The world will need an estimated $140 billion per year — or more — to help adapt to the damaging impacts of climate change. But funders have gotten caught up in drawing bright lines between adaptation and development programs. To get the most out of scarce adaptation dollars, the world needs to move past this false distinction.

Climate change is already devastating communities around the world, hitting the poorest and most vulnerable first and hardest. In 2017 alone, powerful hurricanes pounded the Caribbean, extreme flooding left a third of Bangladesh underwater, killing more than 1,000 people, and torrential rains triggered deadly landslides in Sierra Leone. This summer, heatwaves combined with droughts have sparked deadly wildfires from Greece to California. To give the world a fighting chance of averting escalating climate impacts, we need to drastically step up ambition to reduce greenhouse gas emissions. At the same time, adapting to climate change must be recognized as a global imperative — and accorded a higher priority at all levels of decision-making.

This global imperative has already been accepted in principle. At Paris in 2015, 197 countries agreed on a global adaptation goal of “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change” for people everywhere.

But taking concrete steps to adapt to climate change requires money, lots of it. And right now, the adaptation needs of developing countries far outstrip supply. In 2016, public finance for adaptation totaled $22 billion, just a fraction of the $140-300 billion per year that UN Environment estimates will be needed by 2030.
Given this shortfall, some dedicated climate funders are spending much time and energy trying to distinguish adaptation dollars from development dollars. Their goal is to make sure that these scarce resources are targeted to build resilience to climate change – and are not “business as usual” development projects repackaged as adaptation. But even asking the question – “Is this an adaptation project or a development project?” – sets up a false dichotomy that must be cast aside if the world is to deploy adaptation finance with maximum impact.

Ultimately, adaptation is about doing development differently in response to climate change. That requires moving beyond the false divide between adaptation and development. In its place, we need to promote a more productive discussion of how dedicated adaptation funders and developing countries can work together to get the most bang for their bucks. Funders and countries must do three important things. First, get better at establishing strong climate change rationales for proposed projects and programs. Second, prioritize the strengthening of national adaptive capacity. And third, do better at engaging national and sub-national stakeholders in the decision-making process. Dedicated climate funds can use their mandate to lead the way in integrating climate considerations into development.

**ADAPTATION OR DEVELOPMENT? A FALSE DICHOTOMY**

Adaptation, as defined by the IPCC, is the “adjustment of natural or human systems in response to actual or expected climate stimuli or their effects, which moderates harm or exploits beneficial opportunities.” Over recent years, many countries and communities have sought to understand how risks associated with climate change will impact their economies, natural resources and people. They have also sought to translate that understanding into more climate-resilient development and sector plans and actions. Increasingly, national and local governments are integrating adaptation into traditional development sector domains, like agriculture, health, water and infrastructure.

At the same time, some major bilateral and multilateral funders of developing country climate action, including the Green Climate Fund (GCF) Board, continue to ask how adaptation differs from development. Some GCF Board members have sought to parse out what aspects of proposed interventions are development and what aspects are adaptation, and to calculate the extra costs of “adding” adaptation features to a given project or program. Since the GCF can allocate tens of millions of dollars to a given project, it is perhaps unsurprising that countries contributing to the GCF face pressure to prove that these budget lines fund something different from traditional development.

In practice, however, drawing a line between adaptation and development can be unrealistic and counter-productive. Today there is greater understanding, especially in the most vulnerable countries and communities, that climate change is a threat to basic sustainable development objectives. Clean air and water, health, infrastructure and the ability to secure decent livelihoods are all under assault from the myriad impacts of rising global temperatures.

Distinguishing activities and projects as either adaptation or development misses a vital opportunity to systematically manage climate-related risks and vulnerabilities across government while pursuing development objectives. Taking this approach often keeps responsibility for adaptation exclusively in the hands of environment ministries, rather than all relevant sectoral ministries as well as planning and finance departments. It perpetuates the idea that adaptation is a separate consideration rather than a core part of development planning. And it runs the risk that investments in sectors like agriculture, health and infrastructure are maladaptive and further endanger...
vulnerable populations, because decision-making doesn’t account for climate risks.

**Protecting Sustainable Development**

Drawing a line between adaptation and development makes another false assumption. It assumes that all governments and funders need to consider is the additional bio-physical risks that climate change poses on a given project and adjust for that risk – and then that project will be sustainable. The reality is very different. Hundreds of millions of people are still struggling to survive on $1 or $2 a day, living in communities or cities without access to such basic services as water, roads and electricity. Those living in poverty – especially vulnerable groups including women, children and indigenous peoples -- are already politically, socially and economically marginalized. Addressing a specific climate risk without addressing existing vulnerabilities caused by poverty or marginalization will do little to improve resilience of societies in the long run.

Practically speaking, what ultimately matters is that communities develop so that their people enjoy higher standards of living and access to opportunity. Development planning and action must therefore take into account climate change as a threat to economic and human development as well as ecological systems, and safeguard against it.

For all these reasons, the world needs to do development differently in response to climate change.

Harvest season in Nyando climate-smart villages in Kenya, where technologies are tailored to boost resilience to climate change. Photo by CCAFS/Flickr
FOCUSING ON CLIMATE RATIONALE

What does changing our approach to development look like in practice? The answer will vary from place to place, depending on the sector or sectors, geography, and population in question.

What is important across the board is equipping national and local governments and communities with the information and capacity to make more informed choices to maximize effective adaptation. This means that both project proponents and funders — especially dedicated climate funds — should focus on how any given activity would address climate-related risks, impacts and vulnerabilities. In other words, they must integrate a climate rationale into all relevant development planning from infrastructure to agriculture, health, energy, real estate and beyond.

Making this happen globally requires a better understanding of near- and longer-term climate risks and vulnerabilities as well as the national capacity to translate that understanding into action. In a study WRI conducted for the GCF, we laid out three critical steps to establish the climate rationale for specific investments:

1. identify anticipated climate risks, their impact and the vulnerabilities of affected populations;
2. clearly articulate proposed activities and how they address expected climate risks, impacts and vulnerabilities, and
3. explain how activities connect with climate and development policies at national and subnational levels.

Changing how the world approaches development in this way will enable more sustainable development and more effective climate adaptation. For example, cities will make decisions on whether to develop coastal areas based on sea level rise projections. Farmers who receive better climate information will be able to make more informed choices about which crops they plant. In some cases, integrating climate rationale may mean not proceeding with a development project that seems like a good idea in the short-term but is unadvisable in the long-term.
For example, investing in irrigation to increase agricultural production in an area that is expected to become hotter and drier could prove maladaptive in the longer term, when water supply dwindles.

**Establishing Climate Rationale**

How should governments go about following the roadmap above for establishing climate rationale? It requires an understanding of projected changes in climate, exposure, risks, impacts and underlying vulnerability (see factors box). Coming up with appropriate solutions also means having processes in place to identify priority actions. To do this equitably and effectively, it is important to engage affected peoples and communities, resolve potential competing interests between stakeholders, and consider the pros and cons of proposed actions over different time horizons.

Proposed interventions based on climate rationale should also be made in the context of existing national or subnational policy frameworks to ensure coherence and maximize impact. Such complementary frameworks will likely include a country’s national adaptation plan and national or sector development plans. Countries must also scrutinize whether and how proposed adaptation actions might support or conflict with longer-term development objectives, including efforts to meet the UN Sustainable Development Goals (SDGs). For example, understanding how climate change will impact critical resources such as water and land, which underpin the ability of multiple sectors to achieve their long-term objectives, will help maximize the impact of adaptation finance.

**The Role of Funders**

This approach is paramount for meeting the objectives of multilateral climate funds, like the GCF, the Adaptation Fund, Least Developed Countries Fund, Special Climate Change Fund and the Pilot Program for Climate Resilience, as well as for bilateral climate funds and national adaptation funds. Actively encouraging and financially supporting countries to integrate climate rationale into proposals will enable scarce adaptation dollars to be spent more effectively. Similarly, traditional development finance institutions, including multilateral, regional and national development banks, international aid agencies, and bilateral development agencies, must support this kind of process to make their investments more resilient to climate change. Some of these organizations already have relevant criteria in place, but there is more work to do. In particular, all such institutions should use climate rationale to guide the conception of climate-sensitive programs and projects from the outset.
Climate Rationale and Data Needs

Countries need good information both to help establish climate rationale and to underpin proposed adaptation actions. Fortunately, the science of climate change risks continues to improve, as does understanding of why certain communities are more vulnerable to climate risks and impacts. Government agencies in many countries including Mali, Jamaica and Nepal have worked with civil society organizations to translate data about climate risks, impacts and vulnerabilities into actionable information. Funding for such climate information services has flowed in part from special climate funds as well as from bilateral agencies.

Capacity is also needed to determine when it is enough just to know the general direction of change, or “directionality” (e.g. there will be more rainfall or sea level rise) – and when it is not enough. For instance, a project or program aimed at strengthening the capacities of women to withstand shocks by helping them generate income or to access social protection benefits may only require knowing that it is flooding more. But for a project that seeks to build a renewable energy facility on a coastline, simply knowing that sea levels are rising is not enough to determine whether to build that facility one meter above current sea levels or three – or to not build it at all. It is important for both funding institutions and those putting adaptation projects forward to understand when general directionality is enough and when more robust data is needed.

At the same time, focusing on climate rationale will force countries and funders to confront national and local gaps in data, capacities and planning.
As countries seek to do development differently, dedicated climate funds should prioritize building developing countries’ capacity to plug these gaps—and to protect their populations through improved climate resilience.

**BUILDING DEVELOPING COUNTRY CAPACITY**

Countries are making critical decisions today that could either lock their citizens into a maladaptive future or put them on a more climate resilient pathway.

To help ensure that developing countries take the second path, a priority for governments and climate and development funds should be to build the capacity of all relevant national and subnational institutions to make more climate-informed decisions. The ideal is to make decisions that are robust enough to withstand multiple scenarios, while flexible enough that those affected can adjust course as needed and as certainty improves.

As WRI laid out several years ago, national institutions must have several key capacities in place to respond effectively to climate change. Explored below, these include the capacity to (1) understand risks and vulnerabilities, (2) coordinate across ministries and sectors, (3) manage information and (4) prioritize and implement actions.

1. **Understand climate risks, impacts and vulnerabilities**

To deploy adaptation finance for maximum impact, funders can support resource-constrained developing countries in getting to grips with the complexities and uncertainties of climate risks, impacts, and vulnerabilities. To make effective decisions, government ministries and sector agencies need to understand which economic activities are vulnerable and why. And they need to know expected climate change risks, impacts and vulnerabilities, ideally at a local level, over the short-, medium- and long-term. South Africa’s government, for example, has developed a “Let’s Respond” toolkit for integrating climate change adaptation into local government programs and the municipal response plans.

2. **Coordinate across ministries and sectors**

Given the ubiquity of climate change impacts and adaptation needs, it is essential that governments have the capacity to establish relationships, share information and raise awareness among disparate stakeholders. Coordination also supports joint decision-making and action, including by local stakeholders, an approach that climate funders want. Coordination can be horizontal (e.g., among ministries and sectoral information platforms), vertical (e.g., among national, global and subnational actors), or among stakeholders (e.g., between government and business). Ethiopia’s Ministry of Finance and Economic Cooperation and Ministry of Environment, for example, jointly led a cross-government process to develop a climate resilient green economy plan and related funding strategy. Similarly, Colombia created the National Climate Change System (SISCLIMA) to coordinate and integrate climate change across sectors.

3. **Manage information to drive adaption activity**

Managing the collection, analysis and dissemination of information that helps agencies, sectors and communities build climate resilience is a crucial government function in a warming world. Relevant information varies by country, but should ideally cover climate variables, the status of natural and human systems, and existing coping strategies. Agencies conducting vulnerability assessments must all have access to all relevant information in order to protect at-risk populations. This information should be accessible to stakeholders and provided in culturally appropriate ways, such as in local languages and...
through communication channels that people actually use. Further, good information management requires understanding what data governments (national and local), communities, and businesses use to inform decisions, and building the capacity of those stakeholders to translate the data into action.

Adequate and timely information can save many lives. Bangladesh, for example, established a Disaster Management Information Centre, which rapidly collects and distributes information whenever major flooding, cyclones, or other significant weather events occur. Nepal’s Department of Hydrology and Meteorology has a similar system to provide timely climate information through early warning alerts.

4. Prioritize and implement actions

As climate impacts intensify, national institutions must strengthen their capacity not just to understand risks and vulnerabilities—but to turn that understanding into action. This requires the ability to identify adaptation options, weigh them against each other, prioritize the most strategic and sustainable ways forward, and then implement adaptation action. There can be a variety of approaches to setting priorities, but they should be transparent, based on assessments, involve broad stakeholder engagement and include consideration of the trade-offs between priority areas. Countries must also have the tools to assess whether, when and where existing systems may no longer be viable in the context of climate change, and what actions to take as a result.
While countries are making strides in creating processes to evaluate options, they often struggle to produce concrete options for addressing a specific climate risk or threat to a population. Funders therefore play a critical role in building country capacity to identify and design possible solutions. For example, Rwanda is using international finance to assess risks to its tea and coffee sectors using the latest climate modelling and then choose interventions that complement national planning and priorities.

**EMPOWERING NATIONAL AND LOCAL STAKEHOLDERS**

This kind of radical change in the way the world approaches development is not—and should not be—the responsibility of central governments alone. Instead, governments—with funder support—will need to empower national and local stakeholders in the decision-making process. Enabling communities to plan and take adaptation decisions for the locales and circumstances they know best will increase their climate resilience in the long-term. But it also means that international funders must embrace more devolved decision-making, and allow resources to be managed at local levels. While funders often stress the need for local input to adaptation proposals, agreeing to fund programs that are managed and implemented by local actors will require a change in mindset and institutional structures.

There are already models for funding approaches that allow for devolved decision-making (see box below). Done well, these kinds of approaches can encourage more effective and inclusive governance, while providing the flexibility that suits the context-specific nature of adaptation. Devolved approaches also move countries toward financing programs for adaptation rather than implementing one-off projects within communities. This is key if we want to do adaptation at the scale that is necessary.

**BOX 2 | DEVOLVED DECISION-MAKING IN PRACTICE**

Nepal has piloted Local Adaptation Plans for Action and provided local governments with funds to implement projects through a bottom up planning process aided by local stakeholders. The goal is to integrate both adaptation and development into local planning.

Kenya has established devolved financing mechanisms called County Climate Change Funds to promote adaptation in local planning and budgeting. These are managed by county governments authorized to pool resources from the national government, private sector, international funders, and county budgets. County and ward committees, which include members from local communities, have the power to identify and implement adaptation actions.

**Source:** Sharma, Chhetri & Uprety, European Capacity Building Initiative, Devolving Adaptation Finance and Action (2017); Murphy & Orindi, NAP Global Network, Kenya’s County Climate Change Funds (2017).

Funders have raised legitimate concerns to such approaches, such as not knowing what specific projects the money they provide for an adaptation fund or program will be used for. The GCF, among others, also has concerns about how to ensure that all activities support climate resilience and track how money is used on the ground.

Solutions are readily available, however. For example, ministries proposing such programs could create criteria for any investment or funding decision, such as the type of activities that require support, as well as a process to apply those criteria. In cases where more variables are involved, the parameters could focus on how a locally implemented fund will determine the climate rationale of its activities.
As governments, funders and local stakeholders work together on these issues, specialized climate funds can use their expertise to help all parties hit the ground running.

LEADING BY EXAMPLE: SPECIALIZED CLIMATE FUNDS

Specialized multilateral and bilateral climate funds must use their mandate to lead the way in doing development differently. They can do so in two important ways. First, by building national capacity to integrate climate into development, in the ways described above. And second, by working with governments to model and scale programs with strong climate rationale and devolved decision-making.

There is a real and urgent opportunity to use dedicated adaptation finance to do these two things. Channeled through the GCF, Adaptation Fund, Least Developed Countries Fund, Special Climate Change Fund, Pilot Program for Climate Resilience and bilateral sources, these funds can be used to help build awareness, capacity and expertise among sectoral experts and managers of how to take climate risks and vulnerabilities into account. This in turn will help officials decide when to adjust a project or program to make it more climate resilient, when it is smarter to abandon a planned project or program, and when more transformative approaches are needed.

Building such capacities is a strategic and impactful use of specialized funding. It would get adaptation into the bloodstream of development institutions and systems while building climate resilience into the relatively larger financing pool for development activities. This does not mean, however, that adaptation resources should only be used to build the awareness, capacity and expertise of sectoral experts and managers.

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**BOX 3 | HOW THE GREEN CLIMATE FUND CAN MODEL DOING DEVELOPMENT DIFFERENTLY**

The multilateral Green Climate Fund (GCF) is one of the most important sources of funding for adaptation in developing countries. Its three main pools of funding could be used to support the approach outlined in this commentary.

**Readiness Program:** This could be used strategically to build adaptive capacity at national and subnational levels. Countries can access up to US $1 million a year to strengthen the national climate change focal point, identify national strategies and priorities, and accredit national entities. Countries can also access a one-off US $3 million for national adaptation planning and other planning processes.

**Project Preparation Facility:** This could provide funding to establish the climate rationale for specific interventions. Accredited entities can access up to US $1.5 million to support assessments, studies, consultations, and other preparatory work for a funding proposal.

**Funding for Programs/Projects:** This could fund best practices that integrate climate rationale into programs and projects, and support devolved decision making. Accredited entities can submit proposals to support specific programs and interventions, with endorsement from the affected country or countries.

*Source:* WRI, drawn from GCF policy documents.
Climate funds also have an advantage in demonstrating how devolved approaches to adaptation could work as they already have some experience with them. For example, the Adaptation Fund provided funding to the South African National Biodiversity Institute’s small grants facility for community-based adaptation. The GCF, meanwhile, has allocated $200 million for an “enhanced direct access pilot,” which encourages national institutions to propose programs with devolved decision-making. Namibia’s Environmental Investment Fund and Antigua and Barbuda’s Department of Environment have used this pilot to get funding allocated for programs at local levels.

If climate funds, through guidance, priorities and funding decisions, support a more integrated approach to adaptation and development, and if countries generate proposals that support this shift, then supply and demand can align for a better way to spend scarce adaptation dollars.

TIME TO END THE ADAPTATION-OR-DEVELOPMENT DEBATE

As climate impacts intensify in every corner of the globe, it is time for the international community to stop debating the difference between adaptation and development. Instead, we must ensure that the development choices and investments countries and funders make are sustainable and responsive to a rapidly changing climate.

Funders and national authorities need to consider an urgent shift in approach, based on three priorities. Collectively, we need to strengthen our ability to establish good climate rationales. We need to
build national capacity to understand climate risks and vulnerabilities, to coordinate, manage and use information, and to prioritize and implement adaptation options. And we need to empower national and local stakeholders through devolved decision-making. While some funders and governments are starting to take this approach, we need to step up the pace and scale, and make doing development differently the rule not the exception. Only then will we have a fighting chance of protecting the vulnerable from climate disruptions and achieving the world’s sustainable development vision.

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