

Public Finance for Climate Change Adaptation

Public finance for climate change adaptation can be broadly defined as transnational, national and local finance from public sources that seeks to support actions aimed at helping human and natural systems adjust to “actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities” (IPCC, 2022).

It supports initiatives such as infrastructure which is better equipped to withstand climate change impacts, drought-tolerant crops, enhanced food and water security, social safety nets and improved decision making around climate risks.

Sources of Public Finance for Climate Change Adaptation

International sources

Adaptation finance from developed to developing countries keeping with the \$100 billion commitment¹. This includes multilateral and bilateral development financial institutions, and multilateral climate funds. International public finance instruments include grants, loan and equity.

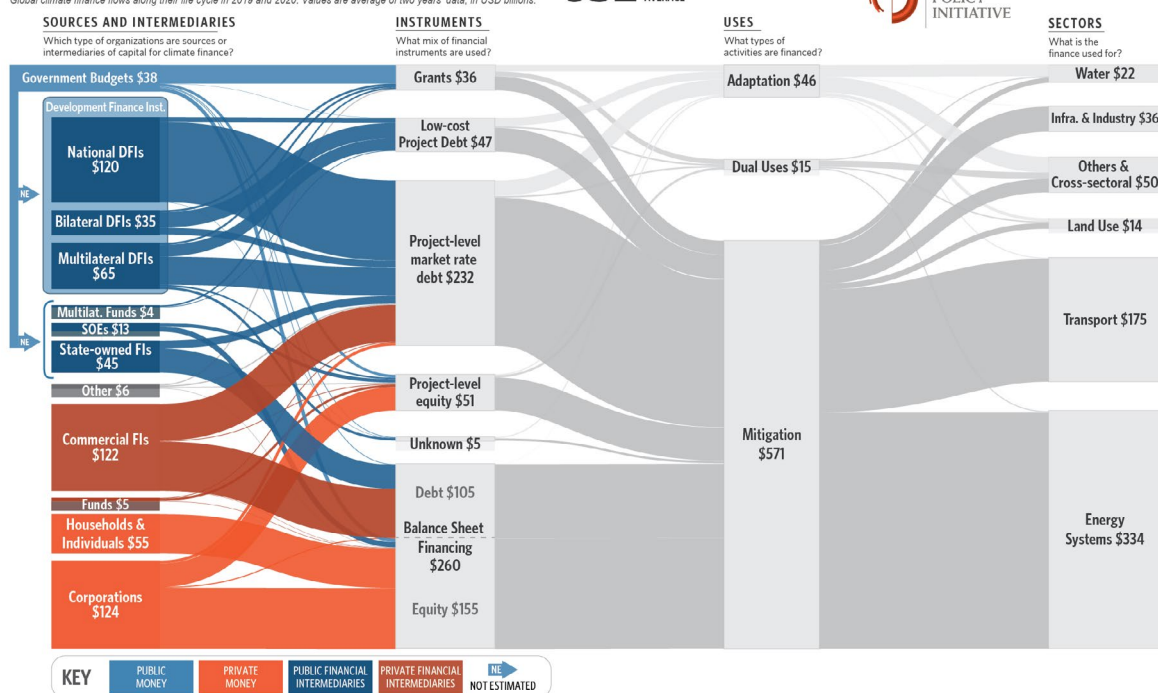
Domestic sources

Domestic adaptation finance in developed and developing countries for covering the costs of climate change impacts within their own borders. This includes Government (national and sub-national) budgets and national development finance institutions.

LANDSCAPE OF CLIMATE FINANCE IN 2019/2020

Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years' data, in USD billions.

632 BN USD ANNUAL AVERAGE



¹ As part of the Paris outcome, developed countries were urged to scale-up their level of support with a concrete roadmap to achieve the goal of mobilising US\$100 billion per year by 2020 for climate action in developing countries.

The role of public finance in accelerating adaptation

Increasing international public finance flows for adaptation is crucial for meeting the commitments outlined by developed countries in supporting developing countries adapt to the impacts of climate change; and more specifically to assist them in achieving the targets set in their Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).

Domestic public finance for adaptation, especially government budgets, is an equally vital financing source for

enabling and driving effective adaptation at the national, sub-national and local levels. Domestic public finance for adaptation is often driven by country-based NDCs and NAPs, and national climate change plans, strategies, laws and policies.

Alongside, international and domestic public finance can help catalyse private sector investments, requisite for bridging the widening adaptation financing gap.

Domestic Public Finance

The [NAFCC projects](#) implemented in the states of Kerala, Tamil Nadu and Andhra Pradesh include activities relating to coastal areas and these projects are- (i) Promotion of integrated farming system of Kaipad in coastal wetlands of North Kerala (ii) Management and rehabilitation of coastal habitats and biodiversity for climate Change Adaptation and Sustainable Livelihood in Gulf of Mannar, Tamil Nadu and (iii) Climate Resilient interventions in Dairy Sector in coastal and Arid areas in Andhra Pradesh. Till date, a sum of Rs. 6,35,68,108/- has been released to the State of Andhra Pradesh under NAFCC.

International Public Finance

ADB and the Government of India are working together to reduce flood risks and improve the distribution of water for irrigation in the Cauvery Delta of the state of Tamil Nadu. The Climate Adaptation in Vennar Subbasin in Cauvery Delta Project aims to protect coastal districts from cyclones and flooding that is being made worse by climate change. The project is upgrading infrastructure and resectioning and strengthening embankments of six main channels totaling 235 kilometers. More robust flood control structures will reduce the frequency and impact of flooding. Thirteen pump stations are also being upgraded. The management systems of the Water Resources Department will also be strengthened, with greater participation by stakeholders in the planning and delivery of water services, better assessment of water resources, development of a decision support system, and training of officers.

References

1. Introduction to Climate Finance, UNFCCC. [Introduction to Climate Finance | UNFCCC](#)
2. Glossary. In: Climate Change 2022: Impacts, Adaptation and Vulnerability, Working Group II contribution to the Sixth Assessment Report, IPCC. https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_Annex-II.pdf
3. Adaptation Finance: 11 Key Questions, Answered, WRI, 2022. <https://www.wri.org/insights/adaptation-finance-explained>
4. Roadmap to US\$100 Billion, UNFCCC, 2019. <https://unfccc.int/sites/default/files/resource/climate-finance-roadmap-to-us100-billion.pdf>

To know more

1. Adaptation Gap Report, UN Environment Programme, 2022. <https://www.unep.org/resources/adaptation-gap-report-2022>
2. Global Landscape of Climate Finance, Climate Policy Initiative, 2021. <https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021>
3. Climate Finance and the USD 100 Billion Goal, OECD, 2020. <https://www.oecd.org/climate-change/finance-usd-100-billion-goal>
4. Global Climate Finance Architecture, Climate Funds Update. <https://climatefundsupdate.org/about-climate-finance/global-climate-finance-architecture>