

Making Headway for Adaptation



Follow-up on the Roundtable on Adaptation Finance, hosted by the governments of Bangladesh and Denmark on the 21st of September in New York.

The adaptation challenge is compounded by a gap between the adaptation finance needed and what is available and accessible. Current adaptation finance needs in developing countries are far greater than the existing flows of domestic and international adaptation finance. In the absence of scaled up action, the gap is assessed to widen significantly in the future. A failure to mobilize and channel the necessary funds to those most in need will lead to unprecedented human suffering and mounting climate-related losses and damages.

Climate change is a global challenge. We must all acknowledge this challenge, learn from each other, and support each other's efforts to cope with the increasing threat due to the negative consequences of climate change. No country, and no community, should face these challenges alone. We must stand together as a global community and cooperate. This must be the way forward, and we must make Headway for Adaptation now.

Summary from the Roundtable on Adaptation Finance, compiled by DanChurchAid¹

Which solutions and initiatives are needed to close the climate adaptation finance gap?

The discussions at the roundtable were centred around four principles that should be considered when discussing how to close the adaptation finance gap.

1) First and foremost, there is a clear and evident need for scaled up grant-based and public finance. Even if developed countries deliver on their existing commitment to double adaptation finance, to at least 40 bn USD a year, by 2025, it will not be enough, and further efforts are therefore needed.

2) It is also clear, that the need for adaptation finance is much bigger than the amounts which can be mobilized through international and domestic public finance. It is thus important to also mobilize other resources. This includes international and domestic private finance and investments, which must be facilitated and promoted through finance mechanisms and instruments, as well as through policy frameworks and initiatives, enabling both national and international investments in adaptation. It also includes the creation and establishment of innovative finance initiatives, such as international levies and taxes, and new instruments with blended finance solutions.

3) While the need for scaled up adaptation finance is urgent, it is equally important to improve the access and delivery of existing flows of adaptation finance. The national adaptation plans, adopted by countries should be acknowledged and respected, and international flows of adaptation finance should be delivered to enable the implementation of these plans. Efforts should also be taken to improve access and more efficient delivery, through faster accreditation processes, reduced transaction costs and shorter time between project formulation and disbursement of funds, from both multilateral and bilateral instruments. The goal must be that all countries should have resources to deliver on their strategic priorities on adaptation.

4) It is also imperative that local communities can access the funds that they require to enhance their climate resilience and implement adaptation measures. Instruments and allocation modalities must be reconsidered, to ensure better access for local communities and local-level actors. The effects of climate change are experienced by local communities, and their efforts to adapt must be supported.

¹ The views expressed in the summary are those of the participants and do not necessarily reflect the agreed positions of the countries represented

Which outcomes do we need from COP28 to enable and promote actions to narrow the climate adaptation finance gap?

Adaptation must become one of the key outcomes from the COP28 in December 2023. Participants at the roundtable on adaptation finance shared *views* on how scaled up adaptation finance, and adaptation action by local, national and international stakeholders, could be promoted through COP28. Key points mentioned by different participants are listed below.

- The Global Stocktake should address the need for scaled up adaptation, and the urgency of mobilizing more adaptation finance.
- A possible cover decision should acknowledge the need for adaptation and reiterate the commitment by developed countries to double adaptation finance, to 40 bn USD a year, by 2025, recognizing the scale of resources needed.
- The framework for the Global Goal on Adaptation should be ambitious and help parties to ensure access to adaptation for all, leaving no one behind when climate related disasters threaten communities and countries. The framework should consider the risk for maladaptation and non-action, where the limits to adaptation or failure to adapt due to financial barriers may lead to climate related loss and damage.
- Guidance to the Green Climate Fund, the Adaptation Fund, the Least Developed Countries Fund as well as other multilateral and bilateral instruments, should promote increased access and delivery as an urgent matter.
- The talks about a New Collective Quantified Goal on climate finance, should address the need for closing the adaptation finance gap, as well being informed by the needs and priorities of climate vulnerable countries.
- The International Financial Institution reform must ensure that adaptation isn't becoming a debt creating mechanism for developing countries.
- A clear definition of climate finance needs to be agreed, and finance must be new and additional.