Foreword

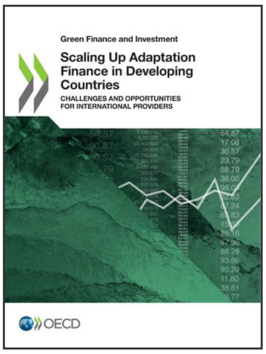
The threat of climate change is increasingly evident, and its impacts are intensifying. This is particularly the case in developing countries, which, already dealing with a multitude of challenges ranging from economic disparities to developmental goals, now face an augmented threat from unpredictable sea levels, changing weather patterns, and compromised natural resources. The repercussions of a changing climate do not just threaten their ecosystems, but also amplify the challenges of socioeconomic development and poverty eradication. Given the scope and urgency of these challenges, the international community recognised that substantial financial support would be essential to assist developing countries. Notably, international providers remain central in contributing to scaling up and mobilising finance for adaptation activities and increased climate resilience in developing countries.

At the 15th Conference of Parties (COP15) of the UNFCCC in Copenhagen in 2009, developed countries committed to a collective goal of mobilising USD 100 billion per year by 2020 for climate action in developing countries, including finance for adaptation, from a variety of sources. However, in 2021, of the USD 89.6 billion provided and mobilised, only 24.6 billion was earmarked for adaptation specifically; another USD 11.2 billion was earmarked for cross-cutting activities. The need to further prioritise adaptation was recognised in the 2021 Glasgow Climate Pact, which urged developed countries to at least double their collective provision of climate finance for adaptation to developing countries from 2019 levels by 2025.

Bilateral agencies, development finance institutions, multilateral development banks and climate funds need to work together more systematically and in collaboration with beneficiary countries to enhance the provision and mobilisation of adaptation finance. Using international public finance more strategically can help scale up overall adaptation funding, including increasing private sector participation where possible.

Grounded in the best-available adaptation finance data, this report delves into key challenges hindering the scaling up of adaptation finance and identifies actionable steps for international providers. Findings underscore the importance of not only broadening sources of finance but also of embedding adaptation activities within developmental frameworks. They further highlight the imperatives of re-evaluating spending intentions of international providers, empowering developing countries in finance and technical capacities, refining delivery systems for effective adaptation finance delivery, engaging private finance effectively in adaptation, and exploring innovative finance mechanisms. Addressing these areas comprehensively is crucial for a coordinated and holistic approach to scaling up finance for adaptation and resilience in developing countries.

In conjunction with related OECD analyses on climate finance, this report aims to provide data-driven insights to help inform discussions and deliberations under the UNFCCC and other international processes such as the G20, as well as serve as a reference for governmental and public finance entities in the formulation and implementation of their respective adaptation finance strategies, programmes, and actions.



Scaling Up Adaptation Finance in Developing Countries

Challenges and Opportunities for International Providers

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