

CLIMATE FINANCE THEMATIC BRIEFING: ADAPTATION FINANCE

CLIMATE FINANCE FUNDAMENTALS **3**

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The costs of adaptation to climate change in developing countries are substantial. Developed countries committed to scale up support for adaptation in developing countries, particularly in Least Developed Countries (LDCs) and Small Island Developing States (SIDS) with promises made to double adaptation finance between 2014 and 2020 under a roadmap presented for COP22 and followed by a pledge at COP26 to at least double their collective provision of adaptation finance from 2019 levels by 2025. COP30 then called for efforts to at least triple adaptation finance by 2035. The largest sources of approved funding for adaptation projects are currently the Green Climate Fund (GCF), the Least Developed Countries Fund (LDCF) administered by the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Pilot Program for Climate Resilience (PPCR) of the World Bank's Climate Investment Funds (CIFs). However, developed countries' contributions to these funds remain low compared to funds supporting mitigation; at a global level, adaptation remains underfunded. The GCF – set to devote 50% of its resources to adaptation, with half of that going to the SIDS, LDCs and African states (see CFF 11) – is the largest provider of adaptation finance with USD 5.46 billion for 150 projects. In 2025, the GCF approved the most new adaptation funding with USD 1.35 billion for 28 new projects. The amount of cumulative finance approved for adaptation from key climate funds tracked by Climate Funds Update (CFU) grew to USD 10.9 billion in 2025. Directing adaptation funding to countries most vulnerable to the impacts of climate change as well as to the most vulnerable people and population groups within recipient countries in a gender-responsive and equitable manner remains an imperative, with grant financing continuing to play a major role.

Introduction

While efforts to mitigate climate change are crucial, it is also essential to assist developing countries to adapt to the rapidly worsening impacts of climate change already being experienced due to past and current greenhouse gas (GHG) emissions. Significantly more finance is necessary to fund activities that respond to impacts such as flooding, cyclones, coastal erosion, droughts and increased variability of precipitation (UNEP, 2025). Currently 25% of the financing approved since 2003 flowing from the dedicated climate finance initiatives that CFU monitors supports adaptation, a proportion that has remained largely stagnant over recent years. This was acknowledged at COP26 in Glasgow, which put a special emphasis on efforts to significantly scale up the provision of adaptation finance by developed countries to developing countries and urged them to at least double adaptation finance provided from 2019 levels by 2025 (UNFCCC, 2021), a call reiterated in the UAE framework on the Global Goal on Adaptation adopted at COP28 (UNFCCC, 2023). While a 2024 OECD report declared that this doubling is on track (OECD, 2024), a report by the Standing Committee on Finance (SCF) illustrated the challenges of

establishing a baseline for this doubling (UNFCCC, 2024a). The provision of this finance is made more complex by the unequal distribution of climate change impacts with some of the poorest countries most affected, especially SIDS and LDCs (IPCC, 2023). These countries also have differing institutional capacities to respond to climate change and to ensure that financing is utilised effectively and equitably, including with attention paid to gender and vulnerable and marginalised groups. The New Collective Quantified Goal on climate finance (NCQG), agreed at COP29, noted with concern the gap between climate finance flows and needs for adaptation and identified a need to 'dramatically' scale adaptation finance, taking into account progress on the Global Goal on Adaptation, but did not create a quantitative sub-goal for adaptation. Instead, the NCQG only highlighted the increasing costs of adapting to the adverse effects of climate change and that public and grant-based resources and highly concessional finance are of particular importance for adaptation and responding to loss and damage in developing countries, especially the particularly vulnerable SIDS and LDCs (UNFCCC, 2025a).

Developing countries' disappointment with the NCQG decision led them to push for a clear commitment for a tripling of the Glasgow goal by 2030 in an effort to refocus climate finance negotiations in 2025 on public finance provision. While the COP30 Mutirão decision included a call "for efforts to at least triple adaptation finance by 2035" (UNFCCC, 2025b), this is without clarity on the baseline, without a clear commitment by developed countries and in the context of the NCQG decision, which is focused on mobilising climate finance, whereas the Glasgow goal on doubling was a provision target.

Which climate funds support adaptation?

The adaptation finance architecture includes finance flows and mechanisms from private finance, public finance, as well as resources from development finance institutions (DFIs) and increasingly from insurance and risk-pooling mechanisms (Figure 1). Sources have varying availability of information.

CFU data shows an additional USD 1.82 billion in multilateral funding approved for adaptation during 2025 from the funds in Table 1 and Figure 2. The PPCR was conceived as a fund whose pilot approach focused on supporting only a few countries with large amounts of programmatic funding. Over

time the approach has evolved to not only include larger country packages; however, no new PPCR projects were approved in 2025. In contrast to the PPCR's cumulative total of 123 projects, both the LDCF and the Adaptation Fund have approved a much higher number of projects—345 and 361 respectively—with relatively small individual project funding levels. The LDCF approved USD 239 million in 2025 for 27 new projects, while the AF approved USD 209 million for 29 new projects. Both have surpassed the PPCR in total approved funding commitments. The Special Climate Change Fund (SCCF) approved two projects, with total funding of USD 15.2 million, while the Agriculture Smallholder Adaptation Programme (ASAP+) approved one project with funding of USD 4.8 million. The Global Climate Change Alliance (GCCA), and the GEF-7 Trust Fund did not approve further projects this year. The GCF, which has been responsible for greatly increasing adaptation finance since 2015 (see CFF 11), approved USD 1.35 billion for 28 adaptation projects in 2025 and thus was by far the fund with the most committed new adaptation funding in 2025. In addition, the GCF approved a further USD 1.37 billion for 87 projects with both adaptation and mitigation components, further accelerating its trend towards an increase in cross-cutting thematic funding.

Figure 2: Multilateral climate funds supporting adaptation (2003-2025)¹

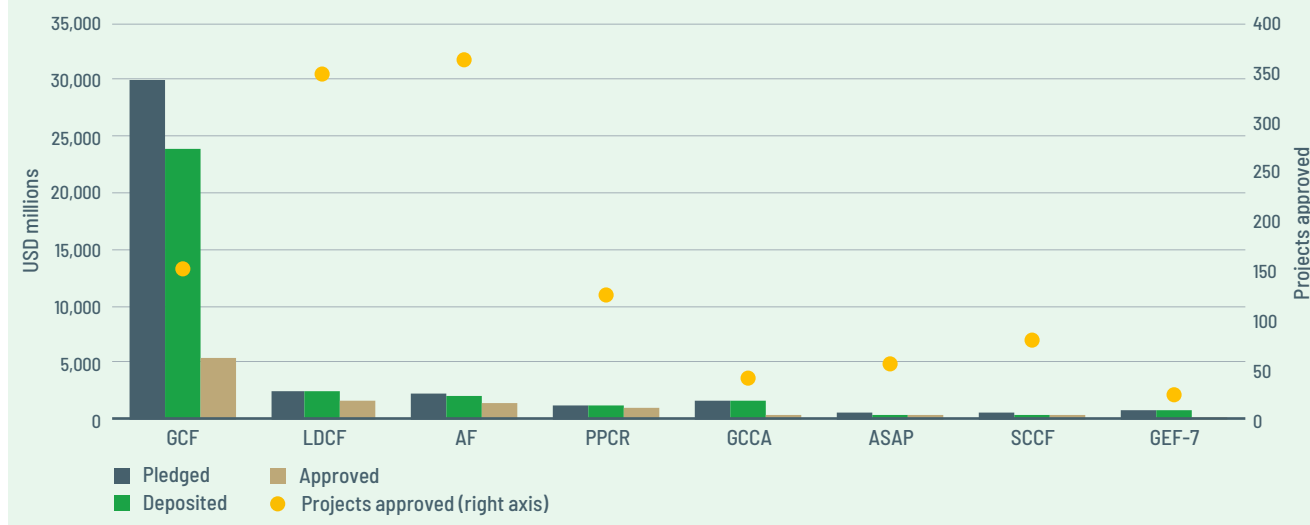
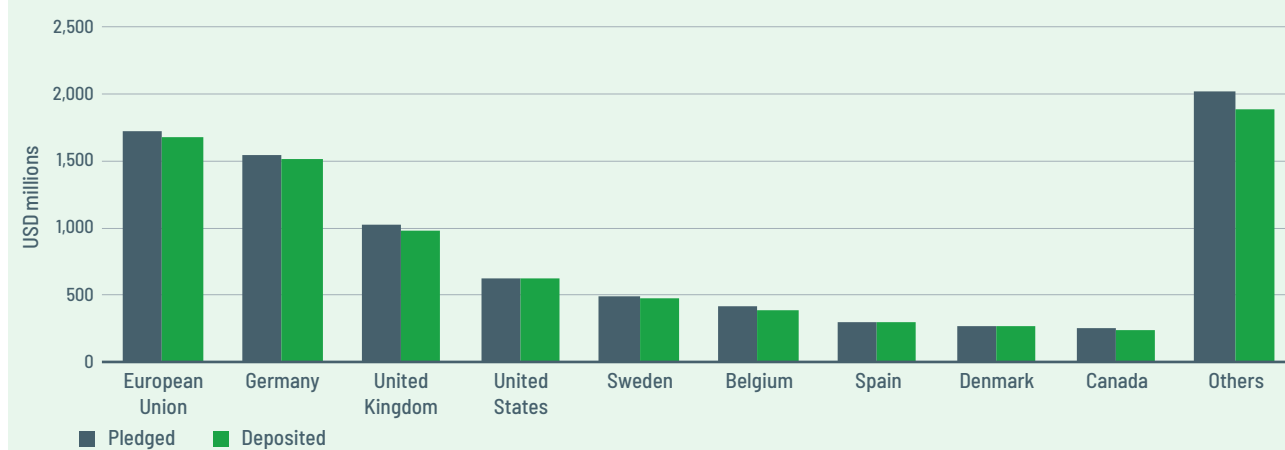


Figure 3: Pledges and deposits to funds supporting adaptation (2003-2025)³



Who pledges and deposits adaptation finance?

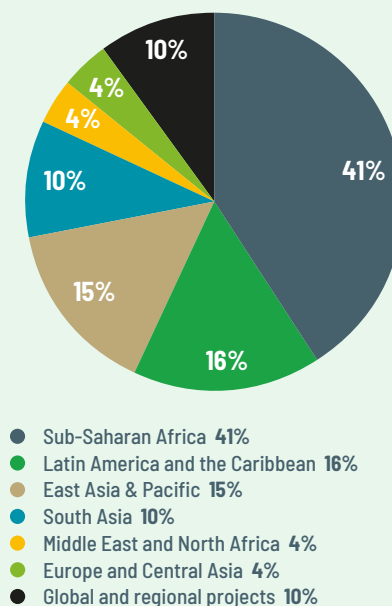
The European Union, Germany, the United Kingdom and the United States represent 57% of finance pledged to adaptation funds in Table 1 (excluding the multi-foci GCF and GEF-7) (Figure 3). These figures do not capture the country contributions to multi-thematic funds such as the GCF or GEF, however. The amount that the AF has obtained through the sale of certified emissions reductions (CERs) from the Clean Development Mechanism (2% of CERs from all projects), although small compared to what was expected, still amounts to USD 216 million.

Who is receiving the money and what kinds of adaptation projects are funded?

Regionally, adaptation finance from all multilateral funds included on CFU has primarily been directed to sub-Saharan Africa, Latin America and the Caribbean and East Asia and the Pacific, followed by programmes and activities in South Asia (Figure 4). The top 20 recipients of adaptation finance (out of over 131 countries) received 31% of the total amount approved, which represents a much lower concentration of funding than for mitigation finance (where the top 20 recipients receive 56% of total approved finance). Top recipients Bangladesh, Tanzania, South Africa, Cambodia, Pakistan, Mozambique, Niger, Nepal, Madagascar and Zambia have all received more than USD 155 million each since 2003. Some of the most vulnerable developing countries receive very little adaptation finance: for instance, Côte d'Ivoire and the Republic of Congo, both Fragile and Conflict-Affected States (FCAS) and among the world's most vulnerable countries according to various vulnerability indices, have received only USD 31.1 million and USD 10 million respectively in adaptation finance from multilateral climate change funds.

The GCF approved USD 1.35 billion in 2025 for 28 adaptation-focused projects. GCF approvals in 2025 included USD 133 million for five projects in FCAS, bringing the total number of GCF adaptation projects in fragile states to 27. Eight GCF projects approved in 2025 totalling USD 230 million support adaptation in LDCs. The largest GCF project approved in 2025 aims to advance climate resilience and sustainable development for glacier-dependent communities across Central and West Asia, with USD 208.2 million provided in grants and USD 41.8 million in loans. The GCF also approved eight projects totalling USD 263 million supporting adaptation efforts in SIDS, including a USD 107.4 million regional fisheries adaptation project in 14 Pacific island states.

Figure 4: Regional distribution of approved adaptation finance from major climate change funds (2003-2025)



References and further reading

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Endnotes

1. Due to its significant resource potential, the GCF is included here as 50% of the pledge will be programmed towards adaptation. The amounts include the IRM and GCF-1 and GCF-2 replenishments. The GEF Trust Fund Climate Change Focal Area is also a multi-foci fund, but it did not have adaptation-focused projects during GEF-1 to GEF-6, and has none planned under GEF-8. The number of approved projects and approved total are from the GCF and GEF-7 and refer only to projects that are considered adaptation-focused.
2. This amount reflects countries' deposits using the official GCF initial resource mobilisation exchange rate set in November 2014 for GCF-IRM contributions, the official GCF-1 exchange rate set in October 2019 for GCF-1 contributions and the official GCF-2 exchange rate set in November 2023 for GCF-2 contributions, not actual amounts received taking into account exchange rate fluctuations.
3. Including pledges to the PPCR, LDCF, AF, ASAP and SCCF only. It is not possible to determine the share of pledges arising from particular countries for the GCF or GEF-7 channelled to adaptation.
4. Global Adaptation Institute (GAIN) (<https://gain.nd.edu>) and DARA indexes (<https://daraint.org/climate-vulnerability-monitor/>).

The Climate Finance Fundamentals are based on Climate Funds Update data and up to 2021 also available in French and Spanish at www.climatefundsupdate.org

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