# Adaptation Ambition Agenda

*This Adaptation Ambition Agenda contains a number of elements and signals that would ensure a successful and ambitious outcome for Adaptation at COP29 and beyond. Its content is based on expert analysis from E3G, Danish ChurchAid, UN Foundation, Germanwatch and SouthSouthNorth as well as input from multiple expert consultations, the work in the Climate and Development Ministerial, and the technical consultations related to the Copenhagen Climate Ministerial in 2024.*

## Summary


The world is facing severe climate impacts, with temperatures possibly surpassing the 1.5°C threshold set by the Paris Agreement. Immediate adaptation action is necessary to mitigate security, economic, and health risks. Adaptation action however lacks the proper finance, particularly in vulnerable countries where needs are 10-18 times higher than current international public finance flows, requiring up to $366 billion annually.

### *What COP29 could deliver*

The **New Collective Quantified Goal (NCQG)** due to be agreed on at COP29 should include a specific focus on grant-based public adaptation finance, separated from mitigation and Loss and Damage efforts. The **World Leaders Summit** and **High-Level Ministerial Dialogue on Adaptation Finance** present key political opportunities for rich countries to announce pledges to this grant based core of the goal for adaptation. These announcements would restore faith in the negotiations and improve the eroded relationship between developed and developing countries. Other financial commitments such as ambitious **IDA replenishments** and push for **International Financial Architecture (IFA)** reforms, including addressing debt and access issues could have a similar constructive effect.

The NCQG must also align with the **Global Goal on Adaptation (GGA)**, include a time-bound review mechanism and address the challenges of accessing adaptation finance by simplifying application and reporting processes, ensuring direct access for local stakeholders. The **Report on Doubling the Adaptation Finance Goal**, also due ahead of COP29 will be crucial for signaling progress and identifying gaps in funding flows.

### *2025 and Beyond*

The 2025 ambition ratchet with the new round of **Nationally Determined Contributions** (NDCs) will be a key moment to mainstream adaptation into development and planning portfolios. NDCs should contain strong adaptation considerations, highlighting national adaptation actions and needs, operationalize the UAE Framework on Global Resilience, and reflect measures to respond to losses and damages, including associated costs. NDCs should ensure greater synergy between National Adaptation Plans and NDCs, drawing from NAPs to strengthen the NAP process, and include investment framing on resilience priorities to attract domestic and international investors for financing and implementation. 2025 and beyond should also see more countries developing and implementing **gender-responsive, participatory, transparent NAPs** by 2030.

# Background

Climate change is already impacting people, communities and economies around the world, threatening security, economic and human development, public health, and ecosystems everywhere. We may already have passed the 1.5°C threshold set in the Paris Agreement, and the 2024 edition of the Emissions Gap Report confirms that the world is on track to a rise of at least 2.5°C above pre-industrial levels over the course of this century. The urgency of scaling action comes directly from this growing climate challenge and the increasing evidence of its devastating impacts.

The lack of high level political leadership, together with high costs, complexity and context specificity of adaptation efforts have all contributed to the delay in planning, financing, and implementation of resilience efforts. In fact, the [2023 Adaptation Gap Report] revealed that adaptation finance needs of developing countries are 10-18 times as great as international public finance flows, adding to a staggering US$194-366 billion per year ([UNEP, 2023]). Moreover, only 59 developing countries have published National Adaptation Plans (NAPs) and only around 50% of countries around the world have reported having an [Early Warning System.]

The agreement of the New Collective Quantified Goal (NCQG) and the progress of UAE-Belem Work Programme on Indicators for the Global Goal on Adaptation (GGA) at COP29 provides an opportunity for a commitment and a finance roadmap to close these finance and planning gaps. An early grant-equivalent public finance offer for adaptation at the heart of the NCQG could be key not only to closing the adaptation gap, but also incentivizing ambition to develop NAPs, support the delivery of the first Global Stocktake (GST) and fulfill the GGA, effectively facilitating a successful COP29. A considerable amount of coordinated efforts will be required for this offer and other aspects of the COP29 Adaptation Ambition Agenda to materialize. This briefing aims to propose what this Adaptation Ambition Agendal could include, and how countries could come together to ensure COP29 delivers the level of resourcing and ambitious action Adaptation so desperately needed.

# Draft Adaptation Ambition Agenda for COP29

### Pledges/announcements

*Key Message: "adaptation finance must be enhanced, scaled and accessible to meet the growing needs of developing countries"*

In accordance with the Convention, the Paris Agreement, and the GST adaptation finance will have to be significantly scaled up beyond the doubling commitment as per decision 1/CMA.3, paragraph 18, to support the urgent and evolving need to accelerate adaptation and build resilience in developing countries. This involves exploring public and grant-based resources for adaptation and exploring the potential of other potential sources, and reiterates the importance of support for progress in implementing developing countries' NAPs by 2030. Despite this need, adaptation finance commitments have fallen short, and gaps remain unaddressed. COP29 presents an opportunity for countries to course correct and demonstrate their real commitment to adaptation efforts.

**To demonstrate such commitments, developed countries and others in a position to do so should consider announcing significant grant-based pledges to adaptation during the World Leaders Summit on the first days of COP29 or the High Level Ministerial Dialogue on Adaptation Finance. Financial pledges to the Adaptation Fund, which has failed to meet its funding targets, as well as pledges to other climate funds including the LDC Fund etc would be particularly helpful to build confidence and trust ahead of a COP that is expected to be contentious. Developed countries should also commit to an ambitious IDA replenishment and accelerate IFA reform, including addressing debt and access challenges.**
Other impactful pledges include commitments to Early Warning Systems for all by 2027, and ensuring that all parties publish country-driven, gender-responsive, participatory, and transparent NAPs by 2030. Announcements regarding these planning and implementation commitments, as well as robust NDCs with strong adaptation considerations, are also critical. Ambitious NDCs should not merely incorporate adaptation but should also highlight national adaptation actions and needs (including through Adaptation Communications where appropriate), operationalize the UAE Framework on Global Resilience, and reflect measures to respond to losses and damages, including associated costs. NDCs should ensure greater synergy between NAPs and NDCs, drawing from NAPs to strengthen the NAP process, and include investment framing on resilience priorities to attract domestic and international investors for financing and implementation.

## NCQG

*Key Message: "the NCQG must have a separate and specific grant equivalent focus and subtarget for adaptation"*

Finance is a key enabler of ambition and climate action. The NCQG represents a critical step forward in the global effort to combat climate change and is essential for the implementation and fulfillment of the Paris Agreement. **The NCQG decision should include language that highlights adaptation finance as a separate objective from mitigation, potentially as an adaptation subgoal or other similar wording, with a strong focus on public and grant-based finance as to not worsen already crushing debt burdens faced by developing countries.** This will ensure that adaptation, as the second pillar of climate action, receives enough attention and finance flows to address adaptation needs and priorities, in line with developing countries' NAPs and NDCs, thus ensuring their implementation. **Alignment between the GGA, as the adaptation goal of the Paris Agreement, and the NCQG must be ensured. Through its targets, agreed on last year at COP28 in Dubai, provides a clearer roadmap for adaptation implementation efforts and costs. The NCQG will need to consider what countries need to achieve those thematic and dimensional targets.**

**Regarding the time frame, the NCQG decision should clearly link the quantum with its timeline. The evolution of adaptation needs will be intrinsically linked to the more or less successful implementation of climate action in the present. The decision must address this evolving characteristic, and establish a short near term timeframe with a review process and mechanism for the goal's quantum.**

Moreover, the NCQG decision should address the issues of quality and accessibility currently impeding adaptation action. **The NCQG should do so by calling on different actors, including national governments of contributor countries and their development agencies, Multilateral Development Banks (MDBs) and regional Development Finance Institutions (DFIs) in the Global South to mainstream adaptation and resilience across investment and planning portfolios, define targets for adaptation finance in their planning and operations, and harmonize and shorten access and reporting procedures. These financial institutions must also take serious steps to address barriers to access including simplified application and reporting procedures, stronger direct and local access modalities as well as programmatic finance to enable scaling-up delivery.**

The NCQG decision should also recognise the need for loss and damage finance, by including a commitment by Parties to support the new Fund for Responding to Loss and Damage, while ensuring that adaptation finance is not diverted to this new Fund and to loss and damage more generally, but that it is additional and complementary to it.

## GST Implementation

*Key Message: "At COP28 parties acknowledged that the world is off track to meet the goals of the Paris Agreement. To course correct, countries came together around a GST response that included significant commitments on adaptation. At COP29 parties must demonstrate they have not forgotten about these commitments and demonstrate how they plan to implement them."*

<u>UAE Framework for Global Climate Resilience: UAE - Belem Work Programme on Indicators for the GGA</u>

*Key Message: "The UAE- Belem WP is on track to produce relevant indicators for the GGA. However, clear links between GGA and finance must be made at COP29, to ensure that GGA becomes an instrument to enable action."*

The UAE - Belem Work Programme on Indicators has made important progress in its first year in establishing modalities for the work programme, and beginning an exercise to map relevant indicators already in use. However, parties need to agree on gaps in existing indicators, establish a process for the development of new indicators, and clarify the ultimate desired output from the work programme. The Work Programme should also deliver greater clarity in Means of Implementation. The mandate to fulfill the GGA, which will require significant finance even beyond the "adaptation gap," provides a clear link and obligation with the NCQG to mobilize the financing needed to meet the goals in the Framework. It is critical that a standing agenda item on the global goal on adaptation be established to provide a venue for continuous dialogue between parties on how to meet this central pillar of the Paris Agreement.

<u>Mandated Developed Country Report on the Doubling Goal</u>

*Key Message: "The mandated Report on the Doubling Goal to be released ahead of COP29 will be a critical signal to all parties on where the world stands in adaptation action. A reassuring report, with a robust methodology and numbers which demonstrates a significant* *scaling of financial flows could be the first step to securing an impactful COP29 for adaptation"*

**According to the OECD the multilateral commitment on adaptation finance – to double from USD $20 to $40 billion by 2025 – is closer to being met, despite a concerning drop in 2021, reaching USD 32.4 billion in 2022** compared to USD 10.1 billion in 2016. This total amount includes USD 28.9 billion from bilateral and multilateral public sources and USD 3.5 billion from private sources (OECD, 2024). It remains uncertain what the numbers for 2023 will unveil. In this context, para 100 of the GST urges 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, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources.

**The report on doubling of adaptation finance is welcomed, but it should include language that reiterates the commitment to deliver on the goal and shed some light on what comes next after 2025 while recognizing there might be limitations given the NCQG negotiations to follow.**

<u>Mandated High-Level Ministerial Dialogue (HLMD) on Adaptation Finance</u>

*Key Message: "The mandated HLMD on Adaptation Finance must be held to bring much needed political attention to the growing Adaptation Gap. The HLMD is the perfect opportunity for countries to engage in constructive dialogue and make ambitious finance announcements that could rebuild trust and pave the way to a successful COP29"*

Securing significant adaptation finance will require putting adaptation needs and ongoing efforts and the center of the political agenda. To bring the greatly needed political focus on adaptation, para 99 of the GST decided to convene a high-level ministerial dialogue on the urgent need to scale up adaptation finance, taking into account the adaptation-related outcomes of the global stocktake, and to ensure the mobilization by developed country Parties of the adaptation support pledged.

The HLMD will be the moment for adaptation champions to demonstrate real leadership by engaging in constructive and impactful dialogue backed by real commitments and data resulting from the 2024 Report on the Doubling Goal. **This key political moment where countries should pledge finance to adaptation and IDA replenishments. However, countries should also go beyond financial discussions to report progress in planning and execution of existing plans, as well as launch or report on new partnerships.**

**A successful HLMD should include concrete and substantial pledges, emphasizing grant-based financing and commitments to improving access to finance. It should also foster consensus on the specific needs of developing countries and how best to address them.**

## Draft Adaptation Ambition Agenda beyond COP29

*Closing the Ambition Gap in 2025*

Even the best outcome at COP29 may not be sufficient to close the ambition gap and deliver on the Global Goal on Adaptation - more is needed out of 2025 and COP30. Leaders must deliver greater climate ambition in 2025 to reset the global political dynamic on adaptation and resilience. Creating a resilient world will require expanding international cooperation from specific assistance to widespread integration of the climate and development agendas, increased strategic planning and preparedness, and the reform of the international financial architecture. Reforms to global economic governance, the global tax architecture, debt treatment and international policy and regulatory frameworks for the private sector should be pursued, in order to promote equity and inclusiveness, and enable all countries to achieve sustainable and climate resilient development. Climate resilience must be integrated into national macroeconomic and investment frameworks as part of comprehensive NDC plans and processes in 2025 and beyond. Innovative sources of finance such as international taxes and levies on aviation, shipping, or fossil fuels must be utilized, in a manner that is just and equitable and directed via appropriate channels to provide more grant based finance for adaptation and Loss and Damage to developing countries. Governments must learn from existing good practices to enable private sector investments where appropriate, with a particular focus on enabling the local private sector to engage in, and benefit from climate adaptation and resilience building.

*Locally Led Adaptation*

While transformations must take place at the macro level, leaders cannot forget that communities and individuals on the frontlines of climate change are frequently the most affected yet the most proactive and innovative in creating adaptation strategies. They often face barriers in accessing the necessary resources and decision-making power to implement these solutions effectively. Locally Led Adaptation (LLA) and its principles can help unlock and support the vast potential and creativity within these communities to both develop and execute solutions. By shifting power to local stakeholders—without placing the full burden of adaptation on them— leaders can catalyze adaptation efforts that are not only effective but also fair and transparent. In the medium to long terms, governments, financial institutions and other implementation organizations must move beyond endorsing these LLA principles to implementing them.

*Building Systemic Resilience Architecture*

- Developing scalable fit for purpose **country-led platforms for financing resilience**: Taking from the lessons learned from the JETPs, the Climate and Development Ministerial and other coalitions could add to G20-backed international momentum towards developing country-led NDC/NAP investment platforms, ensuring that platforms address adaptation and resilience and that vulnerable countries are included among any pilots announced in 2024 (potentially in collaboration with initiatives such as the UNSG's Adaptation Pipeline Accelerator.)
- Using the upcoming review of the **IMF's Resilience and Sustainability Trust (RST)** to support vulnerable countries: Uptake of resilience financing under the RST has been limited to date but offers a crucial resetting of international incentives for resilience finance, the IMF now needs support from national champions for its goal of support climate-vulnerable countries in order to have space to build out this area of work while learning lessons from initial experiences.
- Supporting a more fundamental review of the **Debt Sustainability Framework (DSF) of the IMF and World Bank:** the long-term impact of climate change and natural disasters are being increasingly incorporated in IMF-World Bank analyses of long-term growth and debt prospects provided in the context of the DSF, particularly for Small Island and Developing States (SIDS). Climate change impacts – and, conversely, the positive macroeconomic impacts of adaptation and resilience investments – need to be systematically included and further developed in the DSF. The analytical implications of these changes to the DSF should be consistently reflected in recommendations and conditionality developed by the IMF.
- Progress in the **integration of climate risk into financial stability rules**: an explicit political mandate should be given to the Financial Stability Board and Basel Committee to review and reassess risk analyses and parameters underpinning the global prudential framework, in order to better align it with transition needs. As they currently stand, prudential rules support collective carbon lock-in, working at cross-purposes with wider finance reform efforts: strategic asset allocation decisions by global banks are driven by short-term risk analyses that compound medium-term climate risk, and vulnerable countries' adaptation and resilience needs. Efforts here should start by championing recent moves by the BCBS to integrate climate risk considerations into prudential rules, and expectations set by G20 for publication of a full gap analysis of the Basel Framework in light of climate risks, as requested by the Financial Stability Board in 2021.

## ANNEX I: OTHER RELEVANT INITIATIVES OUTSIDE OF THE UNFCCC

- Announcements around the implementation of the **Vision of the Coalition of Ambition on Adaptation Finance by the Climate and Development Ministerial** launched last year during Pre-COP28 in Abu Dhabi. Over 20 ministers are expected to come together in Baku during Pre-COP29 this year to discuss progress made on the three goals of the Vision which include implementing programmatic approaches to adaptation finance (goal 1), enhancing access for vulnerable countries (goal 2) and scaling adaptation finance from all sources (goal 3). Initially launched at COP26, the Climate and Development Ministerial Process has successfully brought together a coalition of developed and developing countries to collaboratively set the agenda of adaptation finance reform. Its vision for adaptation finance was formally endorsed by 12 countries and the Adaptation Fund. Its successes include raising support for debt suspension clauses in times of disaster and launching a task force to improve access to finance. However, countries must continue to work together to enhance the quality and accessibility of adaptation finance through this platform.

- **Additional support for the Early Warnings for All initiative by contributors, to allow it to reach its target of universal protection.** In March 2022, the Secretary-General launched the Early Warnings for All initiative (EW4All), which seeks to ensure universal protection from hazardous weather, water, or climate events through life-saving early warning systems and provide everyone on Earth with access to Early Warning and Early Action by 2027. The initiative brings together the broader UN system, governments, civil society and bilateral and multilateral development partners across the public and private sectors to enhance collaboration and accelerated action to close the gaps across the multi-hazard early warning systems value chain in developing countries. Work is progressing in an initial set of 30 countries and looking to scale rapidly in the coming years in partnership with the Climate Risk and Early Warnings Systems (CREWS) initiative, the Systematic Observations Financing Facility (SOFF), the Green Climate Fund (GCF), other climate funds and with supporting investments of several multilateral development banks, which committed to boost their investments for early warning systems at the United Nations Secretary-General's Climate Ambition Summit in 2023. It is noted that this target of universal coverage on early warning systems by 2027 has been incorporated into the UAE Framework for Global Climate Resilience agreed by all parties at COP-28.

- **Contributions and partnership in Adaptation Accelerator Hub**. In April 2024, at the G7 Climate, Energy and Environment ministerial meeting, the G7 announced the Adaptation Accelerator Hub, which aims to help bridge the gap between the current implementation of adaptation action and what is necessary to urgently respond to the climate impacts in the most climate vulnerable countries and communities. It focuses on establishing viable investment plans to respond to developing countries' adaptation needs. Building on the model of cooperation promoted by the UN

Secretary-General, the Adaptation Pipeline Accelerator (APA), it will recognise the important contribution of existing national and international initiatives on adaptation such as the NAP Global Network, the NDC Partnership, and other similar country-led platform or programmatic approaches, create linkages and synergies between them and build on their work. COP29 provides a crucial political moment to demonstrate how the commitment by the G7 and others can be translated into concrete action to transform investment and implementation in developing countries, so that by 2025, every vulnerable developing nation should have the support they need to develop and implement adaptation investment plans.

- **Launch the Climate Resilience Program of The Climate Investment Funds with a foundational investment.** The African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, International Finance Corporation, Inter-American Development Bank and the World Bank, under the Climate Investment Funds (CIF) have developed a new Climate Resilience Program (CRP), with an explicit focus on supporting developing countries to scale-up investments (public and private) in climate adaptation. The CRP aims to support countries develop adaptation investment strategies that will form the basis for identifying and financing strategic and targeted adaptation investments in a programmatic manner, providing concessional finance to cover the upfront costs of transformational adaptation and de-risk catalytic private sector investments for adaptation, and leveraging different financing modalities available to the MDBs (such as policy based lending), to undertake policy reforms to address systemic barriers to unlocking opportunities to finance adaptation through the public and private sectors. This program responds to the call for the MDBs to scale up support for adaptation through concessional resources and ensure that the MDBs are optimizing their financing (sovereign and private sector operations) for adaptation support. The program also responds to the call for the MDBs to work as a system to support countries to deal with the climate crisis.