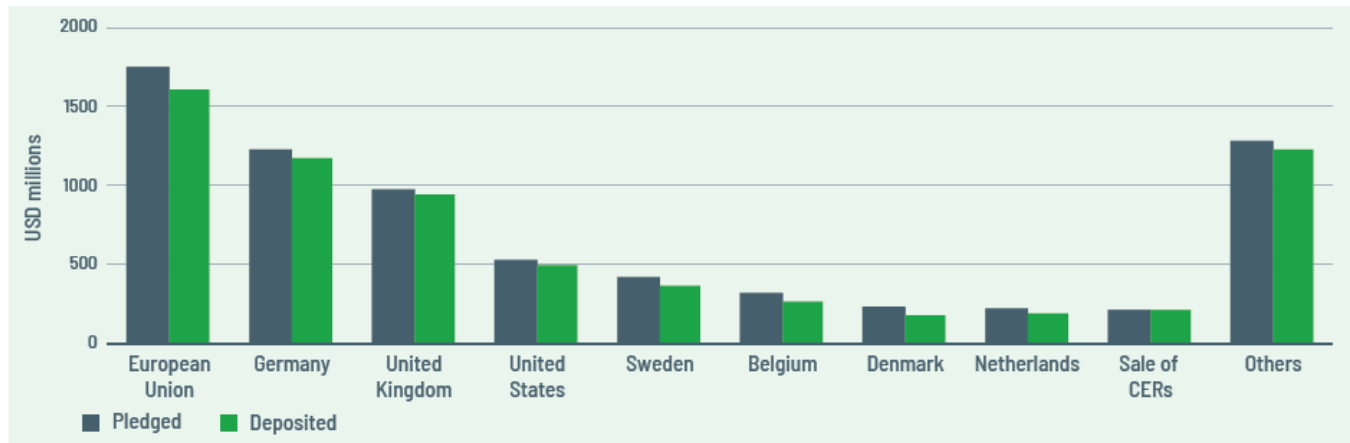


Adaptation Finance - Multilateral Landscape

Multilateral Funds supporting adaptation (2003-2022, USD millions)

Fund	Pledged	Deposited	Approved	Projects approved
Green Climate Fund (GCF-IRM, GCF-1)	20,323.1	15,475.1 ²	2,369.3	81
Least Developed Countries Fund (LDCF)	2,075.0	1,830.3	1,416.5	310
Pilot Program for Climate Resilience (PPCR)	1,155.8	1,155.8	1,029.4	116
Adaptation Fund (AF)	1,423.9	1,243.4	996.7	296
Global Climate Change Alliance (GCCA)	1,652.8	1,652.8	380.9	40
Adaptation for Smallholder Agriculture Programme (ASAP)	475.6	394.9	299.7	45
Special Climate Change Fund (SCCF)	380.6	374.0	284.9	73
Global Environment Facility Trust Fund 7 (GEF-7)	728.4	728.4	152.2	22

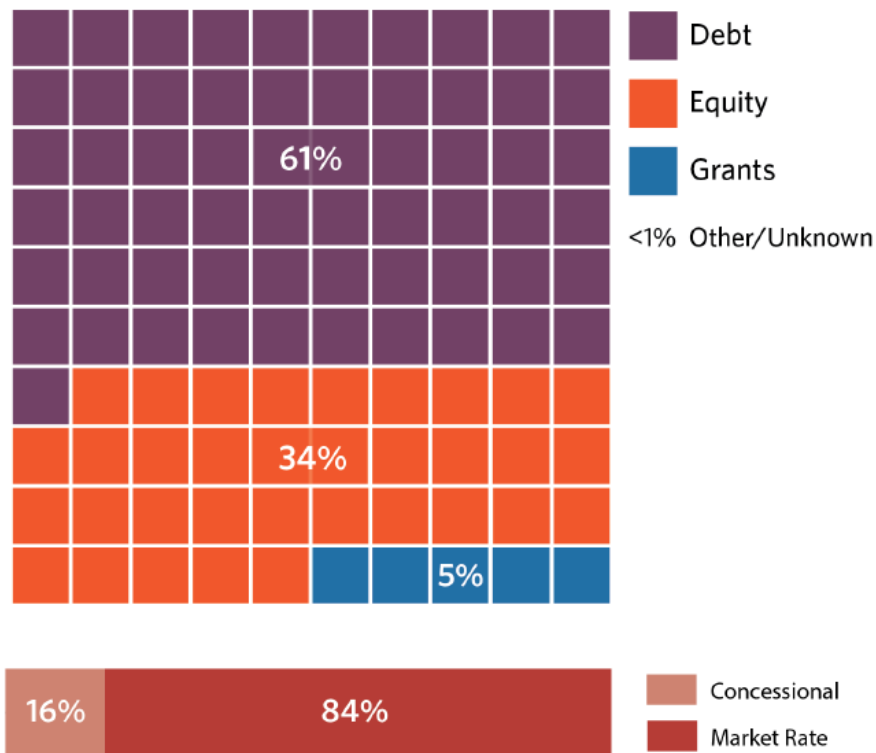
Pledges and deposits to funds supporting adaptation (2003-2022)





Climate Finance Landscape - Instruments

Climate finance by instrument (USD bn) between 2011-2020



Concessional financing is crucial in managing risks and uncertainties related to nascent technologies and markets. Concessional funding was primarily led by National and Bilateral DFIs and governments provided in the forms of debt or grants.

Grant financing has been low but picking up gradually, reaching almost USD 30 billion most recently. Most grant funding is sourced by governments for agriculture, cross-sectoral, and transport sector projects.

According to Convergence (2021), the use of blended finance as a tool by investors remained limited despite its potential. Approximately USD 39.1 billion of blended finance from 2015-2020 was directed towards climate-focused opportunities.

80% of climate finance was provided in the form of debt or equity expecting market-rate returns on investment. These were mainly driven by corporates, National DFIs, and households investing in renewable energy and transport sectors in Western Europe, North America, and East Asia Pacific.



Barriers to Adaptation



TECHNICAL CAPACITY CONSTRAINTS

Limited institutional capacity and expertise among **policymakers and local authorities** to mainstream adaptation into policies, plans and investments

Limited technical experience of **professionals**



INSUFFICIENT PUBLIC AND POLITICAL SUPPORT

Lack of **political leadership**
Limited **public support** due to lack of awareness, cultural constraints and entrenched preferences



POLICY AND REGULATORY CHALLENGES

Lack of supportive policies, strategies, regulations or inadequate **enforcement** of regulations
Limited **mainstreaming** across sectors
Lack of **coherence** across national and local policies and regulations
Unclear institutional arrangements and decision-making **procedures**



GOVERNANCE CHALLENGES

Unclear institutional arrangements and decision-making **procedures**
Lack of cross-sectoral and inter-institutional collaboration
Insufficient **availability** of public and private finance
Challenges establishing effective multi-stakeholder partnerships
Insufficient **availability** of public and private finance

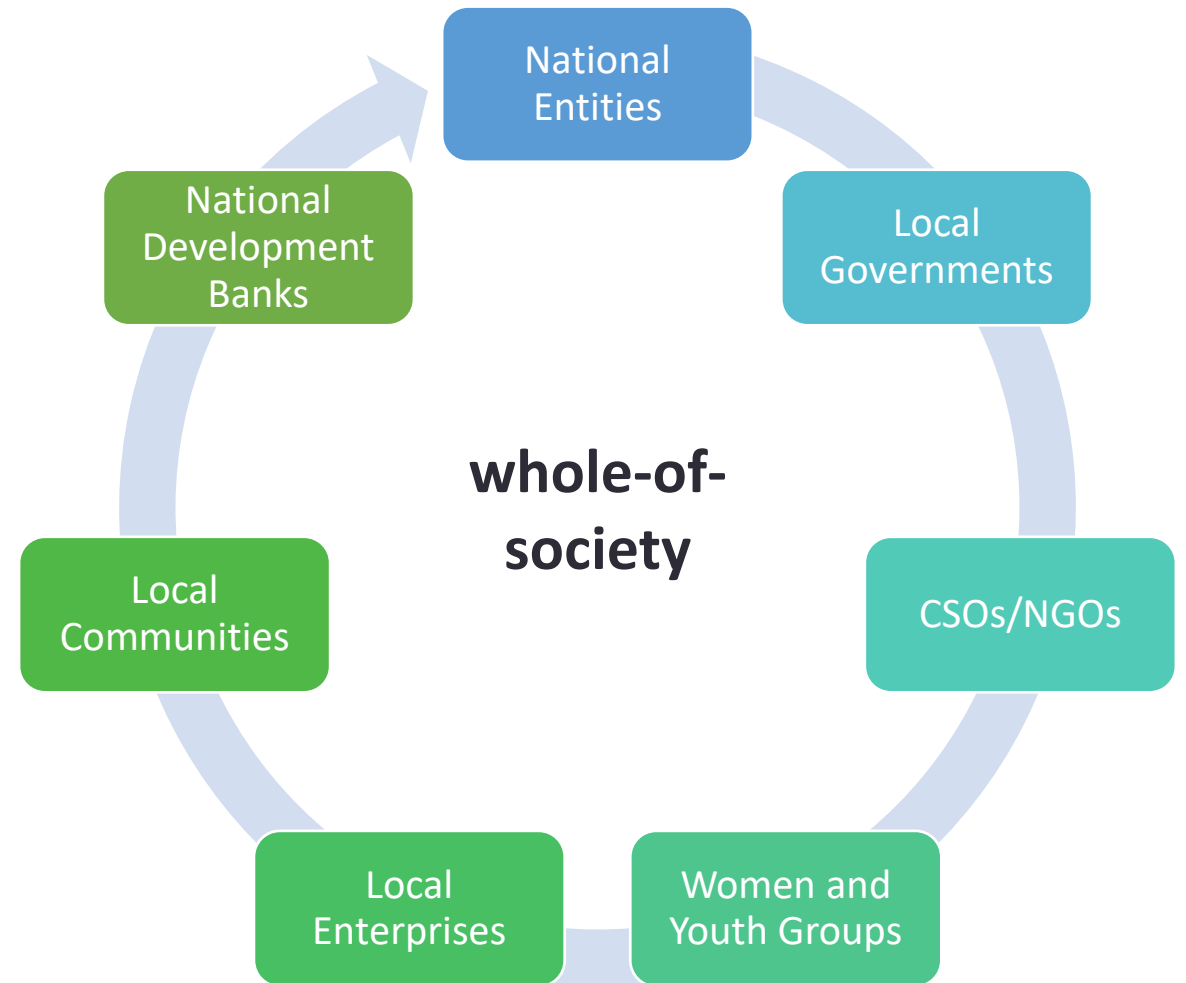


FINANCE CHALLENGES

Insufficient **availability** of public and private finance
Insufficient financial **incentives** and business **models**
Existing financial instruments and policies (i.e. perverse subsidies, incentives and tax breaks) that **undermine** adaptation efforts

Importance of Locally Led Adaptation Action

- Communities are on the frontlines of climate change impacts; however, local actors have the least capacity or power to adapt. However, **Less 10% funding committed under international climate funds to help developing countries take action on climate change, is directed to the local level**
- The eight principles of Locally Led Adaptation were developed by the Global Commission on Adaptation to address this imbalance and to **“shift the status quo from current top-down approaches to a new model where local actors have greater power and resources to build resilience to climate change”**
- Transformative adaptation action is only possible by ensuring that strong country ownership and placing communities, enterprises, and local actors are at the heart of driving this change.

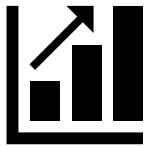


UNDP's Partnership with Communities, Local actors and National Entities

Local actors, national entities and community organizations are at the center of UNDP's strategy to strengthen collective action to tackle the global planetary emergency.



Since 1992, 25,117 projects in 133 countries supported by UNDP through the Small Grants Programme (SGP) with USD 684 million in small grants to CSOs and community organizations



Adaptation Fund Climate Innovation Accelerator – UNDP grant window (supported by AF & EU) is scaling up innovative adaptation solutions from 44 organizations in 31 countries



UNDP is expanding its partnership with national development banks, direct access entities in all vertical fund programming (GCF, GEF, AF)



Partnership and collaboration are at the heart of UNDP, with UN agencies, international organizations, coalitions and forums like GCA, AAC, ARA, LEG

Global Partnerships

Forging connections for the SDGs



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UN/MDBs/DFIs/Bi-lateral Partnerships



and more...

Private Sector Partnerships

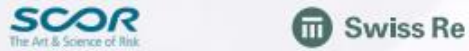
Each collaboration makes a difference



Insurance and Risk Finance Facility

Transforming how countries finance risk management, climate action and development by working closely with industry and governments.

The Tripartite Agreement between Germany's Federal Ministry for Economic Cooperation and Development (BMZ), UNDP and the Insurance Development Forum (IDF), represented 10 of the world's largest insurance companies:



\$5B of risk capital provided



MSMEs

Micro, small and medium-sized enterprises (MSMEs) account for thousands of our private sector partners. Businesses of all sizes are joining forces with UNDP through our Accelerator Labs Network, Sustainable Finance Hub, SDG Impact and other initiatives.



Connecting Business initiative

Partnership between the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and UNDP celebrated its fifth anniversary in May 2021. To date, achievements include:

- **\$84M** in cash and in-kind support
- **100** crisis responses
- **18M+** people helped in coordination with governments and the UN system
- In 2021, during COVID-19:
 - **\$7.2M** in cash and in-kind support
 - **1.2M people** received critical humanitarian assistance
 - **53,500 people** supported through early recovery programmes

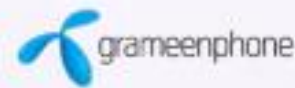
SDG Impact

The SDG Investor Platform encourages the private sector to adopt SDG-aligned investment practices. **18 countries** received insights into **312** investment opportunity areas.

SAMSUNG

Since 2019, our partnership continues to accelerate SDG progress, drive innovation, raise non-traditional revenue streams and increase the organization's advocacy reach, including through dynamic youth-driven initiatives like #Generation17.

- **200M** mobile devices have installed the Samsung Global Goals app
- **\$4M** raised through corporate and individual donations



Economic opportunities for **1 million youth** in post-COVID Bangladesh over the next 5 years

Women Innovators Programme (WIP) helped 21 women-led start-ups from **12 countries** in the Arab States region



Citi Foundation



Partnering platforms and programmes include: the Data Futures Platform, the UN Biodiversity Lab and Microsoft Planetary Computer and Impact observatory, the Open Solution Platform with the Global Environment Facility (GEF) Small Grants Programme and Microsoft Project 15, and Artificial Intelligence and Machine Learning for energy access planning.

Youth Co:Lab, co-led by UNDP:

- Implemented in **28 countries** and territories in Asia and the Pacific
- 200,000+** participants
- 9,500** young social entrepreneurs benefited
- 1,240** youth-led social enterprises
- 202** ecosystem partners