

Adaptation Gap Report, 2025

Prelims: Current events of national and international importance | Environment

Why in news?

Recently, the Adaptation Gap Report: Running on Empty, 2025 is released by UNEP.

- It reports about how international financial flows are failing to keep pace with accelerating climate impacts.
- Released by UN Environment Programme (UNEP).
- It is released ahead of COP30 of UN Framework Convention on Climate Change (UNFCCC), held in Belem, Brazil next month.

Key findings

- Financial requirement By 2035, developing countries will <u>require</u> <u>\$310-365 billion</u> annually, nearly 12 times more than their currently gets from the developed countries.
- Disappointing new climate target At COP-29, Baku, Azerbaijan, developed countries agreed to only \$300 billion annually by 2035 (demand nearly \$1.3 trillion) New Collective Quantified Goal (NCQG) on climate finance.
- However, this target is insufficient to meet adaptation needs alone, especially since the \$300 billion figure is not adjusted for inflation.
- Decreasing support International public adaptation finance from developed nations to developing countries fell from \$28 billion in 2022 to \$26 billion in 2023, exacerbating the funding gap.
- Missing the target Target agreed upon by countries at the COP-26 in Glasgow - to double adaptation finance to \$40 billion by 2025 - will be "missed", if these declining trends continues.
- Debt-heavy climate finance Most of the money currently available for climate adaptation is in the form of debt, not grants.
- \bullet In 2022–2023, 70% of international adaptation finance was concessional

(low-interest/favorable terms), but 58% of total finance still came through debt instruments.

Raised concerns -

- About long-term affordability, equity,
- Risk of an *adaptation investment trap* where rising climate disasters increase indebtedness, make it harder for countries to invest in adaptation.
- Vulnerable countries like least developed countries & small island developing countries, which have contributed little to climate change but suffer its worst effects.
- Non-concessional loans have now surpassed concessional ones, mainly affecting middle-income countries.
- Betrayal for vulnerable countries For decades, the developing and vulnerable countries have their own adaptation plans (172 countries), but rich nations have largely failed to deliver their promises (finance flows decreasing last year).
- Role of the private sector The private sector is not contributing enough, but with targeted policy action & blended finance solutions, its contribution could increase significantly, potentially reaching \$50 billion per year.

References

- 1. The Hindu | UNEP's Running on Empty report
- 2. UNEP | Adaptation Gap Report, 2025

