Mobilising finance for adaptation in South Asia

Countries across the globe are facing the threat of climate change. Globally, 19 of the 20 warmest years on record have occurred in the last 20 years. Climate change experienced primarily through shifts in temperature, rainfall, sea - level rise and weather volatility can have drastic impacts including more intense storms and storm surge damage, more severe droughts and heat waves, ocean acidification, and biodiversity losses. These impacts can be particularly damaging in regions or communities who often lack the resources and technical capacity to effectively prepare for and adapt to the effects of climate change. South Asia region is home to three of the top five countries in terms of vulnerability to climate change globally. An increase in occurrence of extreme weather events including heat wave and intense precipitation events is projected in the region, along with an increase in the inter-annual variability of daily precipitation in the Asian summer monsoon.

A study by the Asian Development Bank states the region to be one of the fastest growing regions in the world. At the same time, the study also estimates that it could lose an equivalent 1.8% of its annual gross domestic product (GDP) by 2050 due to climate change impacts, which will progressively increase to 8.8% by 2100. The study suggests that the Maldives will be hardest hit in GDP loss, while Bangladesh, Bhutan, India, Nepal, and Sri Lanka are projected to face 2.0%, 1.4%, 1.8%, 2.2%, and 1.2%, respectively, loss of annual GDP by 2050. The region will need to spend at least $73 billion, or an average of 0.86% of its GDP every year between now and 2100 to adapt to climate change damage if the current scenario continues without much significant interventions. Another study, by the World Bank, suggests that developing countries will require about $100 billion of new investments per year over the next 40 years to build resilience to the impacts of climate change.

In order to meet this challenge finance will need to be mobilised from a variety of sources spanning domestic budgets, international climate funds, and the private sector. This will require integrating climate resilience into government-wide planning and budgeting, as well as specific government programmes and investments. Much more effort will be required also to address barriers to private investment in adaptation, and to ensure that resilience approaches are built into all private investment. Identifying the appropriate roles of international, public and private finance will be required, for example deploying public finance and policy to crowd in private finance. Innovative partnerships and financial instruments that bring together business, government, international and civil society actors are increasingly being promoted as a mechanism to address the challenges posed by climate change in sectors like housing, communication, infrastructure, health, agriculture, livelihood, water, and sanitation.

This session co-convened by two major adaptation programmes[1], funded by the UK Department for International Development will explore tools, approaches, and challenges in

[1] **About ICRG**

The Infrastructure for Climate Resilient Growth (ICRG) is partnering with the Ministry of Rural Development (MoRD), GOI to pilot climate proofing assets created under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Implemented in 103 Blocks of Bihar, Chhattisgarh and Odisha, ICRG is using climate modelling and vulnerability analysis to improve the planning and design of MGNREGS assets. Additionally, ICRG is working with communities in strengthening their livelihoods through improved synergies with other government programmes. Pilot interventions under ICRG are contributing to improving durability and efficiency of assets and improving water and soil conservation and irrigation infrastructure as well as resilient livelihoods. The programme also aims to scale up more resilience projects across climate-exposed areas of the country using blended sources of finance including development expenditure and dedicated climate funds such as the National Adaptation Fund for Climate Change (NAFCC).

About ACT

Action on Climate Today is a five-year technical assistance programme supported by DFID that works with national and subnational governments in Afghanistan, Pakistan, India, Nepal, and Bangladesh to mainstream climate change resilience into sectoral plans, policies and budgets. ACT has helped governments leverage close to GBP 1 billion for climate resilient development. ACT has also assisted in climate proofing 18 national and subnational policies and helped reform 15 governance institutions to enhance resilience. Moreover, ACT financing climate resilient development across South Asia. Panel discussions will bring in perspectives on the issues from public, private and international actors.

Questions:

1. What are the challenges in mobilising private sector finance towards climate adaptation, and what actions and approaches are needed to overcome these??
2. What are the methods, challenges and opportunities for mainstreaming adaptation into domestics budgets at the national and provincial level?
3. How can coalitions for mobilising domestic resources for adaptation solutions at multiple scales be created effectively?
4. What is the role that multilateral partners can play in leveraging public and private investment for resilient growth?

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has actively engaged with the private sector to stimulate investments in adaptation and is working towards influencing lending protocols of major financial institutions to reduce climate-induced losses.