



Adaptation Gap Report, 2023

For Prelims: [United Nations \(UN\)](#), [Adaptation Gap Report](#), [UN Environment Programme \(UNEP\)](#), [Nationally Determined Contributions \(NDCs\)](#), [World Bank \(WB\)](#), [International Monetary Fund \(IMF\)](#)

For Mains: Urgent Need for Revamping Climate Financing to Promote Adaptability to Climate Changes.

Source: [IE](#)

Why in News?

As per the latest edition of [Adaptation Gap Report, 2023](#) released by [UN Environment Programme](#), developing countries, together, **need at least USD 215 billion every year** this decade to carry out meaningful adaptation work. In 2021, **just about USD 21 billion** went to developing countries for adaptation projects, which was down about 15% from the previous years.

- This year's report focuses on [adaptation finance](#), or the availability of money to carry out the adaptation projects.

What are the Key Highlights of the Adaptation Gap Report, 2023?

- **Adaptation Finance Gap:**
 - The adaptation finance gap – the difference between estimated adaptation financing needs and costs and finance flows – has grown over the past.
 - The adaptation gap is likely **10-18 times as great as current international adaptation finance flows – at least 50% higher than previous range** estimates.
 - The current adaptation finance gap is now estimated at **USD 194-366 billion per year**.
- **Gender Equality in Financing:**
 - In the context of international public finance for adaptation, **only 2% is considered gender-responsive**, and an additional 24% is categorized as either gender-specific or integrative.
- **Seven Ways to Increase Financing:**
 - **Private Financing:**
 - **Domestic expenditure and private finance** are potentially important sources of adaptation finance where domestic budgets are likely to be a large source of funding for adaptation in many developing countries, **ranging from 0.2 % to over 5 % of government budgets**.
 - There is also fragmented evidence of increasing private-sector adaptation interventions all over the world and in most sectors such as water, food and agriculture; transport and infrastructure; tourism.
 - **Internal Investments:**
 - **'Internal Investments'** by large companies, financial institutions' provision of finance for activities that contribute to **adaptation, and companies' provision of adaptation goods and services** are much needed.
 - Also the options of [Corporate Social Responsibility](#) can be explored in

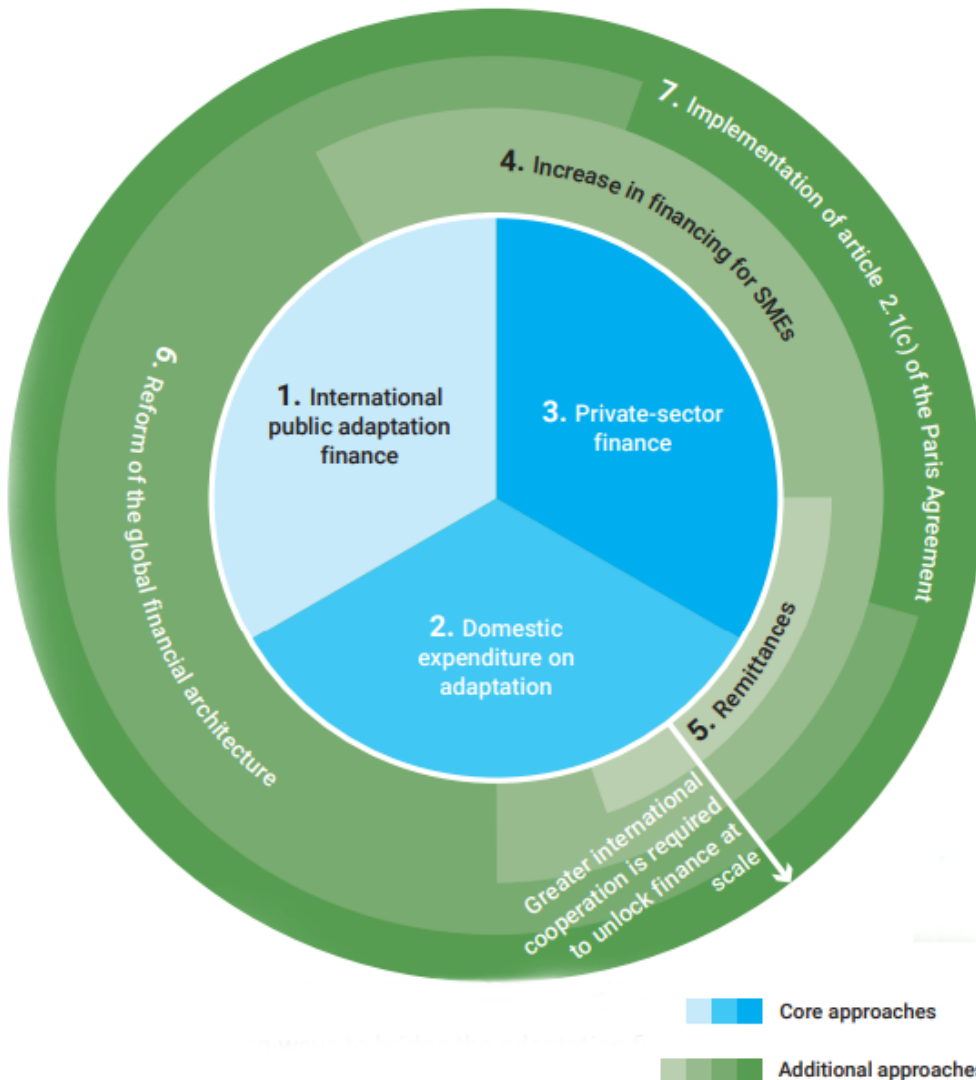
India for achieving climate financing and adaptation goals.

- **Reform of Global Financial Architecture:**

- Report calls for a reform of **global financial architecture, to ensure greater and easier access to finance for climate-related purposes** from multilateral agencies the [World Bank](#) or the [International Monetary Fund \(IMF\)](#) after it has become evident that current levels of international financial flows for fighting climate change are highly inadequate.

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Seven ways to bridge the adaptation finance gap



What are Climate Financing Concerns for Developing Countries?

- **Limited Capacity of Developing Countries:**

- **Adaptation is vital for saving lives, livelihoods, and ecosystems**, particularly in developing and vulnerable countries with limited resilience, as there is no immediate solution to halt the ongoing effects of climate change. **These adaptation measures require adequate climate financing.**

- **Feasibility of Adaptation Measures by Developing Countries:**

- Countries take various adaptation measures based on their specific needs **which include reinforcing coastlines, constructing seawalls in island nations, experimenting with heat-resistant crops**, building climate-resilient infrastructure, securing water sources, and similar efforts to help local populations better cope with rising temperatures and their consequences.
 - But these **adaptive measures impose financial obligations beyond the**

budgetary reach of governments.

▪ **Lack of Proactiveness on Part of Developed Countries:**

- Developed countries, as per international climate agreements, are **obligated to offer financial support and technology to assist developing countries in adapting to climate change.**
 - Developed countries have **failed to channelise requisite funds despite various conventions and treaties.**

▪ **Requirement of Funds Far Outweighs the Availability of Funds:**

- Most of the developing countries have listed their adaptation requirements in their climate action plans, called [Nationally Determined Contributions \(NDCs\)](#) which seek to **document every country's contribution to the global fight against climate change.**

What are the Efforts Being Made by the Developed Countries?

▪ **Target of USD 100 billion:**

- Developed countries had promised, **way back in 2009**, to mobilize at least **USD 100 billion** in climate finance every year from 2020 but even three years after the deadline, **that amount has not been realized.**

▪ **UNFCCC Platform:**

- Efforts are being made to increase the finance flows, not just for adaptation, but for all other kinds of climate needs, together called climate finance through [United Nations Framework Convention on Climate Change \(UNFCCC\)](#).
 - But the need for climate finance has skyrocketed and is now assessed to be in **trillions of dollars every year.**

▪ **Glasgow Climate Conference:**

- **At the [Glasgow climate conference in 2021](#)**, the developed countries had committed themselves to double the money for adaptation.
 - Separately, there is also an agreement that a new climate financing goal, **over and above USD 100 billion every year**, would be set by 2025.

▪ **New Collective Quantified Goal:**

- The **doubling of adaptation finance by 2025** and the **new collective quantified goal for 2030** that is under deliberation will be instrumental in helping to close the **climate finance gap** with the help of developing countries.

What is Climate Financing?

▪ **About:**

- It refers to **local, national, or transnational financing—drawn from public, private and alternative sources** of financing—that seeks to support mitigation and adaptation actions that will address climate change.
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▪ **Common but Differentiated Responsibility and Respective Capabilities (CBDR):**

- The UNFCCC, [Kyoto Protocol](#), and the [Paris Agreement](#) call for financial assistance from Parties with more financial resources (Developed Countries) to those that are less endowed and **more vulnerable** (Developing Countries).
 - This is in accordance with the principle of [CBDR](#).

▪ **Conference of Parties-26 (COP 26):**

- In UNFCCC [COP26](#), new financial pledges to support developing countries in achieving the global goal for adapting to the effects of climate change were made.
 - New rules for the **international carbon trading mechanisms** agreed at COP26 will support adaptation funding.

▪ **Intergovernmental Panel on Climate Change (IPCC), 2018:**

- Climate finance is critical to tackle the issues posed by climate change and **achieve the goal of limiting the rise in the earth's average temperature** to below 2 degrees Celsius over pre-industrial levels, something the [IPCC report 2018](#) has predicted.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. With reference to the Agreement at the UNFCCC Meeting in Paris in 2015, which of the following statements is/are correct? (2016)

1. The Agreement was signed by all the member countries of the UN, and it will go into effect in 2017.
2. The Agreement aims to limit the greenhouse gas emissions so that the rise in average global temperature by the end of this century does not exceed 2°C or even 1.5°C above pre-industrial levels.
3. Developed countries acknowledged their historical responsibility in global warming and committed to donate \$ 1000 billion a year from 2020 to help developing countries to cope with climate change.

Select the correct answer using the code given below:

- (a) 1 and 3 only
- (b) 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Q. "Momentum for Change: Climate Neutral Now" is an initiative launched by (2018)

- (a) The Intergovernmental Panel on Climate Change
- (b) The UNEP Secretariat
- (c) The UNFCCC Secretariat
- (d) The World Meteorological Organisation

Ans: (c)

Mains

Q. Describe the major outcomes of the 26th session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). What are the commitments made by India in this conference? (2021)