Climate Resilience Alliance

SUMMARY FOR POLICYMAKERS

September 2025

Concern Worldwide, Mercy Corps, Plan International, Practical Action

Adaptation finance and the private sector: opportunities and challenges for developing countries

Summary for policymakers

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About this summary

This summary for policymakers was written by Debbie Hillier of Mercy Corps as a companion to the detailed evidence report entitled *'Adaptation finance and the private sector: opportunities and challenges for developing countries'* that can be found here.

This summary for policymakers includes policy recommendations that are informed by the evidence report but do not necessarily reflect the views of the report's authors.

For further details on all aspects of the analysis, as well as full references and acknowledgements, please see the evidence report.

The evidence report was written by Paul Watkiss and Kit England of Paul Watkiss Associates and included contributions and inputs from Blanche Butera, Nella Canales and Dipesh Chapagain from the Adaptation Gap Report team, as well as from Alistair Hunt, Adriana Quevedo, Pieter Sayers and John Ward. It was funded through the Zurich Climate Resilience Alliance.

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Installation of a flood Early Warning System in Nepal. Photo: Practical Action

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Introduction

Calls for private climate finance have never been louder. As adaptation needs are increasing, aid budgets are reducing, sovereign debt levels are rising, and fiscal space is tightening, there are increasing hopes and expectations that the private sector can fill the adaptation finance gap. What has been missing to date is analysis and evidence of whether – and in what way – this is feasible.

This summary for policymakers has been written as a companion to a detailed evidence report entitled 'Adaptation finance and the private sector: opportunities and challenges for developing countries.' This report provides a reality check: it presents new evidence and analysis about the role, potential, and limits of private adaptation finance.

Making meaningful progress on climate finance requires a clear, evidence-based understanding of the current situation and what is possible. The report meets this need by providing crucial evidence to inform United Nations Framework Convention on Climate Change (UNFCCC) processes, including:

- the Baku to Belém Roadmap to find a pathway to US$1.3 trillion;
- deliberations on implementing the New Collective Quantified Goal (NCQG); and
- discussions on achieving the Global Goal on Adaptation, including the development of a new adaptation finance commitment.

Understanding the report's findings

What are developing countries' adaptation needs? The upcoming United Nations Environment Programme (UNEP) 2025 Adaptation Gap Report (AGR) will publish new figures on adaptation needs up to 2035, based on an analysis of both modelled costs and submitted finance needs from Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs). Based on the interim findings from this update, our analysis uses the lower AGR figure of US$320 billion per year by 2035 as a plausible estimate of the minimum cost of developing countries'[1] climate adaptation needs. Figure 1 provides a breakdown of these needs by sector. These annual needs are approximately 10 times higher than current annual international public adaptation finance flows, indicating a large funding gap.

1 Developing countries are defined here as non-Annex I countries under the UNFCCC. See www.unfccc.int/process/parties-non-party-stakeholders/parties-convention-and-observer-states

Of the US$320 billion per year in adaptation needs, approximately US$32 billion per year is needed by least developed countries (LDCs) and US$3 billion per year is needed by small island developing states (SIDS). Using income-country groupings, of the US$320 billion, US$19 billion per year is needed by low-income countries (LICs) and US$84billion per year is needed by lower middle-income countries (LMICs).

What adaptation needs fall within the scope of the report? The AGR estimate is focused on publicly determined priorities for adaptation, i.e. those set out by developing countries in their NDCs and NAPs. These country-owned documents do not include the additional adaptation needs of the private sector, e.g. making new factories resilient, and thus neither does the report's analysis. It is recognized that this will be a significant extra cost, but it is outside the scope of this study.

What is the evidence base for the report's analysis? The evidence report is based on detailed analysis of the AGR database, which includes data disaggregated by sector and adaptation activity, for every individual developing country. It also includes analysis of the AGR database of adaptation accelerators and incubators, as well as the Convergence blended finance database for adaptation deals. The report represents the most comprehensive and disaggregated analysis of the role of the private sector in adaptation to date and has been through extensive peer review. Nonetheless, we recognize that the findings are indicative and could be strengthened through improved data and further analysis.

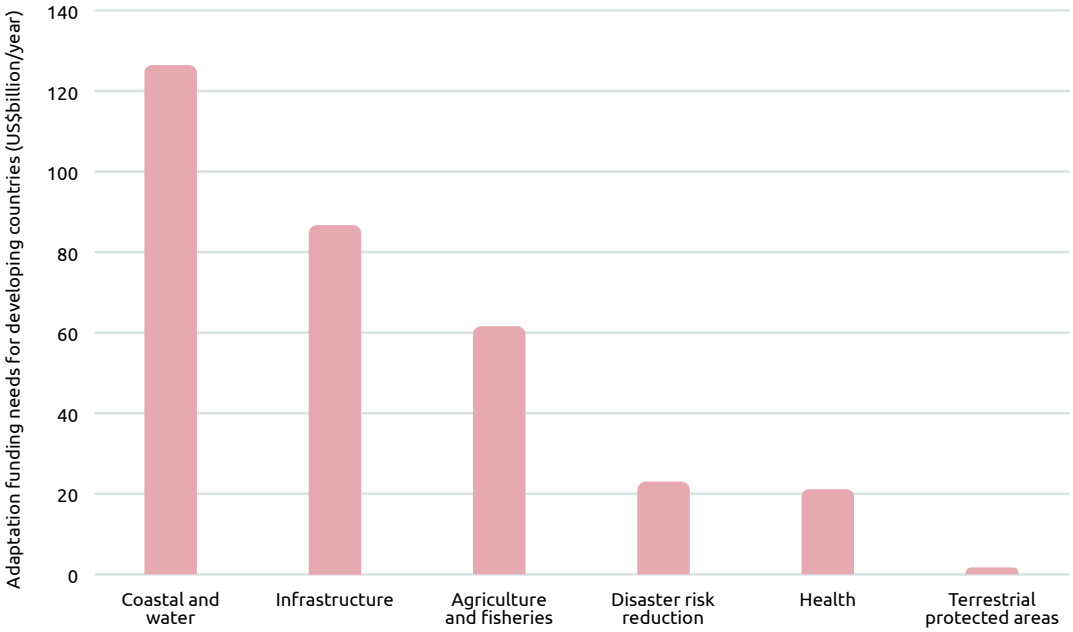

Figure 1. Sectoral adaptation financing and funding needs. Source: AGR2025

A boy walks home from school through the flooded streets of his village in Central Java, Indonesia. Photo: Ezra Millstein, Mercy Corps

An important distinction: adaptation 'financing' versus 'funding'

The term 'climate finance' is often used very broadly to represent all sources of finance, including from the public, private, and third sectors, and all forms of financial instrument, including grants, debt, equity, and others. The terms 'financing' and 'funding' are often used interchangeably. However, they actually refer to different things, particularly when considering the role of the private sector:

- **Who finances the adaptation** (i.e. how is the money made available)? This focuses on the role of the public or private sector in providing the upfront money to implement adaptation and associated financing costs (if relevant).
- **Who funds the adaptation** (i.e. who ultimately pays for the adaptation)? This focuses on how the costs of adaptation are met over the lifetime of the investment, including the cost of the financing (if relevant). This considers whether the adaptation is ultimately paid for from international public finance grants, domestic public budgets, households, etc.

While the private sector can help reduce the adaptation financing gap in developing countries, it may not necessarily reduce the adaptation funding gap, i.e. developing country governments, or communities themselves, may ultimately end up paying for adaptation. To provide a simple example, adaptation to rising sea levels can be addressed through coastal protection schemes and these are normally delivered as public projects. The finance for these can be provided by the private financial markets, but if the funding of the project to repay this finance comes from government budgets, then the developing country itself is paying for the adaptation. In other cases, adaptation can be delivered by the private sector through new goods or services (such as solar irrigation or drought-tolerant seeds). In this case it is the local communities in developing countries who are providing the 'funding'.

What is the potential private sector contribution? The evidence report summarized here uses the interim AGR 2025 update of adaptation *financing* needs, estimated as US$320 billion per year; using the definitions above, this also represents **US$320 billion of adaptation *funding* needs.**

The technical analysis finds that the private sector has a substantial and important role to play in providing the upfront financing for adaptation. For example, the financial markets can invest in green bonds to provide developing countries with the finance needed to undertake major public adaptation investments. This is a key role and more of such financing will be necessary to support a wide array of adaptation measures.

However, it is important to remember that the developing country then has to pay for investments like these by providing returns to investors, from its own public finances. As such, there will remain a 'funding' gap as it is the developing country that is ultimately paying for this adaptation measure; in other words, the developing country has contributed to meeting the US$320 billion adaptation gap itself, not the private sector. This conflicts with the UNFCCC principle that *parties should protect the climate system for the benefit of present and future generations of humankind, **on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities (CBDR-RC).*** This principle has underpinned UNFCCC negotiations across the decades and is referenced in the Paris Agreement and the NCQG. Its importance has recently been affirmed by the International Court of Justice (ICJ).[2] There are serious ethical questions to be asked if the private sector is profiting while the actual, long-term costs are borne by countries and communities that are suffering from a crisis they did not cause.

As such, when confronted with information on private 'adaptation finance', we should explicitly ask: Who is *actually paying* for the adaptation measures? Is the private sector developing innovative models that help pay for adaptation or are the costs being borne by the government or households of the developing country itself?

This summary for policymakers focuses on whether the private sector can deliver models that actually help pay for adaptation, and thus contribute to closing the adaptation needs gap of US$320 billion per year.

2 ICJ (2025) 'Advisory Opinion of the International Court of Justice on the obligations of states in respect to climate change'. See https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-pre-01-00-en.pdf

A farmer in Thiès, Senegal proudly displays a bowl of oranges freshly harvested from her fields. Photo: Practical Action

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Introduction

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Key findings

KEY FINDING 1: Private adaptation finance currently represents only 3% of total adaptation finance needs

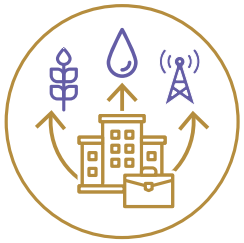
Our analysis indicates that tracked private sector finance flows are around US$8 billion per year for adaptation, which is equivalent to just 3% of countries' adaptation finance needs. This includes both private flows mobilized through international public finance (reported by the Organisation for Economic Co-operation and Development (OECD) to be US$3.5 billion in 2022) and direct private adaptation finance (based on a Climate Policy Initiative estimate of global flows of US$4 to 5 billion). While current tracked data sources are unlikely to capture all existing private sector financing, and noting that these figures represent finance and not funding, they still provide useful indicative figures.

This figure of US$8 billion can be compared to mitigation, for which private sector flows are hundreds of billions annually. Why is the adaptation figure so low? Part of the reason is the wide range of barriers to private adaptation finance, which include the following:

- **Adaptation benefits are often public goods:** In many cases, adaptation projects deliver benefits that are shared across society. For example, the private sector has little incentive to pay for major flood protection infrastructure that benefits a whole town, or cash transfers for social protection. These must typically be delivered by governments.
- **Limited opportunities for financial returns:** While benefit-to-cost ratios have been widely discussed as around 10:1 for adaptation, these represent societal benefits and include economic, social, and environmental benefits, not just financial benefits. As they are often focused on public goods and in non-market sectors, they are less likely to generate financial returns. This makes it difficult to generate cash flows that are attractive for the private sector.
- **Practical challenges and limited scale:** Adaptation projects often need to address specific risks that are unique to local contexts and can be challenging to develop, and in turn to replicate. Individual projects may have a small investment size and involve multiple partners and intermediaries. This makes it harder to compete for finance where simple, large-scale investment options with potential for scalability are available.

These adaptation barriers apply everywhere but are greater in developing countries due to regulatory uncertainty, lower capacity, and weaker governance. As such, adaptation actions in these contexts are higher risk and require higher returns for most private investors. At the same time, the potential revenue models for new adaptation goods and services are likely to be lower performing if they are targeting low-income households. These issues are likely to be particularly acute in LDCs and conflict-affected states.

Farmers in Lower Karnali, Nepal have recently adapted their practices to increase their income and climate resilience. Photo: Practical Action



KEY FINDING 2:
The private sector could provide around 15% of adaptation needs, mostly in middle-income countries and in certain sectors

The analysis seeks to quantify the potential for the private sector to contribute to the estimated US$320 billion of publicly determined adaptation needs. We use the AGR's database, which has disaggregated data by sector and each specific adaptation option for every developing country.

For each individual adaptation investment (e.g. river flood protection, agricultural irrigation, etc.) and each country income context, we assess the potential opportunity for the private sector, based on potential financial returns, using an OECD typology.[3] This considers whether an adaptation action is commercially viable already (in which case there is high potential for the private sector), provides below-market returns (in which case private sector investment could be possible if barriers are addressed), or provides low or no returns (and thus is usually publicly funded). The analysis adjusts these factors for different country grouping (e.g. LIC, LMIC, etc.).

The analysis finds that around three-quarters (75%) of developing countries' adaptation priorities do not typically generate financial returns. For example, major coastal or river flood protection projects are public goods and do not normally provide financial returns, and thus require public funding, as do cash transfers in adaptive social protection programmes.

The remaining 25% of developing countries' adaptation priorities involve actions where there is *theoretical potential* for the private sector to invest in under current policies, with returns that may be mixed or commercial. These opportunities are primarily in agriculture, water, and infrastructure. For example, agricultural extension services can be provided in a range of ways: they are often publicly funded for smallholders in LDCs but they can be privately funded for commercial farmers.

3 OECD (2023), Scaling Up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers, Green Finance and Investment, OECD Publishing, Paris, https://doi.org/10.1787/b0878862-en

However, the *realistic potential* is less than this, reflecting existing levels of public and private investment in each sector and different country income levels, and because there will still be a need for continued public support to help de-risk and scale up private investment even when these opportunities exist.

Taking this into account, the analysis indicates that the private sector opportunities might reach around 15% (approximately US$50 billion per year) of adaptation needs in developing countries, though this varies strongly by country grouping: the potential for the private sector is lowest in LDCs, estimated at around 5%, and is also low in SIDS, estimated at approximately 10% (see Figure 2).

These private opportunities are often determined by the specific institutional and regulatory landscape, such as whether the country's water sector is public. LDCs have lower potential opportunities for the private sector because these countries have higher shares of more publicly funded adaptation (e.g. public health or cash transfer programmes targeting the poorest people). SIDS also have a relatively high share of public-dominated funding due to their high financing needs for coastal protection, which is typically provided by the public sector.

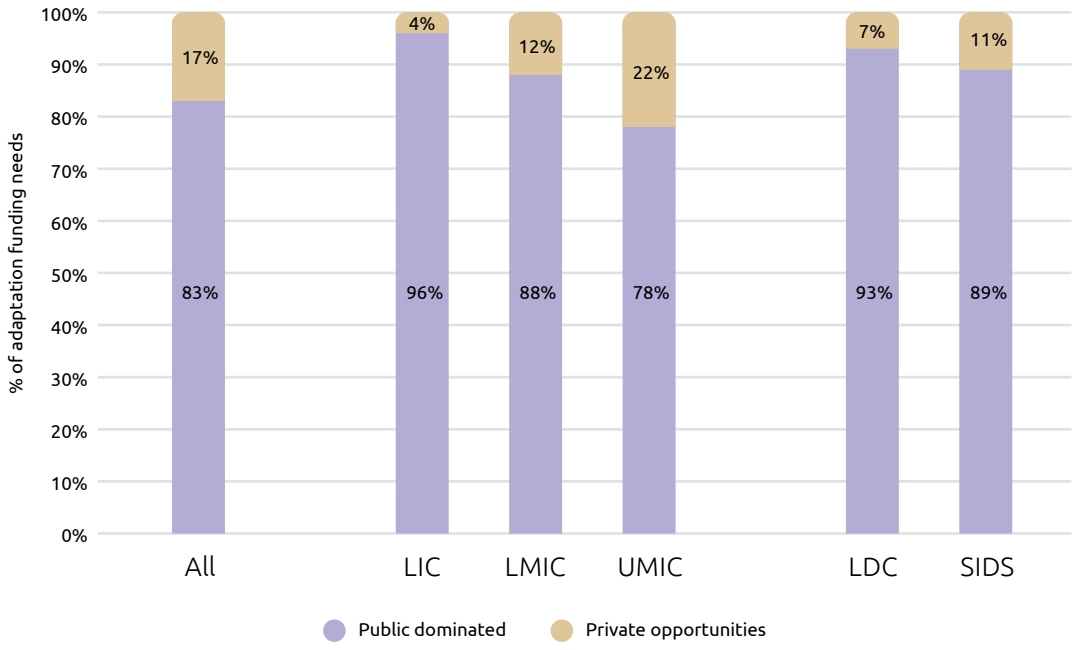


Figure 2. Current potential for private sector adaptation in developing countries for different country groupings

Notes: UMIC = upper-middle-income countries. LDC include all LIC and some LMIC. SIDS are a mix of income groups.

A road in Bangladesh, previously damaged by flood, repaired and strengthened against future floods using a nature-based solution. Photo: Rbi Uk Hasan, Concern Worldwide

KEY FINDING 3: Private sector potential through blended finance is much lower than expected

Blended finance involves using public finance to de-risk and incentivize private investment and is being promoted as a key solution to significantly scale up private sector adaptation and help to develop new commercial markets. Our analysis of the projects in the Convergence database for adaptation indicates two key findings:

- Blended finance plays an important strategic role in shaping markets where there is long-term commercial viability, for example in the agriculture sector. There is much less evidence to suggest that blended finance can be effective where projects do not produce a financial return, which, as noted, is the case for the majority of adaptation funding needs.
- Despite high expectations of blended finance, the data indicates that for current blended finance adaptation projects, US$1 of public investment brings in only 51 cents of private finance. To put this in context, even if the entire multilateral development bank (MDB) pledge of mobilizing US$50 billion for adaptation by 2030 was used for blended finance, at current ratios this would only deliver around US$26 billion in private investment, suggesting limited potential to fill the overall adaptation funding gap unless ratios markedly improve. These limitations on quantity sit alongside broader concerns that have been raised about blended finance, including that it struggles to reach LICs and can externalize risk.

KEY FINDING 4:
Reaching private sector levels of around 15% will require concerted policy action and public finance

There are barriers and constraints to increasing investment in adaptation, and moving from current private flows (3%) to around 15% in developing countries will not happen if this process is left to the market alone. It will require a concerted scale-up of current policies and support.

A number of enabling initiatives are already underway and offer the potential to help the private sector to scale up. These include adaptation investment planning, country platforms, and adaptation taxonomies, as well as encouraging greater private sector participation in NAPs and NDCs. Public policy action is needed to deliver these.

However, these enablers will not – on their own – be sufficient to catalyse the required level of private sector investment. Reaching around 15% will require additional public finance, first to deliver the enabling conditions at scale themselves, but also public finance to help de-risk private sector investment. Private sector investment is not a direct substitute for international public finance: both are needed.

Dario inspects cacao - a plant highly vulnerable to climate change – in Bella Altura, Peru. Photo: Practical Action

The cost of recovering from recent floods in Bangladesh,and adapting to future ones, is largely being met by those least able to afford it. Photo: Mercy Corps

KEY FINDING 5:
Innovative approaches can scale up the private sector role and reduce the financing gap, but most do not address the funding gap

A large number of pilot projects are being implemented to test new approaches for private sector investment in adaptation, even in sectors that are traditionally dominated by public finance and funding. Section 3 of the evidence report explores the current state of play in innovation in key sectors, considering carefully who is ultimately paying for the adaptation, whether government, users, customers, donors, or the private sector.

Our analysis finds that, in many cases, the private sector is providing the upfront financing for the innovation or providing new adaptation goods and services but – ultimately – the costs are borne by governments (through the public finances), recovered from user charges to local households and businesses, or from locally paid-for goods and services. This means that these innovations reduce the financing gap but not the funding gap: the costs of adaptation will be borne by developing countries themselves. Furthermore, some of these approaches may be difficult to implement politically as they involve a shift in perceptions on who should pay for public goods, or may require wider domestic reforms, such as partial or full privatization of the water or energy sector. Such changes could obviously have serious consequences for the poorest and most marginalized people.

There are, however, some exceptions. These innovations have more positive revenue models that help pay for adaptation. They include land value capture, mitigation co-benefit models, market-based ecosystem approaches, and supply chain finance (see the full report for more detail on these). These approaches offer the greatest potential for meeting adaptation funding needs, and should be the focus for scale-up, although further work is required to understand their potential and ensure that they don't inadvertently lead to maladaptation.

Beyond the important role in providing the upfront financing, it is difficult to estimate how much cost recovery models could actually help pay for adaptation measures, but based on the more positive revenue models referred to in the preceding paragraph, an additional 5–10% of adaptation *funding* needs is plausible. Delivering this innovation will still require significant volumes of public finance, to help demonstrate and scale up these models, and often for co-financing or de-risking.

The potential in the agriculture sector

There is significant potential for innovative methods in the agriculture sector. Indeed, 60% of all adaptation-focused blended finance projects and 52% of all adaptation accelerator projects are focused on agriculture (see Figure 3). Approaches such as soil and water conservation, precision agriculture, increased irrigation efficiency, post-harvest loss reduction, and resilient logistics, storage, and processing have the potential to provide benefits that go beyond avoided losses and improve yields or productivity, providing net positive financial benefits.

This potential is encouraging and should be encouraged. However, agriculture only represents around US$55 billion of the US$320bn in total adaptation funding needs. Importantly, it is likely that much private investment in adaptation in agriculture will be targeted to commercial farmers, and to MICs, and this investment is less likely to benefit smallholder farmers (at least without some public support), who make up around 500 million people worldwide, over half of whom are women.

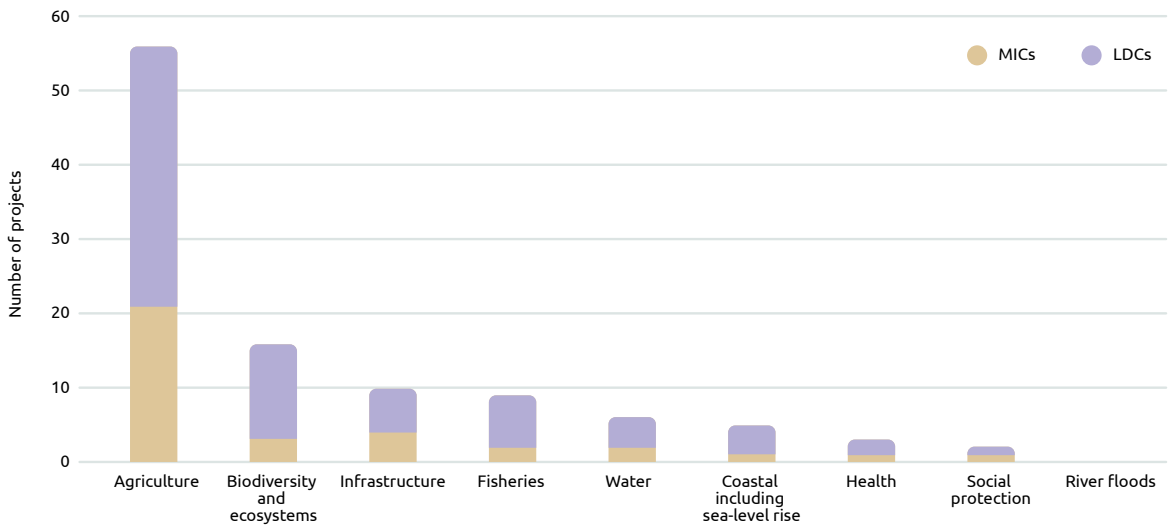


Figure 3. Number of projects from adaptation accelerators and incubators by sector and country grouping, providing an indication of the potential for innovation

KEY FINDING 6:
An over-reliance on the private sector risks omitting vulnerable people

Adaptation finance is not only about quantity, it is also about quality. Initiatives that are bottom-up, that embody the principles of locally led adaptation, and that support objectives on gender equality and social inclusion have a particularly sustainable impact. If done well, they can unlock transformative social benefits beyond adaptation outcomes, such as women's empowerment. This is particularly important considering that the impacts of climate change are felt disproportionately by the poorest and most vulnerable people and exacerbate existing inequalities.

Successful adaptation should not be seen as a simple set of technical solutions. It requires the combination of capacity building, process and soft measures, alongside engineered and other hard measures. However, the private sector will tend to gravitate towards investments in technical no-regret, reactive, and incremental adaptation in market sectors.

An over-reliance on the private sector therefore risks a concentration of adaptation in certain sectors and certain types of adaptation, and thus will not meet the needs of all people. Targeted actions are likely to be needed to avoid this. These can include raising awareness, increasing tracking, reporting, and disclosure, and promoting financial instruments that favour these actions.

Alliance colleagues meet with community members in Senegal to assess adaptation needs. Photo: Practical Action

As heatwaves intensify in Nepal, adaptation is essential for protecting lives and livelihoods of subsistence farmers. Photo: Mercy Corps

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Introduction

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Conclusions and recommendations

Adaptation is not a 'nice to have'. It represents a right to survival for many vulnerable people. Climate change impacts are accelerating, which means that adaptation is becoming increasingly important to protect vulnerable people. It also means that adaptation costs are rising rapidly.

The role of the private sector

The findings from the evidence report summarized here underscore that the private sector has an important role to play in delivering the US$320 billion per year of developing countries' adaptation priorities, particularly in MICs and in sectors such as agriculture. However, its potential role to meet all these priorities is relatively modest. Meanwhile, the majority of developing countries' adaptation needs are going unmet.

This is an important new message. The evidence report represents the first detailed analysis of the potential for the private sector to meet adaptation needs as defined by the AGR. It is based on in-depth analysis and the best available evidence. No doubt, data quality will improve in the months and years ahead, which will enable fine-tuning of the analysis, but the overarching findings are clear and inescapable – the private sector cannot and will not provide the majority of developing countries' adaptation funding needs.

Ten years ago, there was much talk of the move 'from billions to trillions' in relation to funding the Sustainable Development Goals,[4] with small amounts of public funding expected to unlock vast amounts of private funding. But this has simply not been delivered. UNFCCC negotiators must not fall into the same trap and expect private finance to meet the adaptation challenge.

Nonetheless, the evidence report does provide something to aim for. Currently, private sector adaptation flows represent only around 3% of financing needs, but there is potential to increase this to around 15% – or even more with innovative approaches. This would be a significant achievement. This will not happen if the process is left to the market alone: it will require concerted effort. Attention should focus on realizing this potential by identifying and implementing the enabling conditions needed to overcome existing barriers and by being realistic about the need for public finance to support this scale-up.

4 From Billions to Trillions – Transforming Development Finance | Asian Development Bank Billions to trillions: Financing the Global Goals. See https://blogs.worldbank.org/en/voices/billions-to-trillions-financing-the-global-goals

The commitment to double adaptation finance, agreed at COP26, ends in 2025. A new commitment must be agreed at COP30 in Belém. Photo: UNFCCC

A number of initiatives can be taken to support the enabling environment for private sector scale-up. These actions include the following:

- developing adaptation taxonomies to provide guidance on activities, assets, and/or project categories that can be counted as adaptation in order to identify activities for funding;
- supporting countries to develop investment-ready pipelines through adaptation investment planning;
- mainstreaming adaptation in national development, economic, and fiscal planning, such as five-year national development plans;
- enabling private sector participation in NAPs and NDCs, and the creation of country platforms to coordinate public finance from multiple donors and harness private investment in line with national priorities; and
- enhancing public sector capabilities, processes, and capacities to support all of the above.

How else to plug the gap?

While this is not the focus of the evidence report, it is important to ask what the implications of the report's findings are. If the private sector potential is lower than many have assumed in bridging the adaptation funding gap, what else can be done, particularly for LDCs, SIDS, and LMICs, where the private sector potential remains lower? This summary for policymakers goes further and makes a number of policy recommendations.

MDBs can play a greater role for some countries. According to the AGR 2024, MDBs already provide over half of all international public adaptation finance; most of this is provided as loans, and of these 44% are non-concessional. This focus on loans, and the high use of non-concessional loans, means that MDBs cannot provide the bulk of funding needed for LDCs, SIDS, and countries that already have high levels of debt. LDCs and SIDS currently already spend twice as much servicing debts as they receive in total climate funding, so additional debt cannot be the primary answer.[5]

5 World's least developed countries spend twice as much servicing debts as they receive in climate finance | International Institute for Environment and Development. https://www.iied.org/worlds-least-developed-countries-spend-twice-much-servicing-debts-they-receive-climate-finance

Domestic resource mobilization – i.e. public finance from developing countries themselves – is already playing a significant role, particularly as other sources are either scarce or very difficult to access. Again, this may be an option for UMICs and fossil fuel-producing developing countries, but expectations regarding major domestic resource mobilization from other developing countries would fall foul of the CBDR-RC principle as these countries have contributed least to causing the climate crisis. They also have very limited domestic funding available and scaling up adaptation would likely mean reducing public funding for other development objectives. This is borne out by looking at the NDCs and NAPs for LDCs and SIDS: only 16% of adaptation funding needs reported are expected to be met through domestic resources. So, again, this seems unlikely to provide major resources to fill the gap.

It is therefore inescapable that more international public climate finance is required to increase the amount of grants and highly concessional finance for particularly vulnerable countries, and to play a smaller but catalytic role in other developing countries.

In the current political context, scaling up international public finance seems particularly challenging. But the ICJ Advisory Opinion of July 2025 reaffirmed the legal obligations that developed countries have to provide adaptation finance (in particular, the United Nations Framework Convention on Climate Change Article 4.4), as well as the principles of equity and CBDR-RC. These obligations remain, even in the current context of restricted aid budgets, and even when it is not easy or convenient.

Developed countries need to work much harder to find ways to increase the size of international public funding. Proven options already exist, both through ending harmful fossil fuel subsidies and through introducing new 'polluter pays' levies (see box on next page).

The ICJ Advisory Opinion of July 2025 reaffirmed the legal obligations that developed countries have to provide adaptation finance. Photo: Barbara Rosen Jacobson, Mercy Corps

Routes to increase international public climate finance

The 'polluter pays' principle is a widely accepted norm in international and domestic environmental law, with broad international adoption. It should be used to create new sources of substantial and predictable public funding that is less prone to changes in national administrations. This could include a fossil fuel extraction levy (that could raise US$210 billion per year), an air ticket levy (US$4 billion to US$150 billion per year), and a 2% tax on billionaire wealth (US$250 billion per year).

While such levies are under development, repurposing fossil fuel and other harmful subsidies offers an immediate solution and has enormous fiscal potential to help close the adaptation finance gap. Fossil fuel subsidy reform can be implemented immediately through existing budget processes to provide an immediate injection of climate funding and is given further emphasis and imperative through the ICJ ruling.

Policy recommendations

The recommendations below set out key opportunities to increase public and private finance and address the remaining funding gap.

It is imperative that relevant UNFCCC processes – including the Baku to Belém Roadmap, the Sharm el-Sheikh Dialogue on Article 2.1c, and the several different tracks of negotiations on adaptation – are informed by the evidence from this analysis, which is disaggregated across developing countries and gives careful consideration to applicability and scalability. In particular, the Baku to Belém Roadmap is an important step in understanding how the US$1.3 trillion agreed in the NCQG can be delivered. Roadmap authors, contributors, and reviewers should ensure that it:

- includes evidence-based, realistic estimates of adaptation finance sources for developing countries, especially SIDS, LDCs, and LMICs;
- develops realistic pathways to 2035, providing a balanced perspective on efforts to encourage private sector adaptation, while acknowledging ongoing structural barriers;
- underscores the case for an international public adaptation funding target with clear responsibilities for the provision of adaptation funding to address the chronic underfunding of adaptation;

- underscores that adaptation finance should be made up predominantly of public grant-based or highly concessional finance, recognizing that this remains critical for LICs;
- guarantees, in line with the principles of CBDR-RC and equity, that climate finance does not further aggravate developing countries' debt burden and as such should not count non-concessional loans as climate finance;
- uses grant-equivalent terms and sets clear targets for non-debt-inducing instruments, with particular emphasis on grant-based finance; and
- makes the case for targets for the share of climate finance that should address gender equality and encourages parties to consistently and transparently report gender equality markers to understand where progress is taking place and where the gaps are.

Adaptation remains critically underfunded, and the NCQG has not provided a course correction. COP30 is hoping to make real steps forward on adaptation but there are unlikely to be dramatic breakthroughs without associated funding. At COP26, parties agreed the Glasgow Pact, which called for a doubling of adaptation finance by 2025 from 2020 levels. As this sunsets this year, it should be replaced with a new commitment to help sustain much-needed momentum for adaptation efforts. In terms of quantity, this could be in line with the LDCs' ask from their submission on the B2B Roadmap: 'Given the increasing and persistent gap in adaptation support, the roadmap should consider at least tripling finance for adaptation by 2030, from 2025 levels.'

- In the run up to COP30, parties should provide clear vocal support – at the Africa Climate Week and Summit, United Nations General Assembly, New York Climate Week, World Bank Annual Meetings, etc. – for a new adaptation finance commitment that more closely reflects the needs of developing countries and explicitly acknowledges the need for grants and highly concessional finance.
- At COP30 itself, parties need to agree a new adaptation finance commitment to ensure adequate, predictable, grant-based, public adaptation finance to help fill the adaptation funding gap.

A step change is required in the amount of international public funding available for adaptation to be provided as grants and highly concessional finance. To achieve this, developed countries should undertake a range of measures and funnel this new finance into adaptation in developing countries. These actions include:

- immediately ending harmful fossil fuel subsidies;
- enacting domestic 'polluter pays' levies to build fiscal space in the short term, as well as creating momentum for multilateral agreements; and
- supporting the initiatives of the Global Solidarity Levies Taskforce and others to create new multilateral levies.

Read the full evidence report here »

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Front cover image: *Elvi Rufino, an Indigenous Bolivian woman who fought against wildfires in 2023, now helps her community increase its resilience against future climate hazards.* Photo: Freddy Barragan

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