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 ***require $310-365 billion*** 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***.
- 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