

# 2021: A supercharged year for accelerating climate change adaptation

A briefing by the Bond Development and Environment Group



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## About Bond

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The Bond Development and Environment Group provides a forum where NGOs working at the interface of environment and poverty issues can exchange information, enhance their analysis and coordinate advocacy work.

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## Introduction

As the COVID-19 crisis is demonstrating, climate-vulnerable countries face multiple threats that compound each other, including health crises, fragile economies and debt, poor governance and conflict, and a lack of adequate climate finance. Due to COVID-19, climate change adaptation has fallen down the political agenda, but the devastating effects on lives and livelihoods continue to grow. Furthermore, evidence shows that despite the pace of escalating climate impacts, the adaptation finance gap is not closing fast enough and a radical improvement is needed.

This year presents a huge opportunity to elevate and advance climate change adaptation financing and policy, to match the prioritisation afforded to climate change mitigation by donors. The UK has a unique opportunity and moral obligation to galvanise action on adaptation, by using key moments and its presidency of the G7 and COP26 to garner greater political ambition and secure an increase in the quality, quantity, and accessibility of adaptation finance going to the poorest and most vulnerable.

## Why is action on adaptation important?

While the drumbeat on climate action has been building since the Paris Agreement, bold new commitments from donors that close the adaptation finance gap and effectively channel climate finance to local levels, remain elusive. Action on adaptation is now more important than ever:

- In the past ten years, 83% of all disasters triggered by natural hazards were caused by extreme weather and climate-related events, such as floods, storms, and heatwaves.<sup>i</sup>
- Annual adaptation costs in developing countries alone are currently estimated to be in the range of US\$70 billion, with the expectation of reaching US\$140–300 billion in 2030 and US\$280–500 billion in 2050.<sup>ii</sup>

Adaptation should not just be seen as a technical issue, to some countries it is a matter of survival. It is a fundamental part of global efforts to tackle the impacts of climate change. The communities that have done the least to cause this crisis are suffering its worst effects. Without investment, the most climate-vulnerable countries have little hope of adapting to the devastating effects of climate change.

As a result of limited progress on mitigation and insufficient efforts to adapt, climate change impacts are accelerating with social and natural systems exceeding their capacity to respond. In many places around the world, people and natural habitats are being irreversibly affected by climate change, exceeding their limits to adapt and resulting in loss and damage. This topic will be covered in more detail in a forthcoming Loss and Damage briefing.

### Good adaptation planning and implementation

Effective adaptation will vary according to the country's context, vulnerability and exposure to climate risks, and readiness to respond to climate impacts. Despite these variables, good adaptation programming should adhere to the following principles. These standards draw on the [Joint Principles for Adaptation](#) put forward by Southern Voices, the [Principles for Locally-Led Adaptation](#) developed by the Global Commission on Adaptation, and the [Global Goal on Adaptation Principles](#) proposed by CAFOD and ODI to realise these actions.

1. **Community-driven and locally led.** Local communities have a distinct understanding of the climate risks they face and what measures are needed to address the effects of climate change; as such they must be empowered to drive and lead action. To achieve this, local institutions and communities should be given more direct access to finance and decision-making power over how adaptation actions are defined, prioritised, designed, and implemented; how progress is monitored; and how success is evaluated.
2. **Focus on poor and marginalised people who are least able to adapt. Address structural inequalities faced by women, youth, people with disabilities, the displaced, and Indigenous Peoples.** It is critical to integrate gender-based, economic, and political inequalities that are root causes of vulnerability into the core of adaptation solutions, and enable vulnerable and marginalised individuals to meaningfully participate in and lead adaptation action.
3. **Gender-responsive.** Recognise the need for adaptation strategies that respond to climate vulnerabilities that are differentiated by gender, and the importance of female leadership in delivering adaptation.
4. Adaptation investments must **be specific to the local context and strengthen local and national structures and institutions**, to ensure that solutions reflect local needs, rights, and realities. Where appropriate, interventions should be based on traditional knowledge and local knowledge systems.
5. **Addresses both climate change shocks and stresses, understanding how they interact and reinforce each other.** Adaptation solutions must be informed by the latest climate science and respond to current and future climate risks. This understanding of risks will enable frontline communities to pursue climate-smart and risk-informed development.
6. **Seeks to mitigate risk through early warning and early action.** Early warning and early action save lives and livelihoods while reducing the need for humanitarian response. Enhancing local knowledge is the most effective way to develop context-specific early warning systems.
7. **Do no harm - to both people and nature.** Adaptation solutions should not undermine the attainment of national and international development goals, and must avoid 'maladaptation' that would increase vulnerability to future climate change. Interventions must fulfil the SDG pledge of leaving no-one behind, and lead to the protection and restoration of ecosystems at every opportunity, recognising the role that nature plays in adaptation and climate change resilience.
8. **Promote equal land rights and access to land for all, especially for vulnerable and marginalised groups.** Support more inclusive country-level local land policy processes that advance laws and policies that recognise the particular obstacles faced by vulnerable and marginalised groups concerning land tenure and associated tenure rights. Take measures to ensure that legal and policy frameworks provide adequate protection for women and that laws that recognise women's tenure rights are implemented and enforced.

## What are the gaps in climate change adaptation?

### Adaptation finance

In 2017–2018, reported climate finance provided and mobilised towards adaptation was around US\$15 billion according to the OECD.<sup>iii</sup> On a climate-specific and grant equivalent basis, Oxfam estimates adaptation finance was far less, only US\$6-7 billion per year in 2017-2018.<sup>iv</sup> During 2016-2018, OECD estimates that just 14% of reported climate finance provided and mobilised went to Least Developed Countries (LDCs) and 2% went to Small Island Developing States (SIDS); 66% of climate finance to LDCs and 50% to SIDS was in the form of loans.<sup>v</sup>

The neglect of low-income and climate-vulnerable countries in the provision of climate finance is a problem that has persisted for a long time. Only a quarter of bilateral financing, and less than half of the major multilateral financing, has targeted the most climate-vulnerable countries with adaptation funding from 2010–2017.<sup>vi</sup> As such, adaptation remains woefully underfunded compared to mitigation, and the share of grants versus loans that are crucial for adaptation is too low. This is true when looking at both bilateral and multilateral flows. Ultimately, this means funds are not reaching those who need them the most.

### Over-reporting of adaptation finance

New research by CARE estimates that developed nations have over-reported climate adaptation finance by \$US20 billion from 2013-2017.<sup>vii</sup> This is based on a review of climate finance projects across six countries in Africa and Asia, which reveals that large amounts of adaptation finance for projects have nothing to do with adaptation and that many donors routinely exaggerate the adaptation finance component of their projects. As we look ahead to COP26, and initial conversations around the post-2025 climate finance goal, contributing countries must commit to improving the transparency and reporting of climate finance.

### Gender-responsive approaches

One measure of the gender responsiveness of climate finance is whether a project has a principal or secondary aim of gender equality. An analysis of climate finance in 2017-2018 by Oxfam estimates that only around a third of climate finance took gender equality into account. However, the overall picture is somewhat unclear, as a third of projects did not screen for whether gender equality had been considered.<sup>viii</sup> Projects which meet neither of these criteria will lack any analysis of how the project will impact women and men differently, and will not take any measures to ensure equal participation or to reduce gender inequality. This can in practice exacerbate gender inequality, for example reinforcing men's dominance in leadership and decision making in communities, or make it harder for women to access resources equally.

### Adaptation in fragile and conflict-affected states

While adaptation needs are great in all climate-vulnerable countries, this is particularly true in fragile and conflict-affected states which are vulnerable to climate change impacts and have a low readiness to respond. Moreover, fragile states do not receive preferential targeting from donors for climate finance. While traditional modalities of adaptation, such as supporting and enabling private sector investment or large infrastructure projects may not be suitable, there are ways to support fragile states and build resilience to climate change impacts. In fragile and conflict-affected states, conflict-sensitive programming that is locally appropriate and addresses the climate change and environmental drivers of conflict, is needed to deliver action on adaptation.

### **Agriculture and food security**

The current system of agrochemical-intensive industrial agriculture generates about a third of greenhouse gas emissions and is the primary cause of land, forest, and water degradation.<sup>ix</sup> This system is increasingly transforming ecosystems from net absorbers of carbon into net emitters, and at the same time destroying the livelihoods of vulnerable communities and pushing more into food poverty.<sup>x</sup> A fundamental transformation to a more sustainable agricultural system, at the same speed of the energy transition, is needed. This can only happen if the system of agricultural subsidies - now an estimated US\$700 billion per annum with only 15% supporting public goods such as environmental schemes - is reformed and reoriented wholly to this transition over the next 10 years.<sup>xi</sup> The UK will need to change its current aid levels for agriculture supporting agroecology, which is currently only 5%.<sup>xii</sup>

### **Access to basic services**

Access to basic services, such as clean water and decent sanitation, is a critical line of defence for the communities on the frontline of climate change. A recent study by WaterAid and ODI highlighted how the adaptation finance gap is reflected in the lack of support for climate-resilient water and sanitation services for many of the world's most climate change impacted communities.<sup>xiii</sup> Without a major increase in support for basic services, these communities will always be on the edge of catastrophe. Thus, access to water, sanitation, and hygiene (WASH) services alongside the provision of other basic services such as education and health, are the key to adaptation efforts in vulnerable communities. In fact, for many, access to water can be the key difference between coping and not coping with climate change.

### **National Adaptation Plans (NAPs)**

Evidence shows that effective adaptation needs to be location and context-specific, emphasising the leadership of local people, and integrating Indigenous knowledge and practices. In the Paris Agreement, countries committed to engage in adaptation planning processes and submit National Adaptation Plans (NAPs) and Adaptation Communications that identify medium and long-term adaptation needs, and strategies and programmes to address those needs. While many developing countries are currently in the process of preparing their NAPs, only a few have finalised their plans and submitted them to the UNFCCC. As COP26 President, the UK must create an enabling environment where countries are encouraged to submit NAPs and Adaptation Communications, and resources are committed to support the implementation of adaptation priorities.

### **Early warning systems and anticipatory action**

The humanitarian system is overwhelmingly reactive in its response to crises, with vulnerable populations suffering from predictable disasters. While early warning and early action initiatives are relatively new, evidence shows that anticipatory actions reduce suffering by preventing some of the acute humanitarian impacts; decreasing response times, increasing the quality of support due to the ability to pre-design and plan actions, and decreasing costs. As a result, investments in early warning and early action systems can prevent extreme weather events from becoming disasters. The UK should continue to lead by example and amplify calls for a scale-up of early warning and early action investments by committing to pre-arranged financing as the primary way to fund climate-related crises, allowing funding to get where it is needed faster and with greater impact.

## Recommendations to the UK government on adaptation

- 1. Build a coalition of countries and partners in advance of COP26 to raise ambition in terms of the overall amount, access to, and quality of adaptation finance, including major increases going to LDCs, SIDS, and fragile and conflict-affected states.**

The UK must leverage its diplomatic power and form a coalition of countries and partner institutions (i.e. development banks) that agree to increase their adaptation finance commitments in the lead up to COP26. These commitments must include an increase in the provision of grants-based finance. As evidenced by the statistics cited earlier, increasing adaptation finance does not automatically lead to funding going to the most climate-vulnerable countries. Climate finance must be targeted at the most climate-vulnerable countries according to poverty and need, and be delivered through reliable mechanisms that can be accessed and implemented well in such national contexts.

In parallel to this effort, the UK should work closely with multilateral climate funds like the Green Climate Fund (GCF) and Adaptation Fund to increase easy access to these funds for climate-vulnerable countries. Climate funds have the potential to be some of the highest impact vehicles for dispersing targeted adaptation finance. It is of vital importance that climate funds are operated in ways that provide rapid and effective support to those most vulnerable to climate change. To achieve this, the UK should urge that processes for assessing adaptation needs and measuring progress, are inclusive of the most marginalised.

- 2. Call on all contributing countries, multilateral development banks, and multilateral climate funds to commit to at least 50% of their climate finance to adaptation.**

The UK has a long-standing commitment to spend 50% of UK climate finance on adaptation, however globally the commitment to provide a balance of finance across mitigation and adaptation continues to fall far short, leaving people vulnerable. As COP26 President, the UK should back the UN Secretary General's recent call for at least half of climate finance to be allocated to adaptation, and also build a coalition of like-minded countries and partners to champion a 50% commitment for adaptation finance. The Adaptation Action Coalition should be leveraged to champion this goal in the lead up to COP26.

- 3. Support getting an agreement in principle at COP26 to establish a new global public finance goal specifically for adaptation, as a component of the new collective finance goal starting in 2025, when the US\$100 billion commitment will be succeeded.**

The all-encompassing US\$100 billion goal has failed to address the historic neglect of adaptation. As a sign of intent, as the post-2025 finance negotiations start, reaching an in principle agreement at COP26 on a standalone public adaptation finance goal from 2025, will build confidence that adaptation finance will increase and become more predictable in the medium term.

- 4. Commit to all UK climate finance being gender-responsive, and drive progress with other climate finance providers, in a way that recognises the importance of women's leadership in delivering adaptation and ensures all human rights are protected in implementation.**

Adaptation projects should seek to scale-up their integration of gender and other inequalities into programme design and implementation, and ensure women's meaningful participation in the design, implementation, and monitoring. The UK should commit to all UK climate finance being gender-responsive and drive progress with other climate finance providers, in particular multilateral development banks and multilateral climate funds that currently do not screen for the Rio gender equality marker which

risks gender equality not being taken into account in the design and implementation of climate finance projects.

**5. *Scale-up and champion locally led adaptation that strengthens the decision-making power of affected people, particularly marginalised groups.***

In line with calls from LDCs<sup>xiv</sup>, flows of climate finance to the local level should amount to at least 70% of total finance. When funds are locally spent, they can have more transformational impacts, and can be a lifeline for the people most affected by the climate crisis who have done the very least to cause it. At the local level, adaptation efforts should seek and engage the leadership of people who are commonly marginalised in decision making and left behind when interventions are made: people living in poverty, women, children, people with disabilities, and Indigenous Peoples. This will mean that the contributions to policy decisions and actions by marginalised groups will improve the quality of action, and ensure that everybody is included.

**6. *Support the implementation of National Adaptation Plans (NAPs) and priorities.***

The UK should encourage countries to submit their NAPs and Adaptation Communications in the lead up to COP26, and promote the inclusion of adaptation priorities as components of Nationally Determined Contributions (NDCs). These components may include regional, national, and local adaptation plans; reporting on the effectiveness of adaptation action; and financial, technical, and capacity building contributions to developing countries' adaptation efforts. The COP26 Presidency should champion the prioritisation of adaptation in long-term strategies, and encourage support for the adaptation priorities highlighted in developing countries' NAPs and NDCs.

<sup>i</sup> IFRC. World Disasters Report. 2020. [https://media.ifrc.org/ifrc/wp-content/uploads/2020/11/20201116\\_WorldDisasters\\_Full.pdf](https://media.ifrc.org/ifrc/wp-content/uploads/2020/11/20201116_WorldDisasters_Full.pdf)

<sup>ii</sup> UNEP. Adaptation Gap Report 2020. <https://www.unenvironment.org/resources/adaptation-gap-report-2020>

<sup>iii</sup> OECD. 2020. Climate Finance Provided and Mobilised by Developed Countries in 2013-18, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris. <https://doi.org/10.1787/f0773d55-en>

<sup>iv</sup> Oxfam. 2020. Climate Finance Shadow Report 2020 - Assessing progress towards the \$100 billion commitment. <https://www.oxfam.org/en/research/climate-finance-shadow-report-2020>

<sup>v</sup> OECD. 2020. Climate Finance Provided and Mobilised by Developed Countries in 2013-18, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris. <https://doi.org/10.1787/f0773d55-en>

<sup>vi</sup> Zurich Flood Resilience Alliance. 2020. At What Cost: How chronic gaps in adaptation finance expose the world's poorest people to climate chaos. <https://floodresilience.net/resources/item/at-what-cost-how-chronic-gaps-in-adaptation-finance-expose-the-world-s-poorest-people-to-climate-chaos/>

<sup>vii</sup> CARE. 2021. Climate Adaptation Finance: Fact or Fiction? [https://reliefweb.int/sites/reliefweb.int/files/resources/CARE\\_Climate\\_Adaptation\\_Finance\\_Fact\\_or\\_Fiction.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/CARE_Climate_Adaptation_Finance_Fact_or_Fiction.pdf)

<sup>viii</sup> Oxfam. 2020. Climate Finance Shadow Report 2020 - Assessing progress towards the \$100 billion commitment. <https://www.oxfam.org/en/research/climate-finance-shadow-report-2020>

<sup>ix</sup> IPCC. 2019. Climate Change and Land. <https://www.ipcc.ch/srccl/>

<sup>x</sup> Christian Aid. 2015. Time for Climate Justice. <https://www.christianaid.org.uk/sites/default/files/2017-08/time-for-climate-justice-15-climate-resilient-agriculture-july-2015.pdf>

<sup>xi</sup> Food and Land Use Coalition. 2019. Global Report. <https://www.foodandlandusecoalition.org/global-report/>

<sup>xii</sup> UK Aid for agroecology – see Absent Agroecology Aid: On UK Agricultural Development Assistance Since 2010 - Michel P. Pimbert and Nina Isabella Moeller, in Sustainability 2018, 10, 505; doi:10.3390/su10020505

<sup>xiii</sup> WaterAid. 2020. Just add water: a landscape analysis of climate finance for water. <https://washmatters.wateraid.org/publications/just-add-water-climate-finance>

<sup>xiv</sup> LDC 2050 Vision: Towards A Climate-Resilient Future. <http://www ldc-climate.org/wp-content/uploads/2019/09/2050-Vision.pdf>