Key Messages

- Global climate finance\(^1\) doubled in the last two years to USD 1.3 trillion annually in 2021–2022 compared to the USD 653 billion tracked on average in 2019–2020\(^2\).
- Unfortunately, global adaptation finance is diminishing in importance, from 7% in 2019–2020 to 5% of total climate finance in 2021–2022\(^3\).
- In absolute terms, annual adaptation finance flows in 2021–2022 reached USD 63 billion\(^4\), a modest 28% year-on-year increase compared to 2019–2021. Climate mitigation finance is growing much faster.
- Developing countries currently need about USD 212 billion per year in adaptation finance up to 2030. Only USD 56 billion were tracked for adaptation in 2021–2022. Adaptation finance flows must almost quadruple.
- Between now and 2035, developing countries will need USD 3.3 trillion. However, at current levels of financing, only USD 840 billion will flow.
- Africa is the most affected region by climate change. However, the region received only 20% of global adaptation finance flows, or USD 13 billion annually in 2021–2022\(^5\). For reference, about 45% of global adaptation finance flows went to the East Asia and Pacific region.
- Based on Africa’s nationally determined contributions (NDCs), the region needs USD 53 billion per year\(^6\) between 2020 and 2035, or 2.5% of Africa’s GDP. However, the NDCs may underestimate by as much as 100% the adaptation needs\(^7,8\).
- At the current level of adaptation funding flows, Africa will only achieve USD 195 billion by 2035. However, the total adaptation finance needs may be as high as USD 1.6 trillion, more than 8 times larger.
- Adaptation flows to Africa are not growing fast enough, despite global commitments to increase adaptation finance. Adaptation funding to Africa only increased 14% compared to 2019–2020.
- Despite the urgency for adaptation action in Africa, adaptation finance was only 36% of total climate finance in 2021–2022. This was a decrease from 39% of total climate finance in 2019–2020. Adaptation is losing ground to mitigation financing in the continent.
- Most of the adaptation finance to Africa comes from multilateral development finance institutions (63%) and African governments (19%).
- African governments invest more resources in adaptation than flows from bilateral development finance institutions to the region (19% vs. 11%)
- From 2019–2022, the private sector has consistently financed less than 3% of adaptation activities globally and in Africa, mostly from large investors and channeled as grants, primarily to the agriculture sector.
- African governments provide almost as much adaptation finance as grants as the multilateral and bilateral financiers (USD 2.4 billion per year).
- In Africa and globally, the private sector has consistently financed less than 3% of adaptation activities from 2019–2022. A substantial portion of these funds come from philanthropies. The opportunity for commercial financiers and private enterprises to develop and finance adaptation solutions, products and services is enormous.
- Africa’s climate finance flows are concentrated in too few countries. 54% of adaptation finance flows to only 10 countries. The bottom 10 recipient countries only have 1% of adaptation finance.
- Between 2019–2021, USD 94 billion was committed by international donors as emergency...
response funding in developing countries. This is similar to the international adaptation finance flows tracked over the same period (USD 91 billion).

- However, of the tracked USD 94 billion in emergency response funding, only 1.4% (or USD 1.3 billion) was also tagged as adaptation finance. There is insufficient consideration of climate adaptation in emergency response funding.

- In Africa, the situation is similar with international public emergency response funding (USD 26 billion) committed to the continent between 2019–2021 being similar to international public adaptation finance to the region (USD 28 billion).

- Unfortunately, there are insufficient resources for adaptation financing directed to most vulnerable African countries. These countries are instead dependent on emergency response funding to cope with hazards. South Sudan, Democratic Republic of the Congo, Ethiopia, Somalia and Sudan were the top five recipients of emergency funds. Of these, only Ethiopia was among the top five recipients of adaptation financing.

- Between 2019–2021, only 8% of international reconstruction funding was also counted as adaptation finance. There is a greater need to build back better and mainstream adaptation in post-disaster reconstruction.

- Very few public financial institutions have made public adaptation finance-specific commitments. Many of the commitments that do exist are not robust.

- Of the 60 public financial institutions reviewed, only 13 have made public adaptation-specific commitments.

- Multilateral climate funds are the clear leaders in climate adaptation commitments given their mandates. Multilateral development banks follow but still have ways to go. Five multilaterals have specific adaptation finance commitments. Six have climate finance commitments but no specific adaptation target. Of the remaining institutions assessed in the report, over 50% do not have any form of climate commitment.