

# ***Broken Flows, Rising Losses: The Unfinished Agenda of Climate Finance Justice in South Asia and Myanmar – From Belém to Antalya***



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## Foreword

2024 and 2025 have been years where the realities of climate breakdown have been impossible to ignore. From record-breaking heatwaves across South Asia, with India enduring some of its most severe heat events, to devastating floods in Pakistan, Bangladesh, Sri Lanka, and Afghanistan, and intensifying cyclones in the Bay of Bengal, the lived experience of climate change has accelerated across our region. In late 2025, Cyclone Ditwah struck Sri Lanka, affecting over one million people and killing approximately 500, while Pakistan's 2025 monsoon floods claimed over 946 lives and displaced nearly two million. These are no longer isolated events; they are a clear signal that the climate emergency is deepening, and that the poorest and most vulnerable continue to pay the highest price for a crisis they did not cause. COP30 in Belém, Brazil (November 2025) delivered a mixed set of outcomes. The conference secured a historic commitment to mobilise USD 1.3 trillion annually by 2035 for climate action, a pledge to triple adaptation finance to approximately USD 120 billion per year, and launched both the Global Implementation Accelerator and the Belém Mission to 1.5°C. The Fund for Responding to Loss and Damage (FRLD) officially launched its first Call for Funding Requests, with the Barbados Implementation Modalities (BIM) setting aside USD 250 million to support the first interventions during 2025–2026. Yet COP30 fell short of agreeing a fossil fuel phase-out roadmap, despite backing from over 80 countries, and the Baku to Belém Roadmap to 1.3T, while correctly identifying systemic roadblocks in the climate finance architecture, failed to adequately address the Loss and Damage finance gap or centre the polluter-pays principle.

India's approval of its updated NDC 3.0 in March 2026, targeting a 47 per cent emissions intensity reduction by 2035 and 60 per cent non-fossil installed power capacity, builds on a strong track record of delivery. Climate Action Network South Asia welcomes these targets, which appear achievable given the pace of India's renewable energy transition. At the same time, the adaptation and resilience dimensions of India's climate strategy require significantly greater investment and attention, particularly for the hundreds of millions who remain on the frontlines of climate impacts. Across South Asia, the burden of IMF-conditioned lending is deepening fiscal distress. Pakistan, Bangladesh, Sri Lanka, and Nepal are all under IMF programmes, with Pakistan and Bangladesh accessing the Resilience and Sustainability Facility. While these instruments offer climate-linked support, they come with conditionalities that constrain fiscal space, and the distinction between concessional reform programmes and genuine climate finance must be clearly maintained. Climate finance that arrives as debt is not climate justice.

As we look toward SB64 in Bonn (June 2026) and COP31 in Antalya, Turkey (November 2026), the stakes are higher than ever. The era of implementation proclaimed at COP30 must now be matched by accountability, delivery, and justice. This report is both a warning and a call to action. The people of South Asia, Myanmar, and Afghanistan are adapting with dignity and resilience. They now need the international community to match their courage with justice, accountability, and resources.

**Sanjay Vashist, Director, Climate Action Network South Asia (CANSA)**

## Glossary

**Adaptation:** It refers to changes in processes, practices, or structures to moderate or offset potential damages or to take advantage of opportunities associated with changes in climate. In other words, adaptation is adjustment in ecological, social, or economic systems in response to actual or expected climatic stimuli and their effects or impacts.

**Adaptation Fund:** A fund established under the Kyoto Protocol in 2001 and operational since 2010, financing concrete adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol and the Paris Agreement. The Adaptation Fund is known for pioneering direct access modalities that allow national implementing entities to access resources without international intermediaries.

**Annex II Countries:** The group of developed countries listed in Annex II of the UNFCCC that have specific obligations to provide financial resources to assist developing country Parties in implementing the Convention. Annex II countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States of America.

**Baku Adaptation Roadmap (BAR):** Launched at COP29 (CMA6) under the Global Goal on Adaptation framework, the BAR aims to advance progress on paragraph 38 of decision 2/CMA.5, supporting the implementation of adaptation elements and strengthening adaptation action at all levels. The BAR is expected to serve as a driving force for the implementation of GGA indicators and adaptation action beyond CMA7.

**Baku to Belém Roadmap to 1.3T:** A process launched at COP29 under the NCQG decision, guided by the CMA6 and CMA7 Presidencies, to chart a path toward mobilising at least USD 1.3 trillion annually by 2035 for climate action in developing countries. The Roadmap's five action fronts—Replenishing, Rebalancing, Rechanneling, Revamping, and Reshaping (the 5Rs)—provide a framework for scaling up climate finance, with 15 short-term steps identified for early implementation.

**Barbados Implementation Modalities (BIM):** The operational framework established by the FRLD Board for the Fund's start-up phase, setting aside USD 250 million in grants to support the first set of interventions for responding to Loss and Damage during 2025–2026. The BIM was launched at COP30 in Belém alongside the FRLD's first Call for Funding Requests.

**Belém Action Mechanism (BAM):** A proposed new institutional arrangement under the UNFCCC designed to address the current fragmentation and inadequacy of global Just Transition efforts, with three core functions: a Coordination Entity, a Knowledge Generation and Sharing Component, and an Action and Support Component. The BAM is proposed for modular establishment from COP30 to COP32.

**Biennial Transparency Reports (BTR):** Reports established under Article 13 of the Paris Agreement as part of the Enhanced Transparency Framework. All Parties to the Paris Agreement are required to submit BTRs every two years, providing information on greenhouse gas inventories, progress toward NDCs, and climate actions. Adaptation reporting under BTRs is voluntary.

**Bridgetown Initiative:** A reform agenda led by Barbados (Prime Minister Mia Mottley), which evolved from calls for liquidity support and Special Drawing Rights reallocation (1.0), to deeper reform demands around debt restructuring, concessional financing, and leveraging private capital (3.0). The Initiative seeks to reimagine the global financial architecture to be more just, shock-resilient, and climate-aligned for climate-vulnerable and debt-distressed countries.

**Climate Damages Tax (CDT):** A proposed levy on the extraction of fossil fuels, designed to generate revenue for climate finance based on the polluter-pays principle. Estimates suggest a CDT could generate USD 44.6 billion in its first year and increase in subsequent years.

**Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC):** A foundational principle of the UNFCCC, recognised in Article 3, which acknowledges that while all nations share a common responsibility to address climate change, the level of obligation should be differentiated based on historical emissions contributions and current economic capacity. The Paris Agreement (Article 2.1) reaffirms CBDR-RC "in the light of different national circumstances." The ICJ Advisory Opinion (July 2025) confirmed the binding character of this principle.

**Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA):** The supreme decision-making body of the Paris Agreement. CMA sessions are held alongside COP sessions. CMA7 took place at COP30 in Belém (November 2025); CMA8 will take place at COP31 in Antalya (November 2026).

**Disaster Risk Reduction (DRR):** It is aimed at preventing new and reducing existing disaster risk and managing residual risk, all of which contribute to strengthening resilience and therefore to the achievement of sustainable development.

**Economic Loss and Damage:** The adverse effects of climate change that have quantifiable costs, for example, damage to infrastructure, lower crop yields, loss of livestock, or destruction of housing and physical assets.

**Enhanced Transparency Framework (ETF):** A uniform reporting framework established under Article 13 of the Paris Agreement, requiring all Parties (developed and developing) to submit Biennial Transparency Reports in accordance with agreed modalities, procedures, and guidelines adopted at COP24 (decision 18/CMA.1).

**Extended Credit Facility (ECF):** An IMF concessional lending arrangement providing sustained programme engagement with low-income countries facing protracted balance of payments problems. In South Asia, Nepal accesses the ECF, and Bangladesh accesses a combined ECF/EFF arrangement.

**Extended Fund Facility (EFF):** An IMF lending arrangement providing financial assistance to countries facing serious medium-term balance of payments problems because of structural weaknesses that require time to address. In South Asia, Pakistan and Sri Lanka access the EFF.

**Fourth International Conference on Financing for Development (FfD4) / Sevilla Commitment:** The fourth UN conference on financing for development, held in Seville, Spain (June–July 2025). Its outcome—the Sevilla Commitment—included paragraph 50(f), establishing a UN intergovernmental process to make recommendations on debt architecture

reform, providing a multilateral anchor for debtor countries to push for automatic payment standstills, comparability of treatment, and climate-contingent debt instruments.

**Fund for Responding to Loss and Damage (FRLD):** The dedicated fund established at COP27 in Sharm el-Sheikh (2022), operationalised at COP28 in Dubai (2023), with the Philippines as host country and the World Bank as interim trustee. At COP30, the FRLD launched its first Call for Funding Requests under the Barbados Implementation Modalities, setting aside USD 250 million in grants for 2025–2026. Initial pledges total approximately USD 800 million, of which approximately 50 per cent has been contributed.

**Global Environment Facility (GEF):** An international financial mechanism established in 1991 that provides grants to developing countries for projects related to biodiversity, climate change, land degradation, and other environmental issues. The GEF serves as an operating entity of the Financial Mechanism of the UNFCCC.

**Global Goal on Adaptation (GGA):** Established by the Paris Agreement (Article 7) as a global goal of enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change. The UAE Framework for Global Climate Resilience, adopted at COP28, established seven thematic targets (water, food, health, ecosystems, infrastructure, poverty/livelihoods, cultural heritage) and four dimensional targets (risk assessment, planning, implementation, monitoring/evaluation/learning) with indicators under development through the UAE-Belém work programme.

**Global Stocktake (GST):** A process established under Article 14 of the Paris Agreement to assess collective progress toward meeting the long-term goals of the Agreement every five years. The first GST was completed at COP28 (2023). The second GST is scheduled for 2028 and will be the first to assess progress against the GGA indicators and the NCQG.

**Green Climate Fund (GCF):** The world's largest dedicated climate fund, established under the UNFCCC as an operating entity of the Financial Mechanism. The GCF channels resources to developing countries for both mitigation and adaptation. At COP28, donor countries pledged a record USD 12.8 billion to the GCF.

**Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6):** It refers to the comprehensive, up-to-date scientific evaluation of climate change, its impacts, and potential solutions by the IPCC. The ICJ Advisory Opinion (July 2025) recognised IPCC reports as representing the "best available science."

**International Court of Justice (ICJ) Advisory Opinion (2025):** A landmark advisory opinion issued on 23 July 2025 in response to a consensus request from the UN General Assembly, confirming that climate action is a legal duty. Key findings include: 1.5°C is the binding temperature limit; all States must act with stringent due diligence to prevent climate harm; developed States have binding obligations to provide climate finance under Article 9 of the Paris Agreement; NDCs must reflect the highest possible ambition; and the failure to regulate fossil fuel production, consumption, licensing, and subsidies may constitute an internationally wrongful act.

**International Monetary Fund (IMF):** An international organisation of 191 member countries that promotes sustainable growth and prosperity by supporting economic policies for financial stability, monetary cooperation, trade expansion, and economic growth. In South Asia,

Pakistan, Bangladesh, Sri Lanka, and Nepal are under IMF lending arrangements as of 2025–2026.

**Just Transition:** The process of transitioning to a low-carbon, climate-resilient economy in a manner that is equitable, inclusive, and rights-based, ensuring that workers, communities, and vulnerable groups are not left behind. Under the UNFCCC, the Just Transition Work Programme (JTWP) was established at COP27, and the Belém Action Mechanism (BAM) has been proposed to coordinate global Just Transition efforts with emphasis on decent work, labour rights, gender-responsive social protection, and the care economy.

**Least Developed Countries (LDCs):** A UN designation for countries with the lowest indicators of socioeconomic development and the highest vulnerability to economic and environmental shocks. LDCs receive special consideration in climate finance frameworks, including priority access to certain funds and concessional financing. Nepal is preparing to graduate from LDC status.

**Locally Led Adaptation (LLA) Principles:** Eight principles launched in January 2021 by a partnership of peers formed under the Global Commission on Adaptation, designed to ensure that local communities are empowered to respond to climate impacts. The principles include devolving decision-making to the lowest appropriate level, addressing structural inequalities, providing patient and predictable funding, investing in local capabilities, building understanding of climate risk, enabling flexible programming, ensuring transparency and accountability, and enabling collaborative action. Over 130 governments and institutions have endorsed the principles.

**Loss and Damage (L&D):** The adverse effects of climate change that cannot be avoided through mitigation or adaptation. These adverse effects include both economic losses (such as damage to property and infrastructure) and non-economic losses (such as loss of life, cultural heritage, or biodiversity). Throughout the report, the terms Loss and Damage and L&D are used interchangeably.

**Mitigation:** It refers to the lessening or minimising of the adverse impacts of a hazardous event through emissions reductions and structural transitions away from fossil fuels toward clean energy sources.

**Monitoring, Reporting and Verification (MRV):** Introduced under the Bali Action Plan (2007), MRV refers to mitigation actions and their support (technology, finance, capacity-building) that must be quantifiable, transparently reported, and open to agreed verification procedures.

**Multilateral Development Banks (MDBs):** International financial institutions created by groups of countries that provide financing, policy advice, and technical assistance for development. Major MDBs include the World Bank, Asian Development Bank, African Development Bank, Inter-American Development Bank, and European Bank for Reconstruction and Development. The Baku to Belém Roadmap calls for MDBs to set enhanced climate finance targets through 2035.

**National Adaptation Plans (NAP):** Plans made by countries to identify medium- and long-term adaptation needs. They are used to develop and implement strategies and programmes to

meet those needs. The Least Developed Countries Expert Group (LEG) is revising its NAP technical guidelines to align with the GGA targets.

**Nationally Determined Contributions (NDC):** National climate action plans made by each country under the Paris Agreement. They outline how the country will reduce its emissions and adapt to the impacts of climate change. NDC 3.0 refers to the third generation of these plans submitted from 2025 onward, covering the period to 2035. The ICJ Advisory Opinion confirmed that NDCs must reflect the "highest possible ambition" and be collectively capable of limiting warming to 1.5°C.

**New Collective Quantified Goal (NCQG):** The new global climate finance goal agreed at COP29 in Baku (November 2024), setting a target of USD 300 billion per year by 2035 from developed countries taking the lead, with a broader ambition to scale up climate finance from all sources to at least USD 1.3 trillion per year by 2035. The NCQG replaced the USD 100 billion per year target agreed at Copenhagen in 2009.

**Non-economic Loss and Damage (NELD):** The negative effects of climate change that are harder to measure in monetary terms. Non-economic loss and damage can affect individuals (e.g. loss of life, health or mobility), society (e.g. loss of territory, cultural heritage, indigenous or local knowledge, or societal or cultural identity) or the environment (e.g. loss of biodiversity or ecosystem services).

**Organisation for Economic Co-operation and Development, Development Assistance Committee (OECD DAC):** An international forum of major donor countries that sets standards for development finance reporting. The OECD DAC's Creditor Reporting System (CRS) and Climate-Related Development Finance dataset are the largest and most comprehensive sources of data on international climate finance flows, despite established limitations in reporting consistency.

**Paris Agreement:** It is a legally binding international treaty on climate change. It was adopted by 195 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016. The ICJ Advisory Opinion (July 2025) confirmed that the Agreement's obligations, including on finance (Article 9) and NDCs (Article 4), are binding under international law.

**Polluter Pays Principle:** The principle that those responsible for environmental pollution and climate change-induced harms should bear the costs. While widely recognised in international environmental law, the ICJ Advisory Opinion (July 2025) was criticised by Judge Bhandari for not robustly integrating this principle, though it did find that failure to regulate fossil fuel activities may constitute an internationally wrongful act. The principle underpins growing climate litigation, including the Pakistani farmers' case against RWE and Heidelberg Materials.

**Resilience and Sustainability Facility (RSF):** An IMF lending facility launched in 2022 providing longer-term financing to help countries address structural challenges, including climate change. The RSF is accessed alongside core IMF programmes (EFF or ECF) and carries conditionalities tied to climate policy reforms. In South Asia, Pakistan and Bangladesh have accessed the RSF. The RSF must be distinguished from genuine climate finance, as it adds to sovereign debt.

**Rio Markers:** Indicators used in OECD DAC reporting to identify development finance activities targeting climate change mitigation and adaptation objectives. Countries indicate whether activities are "principal" (fundamental objective), "significant" (secondary objective), or "not targeted." Different countries apply different coefficients, creating inconsistencies in reported climate finance data.

**Santiago Network for Loss and Damage (SNLD):** Established at COP25 (2019) to catalyse technical assistance for the implementation of relevant approaches to avert, minimise, and address Loss and Damage in developing countries that are particularly vulnerable to the adverse effects of climate change.

**Small Island Developing States (SIDS):** A group of developing countries that face unique social, economic, and environmental vulnerabilities, including exposure to climate change impacts such as sea-level rise, extreme weather events, and ocean acidification. SIDS receive special consideration in climate finance frameworks and have been leading advocates for Loss and Damage finance and the polluter-pays principle.

**Special Drawing Rights (SDR):** An international reserve asset created by the International Monetary Fund to supplement the official reserves of its member countries. The reallocation or new issuance of SDRs for climate-related purposes has been proposed as a mechanism for mobilising climate finance. The Baku to Belém Roadmap invites the IMF to assess the feasibility of new SDR issuance for climate purposes.

**Subsidiary Bodies (SBs):** The Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) of the UNFCCC, which support the work of the COP and CMA through technical and implementation-focused deliberations. SB64 is scheduled for 8–18 June 2026 in Bonn, Germany, and will be a key juncture for advancing work on GGA indicators, the BAR, and NCQG implementation.

**Warsaw International Mechanism (WIM):** A mechanism established at COP19 (2013) to enhance knowledge and understanding, strengthen dialogue and coordination, and enhance action and support—including finance, technology, and capacity-building—to address Loss and Damage associated with climate change impacts, including extreme events and slow onset events, in developing countries that are particularly vulnerable.

## Executive Summary

A pivotal moment in recent global climate diplomacy was the 2023 UNFCCC Conference of the Parties (COP28) held in Dubai, which marked a significant step in scaling up climate finance commitments. At COP28, donor countries pledged a record USD 12.8 billion to the Green Climate Fund, alongside nearly USD 800 million in initial pledges to the newly operational Loss and Damage Fund. These commitments came with a broader vision to mobilize over USD 85 billion in funding, including large private sector engagement and new finance frameworks aimed at supporting the Global South. However, the gap between pledged finance and the trillions needed for effective mitigation, adaptation, and loss and damage responses remains substantial.

Since then, the climate finance landscape has undergone further significant shifts—yet the fundamental injustices that characterise the system persist. COP29 in Baku (November 2024) agreed the New Collective Quantified Goal (NCQG), with developed countries committing to USD 300 billion annually by 2035 and a broader target of USD 1.3 trillion from all sources. COP30 in Belém (November 2025) advanced this agenda further, securing commitments to triple adaptation finance to approximately USD 120 billion per year by 2035, launching the Global Implementation Accelerator and the Belém Mission to 1.5°C, and operationalising the Fund for Responding to Loss and Damage (FRLD) with its first Call for Funding Requests under the Barbados Implementation Modalities (BIM), which set aside USD 250 million for 2025–2026.<sup>1</sup> However, COP30 failed to agree a fossil fuel phase-out roadmap despite support from over 80 countries, and the Baku to Belém Roadmap, while identifying systemic barriers in the finance architecture through its five action fronts—Replenishing, Rebalancing, Rechanneling, Revamping, and Reshaping—did not adequately address the Loss and Damage finance gap, which the Loss and Damage Collaboration estimates at a minimum of USD 724.43 billion per year.<sup>2</sup>

Our report critically examines the landscape of global climate finance with a distinct focus on how Loss and Damage has emerged as a core driver in climate finance discourse, especially among civil society organisations (CSOs) in South Asia and Myanmar. Climate finance remains indispensable for advancing mitigation, adaptation, and particularly for addressing the irreversible harms already experienced by vulnerable communities. Despite increasing recognition, the scale of funding for Loss and Damage lags far behind urgent needs. The FRLD has received pledges of approximately USD 800 million, of which only half has been contributed, against estimated needs of USD 395 billion (range: USD 128–937 billion) in 2025 alone.<sup>3</sup>

The July 2025 Advisory Opinion of the International Court of Justice confirmed that developed States have binding legal obligations to provide climate finance under Article 9 of the Paris Agreement and that failure to regulate fossil fuel production, consumption, licensing, and

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<sup>1</sup> UNFCCC, COP30 Outcomes, November 2025; UN News, "Belém COP30 delivers climate finance boost and a pledge to plan fossil fuel transition," 24 November 2025, <https://news.un.org/en/story/2025/11/1166433>

<sup>2</sup> Loss and Damage Collaboration, Second Submission to Inform the Baku to Belém Roadmap to 1.3T, August 2025.

<sup>3</sup> IIASA and CMCC, "Understanding and Quantifying the Loss and Damage Policy Space," November 2024, <https://iiasa.ac.at/news/nov-2024/understanding-and-quantifying-loss-and-damage-policy-space>

subsidies may constitute an internationally wrongful act.<sup>4</sup> This landmark ruling, alongside the growing wave of climate litigation—including the case of 39 Pakistani farmers from Sindh suing RWE and Heidelberg Materials in German courts for flood damages (filed December 2025), building on the *Lliuya v. RWE* verdict (May 2025) which confirmed the principle that major emitters can be held liable for climate-related damages abroad—signals a new era of legal accountability.<sup>5</sup>

Across South Asia, IMF programmes are shaping the fiscal landscape. Pakistan, Bangladesh, Sri Lanka, and Nepal are all under IMF lending arrangements, with Pakistan and Bangladesh accessing the Resilience and Sustainability Facility (RSF) for climate-linked support. While these instruments offer important resources, they come with conditionalities that constrain fiscal space and risk deepening debt burdens.<sup>6</sup> Over 70 per cent of climate finance flows to South Asia continue to arrive as loans rather than grants. The IIED's November 2025 analysis found that only 0.17 per cent of all reported climate finance can be deemed locally led, and only 0.7 per cent made any mention of Indigenous peoples, revealing the profound disconnect between global finance flows and community needs.<sup>7</sup>

India's approval of its NDC 3.0 (March 2026), targeting a 47 per cent emissions intensity reduction and 60 per cent non-fossil installed capacity by 2035, demonstrates continued climate ambition, building on a strong track record including a 36 per cent emissions intensity reduction already achieved by 2020 and non-fossil capacity exceeding 52 per cent by early 2026.<sup>8</sup> Yet domestic budgetary allocations for climate and environmental protection schemes within the Ministry of Environment, Forest and Climate Change fell sharply from INR 420 crore in FY 2022–23 to just INR 270 crore in FY 2025–26, while the Ministry's total share of the Union Budget remains a negligible 0.07 per cent. The gap between what is needed—estimated at USD 2.5 trillion by 2030 for NDC commitments alone—and what is available remains enormous.

CSOs across South Asia and the broader Global South have been at the forefront of reframing climate finance debates, pushing Loss and Damage to the centre as both a justice and human rights issue. The report showcases how these organisations emphasize that climate finance must go beyond traditional mitigation and adaptation to explicitly address Loss and Damage with dedicated, predictable, and grant-based mechanisms. It further provides context on the evolving NDC landscape, noting that while Sri Lanka's NDC 3.0 and Pakistan's NDC 3.0 have made significant strides in integrating Loss and Damage as operational priorities, explicit integration remains uneven across the region.

Civil society perspectives from India, Bangladesh, Nepal, Sri Lanka, Pakistan, Afghanistan, and Myanmar reveal that equitable climate finance must dismantle access barriers, prioritise

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<sup>4</sup> ICJ, Advisory Opinion on Climate Change Obligations, 23 July 2025, <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf>

<sup>5</sup> ECCHR, "Pakistani farmers take climate justice fight against RWE and Heidelberg Materials to German court," 20 January 2026, <https://www.ecchr.eu/en/press-release/klimaklage-aus-pakistan-baeuerinnen-verklagen-rwe-und-heidelberg-materials/>

<sup>6</sup> IMF Country Pages for Pakistan, Bangladesh, Sri Lanka, and Nepal, 2025–2026; Christian Aid, "The state of play of IMF conditionality," 18 February 2026, <https://www.christianaid.org.uk/news/policy/state-play-imf-conditionality>

<sup>7</sup> Treichel, P, Joshi, R, Taylor, EN, Ridout, M, Mitchell, P and Acuda, A (2025) Locally implemented or locally led? Tracking finance for community climate action. IIED, London. <https://iied.org/22674iied>

<sup>8</sup> Government of India, Press Information Bureau, "Cabinet approves India's Nationally Determined Contribution (2031-2035)," 25 March 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2245209>

grants over loans, and embed transparency and accountability. The Centre for Participatory Research and Development (CPRD) in Bangladesh has documented how climate-driven Loss and Damage is multifaceted and accelerating across the country's climate hotspots, and has piloted innovative blended microfinance approaches—combining grants with microcredit—to address community-level, small-scale Loss and Damage.

Looking ahead to SB64 (June 2026, Bonn) and COP31 (November 2026, Antalya, Turkey), this report calls for the era of implementation proclaimed at COP30 to be matched by accountability, delivery, and justice. Recommendations are directed at ensuring the NCQG and Baku to Belém Roadmap deliver equitable, grant-based finance; that the FRLD is substantively capitalised; that locally led approaches are scaled; and that the ICJ Advisory Opinion is embedded in negotiating outcomes.

## Methodology

This report is based on a combination of systematic desk research, targeted consultations, and post-COP30 analysis. The study systematically reviewed a wide range of UN and international treaty body documents, including UNFCCC texts, IPCC assessments, and OECD data, alongside reports from civil society organisations, think tanks, and international NGOs. CSO reports were examined in particular for three dimensions: documentation of community-level experiences, analysis of access barriers to climate finance, and recommendations for reforming governance structures. The methodology also included an inexhaustive review of recent reports and media coverage to capture current narratives and debates. Wherever possible, the most up-to-date materials were used to reflect the evolving discussions on climate finance, access barriers, and justice dimensions, including post-Belém developments through early 2026.

In parallel, consultations were conducted with carefully selected stakeholders across South Asia and Myanmar. This report draws on interviews with activists, experts, and representatives from civil society organisations, some of whom were network members of Climate Action Network South Asia (CANSA) and have been influential campaigners on climate finance discourse in their national contexts. Partners such as Christian Aid and CANSA offered critical inputs, helping to surface grounded perspectives on accessibility, justice, and governance gaps in loss and damage finance. Additional inputs were received from the Centre for Participatory Research and Development (CPRD), Bangladesh, which provided detailed case study material on community-level Loss and Damage documentation, barriers facing marginalised groups, and innovative microfinance approaches.

Following the initial research phase, the report was further strengthened through additional desk research on post-COP30 outcomes, IMF financing instruments in South Asia, the ICJ Advisory Opinion, the Baku to Belém Roadmap, the operationalisation of the FRLD, and the emerging NDC 3.0 landscape. Expert consultations informed the updated analysis and recommendations, which are now directed at SB64 (June 2026, Bonn) and COP31 (November 2026, Antalya, Turkey). Key reference materials for the updated edition include the Baku to Belém Roadmap Executive Summary (November 2025), the IIED study on locally led climate finance (November 2025), the CEEW burden-sharing framework for the FRLD (October 2025), the McKinsey Global Institute report on adaptation costs (December 2025), the World Bank Sri Lanka Country Climate and Development Report (November 2025), and the Loss and Damage Collaboration's submissions to the Baku to Belém Roadmap process (2025).

The regional focus of the research spans South Asia—Bangladesh, India, Nepal, Pakistan, and Sri Lanka—together with Myanmar and Afghanistan. This region was chosen because it represents the confluence of extreme climate vulnerability, recurring debt stress, and persistently weak access to international climate finance. These overlapping conditions make it a crucial lens for analysing justice, accessibility, and systemic gaps in loss and damage financing.

## Section 1 – Climate Finance: Definition, Scope and International Frameworks

UNFCCC defines climate finance as "local, national or transnational financing, drawn from public, private and alternative sources of financing, that seeks to support mitigation and adaptation actions that will address climate change."<sup>9</sup> A large majority of countries in the global south face a double burden of climate change and lack of funds for mitigation and adaptation. They rely on the global north, which has made several financial promises over the past decades but has yet to meet expectations.<sup>10</sup> Climate finance has become one of the sharpest fault lines in global climate politics. The Copenhagen pledge of USD 100 billion by 2020<sup>11</sup> acknowledged responsibility, but delivery was incomplete, inflated, and debt-heavy. Climate and economic justice CSOs have shown that reported figures are often exaggerated, with actual support less than half of the claimed amount, mostly loans instead of grants.

### 1.1 International Principles and Frameworks Governing Climate Finance

#### Obligation of Annex II Countries and the Paris Agreement (Arts. 2.1(c), 9, 13): Mandatory Financial Commitments and Responsibilities

It is a well-established debate as to why the responsibility for funding a large part of climate action primarily falls on developed countries that have historically contributed the most to global greenhouse gas (GHG) emissions. Global frameworks acknowledge that the duty to address climate change is shared by all nations, but the level of responsibility should be based on their historical emissions and current economic capacity. This is known as the principle of Common but Differentiated Responsibilities (CBDR), which underpins international mechanisms for climate governance and finance.<sup>12</sup> The principle is duly recognised and explained in Article 3 of the UNFCCC Framework. Along with CBDR, the principles of equity, the precautionary principle and sustainable development are also implicitly mentioned in Articles 3.3 and 3.4 of the UNFCCC Framework, and Article 2.1 of the Paris Agreement also acknowledges CBDR-RC.<sup>13</sup>

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<sup>9</sup> UNFCCC, Introduction to Climate Finance, 25 August 2025, <https://unfccc.int/topics/introduction-to-climate-finance>

<sup>10</sup> Thomas Kalinowski, 'The Green Climate Fund and Private Sector Climate Finance in the Global South' (2024) 24 *Climate Policy* 281, 1.

<sup>11</sup> Roadmap to Where? Is the '\$100 billion by 2020' pledge from Copenhagen still realistic? Brookings Institution, <https://www.brookings.edu/articles/roadmap-to-where-is-the-100-billion-by-2020-pledge-from-copenhagen-still-realistic/>

<sup>12</sup> ClimaTalk Contributor, 'What Is the Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC) Principle?' (ClimaTalk), 12 July 2021, <https://climatalk.org/2021/07/12/what-is-the-cbdr-rc-principle/>

<sup>13</sup> 'Introduction to Climate Finance | UNFCCC' (n 9).

## Tracking climate finance commitments by developed countries: from Cancun to Belém

At COP Cancun (2010), developed countries committed to mobilising USD 100 billion annually by 2020 for developing nations, establishing the Green Climate Fund and improving reporting standards. Although these mechanisms were set up, the funding goal was not met by 2020, and transparency remained a concern regarding the nature of aid (grants vs. loans), sources, and balance between adaptation and mitigation. Subsequent COPs, including Paris and Glasgow, reaffirmed the USD 100 billion target, emphasised adaptation finance, and called for more rigorous measurement, reporting, and verification (MRV). Progress was slow; adaptation funding remained underweighted, and the target was only exceeded in 2022. At COP29 in Baku (2024), a new goal was agreed: developed countries will provide USD 300 billion annually by 2035, alongside a broader target of USD 1.3 trillion from all sources. Critics argue that USD 300 billion is insufficient given estimated needs of trillions per year by 2030, and much of the funds remain non-grant and potentially conditional.<sup>14</sup>

COP30 in Belém (November 2025) advanced the finance agenda further. The conference secured a political commitment to triple adaptation finance to approximately USD 120 billion per year by 2035, launched a two-year work programme on climate finance focused on Article 9 of the Paris Agreement, and operationalised the FRLD. The final text—the Mutirão—bundled four negotiation tracks into a single consensus-based agreement that, while declaring the global shift toward low-emissions development "irreversible," left the critical question of fossil fuel transition for later discussion. The UN Secretary-General acknowledged that "COP30 has delivered progress" but added that "I cannot pretend that COP30 has delivered everything that is needed."<sup>15</sup>

## ICJ's Advisory Opinion on Climate Change (ICJ 2025): Finance as a Legal Obligation

The principles and obligations laid down in the above-mentioned frameworks received a positive sanction of international law in the ICJ's landmark Advisory Opinion of 23 July 2025. In this opinion, the ICJ cited a considerable number of provisions from the UNFCCC and Paris Agreement to uphold that Annex II countries have a binding legal obligation under customary international law to provide adequate climate finance to countries lacking the resources to meet the challenge of climate change.<sup>16</sup> The ICJ highlighted the use of the word "shall" in the Paris Agreement and how it establishes obligations for developed states to provide financial resources to help developing states, for mitigation as well as adaptation.<sup>17</sup> The Court recognised that its Advisory Opinion concerns "an existential problem of planetary proportions that imperils all forms of life and the very health of our planet."

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<sup>14</sup> OECD, Climate Finance and the USD 100 billion goal, <https://www.oecd.org/en/topics/sub-issues/climate-finance-and-the-usd-100-billion-goal.html>

<sup>15</sup> UN News, "Belém COP30 delivers climate finance boost and a pledge to plan fossil fuel transition," 24 November 2025, <https://news.un.org/en/story/2025/11/1166433>; European Parliament, "COP30 outcome: slow progress, but insufficient to meet climate crisis urgency," 23 November 2025.

<sup>16</sup> ICJ, Advisory Opinion on Climate Change Obligations, 23 July 2025, <https://www.icj-cij.org/sites/default/files/case-related/187/187-20250723-adv-01-00-en.pdf> ["ICJ Opinion"].

<sup>17</sup> ICJ Opinion (n 16), Para. 264.

Key findings of the Court include: 1.5°C is the agreed temperature limit and all countries are legally bound to take action cooperatively to achieve it (para. 224); every State has an obligation to act with stringent due diligence and to "use all the means at its disposal" to prevent harm to the climate system (para. 281); States must ensure their NDCs reflect the highest possible ambition, are more ambitious over time, and are collectively capable of effectively limiting warming to 1.5°C, and failure to do so constitutes a breach of their obligations (paras. 234–249); developed States have an obligation to provide financial resources to assist developing States with respect to both mitigation and adaptation, interpreted in a manner that ensures staying within the 1.5°C limit (paras. 264–265); the failure to take urgent and adequate measures to regulate fossil fuel production, consumption, licensing, and subsidies may constitute an internationally wrongful act (para. 427); and when States breach their international obligations, they have a duty to cease the wrongful conduct, provide guarantees of non-repetition, and provide full reparation (paras. 444–455).<sup>18</sup>

The ICJ's opinion has also been reinforced by the Inter-American Court of Human Rights (IACtHR), which issued a concurrent advisory opinion affirming that countries must address climate change and that failure to do so may carry serious legal consequences. Together, these rulings provide a powerful legal compass for negotiators. As Klein and Schäfer argue: "In the absence of political will, the legal system has become a key driver of climate progress."<sup>19</sup>

The growing wave of climate litigation is translating these legal principles into accountability. In December 2025, 39 farmers from the Sindh region of Pakistan filed a lawsuit at the German Regional Court in Heidelberg against RWE and Heidelberg Materials, seeking compensation for losses suffered during the 2022 floods that destroyed homes, land, and livelihoods across the country. The case builds on the landmark *Lliuya v. RWE* verdict (May 2025), where a German court confirmed the legal principle that major emitters can be held liable for climate-related damages abroad. As Clara Gonzales of ECCHR stated: "Climate change is no longer a future risk, it is a present injustice."<sup>20</sup> These developments signal that the polluter-pays principle is no longer merely aspirational but increasingly justiciable.

It can be duly inferred that the ICJ opinion has reiterated the binding character of obligations emanating from the UNFCCC and Paris Agreement. The opinion will strongly influence how climate finance obligations are enforced, especially in climate change litigation. However, as Judge Bhandari stressed in his separate opinion, the Court's failure to more robustly integrate the Polluter Pays Principle represents a shortcoming—the ICJ missed an opportunity to strengthen the accountability architecture essential for addressing climate change.<sup>21</sup>

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<sup>18</sup> CIEL, PICAN, PISFCC & WYCI, "Leveraging the ICJ Climate Ruling at COP30 to Unlock Ambition and Advance Accountability: A Pocket Guide for Negotiators and Allies," November 2025.

<sup>19</sup> Francesca Mascha Klein & Laura Schäfer, "Courts Are Shaping the Future of Climate Action," Project Syndicate, 29 October 2025, <https://www.project-syndicate.org/commentary/legal-momentum-builds-toward-meaningful-climate-action-at-cop30-by-francesca-mascha-klein-and-laura-schafer-2025-10>

<sup>20</sup> ECCHR, "Pakistani farmers take climate justice fight against RWE and Heidelberg Materials to German court," 20 January 2026, <https://www.ecchr.eu/en/press-release/klimaklage-aus-pakistan-baeuerinnen-verklagen-rwe-und-heidelberg-materials/>; Climate Cost Case Pakistan, <https://www.climatecostcase.org/en/the-case>

<sup>21</sup> ICJ Opinion (n 16), Separate Opinion of Judge Bhandari.

## From Bridgetown to Sevilla: Forging a New Global Deal for Climate and Debt Justice

Over the past few years, landmark initiatives like the Bridgetown Initiative (1.0 to 3.0)<sup>22</sup>, the New Global Financing Pact, and the Accra–Marrakech Agenda have sought to reimagine the global financial architecture to be more just, shock-resilient, and climate-aligned, particularly for climate-vulnerable and debt-distressed countries. The Bridgetown Initiative, led by Barbados, evolved from calls for liquidity support and Special Drawing Rights (SDR) reallocation (1.0), to deeper reform demands around debt restructuring, concessional financing, and leveraging private capital (3.0).<sup>23</sup> The Accra–Marrakech Agenda (A2M), adopted by the Vulnerable 20 (V20), highlights climate-contingent debt clauses, pre-arranged finance for disasters, and an overhaul of risk and credit rating systems that currently penalise vulnerable countries.<sup>24</sup> Meanwhile, the New Global Financing Pact, advanced through the Paris Summit, emphasises restoring fiscal space, aligning all sources of finance with climate goals, and tackling unjust debt burdens with inclusive governance reforms.<sup>25</sup> In South Asia and Myanmar, these agendas offer transformative potential but require significant localisation. Countries like Bangladesh, Nepal, and Sri Lanka, facing repeated climate shocks and high debt, would benefit from climate-linked debt relief, concessional adaptation finance, and trigger-based liquidity instruments.<sup>26</sup> For Myanmar, entrenched conflict and governance issues necessitate innovative, conflict-sensitive financial mechanisms that prioritise community-led access, decentralisation, and safeguards against misuse. Regionally, the push must be toward collaborative negotiation with MDBs, pooled risk instruments, and finance that centres justice and equity—without which these global reforms may remain aspirational and fail the communities most at risk.<sup>27</sup>

FfD4's Sevilla Commitment (June–July 2025) marked an important, if partial, step forward in the global conversation on sovereign debt and climate-linked fiscal fragility. Early drafts of the outcome text (notably paragraph 43(b)) included ambitious proposals for a UN-supported model law on sovereign debt restructuring—essentially a template that countries could adopt domestically to recognise majority-voted restructurings, curb vulture-fund litigation, and integrate climate-disaster pause clauses. In the negotiations, this direct legal language was softened, but the final text's paragraph 50(f) created something still politically significant: a UN intergovernmental process to make recommendations on debt architecture reform, with borrowers, Paris Club creditors, MDBs, IMF, World Bank, and private lenders at the same table. Although framed as "recommendations," paragraph 50(f) provides a multilateral anchor for debtor countries to push issues long blocked in creditor-dominated venues—automatic

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<sup>22</sup> Bridgetown Initiative 3.0 – Bridgetown Initiative. (2025). Bridgetown Initiative: 3.0 – Final draft. <https://www.bridgetown-initiative.org/bridgetown-initiative-3-0/>

<sup>23</sup> Women's Environment and Development Organization. (2023, June). Unpacking the Bridgetown Initiative: A systemic feminist analysis & critique. [https://wedo.org/wp-content/uploads/2023/06/ActionNexus\\_BridgetownBrief\\_EN\\_June2023.pdf](https://wedo.org/wp-content/uploads/2023/06/ActionNexus_BridgetownBrief_EN_June2023.pdf)

<sup>24</sup> Vulnerable Twenty Group (V20). (2023, October 16). Accra-Marrakech Agenda. <https://www.v-20.org/accra-marrakech-agenda/>

<sup>25</sup> Focus 2030. (2023, June 9). Summit for a New Global Financing Pact. <https://focus2030.org/Summit-for-a-New-Global-Financing-Pact-towards-more-commitments-to-meet-the>

<sup>26</sup> African Center for Economic Transformation (ACET). (2023, October 13). Marrakech Framework: An African agenda for global financial architecture. <https://acetforafrica.org/research-and-analysis/insights-ideas/articles/marrakech-framework-an-african-agenda-for-global-financial-architecture/>

<sup>27</sup> UNCTAD. (2025). Key takeaways from COP29 and the road ahead for developing countries. <https://unctad.org/news/key-takeaways-cop29-and-road-ahead-developing-countries/>

payment standstills during crises, comparability of treatment across creditors, principles of responsible lending/borrowing, and new tools like climate-contingent debt instruments.<sup>28</sup>

For South Asia as a region, the imperative is to seize this moment to align debt and climate agendas. Countries like Bangladesh, Nepal, Sri Lanka, and Pakistan should use the new Borrowers' Forum created under the Sevilla Platform to caucus around common tools—cyclone or flood-triggered pause clauses, grant-first windows in the FRLD, and comparability of treatment in restructurings that include both private and bilateral creditors.<sup>29</sup> Sri Lanka, emerging from debt restructuring, could champion state-contingent instruments; Bangladesh could pilot climate-contingent debt clauses through Palli Karma-Sahayak Foundation (PKSF) / Infrastructure Development Company Limited (IDCOL); and Nepal could push for LDC access lanes that integrate its glacial-risk profile. Meanwhile, Myanmar and Afghanistan, constrained by conflict and sanctions, must push for carve-outs in paragraph 50(f) that allow them to access standstill protections and grants via UN agency execution. Across the region, the common strategy should be to link paragraph 50(f)'s new UN track with a demand for public, grant-based and highly concessional finance—ensuring that debt reform expands fiscal space rather than shrinks it, and that resilience funding does not come at the cost of deeper debt distress.

## OHCHR Analytical Study: Linking Human Rights, Loss and Damage, and Climate Finance

The OHCHR analytical study on the impact of Loss and Damage highlights that the adverse effects of climate change—ranging from rising sea levels and prolonged droughts to cyclones and forced displacement—undermine the full enjoyment of human rights, including the rights to life, health, food, water, housing, and self-determination. These harms disproportionately affect vulnerable communities with the least resources to adapt, often exacerbating pre-existing inequalities and discrimination. The report stresses that Loss and Damage is not only an environmental or economic issue but a human rights crisis that requires urgent redress. Traditional climate finance has focused mainly on mitigation and adaptation, but the OHCHR argues it must explicitly include dedicated, predictable, and grant-based financing for Loss and Damage.<sup>30</sup> By framing L&D finance as a matter of justice and rights, the report reinforces that addressing climate impacts is inseparable from protecting human dignity and equity.

## IMF Lending in South Asia: Climate-Linked or Debt-Deepening?

A critical dimension of the climate finance landscape in South Asia is the growing role of IMF programmes. As of late 2025, Pakistan, Bangladesh, Sri Lanka, and Nepal are all under IMF lending arrangements, each with distinct structures and climate relevance.

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<sup>28</sup> FfD4 Sevilla Commitment, Paragraph 50(f), July 2025; Analysis based on CSO and academic commentary on the outcome.

<sup>29</sup> Author's analysis; see also Loss and Damage Collaboration, Second Submission to Inform the Baku to Belém Roadmap, August 2025.

<sup>30</sup> Office of the United Nations High Commissioner for Human Rights (OHCHR). (2024, August 28). Analytical study on the impact of loss and damage from the adverse effects of climate change on the full enjoyment of human rights (A/HRC/57/30). <https://www.ohchr.org/en/documents/thematic-reports/ahrc5730-analytical-study-impact-loss-and-damage-adverse-effects-climate>

Pakistan's arrangement comprises a 37-month Extended Fund Facility (EFF) approved in September 2024 and a 28-month Resilience and Sustainability Facility (RSF) approved in May 2025 with access of approximately USD 1.4 billion. By December 2025, the IMF had completed the second EFF review and first RSF review, making approximately USD 1 billion available under the EFF alongside the RSF disbursement. Bangladesh was the first Asian country to access the RSF, with a combined ECF/EFF package of approximately USD 3.3 billion and RSF access of approximately USD 1.4 billion approved in January 2023. On 23 June 2025, the IMF completed the combined third and fourth reviews, giving immediate access to about USD 884 million under ECF/EFF and about USD 453 million under the RSF. By early 2026, the IMF noted that performance under the fifth review had been mixed and discussions were expected to resume after the formation of a new government. Sri Lanka's programme is a four-year EFF of approximately USD 3 billion approved in March 2023, focused on debt restructuring; the fourth review was completed in July 2025, unlocking approximately USD 344 million. Sri Lanka does not have an RSF climate window, and while debt-for-climate or debt-for-nature swaps have been discussed as future options, they are not part of the current IMF arrangement. Nepal's arrangement is an Extended Credit Facility approved in January 2022 for SDR 282.4 million, with the sixth review completed in October 2025. Nepal similarly lacks an RSF or climate-swap structure.<sup>31</sup>

**Table 1: IMF Programmes in South Asia – Overview**

*Table 1: IMF Programmes in South Asia – Overview*

Country	Programme	Approved	Amount	Climate-Linked (RSF)	Status (early 2026)
Pakistan	EFF (37-month) + RSF (28-month)	Sep 2024 / May 2025	~USD 7bn EFF; ~USD 1.4bn RSF	Yes	2nd EFF review, 1st RSF review completed (Dec 2025)
Bangladesh	ECF/EFF + RSF	Jan 2023	~USD 3.3bn ECF/EFF; ~USD 1.4bn RSF	Yes (first in Asia)	3rd/4th reviews completed (Jun 2025); 5th review pending
Sri Lanka	EFF (4-year)	Mar 2023	~USD 3bn	No RSF	4th review completed (Jul 2025); debt restructuring ongoing
Nepal	ECF	Jan 2022	SDR 282.4m	No RSF	6th review completed (Oct 2025)
India	No IMF programme	N/A	N/A	N/A	IFC private-sector financing only

<sup>31</sup> IMF Country Pages for Pakistan (EFF/RSF), Bangladesh (ECF/EFF/RSF), Sri Lanka (EFF), and Nepal (ECF), 2022–2026. Compiled from IMF press releases and Article IV consultations.

*Note: RSF = Resilience and Sustainability Facility. Climate-debt swaps are discussed as future options in Sri Lanka and Pakistan but are not currently part of IMF arrangements. Sources: IMF country pages and press releases, 2025–2026.*

While the RSF instruments in Pakistan and Bangladesh represent an important acknowledgment that climate resilience must be integrated into macroeconomic frameworks, they must be clearly distinguished from genuine climate finance. RSF lending carries conditionalities that constrain fiscal space and adds to sovereign debt, even as it supports climate policy reforms. As Christian Aid's analysis of IMF conditionality (February 2026) demonstrates, 86 countries are indebted to the IMF—nearly half the world—and conditionality remains a tool that shapes economic policy infrastructure in ways that can deepen rather than alleviate vulnerability. The study notes that Letters of Intent, which form the basis for IMF programmes, are in most cases drafted entirely by IMF staff, and the concept of "country ownership" often amounts to governments guessing what combination of fiscal consolidation, VAT increases, and subsidy removal will secure IMF approval.<sup>32</sup>

The critical distinction must be maintained: climate finance that arrives as debt, however concessional, is not climate justice. South Asian countries should advocate for climate-debt swaps, SDR reallocation for climate purposes, and grant-first windows rather than additional debt-creating instruments.

India, notably, is not under an IMF programme but receives IFC private-sector financing for investments in banking, infrastructure, and green bonds. India's distinct position as both a climate-vulnerable developing country and a political leader of the Global South enables it to champion reforms that go beyond funding—reclaiming fiscal space, promoting equity, and ensuring climate finance serves human and ecological well-being.<sup>33</sup>

## 1.2 — The Fund for Responding to Loss and Damage: From Establishment to Operationalisation

The Fund for Responding to Loss and Damage (FRLD) is the product of decades of advocacy by vulnerable nations, particularly small island states and least-developed countries, to secure recognition that climate impacts causing irreversible harms—ranging from displacement to ecosystem loss—demand a dedicated financial response.<sup>34</sup> While the Warsaw International Mechanism (COP19, 2013) provided an institutional framework to study and coordinate action on Loss and Damage, it lacked concrete finance. This gap was only bridged at COP27 in Sharm el-Sheikh (2022), when Parties agreed to establish the Fund, marking a watershed moment in climate negotiations.<sup>35</sup> The Fund is overseen jointly by the COP and CMA, with governance through a Board and a recently appointed Executive Director. The Philippines has been selected

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<sup>32</sup> Christian Aid, "The state of play of IMF conditionality," 18 February 2026, <https://www.christianaid.org.uk/news/policy/state-play-imf-conditionality>

<sup>33</sup> Author's analysis based on IFC project data and India's positioning at FfD4, COP29, and COP30.

<sup>34</sup> What Is "Loss and Damage" from Climate Change? 8 Key Questions, Answered. (2025, May 5). World Resources Institute. <https://www.wri.org/insights/loss-damage-climate-change>

<sup>35</sup> UNFCCC. Fund for Responding to Loss and Damage. <https://unfccc.int/fund-for-responding-to-loss-and-damage>

as the host country, and the World Bank serves as interim trustee while institutional arrangements are consolidated.<sup>36</sup>

## COP30: The FRLD Moves from Setup to Operations

At COP30 in Belém, the FRLD reached a critical operational milestone. The Fund officially launched its first Call for Funding Requests (CFR), opening the formal process for receiving funding proposals from developing countries in accordance with the process and modalities adopted by the FRLD Board.<sup>37</sup> The CFR outlines the process, criteria, and requirements for submitting funding requests, and a standardised Funding Request Template has been made publicly available.

The Barbados Implementation Modalities (BIM), established by the FRLD Board, set aside USD 250 million in grants to support the first set of interventions for responding to Loss and Damage during 2025–2026. The BIM represents the FRLD's "start-up phase" and marks the formal transition from institutional setup to full operationalisation. Under the BIM, developing countries have a six-month window from the opening of the CFR (15 December 2025) to submit proposals. The BIM prioritises: grant-based financing as the default instrument; support for both economic and non-economic losses from slow-onset events and extreme weather; and interventions that address the needs of particularly vulnerable developing countries, including SIDS and LDCs.<sup>38</sup>

The Global Shield against Climate Risks has positioned itself as a ready partner, noting that its in-country processes, gap analyses, and approved support packages can help inform FRLD pipelines for Global Shield beneficiary countries. At the first annual High-Level Dialogue on "Strengthening Responses to Loss and Damage through Complementarity, Coherence and Coordination," the Global Shield outlined how its existing country-level infrastructure could accelerate FRLD delivery.<sup>39</sup>

## Scale of the Challenge: Pledges vs. Needs

However, the scale of the challenge remains starkly disproportionate to the resources mobilised. Initial pledges of approximately USD 800 million announced since COP28 remain far below actual needs. Of these pledges, only approximately 50 per cent—around USD 370 million—has actually been contributed at the time of writing.<sup>40</sup> The Loss and Damage Collaboration's calculations suggest that developing countries require at least USD 724.43 billion per year to respond to Loss and Damage, while economic quantification by IIASA and CMCC estimates that the Loss and Damage needs of developing countries will be USD 395 billion (range: USD 128–937 billion) in 2025 alone. These L&D estimates are additional to

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<sup>36</sup> Dickie, G., & Abnett, K. (2024, September 21). New global climate 'loss and damage' fund names first director. Reuters. <https://www.reuters.com/world/new-world-bank-loss-damage-fund-names-first-director-2024-09-21>

<sup>37</sup> FRLD, Call for Funding Requests — Terms of Reference, December 2025, <https://frfld.org/call-for-funding-requests>; FRLD, Funding Request Template, December 2025.

<sup>38</sup> FRLD Board, Barbados Implementation Modalities (BIM), November 2025. The BIM was established at the FRLD Board meeting preceding COP30 and formally launched during COP30 in Belém.

<sup>39</sup> Global Shield against Climate Risks, Statement at the first annual High-Level Dialogue on "Strengthening Responses to Loss and Damage through Complementarity, Coherence and Coordination," November 2025.

<sup>40</sup> Loss and Damage Collaboration, Second Submission to Inform the Baku to Belém Roadmap to 1.3T, August 2025.

finance needs for mitigation (estimated at more than USD 600 billion) and adaptation (estimated at USD 187 to 359 billion).<sup>41</sup>

The CEEW burden-sharing framework (October 2025) proposes an equitable approach to scaling up FRLD capitalisation. By categorising 150 countries into five groups based on historical responsibility, current capability, and multidimensional vulnerability, the framework demonstrates that if the 25 most responsible economies contributed just 0.08 per cent of GDP to the FRLD, it could unlock approximately USD 60 billion annually—a 75-fold increase over current pledges of roughly USD 800 million. India, categorised as "Capable but With Multidimensional Vulnerabilities," would not be among the primary contributors under this model, while countries categorised as "Most Responsible" would bear the largest share.<sup>42</sup>

**Table 2: FRLD — Pledges vs. Needs**

<b>Metric</b>	<b>Amount</b>
Total pledges to FRLD (since COP28)	~USD 800 million
Amount actually contributed	~USD 370 million (50% of pledges)
BIM allocation for 2025–2026	USD 250 million (grants)
Estimated annual L&D needs (L&DC calculation)	At least USD 724.43 billion
Estimated L&D needs for 2025 (IIASA/CMCC)	USD 395 billion (range: 128–937 billion)
Potential annual mobilisation at 0.08% GDP (CEEW model)	~USD 60 billion

*Table 2: FRLD — Pledges vs. Needs*

*Sources: FRLD Board documents; Loss and Damage Collaboration submissions; IIASA/CMCC (2024); CEEW Issue Brief (October 2025).*

The gap between the USD 250 million BIM allocation and the hundreds of billions in estimated annual needs underscores the urgency of a substantive first replenishment. For COP31, a clear pledging milestone and an accountable replenishment pathway must be agreed.

## Implications for South Asia

For South Asia, one of the world's most climate-vulnerable regions, the FRLD presents both an opportunity and a challenge. Between 2019 and 2023, 82.1 million people were affected by weather-related disasters in South Asia alone, according to the Centre for Research on the Epidemiology of Disasters. Pakistan's 2022 floods displaced over 33 million people and caused damages estimated at USD 30 billion; Pakistan's 2025 monsoon floods have since claimed over 946 lives and displaced nearly two million. In late 2025, Cyclone Ditwah affected over one million people in Sri Lanka and killed approximately 500. A study published in *Nature* (April

<sup>41</sup> IIASA and CMCC, "Understanding and Quantifying the Loss and Damage Policy Space," November 2024, <https://iiasa.ac.at/news/nov-2024/understanding-and-quantifying-loss-and-damage-policy-space>

<sup>42</sup> CEEW, "How to Equitably Scale Up Finance for the Loss and Damage Fund," Issue Brief, October 2025, <https://www.ceew.in/sites/default/files/ceew-how-to-equitably-scale-up-finance-for-the-loss-and-damage-fund.pdf>

2024) projects that South Asia could face a median income reduction of 22 per cent by 2050 due to climate change impacts.<sup>43</sup>

Countries like Bangladesh, Nepal, and Sri Lanka must position themselves proactively to shape the Fund's governance, ensuring that access is simplified, community-driven, and not tied to debt-creating instruments. They should push for regional coalitions to negotiate collectively for concessional, grant-based financing, while also advocating for pre-arranged, trigger-based mechanisms that provide liquidity immediately after disasters. For Myanmar, where conflict and governance fragility complicate engagement with international finance, the response must prioritise decentralised and community-led channels that can deliver support to vulnerable populations without reinforcing authoritarian structures. Engagement by civil society, diaspora networks, and trusted intermediaries will be essential to ensure that Loss and Damage finance reaches those most affected.

### 1.3 — The Baku to Belém Roadmap to 1.3T: Architecture, Shortcomings, and South Asia Implications

The Baku to Belém Roadmap, published in November 2025 by the CMA6 and CMA7 Presidencies, provides a framework for scaling climate finance to at least USD 1.3 trillion annually by 2035. Through its five action fronts—Replenishing (grants, concessional finance and low-cost capital), Rebalancing (fiscal space and debt sustainability), Rechanneling (transformative private finance), Revamping (capacity and coordination), and Reshaping (systems and structures for equitable capital flows)—the Roadmap transforms the NCQG's headline figures into a structured blueprint for delivery. It identifies 15 short-term steps for early implementation and embeds regional considerations, with a focus on SIDS and LDCs.<sup>44</sup>

#### What the Roadmap Gets Right

The Roadmap correctly identifies the systemic roadblocks crippling the global climate finance architecture, including debt burdens, barriers to access for frontline countries and communities, the need for MDB reform, and the imperative of scaling adaptation finance. It calls on MDBs to report on how they can achieve enhanced climate finance targets by 2027, invites the IMF to assess the feasibility of new SDR issuance for climate purposes, requests UN economic commissions to study debt-for-climate and debt-for-nature swaps, and proposes an independent expert group to develop principles on responsible sovereign borrowing and lending by October 2026. It also calls on credit rating agencies to integrate climate change into their methodologies.<sup>45</sup>

The Roadmap acknowledges the adaptation finance gap in quantitative terms: USD 310–365 billion is needed annually, while only USD 26 billion is currently flowing. It cross-references thematic priorities including adaptation and Loss and Damage, clean energy, nature,

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<sup>43</sup> Centre for Research on the Epidemiology of Disasters, EM-DAT data; Kotz et al., "The economic commitment of climate change," *Nature*, April 2024; UNICEF Pakistan Floods Situational Report 2025; Britannica, "Asia Floods of 2025."

<sup>44</sup> COP29/COP30 Presidencies, "Report on the Baku to Belém Roadmap to 1.3T — Executive Summary," November 2025, [https://unfccc.int/sites/default/files/resource/Summary\\_Roadmap\\_COP29\\_COP30\\_EN\\_final.pdf](https://unfccc.int/sites/default/files/resource/Summary_Roadmap_COP29_COP30_EN_final.pdf)

<sup>45</sup> Baku to Belém Roadmap (n 44), Key Action Points 1.4, 2.2, 2.4, 2.6, 2.7.

agriculture, and just transitions. The emphasis on "mindset shifts" that frame adaptation in terms of opportunities and resilience dividends, not only risk reduction, is welcome.<sup>46</sup>

## Where the Roadmap Falls Short

However, the Roadmap falls short in several critical respects, particularly regarding Loss and Damage, the quality of finance, and accountability:

First, the Roadmap fails to recognise the scale of the Loss and Damage finance gap. While the adaptation gap is quantified, no equivalent acknowledgment is made of the L&D needs of developing countries, which the Loss and Damage Collaboration estimates at a minimum of USD 724.43 billion per year. This serious omission downplays the most urgent dimension of climate finance for South Asia and other vulnerable regions.<sup>47</sup>

Second, the Roadmap's proposed solutions lean heavily toward MDBs and private finance, prioritising loans and debt instruments. For Loss and Damage, loans are wholly inappropriate and compound the injustice of the climate crisis by further increasing debt burdens in developing countries. This risks diverting resources from essential services such as healthcare and education as countries face impossible choices when recovering from climate disasters.<sup>48</sup>

Third, despite the ICJ's Advisory Opinion making clear the obligation of developed countries to provide climate finance, the Roadmap fails to centre the polluter-pays principle and fair shares. Instead, it dilutes the historical obligations of wealthy polluting countries under the UNFCCC and its Paris Agreement.<sup>49</sup>

Fourth, the Roadmap does not establish dedicated sub-goals for Loss and Damage, adaptation, or mitigation within the NCQG architecture, leaving the thematic balance undefined. Without such structuring, the risk is continued imbalance, with mitigation favoured over adaptation and Loss and Damage. The NCQG decision also failed to adopt a universally accepted definition of climate finance, allowing continued overstatement through inclusion of loans at face value, mislabelled development projects, and even fossil fuel-linked finance. The Loss and Damage Collaboration has argued that key elements of an equitable definition must include: accessible, new and additional, timely, adequate, public, grant-based, predictable, human-rights-based, gender-transformative, and following the subsidiarity principle.<sup>50</sup>

Fifth, the Roadmap's short-term steps underscore that meaningful implementation requires leadership from outside the UN climate talks. As analysts have noted, every item on the list beyond the first two requires action from international financial institutions, MDBs, credit rating agencies, and finance ministries—actors whose engagement with climate justice has historically been uneven. Through the Roadmap, the UN climate talks have provided a clear

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<sup>46</sup> Baku to Belém Roadmap (n 44), thematic cross-references on adaptation and loss and damage.

<sup>47</sup> Loss and Damage Collaboration, "Rapid Reaction to the Baku to Belém Roadmap 1.3T," November 2025.

<sup>48</sup> Loss and Damage Collaboration, Second Submission to Inform the Baku to Belém Roadmap, August 2025.

<sup>49</sup> Loss and Damage Collaboration (n 47).

<sup>50</sup> Loss and Damage Collaboration, First Submission to Inform the Development of the Baku to Belém Roadmap to 1.3T, March 2025; AOSIS (2024), New Collective Quantified Goal on Climate Finance – Draft Elements.

signal of what is needed from the rest of the ecosystem. It is up to the rest to rise to the challenge.<sup>51</sup>

## South Asia Climate Finance: The Scale of the Gap

The following table illustrates the scale of the financing gap across key dimensions relevant to South Asia:

**Table 3: Climate Finance Needs vs. Flows (Annual Estimates)**

Category	Estimated Annual Need	Current Annual Flow	Gap
Global adaptation (developing countries)	USD 310–365 billion	USD 26–28 billion	~USD 285–340 billion
Global L&D (developing countries)	USD 395 billion (range: 128–937 billion)	~USD 800 million (total pledges, not annual)	~USD 394 billion+
South Asia adaptation (estimated)	USD 40–50 billion	USD 5.8 billion (2022)	~USD 35–45 billion
Global adaptation spending vs. need at 2°C	USD 1.2 trillion by 2050	USD 190 billion today	~USD 1 trillion
India NDC implementation (by 2030)	USD 2.5 trillion (cumulative)	Not quantified at scale	Enormous
FRLD capitalisation (CEEW 0.08% GDP model)	~USD 60 billion per year	~USD 400 million contributed	99%+ shortfall

*Table 3: Climate Finance Needs vs. Flows (Annual Estimates)*

*Sources: UNEP Adaptation Gap Report 2025; IIASA/CMCC (2024); CEEW Issue Brief (October 2025); OECD DAC climate finance data; McKinsey Global Institute (December 2025); VIKSAT consultation.*

For South Asia, where over 70 per cent of climate finance flows arrive as loans rather than grants, the quality gap compounds the quantity gap. The AOSIS concessionality standards—interest rates of 1 per cent or below, grace periods of 5 years or above, maturity periods of 20 years or above, charges of 1.5 per cent or below, and mandatory inclusion of climate resilience debt clauses—provide a benchmark against which the quality of finance to the region should be measured.<sup>52</sup>

### 1.4 Why Public and Concessional Finance Must Lead

The World Bank's South Asia assessment, "From Risk to Resilience" (June 2025), makes clear that climate resilience in the region is constrained not by demand but by affordability and fiscal space. South Asia faces the world's highest debt service and interest-to-revenue ratios, meaning

<sup>51</sup> Author's analysis; Rishikesh Ram Bhandary's (Research Director, Task Force on Climate, Development and the International Financial Architecture; Senior Academic Researcher, Global Economic Governance Initiatives) public commentary on the Roadmap's short-term steps, November 2025.

<sup>52</sup> AOSIS (2024), New Collective Quantified Goal on Climate Finance – Draft Elements; AOSIS and LDC Group Joint Statement on the NCQG, 2024.

commercial or non-concessional lending will worsen macroeconomic fragility. Firms and households are adopting only low-cost stopgap measures, while transformative adaptation—infrastructure, health systems, social protection—requires patient, concessional, and grant-based finance that lowers the cost of capital and expands fiscal room. In short, resilience will not come from debt-creating flows, but from predictable public instruments that allow governments to prioritise people over bond markets.<sup>53</sup>

The Bank's assessment further documents that across South Asia, adaptation readiness varies dramatically. Bangladesh has developed hydromet early warning systems and climate-smart agriculture, while India has implemented heat action plans in states like Ahmedabad. Yet in both cases, the scale of implementation remains far below what is needed, constrained not by the absence of solutions but by the absence of affordable, accessible finance. The Philippines' disaster risk financing and insurance (DRFI) model and Vanuatu's community-based adaptation are cited as potential models, but their replication in South Asia requires patient public capital rather than profit-seeking private flows.<sup>54</sup>

## The Role and Limits of Private Finance

The Christian Aid paper "Computer Says Yes!" (2025) provides a rigorous assessment of the UK's fair share of climate finance, demonstrating that developed countries have the fiscal capacity to deliver public finance at scale. The analysis shows that the UK's fair share amounts to 5.84 per cent of the global climate finance target—equivalent to approximately GBP 13 billion per year. The report identifies multiple revenue pathways available to developed countries: wealth taxes, polluter-pays levies, fossil fuel subsidy reform, and reallocation of existing public expenditure. Critically, it demonstrates that less than 1 per cent of private climate finance globally goes to adaptation and Loss and Damage—confirming that the private sector cannot substitute for public finance in the areas where South Asia's needs are most acute.<sup>55</sup>

The ODI's NCQG analysis reinforces this finding: while the USD 300 billion target signals ambition, the absence of clarity on quality (grant vs. loan ratios), transparency, and sub-goals risks a repeat of the USD 100 billion failure, where over 70 per cent of flows were loans. Without grant-equivalent accounting and dedicated windows for adaptation and Loss and Damage, a private-first approach could inflate figures without delivering real value—leaving vulnerable countries poorer, not more resilient. The ODI stresses that finance design must cap debt-creating flows, embed accessibility, and set clear accountability mechanisms, all of which require a stronger role for public concessional finance as the anchor.<sup>56</sup>

The INGOS and Christian Aid analysis further drives home both the moral and practical case. Climate justice and the principle of Common but Differentiated Responsibilities (CBDR-RC)

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<sup>53</sup> World Bank Group, *From Risk to Resilience: Helping People and Firms Adapt in South Asia*, Pg. xviii–xix, June 3, 2025, <https://openknowledge.worldbank.org/server/api/core/bitstreams/0ecf03c9-e42a-4e74-888d-8166414551e7/content>

<sup>54</sup> World Bank Group, "Rising to the Challenge: Adaptation and Resilience Solutions in Action," 2024, <https://www.worldbank.org/en/publication/rising-to-the-challenge-climate-adaptation-resilience/publication/adaptation-and-resilience-solutions-in-action>

<sup>55</sup> Christian Aid, "Computer Says Yes! Why the UK Can and Must Deliver its Fair Share of Climate Finance," 2025.

<sup>56</sup> Pettinotti, Laetitia; Elizabeth Tan; and Charlene Watson. 2025. "The New Collective Quantified Goal Decision: What Happened? Implications for Implementation and Accountability." ODI Global Working Paper, June. [https://media.odi.org/documents/The\\_NCQG\\_decision.pdf](https://media.odi.org/documents/The_NCQG_decision.pdf)

mean that Annex II countries owe grant-based support, especially for adaptation and Loss and Damage, given their historic responsibility for emissions. The report dismantles the "billions to trillions" narrative: private finance is profit-driven, flows mostly within rich countries, and is virtually absent from adaptation. Even in mitigation, private flows cluster in profitable sectors (renewables, infrastructure) and bypass poorer, more marginalised communities. Worse, most of the USD 100 billion delivered was in loans, with INGOs estimating its true net value at only one-third of face value due to debt burdens. Only grants and highly concessional loans avoid this trap and reach communities most affected by climate change.<sup>57</sup>

## The Evidence on Locally Led Finance

The IIED's November 2025 study, "Locally Implemented or Locally Led?", provides the most comprehensive analysis to date of how climate finance reaches—or fails to reach—local communities. Analysing eight years of OECD DAC data (2016–2023, approximately 140,000 transaction lines), the study found:<sup>58</sup>

- Only 0.17 per cent of all reported climate finance purports to be locally led—that is, only 311 transaction lines out of approximately 140,000 included terms related to locally or community-led action.
- Of all reported climate finance, only 29 per cent included some funding explicitly aimed at the local level, with a slightly higher proportion for adaptation (33.6 per cent) than for mitigation (24.6 per cent).
- A shocking 0.7 per cent of all reported climate finance made any mention of the keyword "Indigenous."
- Only 4.1 per cent of reported climate finance was channelled directly to subnational actor types through the OECD DAC "channel of delivery" codes.
- Of the 311 locally led funding lines, 308 used grant finance and only three used debt instruments—all three related to the World Bank's Financing Locally-Led Climate Action (FLLoCA) initiative in Kenya.
- There has been an increase in the use of "locally led" terminology since 2021 (the year the LLA principles were launched), with more than 85 per cent of the relevant transaction lines funded in 2021–2023 and twenty times more funding for locally led climate finance reported in 2023 than in 2016. However, even in 2021, the year with the highest proportion, less than half of one per cent of all reported climate finance was for locally led action.
- Bilateral funders approached for detailed project data refused to share even a handful of completed projects, revealing deep resistance to genuine transparency.

The study concludes that "rhetoric about locally led climate action needs to be matched by an increased proportion of funding and a commitment to transparent reporting" and that funding targeting local implementation or locally led action should primarily be grant funding by default—this is particularly true for adaptation.<sup>59</sup>

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<sup>57</sup> Christian Aid, "Putting Our Money Where Our Mouth Is," 2025, <https://www.christianaid.org.uk/resources/our-work/putting-our-money-where-our-mouth>

<sup>58</sup> Treichel, P, Joshi, R, Taylor, EN, Ridout, M, Mitchell, P and Acuda, A (2025) Locally implemented or locally led? Tracking finance for community climate action. IIED, London. <https://iied.org/22674iied>

<sup>59</sup> IIED (n 58), Recommendations.

## The Adaptation Cost Challenge

McKinsey Global Institute's December 2025 analysis, "Advancing Adaptation: Mapping Costs from Cooling to Coastal Defences," provides the most detailed global assessment of adaptation investment needs. Key findings relevant to South Asia include:<sup>60</sup>

**Table 4: Global Adaptation Finance — Key Data Points (McKinsey, December 2025)**

<b>Metric</b>	<b>Finding</b>
Current global adaptation spending	~USD 190 billion per year
Estimated need at 2°C warming by 2050	~USD 1.2 trillion per year
Benefit-to-cost ratio of adaptation measures	7:1
Share of low-income populations unprotected	85 per cent
Share of costs from heat and drought	Over 75 per cent
Number of adaptation measures analysed	20 (spanning cooling, coastal, flood, agriculture, health)

*Table 4: Global Adaptation Finance — Key Data Points (McKinsey, December 2025)*

For South Asia, heat stress is a particularly acute dimension. The Indo-Gangetic plain—home to hundreds of millions—faces some of the highest wet-bulb temperatures globally, with productivity losses already running into billions of dollars annually. The McKinsey analysis confirms that adaptation is not merely a cost but an investment with substantial returns, yet the current architecture channels only a fraction of what is needed. Without a decisive shift toward public, grant-based adaptation finance, the 85 per cent of low-income populations currently unprotected will remain so.

The Zurich Climate Resilience Alliance's research, presented at COP30, further confirms the structural limitations of relying on private finance for adaptation. While opportunities to expand the private sector's role exist—particularly in agriculture and water infrastructure in middle-income countries—the overall potential remains narrow. Coastal flood protection, which represents the single highest adaptation cost globally, offers minimal financial returns, leaving public finance as the only viable pathway. For South Asia, where coastal vulnerability stretches from the Sundarbans in Bangladesh to Sri Lanka's southern coast to Pakistan's Sindh delta, this finding has direct policy implications: adaptation finance must remain public-finance-led.<sup>61</sup>

### 1.5 Loopholes and Challenges in the Climate Finance Framework

The sheer scale of climate change requires an uninterrupted flow of funds to tackle it at the grassroots level in the countries most immediately affected. However, the desired flow is

<sup>60</sup> McKinsey Global Institute, "Advancing Adaptation: Mapping Costs from Cooling to Coastal Defences," December 2025, <https://www.mckinsey.com/mgi/our-research/advancing-adaptation-mapping-costs-from-cooling-to-coastal-defences>

<sup>61</sup> Zurich Climate Resilience Alliance research presented at COP30, November 2025; World Economic Forum, "Adaptation is moving up the climate agenda. COP30 must get serious about financing it," November 2025, <https://www.weforum.org/stories/2025/11/finance-climate-adaptation-cop30/>

regularly interrupted and, in some cases, diverted by a visible lack of political will amongst Annex II countries in honouring their finance commitments. Some of the most apparent loopholes and challenges are discussed here.

## Unrealistic Expectations from Private Sector Finance

Annex II countries consistently delegate their obligation to fund climate finance to the private sector. It is important to analyse private finance across three distinct categories:

**Mitigation:** Currently, the maximum private finance is visible in mitigation projects. This mainly entails GHG emissions reduction and structural shifts from fossil fuels to renewable energy. Private sector players who, on account of sheer economies of scale, are able to turn this shift into profit, are playing an active role. However, it is not an easy task to replicate this shift with the same efficacy across all medium and small-scale players, because the upfront cost of setting up renewable energy plants far exceeds that of fossil fuel plants. Therefore, it would be unrealistic to expect the private sector to take up the bulk of mitigation finance at the moment.<sup>62</sup>

**Adaptation:** This aspect of finance mainly entails climate resilience and policy shaping to prevent future damage. From a decision-making perspective as well as a finance perspective, the onus is on the public sector to take the lead. The private sector neither has the legitimate authority to take legislative actions nor the financial motivation to earn profits from adaptation finance. Currently, the private sector contribution in adaptation sits at approximately 2 per cent of overall contributions.<sup>63</sup> As confirmed by the Zurich Climate Resilience Alliance and the Christian Aid analysis, less than 1 per cent of private climate finance globally reaches adaptation and Loss and Damage. The McKinsey analysis further demonstrates that while the benefit-to-cost ratio of adaptation is 7:1, these returns accrue to societies and ecosystems rather than to private investors, making public finance the indispensable anchor.<sup>64</sup>

**Loss and Damage:** There is minimal possibility of bringing private finance to Loss and Damage owing to the complete absence of a profit model, although options are being explored.<sup>65</sup> Annex II countries continuously resort to MDB finance (non-loan instruments) in this category. This is a clear indication that even in Loss and Damage, the Annex II countries are not owning up their own responsibility but opting for MDB finance which deepens the debt trap for climate-vulnerable countries. The L&DC has consistently argued that Loss and Damage finance must be 100 per cent grant-based to avoid further exacerbating debt burdens in developing countries.<sup>66</sup>

## Over-Reliance on MDB Finance

The rapid increase in MDB financing is a worrying sign for climate-vulnerable countries. MDBs are primarily financial institutions and their forte is finance, not social policy or

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<sup>62</sup> Author's analysis; see also UNFCCC Standing Committee on Finance, Biennial Assessment and Overview of Climate Finance Flows, 2024.

<sup>63</sup> Christian Aid, "Computer Says Yes!" (n 55); Zurich Climate Resilience Alliance research presented at COP30, November 2025.

<sup>64</sup> McKinsey Global Institute (n 60).

<sup>65</sup> Author's analysis; exploration of private sector L&D options discussed in UNFCCC technical dialogues, 2024–2025.

<sup>66</sup> Loss and Damage Collaboration, Second Submission to Inform the Baku to Belém Roadmap, August 2025.

sustainable development. The finance they provide not only creates a debt trap but in many cases fails to achieve the purpose for which the loan is granted. Moreover, in the absence of coordination with organisations working with vulnerable communities, it sometimes produces paradoxical impacts.

A prime example is the case of the World Bank sanctioning a USD 300 million loan to Pakistan for the Punjab Clean Air Action Plan (PCAAP).<sup>67</sup> A major component of this plan is to reduce air pollution from stubble burning by distributing super-seeders to promote in-situ management of stubble. This plan directly promotes mechanisation of agriculture without making alternative arrangements for daily-waged manual farm labourers, an overwhelming percentage of whom come from the historically oppressed Dalit community.<sup>68</sup> This displacement of labour is detrimental to the purported intent of climate finance, which entails financing the most vulnerable communities on the frontlines of climate change.

The Baku to Belém Roadmap itself calls for MDBs to set enhanced climate finance targets through 2035, including strong support for adaptation, and to expand access to technical assistance and project preparation. However, unless MDB lending is fundamentally reformed to prioritise grants, embed social safeguards, and ensure community participation, more MDB finance will merely deepen the very vulnerabilities it purports to address.<sup>69</sup>

## Inflation Adjustment and Creative Accounting

A glaring challenge while analysing climate finance is ascertaining the actual worth of finances in the climate finance framework. The NCQG amounting to USD 300 billion in 2024 sounds like an advancement compared to the USD 100 billion pledge of 2010, but accounting for the rate of inflation since 2010, the actual operating worth of the NCQG is even less than the original 2010 pledge.<sup>70</sup> Developed countries also present their financial contributions generously through two notable routes:

First, many development projects are mislabelled as climate projects merely on account of negligible climate sustainability aspects. A considerable share of expenditure on such projects is endorsed as climate finance. Second, Annex II countries sometimes report non-grant instruments, such as loans, at their face value, completely ignoring the financial burden borne by the receiver in repaying the loan. Japan's 2017 reporting is a case in point: it reported USD 9.6 billion in climate finance, making it appear a global leader. However, 64 per cent of the reported amount was provided as loan. Most projects were labelled "significant" in climate relevance rather than having a primary climate focus. When recalculated using grant-equivalent reporting, the actual value dropped to USD 3.8 billion—or even USD 0.5 billion under stricter assumptions.<sup>71</sup>

The IIED's November 2025 study further documents these accounting challenges. It found that different countries use different coefficients when applying the Rio markers to indicate the climate proportion of their development finance, creating inconsistencies that undermine

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<sup>67</sup> World Bank, Punjab Clean Air Action Plan (PCAAP) Project Documentation, Pakistan.

<sup>68</sup> Author's analysis; see also Dalit Solidarity Network reporting on labour displacement in Punjab agriculture.

<sup>69</sup> Baku to Belém Roadmap (n 44), Key Action Point 1.4.

<sup>70</sup> Author's analysis using IMF World Economic Outlook inflation data, 2010–2024.

<sup>71</sup> Oxfam Japan and CSO analyses of Japan's 2017 climate finance reporting; see also Zagema, B, et al. (2023) Climate finance shadow report 2023. Oxfam International.

comparability. Funders are left to determine these parameters themselves, significantly undermining the value of the OECD DAC datasets. The study notes that a more recent assessment estimates the share of false positives in OECD DAC climate data at roughly 10 per cent, though individual country audits of Australia and the UK continue to suggest significant over-coding.<sup>72</sup>

## An Opportunity Missed in the ICJ's Advisory Opinion

The ICJ's opinion augurs well to the extent that it reaffirms that Annex II Parties have a binding obligation to provide climate finance. It confirms and reinforces the binding nature of the Paris Agreement and UNFCCC. However, it fell short of strongly upholding the "Polluter Pays" principle, as it did not lay down specific legal consequences for Annex II countries in case of default in fulfilling their climate finance obligations. This is duly reflected in Judge Bhandari's separate opinion, wherein he stressed that the ICJ's failure to integrate the Polluter Pays Principle is a major shortcoming and that the Court missed an opportunity to strengthen the accountability architecture essential for addressing climate change.<sup>73</sup>

That said, the ICJ's finding that failure to regulate fossil fuel production, consumption, licensing, and subsidies may constitute an internationally wrongful act (para. 427) does open pathways for future litigation and accountability mechanisms. The growing wave of climate cases—from the Pakistani farmers' suit against RWE and Heidelberg Materials, to the Swiss Holcim case, to the Philippines Shell case in UK courts—demonstrates that affected communities are increasingly using legal systems to hold polluters accountable where diplomatic processes have failed.<sup>74</sup>

## The Global Goal on Adaptation: Progress on Indicators, Gaps on Finance

The UAE Framework for Global Climate Resilience, adopted at COP28, established seven thematic targets (water, food, health, ecosystems, infrastructure, poverty/livelihoods, and cultural heritage) and four dimensional targets (risk assessment, planning, implementation, and monitoring/evaluation/learning) for the Global Goal on Adaptation. A consolidated list of 490 indicators was refined by 78 experts convened under the UAE-Belém work programme, with 37 per cent being new indicators proposed by the experts. The CMA6 decision at COP29 established the Baku Adaptation Roadmap (BAR) and determined that the final outcome should include a manageable set of no more than 100 globally applicable indicators.<sup>75</sup>

Twenty-eight per cent of potential indicators in the consolidated list have been tagged as related to means of implementation, with the largest shares relating to capacity-building (43 per cent) and finance (39 per cent), with 11 per cent covering technology and 7 per cent other enabling factors. Each expert group also identified MoI indicators relevant to finance and technology, covering aspects such as public and private finance, subsidy and credit schemes, grants,

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<sup>72</sup> IIED (n 58), Challenges and Limitations section; Ritchie (2024) on limitations of OECD and UNFCCC reporting.

<sup>73</sup> ICJ Opinion (n 16), Separate Opinion of Judge Bhandari.

<sup>74</sup> ECCHR (n 20); Business and Human Rights Centre, "Germany: RWE and Heidelberg Materials sued over crop losses caused by 2022 floods in Pakistan," January 2026; Climate Cost Case Pakistan, <https://www.climatecostcase.org/en/the-case>

<sup>75</sup> SLYCAN Trust, "Understanding the Global Goal on Adaptation: The Road from Dubai to Belém — Updated Technical Briefing," June 2025, <https://slycantrust.org/knowledge-resources/updated-technical-briefing-understanding-the-global-goal-on-adaptation>

international funding costs, and cost savings. However, critical gaps remain: indicators related to reducing barriers and dis-enablers such as cost of capital and creating fiscal space, and indicators related to direct access and streamlining of access modalities, are not currently covered in the consolidated list.<sup>76</sup>

The SLYCAN Trust position paper identifies a useful typology of finance indicators for the GGA, spanning: quantitative indicators on the scale of funding; indicators on integration of adaptation into financial systems; indicators focused on access to finance; and cost-related indicators. For South Asia, indicators that measure the proportion of adaptation finance allocated to subnational and local institutions, the rate of access to finance for adaptation, and cost savings from preventive adaptive measures would be particularly valuable for tracking whether finance is reaching the communities that need it most.<sup>77</sup>

The GGA will continue to be negotiated beyond CMA7, including at SB64 and CMA8, making it a priority agenda item for South Asian advocacy. The BAR, which Parties expect to serve as a driving force for the implementation of indicators and adaptation action, must be given a concrete implementation pathway at COP31, with clear modalities and alignment with the second Global Stocktake (2028). Developing countries' ability to operationalise the UAE Framework for Global Climate Resilience is, as the CMA5 decision recognised, contingent upon developed countries fulfilling their commitments on means of implementation and support.<sup>78</sup>

## What the Climate Finance Architecture Means for South Asia: An Assessment

Taken together, the international climate finance architecture—from the NCQG and the Baku to Belém Roadmap to the FRLD, the GGA indicators, and the ICJ Advisory Opinion—presents South Asia with a landscape of significant promise but persistent structural failure. The promise is real: the NCQG's USD 300 billion and USD 1.3 trillion targets represent the highest ambition ever agreed; the FRLD has moved from concept to operational launch within three years; the ICJ has confirmed that climate finance is a legal obligation, not a voluntary gesture; and the GGA indicator framework is creating, for the first time, a measurable architecture for tracking adaptation progress. Yet for the region that is home to nearly a quarter of the world's population and faces some of the most acute climate risks on the planet, the structural failures are equally stark.

South Asia receives over 70 per cent of its climate finance as loans rather than grants, deepening a debt crisis that already sees the region's countries spending more on debt servicing than on climate action. Between 2019 and 2023, 82.1 million people were affected by weather-related disasters in the region. Pakistan's 2022 floods alone displaced 33 million people and caused USD 30 billion in damages, with over 90 per cent of recovery pledges arriving as loans. Bangladesh's rural households spend nearly USD 1.9 billion per year addressing Loss and Damage—twice what the government spends and twelve times what international donors provide. Sri Lanka needs USD 220 billion over three decades for climate-resilient growth but

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<sup>76</sup> SLYCAN Trust, "Means of Implementation and the Global Goal on Adaptation — Position Paper," June 2025, <https://slycantrust.org/knowledge-resources/position-paper-means-of-implementation-and-the-global-goal-on-adaptation>

<sup>77</sup> SLYCAN Trust (n 76), Draft Typology of Finance Indicators.

<sup>78</sup> Decision 2/CMA.5, paragraph 32; Decision 3/CMA.6 on the Baku Adaptation Roadmap; SB64 Information Note, UNFCCC.

remains locked in a debt restructuring programme. Nepal requires USD 73.7 billion by 2035 for its NDC implementation, with 85 per cent conditional on international support that has not materialised at the necessary scale or quality. India, while not in a debt crisis, faces an NDC financing gap of USD 2.5 trillion by 2030, with domestic climate allocations within the MoEFCC declining to just INR 270 crore for flagship schemes—a fraction of what is required.

Meanwhile, only 0.17 per cent of all reported climate finance globally is locally led. Only 0.7 per cent mentions Indigenous peoples. The FRLD's initial USD 250 million allocation under the BIM, while a welcome operational start, amounts to less than 0.04 per cent of estimated annual Loss and Damage needs. Private finance—repeatedly invoked by developed countries as the solution—accounts for less than 1 per cent of adaptation and Loss and Damage flows and is structurally incapable of delivering the grant-based, community-accessible finance that South Asia's frontline communities require.

For the region, the path from Belém to Antalya must therefore be defined by five clear demands. First, the FRLD must be substantively capitalised at its first replenishment, with pledging milestones anchored in equitable burden-sharing such as the CEEW's 0.08 per cent GDP model. Second, the NCQG must be operationalised with dedicated sub-goals for adaptation and Loss and Damage, measured in grant-equivalent terms, with a clear definition of what counts as climate finance. Third, IMF programmes in the region—particularly the RSF instruments in Pakistan and Bangladesh—must be distinguished from genuine climate finance, and South Asian countries must collectively advocate for climate-debt swaps, SDR reallocation, and grant-first windows. Fourth, the GGA indicator framework, finalised at COP31, must include robust means of implementation indicators that measure direct access, fiscal space creation, and finance reaching subnational and local institutions. Fifth, the ICJ Advisory Opinion must be embedded into COP31 negotiating outcomes as the legal baseline for all finance and mitigation decisions, ensuring that developed countries' obligations are treated as binding rather than aspirational.

These are not aspirational asks—they are the minimum requirements for a climate finance architecture that serves justice rather than perpetuating inequality. The sections that follow examine how these structural dynamics play out in the NDC landscape, in Loss and Damage governance, and in the lived experiences of communities across each country of the region.

## Section 2 – The Evolving Landscape of Nationally Determined Contributions (NDCs) in South Asia and Myanmar

Having discussed the international principles and frameworks governing climate finance, we now turn to the importance of Nationally Determined Contributions (NDCs) and how they play a pivotal role in defining the direction of climate flows in national contexts. NDCs are at the core of the Paris Agreement and the achievement of its long-term goals. They embody the efforts by each country to reduce national emissions and adapt to the impacts of climate change.<sup>79</sup> We examine the evolution of NDCs from their first iteration through to the emerging NDC 3.0 cycle, with a specific focus on the countries of South Asia: India, Bangladesh, Pakistan, Nepal, Sri Lanka, Afghanistan, and Myanmar. We highlight the shift from broad mitigation and adaptation goals to a more explicit consideration of Loss and Damage, and the challenges that remain.

The ICJ's Advisory Opinion (July 2025) has given this discussion new legal force. The Court made clear that NDCs are not wholly discretionary—merely preparing and communicating an NDC is not sufficient to meet a State's obligations under the Paris Agreement (para. 236). Rather, NDCs must be progressively "more demanding over time" (para. 241), reflect the "highest possible ambition" (para. 242), be informed by the Global Stocktake (para. 243), and "when taken together" with other NDCs, be "capable of achieving the temperature goal of limiting global warming to 1.5°C" (para. 245).<sup>80</sup> This legal clarity has direct implications for the NDC 3.0 cycle in South Asia: each country's updated contribution must now be assessed not only against its own development priorities but against the collective legal standard set by the Court.

### 2.1 From Broad Ambition to Refined Commitments: Shortcomings of Previous NDCs

The initial NDCs submitted by South Asian nations were largely foundational documents. They demonstrated a commitment to the Paris Agreement but were often lacking in detailed, quantifiable targets, especially for adaptation and Loss and Damage. For example, Pakistan's initial NDC set a broad conditional emissions reduction target but was largely dependent on international support without a clear roadmap for achieving it domestically.<sup>81</sup> Similarly, while Nepal's first NDC included mitigation and adaptation goals, it was criticised for a lack of concrete data and specificity.<sup>82</sup>

These earlier NDCs generally focused on two main pillars:

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<sup>79</sup> UNFCCC, Nationally Determined Contributions (NDCs), <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs>

<sup>80</sup> CIEL, PICAN, PISFCC & WYJ, "Leveraging the ICJ Climate Ruling at COP30 to Unlock Ambition and Advance Accountability: A Pocket Guide for Negotiators and Allies," November 2025, pp. 3–4.

<sup>81</sup> Government of Pakistan, Pakistan's Updated Nationally Determined Contribution, 2021.

<sup>82</sup> Government of Nepal, Nepal's Nationally Determined Contribution, 2016; Prakriti Resource Centre consultation, 2025.

Mitigation: This involved setting targets for emissions reduction, often through the expansion of renewable energy and energy efficiency measures. India's initial NDC set a target to reduce the emissions intensity of its GDP by 33 to 35 per cent by 2030 from 2005 levels and aimed for 40 per cent of its electricity to come from non-fossil fuel sources, with a strong emphasis on expanding renewable energy capacity including wind and solar power.<sup>83</sup> Pakistan's initial NDC targeted a reduction of up to 20 per cent in projected emissions by 2030, conditional on international support, focusing mainly on increasing renewable energy production, enhancing energy efficiency, and protecting forests to sequester carbon.<sup>84</sup>

Adaptation: This addressed vulnerability to climate change, primarily through resilience-building in key sectors like agriculture and water management. Nepal's adaptation efforts focused on enhancing resilience through climate-smart practices such as solar-powered irrigation systems, watershed management, and the conservation of drought-resistant crop varieties.<sup>85</sup> Sri Lanka emphasised adaptation in its agriculture and water sectors by integrating climate resilience into national planning, focusing on food security through improved water management and community-based adaptation initiatives.<sup>86</sup>

A major shortcoming was the indirect and often-implicit treatment of Loss and Damage. L&D was either absent or framed as a component of disaster risk reduction (DRR), failing to acknowledge it as a distinct climate justice issue requiring separate financing.<sup>87</sup> For example, while Bangladesh's previous NDCs recognised its extreme vulnerability, they framed Loss and Damage in the context of DRR, which did not fully capture the irreversible, non-economic losses experienced on the ground. This meant that while countries acknowledged the impacts, they did not explicitly demand the financial support needed to address them, a challenge highlighted in the Christian Aid report "Turning the Tide."<sup>88</sup>

## Comparative Table: Main Pillars (Mitigation and Adaptation) of the Initial NDCs

Most South Asian countries set broad and often conditional goals for emissions reduction in their initial NDCs, generally dependent on international support. India emphasised reducing the emissions intensity of its GDP through expanding renewable energy capacity and improving energy efficiency. Pakistan similarly set mitigation targets conditional on international financial support, focusing on expanding renewables and advancing energy efficiency measures. Meanwhile, Nepal and Sri Lanka referenced renewables in their NDCs but provided fewer sector-specific, quantifiable targets.

Adaptation strategies across these countries primarily target resilience-building in agriculture and water management sectors. Sri Lanka and Bangladesh adopt broader approaches such as mainstreaming adaptation into national planning frameworks. However, most adaptation goals remain general, lacking concrete and measurable targets, which limits clarity on implementation pathways.

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<sup>83</sup> Government of India, India's Intended Nationally Determined Contribution, 2015.

<sup>84</sup> Government of Pakistan (n 81).

<sup>85</sup> Government of Nepal (n 82); Karki, G, et al. (2021) Climate change adaptation interventions and indicators in Nepal. *Sustainability*, 13(23), 13195.

<sup>86</sup> Government of Sri Lanka, Sri Lanka's Nationally Determined Contribution, 2016; National Adaptation Plan (2016–2025).

<sup>87</sup> Christian Aid, "Turning the Tide: Embedding Loss and Damage in the Next Generation of NDCs," 2024.

<sup>88</sup> Christian Aid (n 87).

Key shortcomings of the initial NDCs include the absence of quantifiable adaptation targets and reliance on broad, non-specific strategies. Moreover, almost all countries depended heavily on international support to meet mitigation ambitions, without offering detailed roadmaps or domestic implementation plans. Data and capacity gaps were particularly noted in Afghanistan, Nepal, and Bangladesh, constraining their ability to develop actionable climate adaptation measures.

**Table 5: Country-wise Overview of Mitigation, Adaptation Pillars, and Key Gaps in Initial NDCs (South Asia)**

Country	Mitigation Pillar	Adaptation Pillar	Key Gaps
India	Set target to reduce emissions intensity of GDP by 33–35%; focus on renewable energy and energy efficiency	Vulnerability assessment; focus on agriculture, water, health, coastal regions	Few quantifiable adaptation targets
Bangladesh	Conditional target to reduce GHG by 5–15% by 2030; focus on energy sector, subject to support	Adaptation in agriculture, water management; mainstreaming climate into policy and planning	Weak data and lack of specific adaptation finance
Pakistan	Intended to reduce up to 20% of 2030 projected GHGs, conditional on USD 40bn support; focus on energy, forestry	Adaptation for agriculture, disaster management, water resources	No domestic roadmap, conditional targets
Nepal	Mitigation options in energy, forest; some renewable energy targets	Adaptation through agriculture, water resource management; lacks concrete targets	Non-specific adaptation actions, data gaps
Sri Lanka	Mitigation via energy transformation; focus on low GHG contribution sectors	Broad adaptation strategy: mainstreaming into planning, food security, water management	No quantifiable adaptation targets
Afghanistan	Emphasis on reducing emissions from energy/agriculture; inventorying GHG sources	Adaptation for agriculture, water management, natural disaster resilience	Capacity/data gaps, general adaptation commitments
Myanmar	Sectoral mitigation targets (energy, forestry, rural renewables); mostly conditional	Priority adaptation actions in agriculture and water; plans for resilient infrastructure	Limited quantifiable targets, relies on external support

*Table 5: Country-wise Overview of Mitigation, Adaptation Pillars, and Key Gaps in Initial NDCs (South Asia)*

These earlier NDCs often failed to recognise the cross-cutting nature of climate finance, which is essential to achieving sustainable development. The treatment of Loss and Damage was particularly weak—either absent entirely or subsumed within disaster risk reduction frameworks that did not capture the irreversible, justice-laden dimensions of climate impacts on vulnerable populations.

## 2.2 The Transition to Current NDCs: New Goals and the Loss and Damage Angle

The updated NDCs and drafts submitted by South Asian nations show a notable increase in ambition and detail, moving from broad intentions to more specific, quantifiable targets. The NDC 3.0 cycle—covering the period to 2035—represents a generational opportunity to embed Loss and Damage as a funded, cross-cutting priority rather than an afterthought. Several important advances have been made, though the pace and depth of integration remain uneven across the region.

### Increased Mitigation Ambition

India's NDC 3.0, approved by the Union Cabinet on 25 March 2026 for the period 2031–2035, represents the most significant update in the region. It raised the emissions intensity reduction target to 47 per cent by 2035 from 2005 levels (up from 45 per cent by 2030 in the 2022 update), pledged 60 per cent of installed electricity capacity from non-fossil fuel sources (up from 50 per cent), and set a carbon sink target of 3.5–4 billion tonnes of CO<sub>2</sub> equivalent through forest and tree cover by 2035.<sup>89</sup>

India has already demonstrated a strong track record of early delivery. By 2020, emissions intensity had been reduced by 36 per cent from 2005 levels—achieving the original 33–35 per cent target eleven years ahead of schedule. As of February 2026, non-fossil fuel sources account for 52.57 per cent of installed electricity capacity, surpassing the 50 per cent target nearly five years early. India's CO<sub>2</sub> emissions growth slowed to just 0.7 per cent in 2025—the slowest pace since 2001, excluding the pandemic year—and power sector emissions declined by 3.8 per cent as coal-fired generation fell for the first time outside the Covid period since 1973.<sup>90</sup>

Climate Action Network South Asia has welcomed India's updated NDC 3.0, noting that it "builds on a strong track record of climate action and delivery" and that "given the pace at which renewable energy and efficiency measures have scaled in recent years, the new targets appear not only achievable but well within reach if current policy direction continues. This sends a positive signal for the region, reinforcing confidence that development and decarbonisation can move forward together."<sup>91</sup>

However, analysts note important caveats. The 47 per cent intensity target has been characterised as "not very optimistic" from a mitigation perspective, given that India could potentially achieve more given current trajectories.<sup>92</sup> Emissions from hard-to-abate sectors—

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<sup>89</sup> Government of India, Press Information Bureau, "Cabinet approves India's Nationally Determined Contribution (2031-2035)," 25 March 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2245209>

<sup>90</sup> Down to Earth, "India unveils new UN climate target: 47% emissions intensity cut by 2035, 60% non-fossil power capacity," March 2026, <https://www.downtoearth.org.in/climate-change/india-unveils-new-un-climate-target-47-emissions-intensity-cut-by-2035-60-non-fossil-power-capacity>; Carbon Brief/CREA analysis of India's 2025 emissions data.

<sup>91</sup> Dr Sanjay Vashist, Director, Climate Action Network South Asia (CANSAs), statement on India's NDC 3.0, March 2026.

<sup>92</sup> Labanya Jena, Director, Climate and Sustainability Initiative, quoted in Carbon Copy, "India Announces NDC 3.0," March 2026, <https://www.carboncopy.info/india-announces-ndc-3-0-focuses-on-emission-cut-and-clean-energy>

steel (up 8 per cent in 2025) and cement (up 10 per cent)—are offsetting gains in the power sector. Over 37 GW of renewable capacity remains stranded due to inadequate grid infrastructure, and NITI Aayog estimates that India could reach 81–83 per cent non-fossil capacity by 2050 under current policies, suggesting that the 60 per cent target for 2035 may not fully reflect the pace already achieved.<sup>93</sup> Critically, the NDC 3.0's five qualitative targets—including climate-resilient infrastructure, mobilising finance, and capacity building—acknowledge the adaptation dimension, but the absence of a National Adaptation Plan and the steep decline in dedicated climate funding within the MoEFCC budget (from INR 420 crore in FY 2022–23 to INR 270 crore in FY 2025–26) mean that the gap between mitigation ambition and adaptation delivery remains wide.

The World Resources Institute observed that India's NDC "signals a growing recognition that climate action and nature conservation are engines for economic growth, development and long-term prosperity" and noted the importance of the commitments to expanding forest cover and strengthening resilience across agriculture, water, and health.<sup>94</sup> India's NDC 3.0 is operationalised through the National Action Plan on Climate Change (NAPCC) and its nine national missions, as well as State Action Plans, implemented in convergence with schemes such as the Jal Jeevan Mission, National Mission on Sustainable Agriculture, MISHTI (Mangrove Initiative for Shoreline Habitats and Tangible Incomes), and Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).<sup>95</sup>

## Enhanced Adaptation and Loss and Damage Integration across the Region

Sri Lanka's NDC 3.0, submitted in September 2025, represents a landmark advance in the region. It contains a dedicated, operational Loss and Damage chapter—the first of its kind among South Asian NDCs—outlining national stocktaking processes, a new data management and governance framework, strengthened inter-agency coordination between the Ministry of Defence and the Ministry of Environment, and measurable targets for risk forecasting, data integration, and institutional capacity. This marks a decisive advance over the previous NDC 2.0, which provided initial framing but not a comprehensive L&D architecture. Sri Lanka's NDC 3.0 commits to a 14.5 per cent reduction in GHG emissions by 2030, with a strong focus on renewable energy and resilience aligned with the country's National Climate Finance Strategy (2025–2030) and the World Bank's Country Climate and Development Report.<sup>96</sup>

Pakistan's NDC 3.0, also submitted in September 2025, explicitly calls for substantial, predictable international finance for Loss and Damage, especially in light of the devastating impacts of the 2022 floods that displaced over 33 million people. The updated NDC details the establishment of a national assessment mechanism led by the National Disaster Management

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<sup>93</sup> KPIAS Academy analysis of India's NDC 2035 targets, citing CREA/Carbon Brief data on sectoral emissions and CEA 20th Electric Power Survey Midterm Review, March 2026.

<sup>94</sup> Melanie Robinson, Global Climate, Economics and Finance Director, World Resources Institute, "STATEMENT: India Announces New 2035 Climate Commitment," 26 March 2026, <https://www.wri.org/news/statement-india-announces-new-2035-climate-commitment>

<sup>95</sup> Government of India PIB (n 89).

<sup>96</sup> Government of Sri Lanka, Sri Lanka's Nationally Determined Contributions 3.0 (2026–2035), submitted 22 September 2025, <https://unfccc.int/sites/default/files/2025-09/Sri%20Lankas%20Nationally%20Determined%20Contributions%203.0>; World Bank, "From Crisis to Comeback: How Climate-Smart Growth Can Power Sri Lanka's Recovery," 20 November 2025, <https://www.worldbank.org/en/news/feature/2025/11/20/from-crisis-to-comeback-how-climate-smart-growth-can-power-sri-lanka-s-recovery>

Authority (NDMA) and provincial governments, formalises data management and verification systems, and requests over USD 565.7 billion by 2035 for disaster risk preparedness, recovery, and climate-resilient development. Loss and Damage is now a funded, cross-cutting priority in both adaptation and overall climate planning, reflecting significant institutional advancement over previous NDCs.<sup>97</sup> This marks a crucial shift from simply acknowledging impacts to demanding the means of implementation.

Nepal's NDC 3.0 includes a substantive L&D framework covering mountain hazards, early warning systems, and national/international coordination. It estimates a total requirement of USD 73.7 billion by 2035, of which nearly 85 per cent is conditional on international assistance.<sup>98</sup> While the document demonstrates strong mitigation ambition—particularly around hydropower and solar energy—adaptation and Loss and Damage remain comparatively underdeveloped in terms of measurable targets and domestic financing commitments.

Bangladesh's NDC 3.0, currently under preparation, is expected to expand the scope of climate planning to include waste management, urban planning, and more explicit Loss and Damage provisions. Civil society consultations—including with BRAC, Christian Aid Bangladesh, and CPRD—have emphasised the need for the updated NDC to treat adaptation and L&D as cross-cutting priorities and to integrate non-economic losses, circular economy principles, and justice-based approaches.<sup>99</sup>

## Broader Sectoral Scope

The current NDCs of countries like Bangladesh and India expand their scope to include a wider range of sectors, from waste management to urban planning. We believe this provides an entry point for mainstreaming Loss and Damage into areas that deal directly with displacement and infrastructure damage. India's NDC 3.0 explicitly emphasises adaptation measures across key sectors including agriculture, water, and health, and highlights the importance of sustainable lifestyles through the Lifestyle for Environment (LiFE) initiative.<sup>100</sup>

## 2.3 Civil Society Perspectives on Loss and Damage Integration

According to Christian Aid's "Turning the Tide: Embedding Loss and Damage in the Next Generation of NDCs," civil society organisations emphasise that technical climate pledges must be transformed into justice-driven commitments to ensure meaningful progress on Loss and Damage. They advocate for clear and binding finance commitments specifically targeting Loss and Damage, arguing that such financial backing is essential for effective implementation and support.<sup>101</sup>

Moreover, there is a strong call for the inclusion of marginalised voices in the NDC formulation and implementation process. This includes caste-affected groups, minorities, women (intersection), informal workers, and displaced communities, whose perspectives are crucial to addressing the inequities and vulnerabilities exacerbated by climate change. Civil society further insists on realistic timelines and practical mechanisms to operationalise Loss and

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<sup>97</sup> Government of Pakistan, Pakistan's NDC 3.0, submitted September 2025.

<sup>98</sup> Government of Nepal, Nepal's NDC 3.0; Prakriti Resource Centre consultation, 2025.

<sup>99</sup> BRAC, CPRD, and Christian Aid Bangladesh consultations, 2025.

<sup>100</sup> Government of India PIB (n 89).

<sup>101</sup> Christian Aid, "Turning the Tide: Embedding Loss and Damage in the Next Generation of NDCs," 2024.

Damage policies at both national and local levels. These measures are seen as vital to ensure that Loss and Damage integration is not merely an add-on to climate action plans but a central element that fosters accountability and advances equity in climate responses.<sup>102</sup>

## The Bangladesh Experience: CPRD's Ground-Level Advocacy

CPRD's research and advocacy work in Bangladesh illustrates how civil society can bridge the gap between technical NDC processes and the lived realities of frontline communities. As a policy research organisation working across Bangladesh's most climate-stressed areas, CPRD has implemented intensive participatory ground studies to gather local evidence of climate change impacts and indigenous adaptation practices, and has taken recommendations from local and grassroots stakeholders on possible solutions. In the lead-up to the formulation of the Bangladesh National Adaptation Plan, CPRD implemented a ground-study in three different climate change hotspots, sharing findings and recommendations in a national dialogue with policymakers and influential CSOs. This significantly strengthened the advocacy for formulating a locally led, inclusive, rights-based NAP.<sup>103</sup>

CPRD recently implemented a study investigating the factors determining the effectiveness and sustainability of adaptation in light of the Locally Led Adaptation (LLA) principles and shared the findings with policymakers and CSOs, prompting them to consider LLA principles in future adaptation efforts. CPRD has also been engaging with ministries and local government bodies—including the Ministry of Environment, Forest and Climate Change, the Department of Environment, the Ministry of Disaster Management and Relief, the Ministry of Agriculture, and the National Human Rights Commission—through issue-based research, dialogues, and seminars to link grassroots needs with state programmes.<sup>104</sup>

A critical contribution of CPRD's work is its focus on differentiating between locally implemented and locally led climate action—a distinction that the IIED's November 2025 study has shown to be crucial. CPRD's advocacy emphasises that climate finance must not merely target the local level but must be authentically led by local actors, ensuring that decision-making power rests with the communities in question. This aligns directly with the LLA principles endorsed by over 130 governments and institutions since 2021, and with the finding that only 0.17 per cent of all reported climate finance can be deemed locally led.<sup>105</sup>

## Potential Challenges Ahead

Despite clear improvements in the NDC 3.0 cycle, several challenges could hinder successful implementation of enhanced NDCs, particularly concerning Loss and Damage and adaptation:

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<sup>102</sup> Christian Aid (n 101).

<sup>103</sup> Centre for Participatory Research and Development (CPRD), Case Study Template submission to CANSA, 2025; CPRD consultations with CANSA research team, 2025.

<sup>104</sup> CPRD (n 103); CPRD's engagement with Bangladesh policy stakeholders including the Ministry of Environment, Forest and Climate Change (MoEFCC), Department of Environment (DoE), Ministry of Women and Children Affairs (MoWCA), Ministry of Disaster Management and Relief (MoDMR), Ministry of Agriculture (MoA), Ministry of Finance (MoF), Ministry of Water Resources (MoWR), National Human Rights Commission (NHRC), and Planning Commission of Bangladesh.

<sup>105</sup> IIED (n 58); LLA Principles, <https://www.iied.org/principles-for-locally-led-adaptation>; CPRD consultation, 2025.

**Financial Constraints:** South Asian countries remain highly dependent on international climate finance, which remains unpredictable and insufficient to meet the growing costs of Loss and Damage and adaptation. Domestic financial mobilisation is also limited by competing development priorities. India requires USD 2.5 trillion by 2030 for its NDC commitments alone; Nepal's NDC 3.0 estimates USD 73.7 billion by 2035, with 85 per cent conditional on international support; Pakistan's NDC 3.0 requests over USD 565.7 billion by 2035. These figures dwarf the actual flows reaching the region, where over 70 per cent of climate finance arrives as loans rather than grants.<sup>106</sup>

**Implementation Capacity:** Weak institutional and governance structures, especially in Afghanistan and Myanmar due to political instability, may delay or reduce the effectiveness of climate actions. Furthermore, many countries still lack robust MRV systems to monitor adaptation and Loss and Damage progress. Bangladesh's IMF programme performance has been mixed, with the fifth review pending formation of a new government. Nepal faces political instability and reconstruction demands that risk diverting scarce domestic funds away from climate priorities.<sup>107</sup>

**Data and Reporting Gaps:** Quantifying non-economic losses and displacement remains challenging, and most current NDCs do not fully capture these dimensions. As CPRD has documented in Bangladesh, losses such as erosion of cultural heritage, psychological trauma, loss of community cohesion, child marriage, and school dropout are pervasive across climate hotspots but remain largely invisible to national data systems and international finance mechanisms.<sup>108</sup>

**Inclusivity and Justice:** Ensuring that vulnerable communities are actively engaged and receive climate finance and adaptation support remains an ongoing struggle. Without inclusive planning, many climate actions risk perpetuating existing inequalities. CPRD's work with marginalised groups—including Dalit communities, ethnic minorities, ultra-poor households, and women in climate-vulnerable areas—reveals structural barriers including limited land tenure documentation, low literacy, lack of political voice, discriminatory social norms, and geographic isolation that systematically exclude these groups from accessing climate finance and participating in governance processes.<sup>109</sup>

The perspectives of CSOs are crucial. They can bridge the gap between technical government documents and the lived reality of communities, providing a human face to the statistics on climate change. By documenting the experiences of vulnerable and marginalised groups, CSOs can make a compelling case for NDC-linked Loss and Damage finance commitments, turning these technical documents into tools for justice and accountability. As the process moves toward SB64 and COP31, regional CSO platforms—including those facilitated by CANSA—will be essential for amplifying these voices and ensuring that the implementation era proclaimed at COP30 delivers for the communities that need it most.

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<sup>106</sup> Government of India PIB (n 89); Government of Nepal NDC 3.0 (n 98); Government of Pakistan NDC 3.0 (n 97); VIKSAT consultation, 2025; OECD DAC climate finance data.

<sup>107</sup> IMF, Bangladesh Article IV and programme reviews, 2025–2026; Prakriti Resource Centre consultation on Nepal's political instability and NDC implementation risks, 2025.

<sup>108</sup> CPRD (n 103).

<sup>109</sup> CPRD (n 103); CPRD's work with Dalit, ethnic, and ultra-poor communities documented in participatory ground studies across Bangladesh's climate hotspots.

## 2.4 Mapping Loss and Damage and Climate Vulnerability in South Asian NDCs

The NDCs of South Asian nations, particularly India, Bangladesh, Nepal, Sri Lanka, Pakistan, Afghanistan, and Myanmar, exhibit a clear recognition of climate vulnerability, often framed as a core national security and development challenge. Most NDCs from this region, which is among the most vulnerable globally, detail sector-specific risks, especially for agriculture, water, and coastal zones.<sup>110</sup> For instance, Bangladesh's NDC and related reports emphasise its high vulnerability to cyclones, floods, and sea-level rise, projecting significant agricultural GDP losses by 2050.<sup>111</sup> The Loss and Damage Research Observatory, a Global South-focused platform co-developed by ALL ACT, is now tracking these impacts across the region under categories including loss of crops, livestock, physical assets, ecosystem and biodiversity, cultural heritage, public infrastructure, quality of life, and mental and physical health impacts—providing a growing evidence base that NDCs can draw upon.<sup>112</sup>

However, the treatment of Loss and Damage remains uneven across the region's NDC landscape. The conversation on L&D is frequently intertwined with adaptation, blurring the line between preventative measures and the unavoidable, irreversible impacts that have already occurred. The NDC 3.0 cycle has seen important advances, but significant variation persists:

Sri Lanka's NDC 3.0 stands out as the most advanced in the region, with a dedicated, operational L&D chapter covering national stocktaking, data management, governance, inter-agency coordination, and measurable targets. This represents a model that other South Asian countries could adapt to their own contexts.<sup>113</sup>

Pakistan's NDC 3.0 marks a crucial shift, with Loss and Damage now a funded, cross-cutting priority that includes a national assessment mechanism, data verification systems, and a request for over USD 565.7 billion by 2035. The framing moves decisively from acknowledgment to demanding the means of implementation.<sup>114</sup>

Nepal's NDC 3.0 includes a substantive L&D framework covering mountain hazards, early warning, and national/international coordination, though adaptation and L&D remain comparatively underdeveloped in terms of measurable targets compared to the strong mitigation ambition around hydropower and solar energy.<sup>115</sup>

India's NDC 3.0 (March 2026) emphasises adaptation measures across agriculture, water, and health, and includes five qualitative targets on resilient infrastructure, finance mobilisation, and capacity building. However, it continues to primarily address L&D as part of broader adaptation and resilience strategies rather than as a distinct, separately financed pillar. The absence of a National Adaptation Plan compounds this gap.<sup>116</sup>

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<sup>110</sup> IPCC AR6 Working Group II (2022), Chapter on Asia; UNFCCC NDC Registry.

<sup>111</sup> Government of Bangladesh, Bangladesh's Nationally Determined Contribution; Bangladesh Climate Change Strategy and Action Plan.

<sup>112</sup> Loss and Damage Research Observatory, <https://lossanddamageobservatory.org/>; ALL ACT platform.

<sup>113</sup> Government of Sri Lanka, NDC 3.0 (n 96).

<sup>114</sup> Government of Pakistan, NDC 3.0 (n 97).

<sup>115</sup> Government of Nepal, NDC 3.0 (n 98); Prakriti Resource Centre consultation, 2025.

<sup>116</sup> Government of India PIB (n 89); VIKSAT and Satat Sampada consultations, 2025.

Bangladesh's NDC 3.0, currently under preparation, is expected to integrate more explicit L&D provisions informed by extensive civil society consultations—including with CPRD, BRAC, and Christian Aid—that have emphasised non-economic losses, justice-based approaches, and locally led implementation.<sup>117</sup>

Afghanistan and Myanmar face the most constrained NDC environments, with political instability, conflict, and governance fragility limiting both the ambition and the implementation capacity of their climate commitments. Afghanistan's NDC revisions are ongoing but remain hampered by the suspension of major international climate funds since 2021. Myanmar's NDC process is complicated by the convergence of conflict, displacement, and humanitarian crisis.<sup>118</sup>

**Table 6: Loss and Damage Integration in South Asian NDC 3.0 Submissions**

Country	L&D in NDC 3.0	Key Features	Gaps
Sri Lanka	Dedicated L&D chapter	National stocktaking; data management framework; inter-agency coordination; measurable targets	Implementation finance uncertain
Pakistan	L&D as cross-cutting funded priority	National assessment mechanism (NDMA-led); USD 565.7bn request by 2035; data verification	Highly conditional on international finance
Nepal	Substantive L&D framework	Mountain hazards; early warning; national/international coordination	Weak measurable targets; 85% conditional
India	L&D within adaptation framing	Qualitative targets; sectoral adaptation (agriculture, water, health); LiFE initiative	No dedicated L&D chapter; no NAP; budget gap
Bangladesh	Under preparation	Expected to integrate NELD, circular economy, justice-based approaches	Pending; political transition
Afghanistan	Under revision	Hampered by fund suspension and governance fragility	Severely constrained
Myanmar	Constrained by conflict	CSO-led resilience models operating outside formal NDC process	Formal NDC process largely stalled

*Table 6: Loss and Damage Integration in South Asian NDC 3.0 Submissions*

## 2.5 Entry Points for Inclusion in the NDC 3.0 Cycle

For the current and next rounds of NDCs, a more meaningful and tactical integration of Loss and Damage is critical. The ICJ's Advisory Opinion has clarified that NDCs must reflect the "highest possible ambition" and be collectively capable of achieving the 1.5°C temperature goal—a legal standard that applies to adaptation and resilience measures as much as to

<sup>117</sup> BRAC, CPRD, and Christian Aid Bangladesh consultations, 2025.

<sup>118</sup> REHA Organisation consultation (Afghanistan), 2025; Christian Aid Myanmar consultation, 2025.

emissions reduction targets. Based on the analysis of current NDCs, the evidence from civil society consultations, and the post-COP30 landscape, here are key entry points for strengthening the NDC 3.0 cycle across South Asia:

## Shift from Acknowledgment to Actionable Commitments

NDCs must move beyond simply mentioning Loss and Damage to setting specific, measurable, and time-bound targets. This includes:

**Quantifying Losses:** Establishing national systems for comprehensive data collection on both economic losses (e.g., infrastructure damage, crop failure, livestock loss, business collapse) and non-economic losses (e.g., loss of life, cultural heritage, biodiversity, displacement, mental health impacts, child marriage, and school dropout). This requires developing standardised methodologies and enhancing accountability.<sup>119</sup> Sri Lanka's NDC 3.0 provides a model, with its dedicated framework for national stocktaking and data management. Pakistan's NDC 3.0 takes this further by establishing an NDMA-led national assessment mechanism with formal data verification. Other South Asian countries should draw on these examples while adapting them to their own institutional contexts. The Loss and Damage Research Observatory offers a growing repository of methodologies, case studies, and evidence that can support national efforts to quantify losses systematically.<sup>120</sup>

**Integrating into National Budgets:** NDCs should outline how Loss and Damage will be financed, whether through a dedicated national fund, insurance schemes, or a proportion of the national budget. Pakistan's green tagging of climate expenditure in its national budget is a positive first step, linking spending to climate action and improving transparency.<sup>121</sup> India, whose MoEFCC climate scheme allocations have declined to INR 270 crore—a fraction of what is required—must urgently reverse this trend as part of operationalising its NDC 3.0 commitments. Bangladesh's forthcoming NDC 3.0 should integrate the lessons from the Bangladesh Climate Change Trust Fund, which, despite channelling nearly USD 450 million, has concentrated resources in large infrastructure rather than frontline communities.<sup>122</sup> Demonstrating a country's commitment to domestic resource mobilisation strengthens the case for international support from the FRLD and other mechanisms.

**Aligning with International Finance Mechanisms:** NDCs should explicitly connect their L&D provisions with the FRLD's operational modalities, the NCQG's emerging sub-goal architecture, and the GGA indicator framework. As the FRLD's first Call for Funding Requests is now open under the Barbados Implementation Modalities, countries that have embedded L&D frameworks in their NDCs—as Sri Lanka and Pakistan have done—will be better positioned to access these resources. Countries should also align their NDC L&D provisions with the AOSIS concessionality standards (interest rates of 1 per cent or below, grace periods

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<sup>119</sup> Christian Aid, "Turning the Tide" (n 101); UNFCCC technical guidance on L&D data collection.

<sup>120</sup> Loss and Damage Research Observatory, <https://lossanddamageobservatory.org/>; Government of Sri Lanka NDC 3.0 (n 96); Government of Pakistan NDC 3.0 (n 97).

<sup>121</sup> SDPI consultation, 2025; Government of Pakistan, green tagging of national budget expenditures.

<sup>122</sup> CPRD consultation (n 103); Bangladesh Climate Change Trust Fund analysis.

of 5 years or above, maturity periods of 20 years or above) to ensure that any finance accessed does not deepen debt burdens.<sup>123</sup>

## Localised and Inclusive Frameworks

Loss and Damage is experienced at the community level, and therefore, an effective response must be bottom-up and inclusive.

**Community-Led Data Collection:** Empowering local communities and leaders to collect data on losses they experience not only provides granular, on-the-ground information but also ensures that responses are tailored to local needs and priorities.<sup>124</sup> CPRD's participatory ground studies across Bangladesh's climate hotspots demonstrate how this can work in practice: intensive community-level documentation has produced evidence of economic and non-economic losses that national data systems fail to capture, from the destruction of ancestral graveyards in erosion-prone areas to the psychological trauma of repeated displacement. This evidence has been shared at national and international levels, strengthening advocacy for enhanced L&D support and serving as reference material for accessing finance from international funds such as the GCF and LDCF.<sup>125</sup>

In India, networks like PHIA Foundation and EFICOR are training community volunteers—Climate Sathis—to document ecological changes, support forest regeneration, and integrate climate planning into village governance, linking grassroots voices with government schemes such as MGNREGA and the Forest Rights Act.<sup>126</sup> In Nepal, Prakriti Resource Centre has highlighted a promising locally led model in which municipalities allocate up to 80 per cent of budgets for climate action and women's groups raise the remaining 20 per cent from international projects, philanthropies, and local contributions—a gender-just, blended-finance approach that reduces dependence on externally dictated finance.<sup>127</sup>

**Inclusive Governance:** Governments need to formalise inclusive processes that engage a diverse range of stakeholders—including women (intersections), Indigenous Peoples, youth, Dalits, religious minorities, and other marginalised groups—in the planning, implementation, and review of Loss and Damage-related actions within the NDC. This helps to capture often-overlooked non-economic losses and ensures a more equitable distribution of resources.<sup>128</sup> CPRD's experience in Bangladesh highlights that marginalised groups face compounding barriers: limited formal land tenure and documentation that excludes them from asset-linked compensation; low literacy and language barriers that impede completion of complex fund applications; lack of political voice and representation in local committees that allocate resources; discriminatory social norms limiting women's access to cash transfers and assets; and geographic isolation that hinders access to information and administrative offices. CPRD has been addressing these barriers through capacity-building workshops where excluded

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<sup>123</sup> FRLD, Call for Funding Requests — Terms of Reference, December 2025; AOSIS (2024), New Collective Quantified Goal on Climate Finance – Draft Elements.

<sup>124</sup> Christian Aid, "Community Access to the Loss and Damage Fund," 2023.

<sup>125</sup> CPRD (n 103).

<sup>126</sup> PHIA Foundation and EFICOR consultations, 2025; Climate Sathi programme documentation.

<sup>127</sup> Prakriti Resource Centre (PRC) consultation, 2025.

<sup>128</sup> Author's analysis; Christian Aid (n 101).

women learn how to communicate their needs to government stakeholders and demand effective inclusion in government resilience programmes.<sup>129</sup>

The proposed Belém Action Mechanism (BAM) for a Global Just Transition, with its emphasis on meaningful inclusion of both Parties and non-Party stakeholders, offers an important model for how governance structures can be designed to embed local voices. The BAM's helpdesk and matchmaking functions—connecting countries and projects with funders and practitioners—could complement NDC-level efforts to ensure that locally led approaches receive the finance and technical support they need.<sup>130</sup>

## Enhanced Data Systems and Accountability

A significant barrier to addressing Loss and Damage is the lack of robust data, particularly for non-economic losses.

**Non-Economic Losses (NELs):** NDCs should prioritise the development of systems to better capture NELs. This could involve partnerships with research institutions, NGOs, and community organisations to use qualitative and participatory methods, such as interviews and community surveys, alongside quantitative data.<sup>131</sup> The CANSA/CPRD/EnGIO Sundarbans study (2025) provides a powerful example: documenting non-economic Loss and Damage in the transboundary Sundarbans, it found that 73 per cent of the population has been affected by cyclones, 85 per cent of aquatic species have been lost, 15 per cent of the population has been displaced three or more times, alongside severe health, education, and cultural impacts. This kind of granular, community-level evidence must inform NDC design and finance requests.<sup>132</sup>

**Transparency and Reporting:** NDCs should include a clear plan for monitoring, reporting, and verification (MRV) of Loss and Damage actions and their outcomes. This enhances accountability and allows for a clearer picture of progress, both domestically and internationally. The Enhanced Transparency Framework (ETF) under the Paris Agreement, with its Biennial Transparency Reports (BTRs), provides a vehicle for adaptation reporting, though reporting on the GGA indicators remains voluntary. The SLYCAN Trust position paper notes that Parties have the authority to choose from existing reporting tools—BTRs, Adaptation Communications, NDCs, NAPs, and National Communications—to voluntarily report on the GGA, which can then inform successive Global Stocktakes.<sup>133</sup> For South Asia, ensuring that national reporting captures the full spectrum of economic and non-economic losses—and that this data feeds into the FRLD's operational pipeline and the second Global Stocktake (2028)—should be a priority for SB64 and COP31 advocacy.

**Linking to the GGA Indicator Framework:** The consolidated list of 490 indicators under the UAE-Belém work programme, with the target of no more than 100 globally applicable indicators at CMA7, provides an opportunity to embed L&D-relevant metrics into the international adaptation architecture. Twenty-eight per cent of the potential indicators have

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<sup>129</sup> CPRD (n 103); CPRD's work with Dalit, ethnic, and ultra-poor communities.

<sup>130</sup> Women and Gender Constituency and Climate Action Network, "The Belém Action Mechanism for a Global Just Transition (BAM): Why and How — Discussion Paper," October 2025.

<sup>131</sup> IPCC AR6 Working Group II (2022), Chapter on non-economic losses.

<sup>132</sup> CANSA, CPRD, and EnGIO, "Non-Economic Loss and Damage in the Transboundary Sundarbans," 2025.

<sup>133</sup> SLYCAN Trust, "Means of Implementation and the Global Goal on Adaptation — Position Paper," June 2025 (n 76); SLYCAN Trust, "Understanding the Global Goal on Adaptation: Updated Technical Briefing," June 2025 (n 75).

been tagged as related to means of implementation, but gaps remain on indicators for direct access, fiscal space creation, and finance reaching subnational institutions.<sup>134</sup> South Asian countries should advocate at SB64 for the inclusion of indicators that measure: the proportion of adaptation and L&D finance allocated to subnational and local institutions; the rate of access to finance for adaptation by vulnerable communities; cost savings from preventive adaptive measures; and the existence of dedicated national budget lines for L&D. These indicators would provide a measurable basis for tracking whether the era of implementation proclaimed at COP30 is delivering for the communities that need it most.

By integrating these entry points into the NDC 3.0 cycle, countries can not only strengthen their national climate action plans but also provide a powerful evidence base for the necessity of global finance and technical support, turning the conceptual discussion of Loss and Damage into a tangible, actionable, and just response to the climate crisis. The path from Belém to Antalya must see NDCs evolve from pledging documents into operational instruments that drive finance, embed justice, and deliver accountability—for this, the active engagement of civil society, grassroots organisations, and affected communities is not optional but essential.

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<sup>134</sup> SLYCAN Trust (n 76); UNFCCC Secretariat, Technical Report on GGA Indicators, 2025.

## Section 3 – Reframing Loss and Damage: Justice and Accessibility

### 3.1 Unequal Flows: Regional Realities of Climate Finance

Following COP30 in Belém, debates around climate finance and Loss and Damage have sharpened further. As discussed in Section 1, successive assessments have shown that finance commitments—from the USD 100 billion pledge in Copenhagen to the NCQG agreed at COP29—have been characterised by under-delivery, debt-heavy instruments, and inequitable access.<sup>135</sup> The UNFCCC Standing Committee on Finance has further noted that the vast majority of climate finance is mitigation-focused, with adaptation and Loss and Damage severely underfunded.<sup>136</sup>

But the central question is not only how much finance is mobilised, but how it is structured and whether communities on the ground can access it. Evidence from South Asia and Myanmar shows that flows are often loan-based (worsening debt burdens), consultancy-driven (with frameworks designed by external experts), and top-down in delivery (bypassing grassroots organisations).<sup>137</sup> This means that the very communities carrying the heaviest climate burdens are routinely excluded from shaping or even accessing the funds intended for them. Christian Aid's "Community Access to the Loss and Damage Fund" report documents this clearly, warning that without deliberate justice safeguards, new mechanisms will simply replicate old inequalities.<sup>138</sup> Similar concerns are echoed in ODI's review of climate finance, which shows that in 2022 public bilateral and multilateral sources committed USD 10.9 billion to fragile and conflict-affected countries—less than 10 per cent of total international climate finance mobilised (USD 116 billion overall) and under 2.5 per cent of total official development finance.<sup>139</sup>

The IIED's November 2025 study provides the most comprehensive evidence to date of this systemic failure. Analysing eight years of OECD DAC data (2016–2023, approximately 140,000 transaction lines), the study found that only 0.17 per cent of all reported climate finance purports to be locally led—only 311 transaction lines out of approximately 140,000 included terms related to locally or community-led action. Even the proportion of funding aimed at locally implemented climate action was only 29 per cent, with a slightly higher share for adaptation (33.6 per cent) than mitigation (24.6 per cent). A shocking 0.7 per cent of all reported climate finance made any mention of Indigenous peoples. The study also found that funding channelled directly to subnational actor types through OECD DAC "channel of delivery" codes accounted for only 4.1 per cent of all reported climate finance. The distinction between locally led and locally implemented is critical: locally led climate action gives decision-making power to the community in question and aligns with the LLA principles, while locally implemented action involves community members as beneficiaries but is usually

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<sup>135</sup> Oxfam, Climate Finance Shadow Report 2023; OECD, Climate Finance and the USD 100 billion goal.

<sup>136</sup> UNFCCC Standing Committee on Finance, Biennial Assessment and Overview of Climate Finance Flows, 2024.

<sup>137</sup> Oxfam Asia, 2024, Trust Undermined: Discrepancies in the Asian Development Bank's Climate Adaptation Finance, <https://asia.oxfam.org/latest/press-release/trust-undermined-discrepancies-asian-development-banks-climate-adaptation/>; Melinda Martinus and Qiu Jiahui, 2022, Climate Finance in Southeast Asia: Trends and Opportunities, ISEAS–Yusof Ishak Institute.

<sup>138</sup> Christian Aid, "Community Access to the Loss and Damage Fund," 2023.

<sup>139</sup> ODI, Review of Climate Finance to Fragile and Conflict-Affected States, 2024.

designed by external stakeholders. Of the 311 locally led funding lines identified, 308 used grant finance and only three used debt instruments—confirming that where locally led action exists, it is overwhelmingly grant-funded.<sup>140</sup>

Perhaps most troublingly, bilateral funders approached for detailed project data refused to share even a handful of completed projects for the purpose of verifying how much funding actually reaches the local level. This resistance to transparency reveals a deep gap between the rhetoric of locally led action—endorsed by over 130 governments and institutions since the LLA principles were launched in 2021—and the reality of funder practice. As the IIED study concludes, "rhetoric about locally led climate action needs to be matched by an increased proportion of funding and a commitment to transparent reporting."<sup>141</sup>

## South Asia: Where Global Patterns Meet Regional Crisis

These global patterns are not abstract; they translate into concrete constraints across South Asia and Myanmar, with the region showing stark parallels to Africa's debt trap.<sup>142</sup>

In Bangladesh, the national Climate Change Trust Fund has channelled nearly USD 450 million to adaptation and resilience projects. However, CSOs like the Centre for Participatory Research and Development (CPRD) report that resources are concentrated in large infrastructure works rather than in frontline communities facing salinisation, crop loss, or displacement.<sup>143</sup> CPRD's ground-level documentation across Bangladesh's climate hotspots reveals the multifaceted and accelerating nature of Loss and Damage. In Mongla upazila of Bagerhat—a south-western coastal district—thousands of houses are damaged every year due to tropical cyclones and tidal inundation. In Kurigram, a northern estuarine district, thousands of houses are inundated by flash floods annually. Across these areas, the observed economic losses include destruction of houses and household assets, loss of homestead land and cropland, standing crops, gardens, and livestock, collapse of agriculture and aquaculture, damage to businesses, roads and other infrastructure, loss of employment, and increased household indebtedness. Beyond these economic losses, communities suffer profound non-economic losses: loss of life, erosion of cultural heritage and sacred sites including ancestral graveyards and community shrines, physical injuries, deteriorated health and nutrition (particularly for children), psychological trauma and chronic distress, loss of community cohesion from prolonged out-migration, loss of sense of place and identity, school dropout, and child marriage. River erosion-driven displacement has caused many migrant families in Bangabandhu Colony, a slum in Barisal City Corporation, to lose all ties with relatives and neighbours of their ancestral homes.<sup>144</sup>

Bangladesh's external debt repayments absorbed nearly 17 per cent of government revenue in 2024, according to ActionAid, leaving little fiscal space for climate resilience and social protection spending.<sup>145</sup> The country's IMF programme—a combined ECF/EFF of approximately USD 3.3 billion plus USD 1.4 billion under the RSF (the first Asian country to access the RSF)—provides important macroeconomic support, but the fifth review has been

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<sup>140</sup> IIED (n 58), Results section; IIED methodology and findings on locally led vs. locally implemented climate action.

<sup>141</sup> IIED (n 58), Recommendations.

<sup>142</sup> Heinrich Böll Stiftung, Debt for Climate Justice analysis, 2024.

<sup>143</sup> CPRD consultation (n 103); Bangladesh Climate Change Trust Fund analysis.

<sup>144</sup> CPRD (n 103), detailed documentation from Mongla upazila (Bagerhat), Kurigram, Barisal, and other climate hotspots.

<sup>145</sup> ActionAid, analysis of Bangladesh external debt servicing, 2024.

delayed pending formation of a new government, and the conditionalities attached constrain the very fiscal space that climate adaptation demands.

In Nepal, disaster risk financing is included in NDCs, but civil society warns that community-based organisations, particularly Indigenous groups in mountain regions, remain excluded from decision-making about how funds are allocated.<sup>146</sup> Between 2020 and 2022, 95 per cent of multilateral climate finance to Nepal came as concessional loans and only 5 per cent as grants, contributing to a debt-to-GDP ratio of 42.7 per cent as the country prepares to graduate from LDC status.<sup>147</sup> External debt as a share of GDP has doubled over the past decade, even as climate-related losses continue to mount. Nepal's receipt of USD 9.4 million from the World Bank's Forest Carbon Partnership Facility (November 2025) for reducing approximately 1.88 million tonnes of CO<sub>2</sub> under the REDD+ programme in the Terai Arc Landscape, using a strong community-based forestry model that involves local communities, Indigenous Peoples, and civil society organisations, represents a positive exception—a results-based, community-centred finance model. The payment will be distributed through Nepal's Benefit Sharing Plan, developed through a participatory process, ensuring that forest-dependent communities and Indigenous Peoples directly benefit. But such examples remain the exception rather than the rule.<sup>148</sup>

In Sri Lanka, the intersection of sovereign debt and climate finance is stark. The World Bank's Country Climate and Development Report (November 2025) projects that without strong action, climate-related losses could reach 3.5 per cent of GDP by 2050 and push poverty rates up by nearly 2 percentage points—largely due to extreme heat and flooding. Sri Lanka already records close to 80 dangerously hot days per year, nearly double the global average. The country will need approximately USD 220 billion between 2025 and 2053—roughly 4.3 per cent of GDP each year—for investments in rural resilience, livable cities, and clean domestic energy. The CCDR identifies these as "no regrets" investments that, if well-sequenced, could offset up to one-quarter of potential climate-related losses by mid-century. Yet the country's economic crisis—from which it is still recovering after one of the largest fiscal adjustments in its history, equal to nearly 8 per cent of GDP—has left it heavily reliant on loans, locking in new debt burdens. Sri Lanka's recently launched National Climate Finance Strategy (2025–2030) outlines how the country plans to attract investment for green infrastructure, sustainable agriculture, and better water management, but the gap between ambition and available resources remains enormous.<sup>149</sup>

In Pakistan, the climate finance gap is compounded by the sheer scale of recent disasters. The 2022 floods displaced over 33 million people and caused damages estimated at USD 30 billion, with over 90 per cent of recovery pledges arriving as loans—deepening a debt crisis in a country that already faced USD 12.5 billion in debt repayments in 2022 alone.<sup>150</sup> Pakistan's 2025 monsoon floods have since claimed over 946 lives and displaced nearly two million. The

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<sup>146</sup> Prakriti Resource Centre consultation, 2025.

<sup>147</sup> PRC consultation (n 146); IMF Nepal ECF programme data.

<sup>148</sup> World Bank, "Nepal Receives \$9.4 Million for Forest Carbon Credits Under the Forest Carbon Partnership Facility," 16 November 2025, <https://www.worldbank.org/en/news/press-release/2025/11/16/nepal-receives-9-4-million-for-forest-carbon-credits-under-the-forest-carbon-partnership-facility>

<sup>149</sup> World Bank, "From Crisis to Comeback: How Climate-Smart Growth Can Power Sri Lanka's Recovery," 20 November 2025 (n 96); World Bank, Sri Lanka Country Climate and Development Report, November 2025.

<sup>150</sup> Economic Times India, "Pakistan minister says 90% pledges by international community at Geneva conference in form of loans," 2023; H. Chow (2022), Debt Justice, Pakistan's floods: Vicious cycle of debt and climate crises.

country's IMF programme—a 37-month EFF alongside a 28-month RSF with approximately USD 1.4 billion in climate-linked access—provides macroeconomic support, but the distinction between IMF conditionality-driven reform programmes and genuine climate finance must be clearly maintained. Pakistan has introduced green tagging in its national budget and is developing a National Anticipatory Action Strategy, but eligibility criteria for Loss and Damage funds remain unclear, and the FRLD's initial USD 250 million BIM allocation is a fraction of what the country needs.

In Myanmar, where Cyclone Nargis (2008) displaced more than 2.4 million people and more recent cyclones like Mocha (2023) have destroyed entire coastal communities, international climate finance has been routed almost entirely through multilateral agencies or intermediaries, bypassing local CSOs.<sup>151</sup> Civic space restrictions further prevent grassroots organisations—including women's groups, fisherfolk cooperatives, Indigenous communities, and Self-Help Groups—from directly accessing resources, leaving communities dependent on fragmented humanitarian aid rather than long-term, justice-based L&D finance.<sup>152</sup> With 3.5 million internally displaced persons, 50 per cent of the population below the poverty line, and nearly one-fourth subject to conscription, Myanmar represents perhaps the most extreme case of how climate vulnerability converges with conflict and governance failure to lock communities out of finance entirely.

In India, the struggle over climate finance is not only about securing resources but about reshaping global rules to ensure justice, sovereignty, and equity for the Global South. Ranked seventh in the Global Climate Risk Index 2021 and facing projected GDP losses of 3–10 per cent annually, India confronts structural hurdles: much of the finance it receives comes as loans rather than grants, intensifying fiscal pressures and limiting adaptation investments. India plays a dual role in the UNFCCC—as a climate-vulnerable developing country and a political leader of the Global South. Initiatives like the Coalition for Disaster Resilient Infrastructure (CDRI) and the Infrastructure for Resilient Island States (IRIS) combine technical expertise with south-led partnerships, advancing resilience while challenging systemic biases.<sup>153</sup> Yet domestically, budgetary allocations for climate and environmental protection schemes within the MoEFCC have declined sharply—from INR 420.19 crore in FY 2022–23 to just INR 270 crore in FY 2025–26—and the Ministry's total share of the Union Budget remains a negligible 0.07 per cent, even as the scale of India's climate challenge demands transformative public investment.

These cases confirm that international climate finance is not structured to address L&D in ways that strengthen justice or resilience. Instead, it deepens vulnerability. The IPCC AR6 highlights South Asia as a "global hotspot" for multi-hazard climate risks: salinisation and crop loss in coastal Bangladesh; cyclone damage across the Bay of Bengal; glacier melt and riverbank erosion in Nepal and North India; deadly heatwaves across the Indo-Gangetic plain; large-scale displacement in Myanmar's delta regions; and intensifying flooding in Afghanistan driven by glacial melt and erratic rainfall.<sup>154</sup> Between 2019 and 2023, 82.1 million people were affected by weather-related disasters in South Asia. A study published in *Nature* (April 2024) projected that South Asia could face a median income reduction of 22 per cent by 2050. Nearly 65 per cent of South Asians reside in rural areas reliant on agriculture, which constitutes 18 per cent of the region's GDP and 42 per cent of total employment—a sector profoundly threatened by

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<sup>151</sup> Christian Aid Myanmar consultation, 2025.

<sup>152</sup> Christian Aid Myanmar (n 151); reports on civic space restrictions and climate finance access in Myanmar.

<sup>153</sup> Author's analysis; Government of India, CDRI and IRIS documentation; India's positioning at COP29, COP30, and FfD4.

<sup>154</sup> IPCC AR6 Working Group II (2022), Chapter on Asia.

climate change.<sup>155</sup> Such events incur not only economic losses but non-economic or unquantifiable losses—eroding heritage, weakening social cohesion, and compounding gender and caste-based inequalities. From a justice perspective, this makes it essential that Loss and Damage finance recognises and responds to lived experiences beyond GDP losses.

### 3.2 Governance Gaps: Loss and Damage on the Global Stage

Loss and Damage has moved from being marginal in UNFCCC negotiations to a headline issue. The Warsaw International Mechanism (2013) marked the first recognition that climate impacts cannot always be adapted to, establishing a policy space for considering irreversible harm.<sup>156</sup> A decade later, the COP27 breakthrough in Sharm el-Sheikh (2022) agreed to establish a dedicated L&D Fund, a historic step in acknowledging that climate impacts require more than adaptation finance.<sup>157</sup> COP28 in Dubai (2023) operationalised the Fund with initial pledges of nearly USD 800 million. And COP30 in Belém (November 2025) took the critical operational step of launching the FRLD's first Call for Funding Requests under the Barbados Implementation Modalities, setting aside USD 250 million in grants for 2025–2026. Yet as the process moves toward SB64 and COP31 in Antalya, the core question remains unresolved: will governance and access arrangements deliver justice and accessibility, or will pledges remain insufficient and modalities opaque?

UN bodies and other international experts stress that Loss and Damage must not be reduced to financial compensation alone, but understood as a justice issue that foregrounds dignity, human rights, and non-economic losses—from the destruction of cultural heritage and erosion of social cohesion to the gendered burdens of displacement and recovery.<sup>158</sup> In this sense, L&D is not only a technical apparatus but a frontline justice issue.

The CANSA/CPRD/EnGIO Sundarbans study (2025) provides powerful evidence of this reality. Documenting non-economic Loss and Damage in the transboundary Sundarbans region of Bangladesh and India, the study found that 73 per cent of the population has been affected by cyclones, 85 per cent of aquatic species have been lost, and 15 per cent of the population has been displaced three or more times, alongside severe health, education, and cultural impacts.<sup>159</sup> These findings underscore that Loss and Damage governance must account for dimensions of harm that existing frameworks—designed around quantifiable GDP losses—are structurally unable to capture.

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<sup>155</sup> Centre for Research on the Epidemiology of Disasters, EM-DAT data, 2019–2023; Kotz et al., "The economic commitment of climate change," *Nature*, April 2024; World Bank development indicators on South Asian agriculture and rural populations.

<sup>156</sup> UNFCCC, Warsaw International Mechanism for Loss and Damage, COP19, 2013.

<sup>157</sup> UNFCCC, COP27 Decision on Loss and Damage, Sharm el-Sheikh, 2022.

<sup>158</sup> OHCHR (n 30); IPCC AR6 WGII on non-economic losses.

<sup>159</sup> CANSA, CPRD, and EnGIO, "Non-Economic Loss and Damage in the Transboundary Sundarbans," 2025 (n 132).

## Key Gaps and Challenges

The regional evidence and qualitative inputs from key stakeholders highlight systemic barriers that echo in the global architecture of Loss and Damage. These can be distilled into five interlinked justice gaps:

**Eligibility and Inclusion:** The L&D discourse is marked by persistent structural justice gaps. The eligibility rules of the FRLD remain under development, raising concerns that the most climate-vulnerable communities—and even some states—may be excluded.<sup>160</sup> CSOs from Bangladesh, such as CPRD, expressed that current frameworks prioritise market-driven sectors like carbon credits over adaptation and L&D, resulting in the exclusion of vulnerable communities from eligibility criteria. CPRD's work highlights that marginalised groups face compounding barriers: limited formal land tenure and documentation that excludes them from asset-linked compensation; low literacy and language barriers impeding completion of complex fund applications; lack of political voice and representation in local committees that allocate resources; discriminatory social norms limiting women's access to cash transfers and assets; and geographic isolation that hinders access to information and administrative offices. Top-down methods of planning exclude the distinct crucial needs of these groups, and rigid eligibility criteria, requirements for co-finance, and complex application modalities systematically exclude grassroots organisations.<sup>161</sup>

**Debt-Driven Finance:** Funding for L&D still relies heavily on loans and private finance rather than grants, deepening debt stress for countries in South Asia and Myanmar.<sup>162</sup> UNCTAD shows that in most developing countries, interest payments outweigh climate investments, undermining fiscal sovereignty.<sup>163</sup> This undermines fiscal sovereignty and reduces space for climate action. South Asian stakeholders note that reliance on debt worsens inequality, especially in rural and resource-dependent regions, where communities already carrying debt are further constrained from accessing climate finance without rights-based safeguards.<sup>164</sup> The L&DC has consistently demanded that Loss and Damage finance be 100 per cent grant-based, in line with the FRLD's own governing instrument (paragraph 57 of Decision 1/CP28), which prioritises grants and highly concessional loans. The AOSIS concessionality standards provide clear benchmarks: interest rates of 1 per cent or below, grace periods of 5 years or above, maturity periods of 20 years or above, charges of 1.5 per cent or below, and mandatory inclusion of climate resilience debt clauses.<sup>165</sup>

**Weak Integration into National Planning:** NDCs and NAPs rarely include provisions for irreversible losses or displacement, leaving L&D poorly embedded in development strategies.<sup>166</sup> Key civil society stakeholders brought to our attention that while governments are preparing updated NDCs, adaptation and Loss and Damage are often sidelined, with technical consultants focusing on sectors with commercial returns rather than embedding

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<sup>160</sup> FRLD Board documentation on operational modalities; CSO analysis of access barriers.

<sup>161</sup> CPRD (n 103), including documentation on barriers facing Dalit communities, ethnic minorities, ultra-poor households, and women in climate-vulnerable areas.

<sup>162</sup> UNCTAD. (2023), *A world of debt*; Loss and Damage Collaboration submissions (n 29, n 48).

<sup>163</sup> UNCTAD (n 162).

<sup>164</sup> South Asian stakeholder consultations, 2025; Loss and Damage Collaboration (n 48).

<sup>165</sup> AOSIS (2024), *New Collective Quantified Goal on Climate Finance – Draft Elements*; AOSIS and LDC Group Joint Statement on the NCQG, 2024; Decision 1/CP28, paragraph 57.

<sup>166</sup> Christian Aid, "Turning the Tide" (n 101).

community voices and lived realities into national plans.<sup>167</sup> The notable exceptions—Sri Lanka's and Pakistan's NDC 3.0 submissions with dedicated L&D frameworks—demonstrate what is possible but remain outliers in the regional landscape.

**Invisible Non-Economic Losses:** Current statistical systems to capture climate-related losses remain underdeveloped, particularly for non-economic losses such as cultural heritage, health impacts, and loss of social cohesion, despite their centrality to lived experience and dignity.<sup>168</sup> In discussions with grassroots organisations working with marginalised groups in regions such as Rajasthan and the Sundarbans, they articulated that non-economic losses including social cohesion and cultural identity (especially of Dalits and Adivasis/Tribals) are rarely captured due to the lack of local data collection mechanisms, despite these being central to climate resilience.<sup>169</sup> The GGA indicator framework offers a partial response—with indicators under development for cultural heritage (target 9(g)) and monitoring/evaluation/learning (target 10(d))—but the consolidated list of 490 indicators has significant gaps on non-economic dimensions, and the final set of no more than 100 indicators at CMA7 risks further narrowing the scope.

**Exclusion from Decision-Making:** Global discourse and governance of climate finance remains highly technical, dominated by negotiators and consultants, and inaccessible to the communities most affected. These spaces are dominated by Northern governments, large INGOs, and consultancy firms who control the technical language, reporting templates, and eligibility benchmarks, leaving grassroots organisations with little leverage or voice.<sup>170</sup> CSOs we spoke with pointed out that governance structures are shaped in donor capitals and multilateral agencies without mechanisms for direct community participation. In regions such as Jharkhand and Ladakh, coalitions like the SARTHI network have been formed to amplify voices from coal-dependent and forest governance contexts, yet remain underrepresented in policy spaces.<sup>171</sup>

## The Just Transition Dimension

The proposed Belém Action Mechanism (BAM) for a Global Just Transition represents an important effort to address the fragmentation of Just Transition initiatives globally. The BAM, proposed as a new institutional arrangement under the UNFCCC, is designed to transform Just Transition principles into a coherent, practical, and actionable framework through three core functions: a Coordination Entity that maps existing initiatives, identifies gaps, and steers the mechanism; a Knowledge Generation and Sharing Component that serves as a global hub for practitioners; and an Action and Support Component that provides direct technical and financial support, including a helpdesk and matchmaking between projects and funders.<sup>172</sup>

The BAM's emphasis on meaningful inclusion of non-Party stakeholders—with each constituency having "a full seat at the table"—and its focus on non-debt-inducing finance, technology transfer, and capacity building for the Global South align directly with the justice-centred demands of South Asian civil society. Its recognition of the care economy as a central

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<sup>167</sup> Civil society consultations across South Asia, 2025.

<sup>168</sup> IPCC AR6 WGII (2022); OHCHR (n 30).

<sup>169</sup> PHIA Foundation and grassroots organisation consultations in Rajasthan and Sundarbans, 2025.

<sup>170</sup> Christian Aid, "Community Access to the Loss and Damage Fund" (n 138); ODI (n 139).

<sup>171</sup> PHIA Foundation consultation, 2025; SARTHI network, Jharkhand.

<sup>172</sup> Women and Gender Constituency and Climate Action Network, "The Belém Action Mechanism for a Global Just Transition (BAM): Why and How — Discussion Paper," October 2025 (n 130).

axis of Just Transition, including the redistribution of care work primarily undertaken by women and gender-diverse people, responds to a dimension of climate justice that is frequently overlooked in finance-focused negotiations. The BAM's modular timeline—from COP30 launch through to full establishment by COP32—means that SB64 and COP31 are critical junctures for advancing its knowledge-sharing and action/support functions.<sup>173</sup>

These gaps show that the test for the FRLD and the broader L&D architecture is not only about mobilising new resources but about ensuring those resources are governed and delivered in ways that embody justice, accessibility, and rights. Civil society representatives advocated for regional position papers and collaborative advocacy that connect national commitments with grassroots interventions, ensuring that community experiences shape the implementation of climate action frameworks and that local governance structures like panchayats and cooperatives are empowered to lead resilience efforts.<sup>174</sup> Translating L&D into local languages, governance spaces (panchayats, cooperatives, village councils), and community-led processes is therefore essential. For SB64 and COP31, this is not a marginal concern. Unless governance and access arrangements embed justice and community voice, the FRLD risks becoming another technical exercise that delivers numbers on paper but fails the test of climate justice in practice.

### 3.3 Towards Community Access

The previous sections highlighted systemic gaps in Loss and Damage finance—from the scale of unmet needs and the dominance of debt-creating instruments, to governance structures that exclude frontline communities. This section synthesises the main debates around accessibility and justice that have emerged globally and within civil society. These themes—governance, non-economic losses, evidence, finance structures, and access barriers—frame the lens through which the country experiences in Section 4 can be understood.

#### Governance and Access Models

Decision-making in climate finance has been dominated by donor governments, multilateral institutions, and consultancy firms, leaving communities with little voice. Civil society groups from India and Bangladesh we had discussions with consistently emphasised that grassroots actors are excluded from climate governance. Unless grassroots actors are represented as equal participants in fund governance, Loss and Damage finance will remain top-down and disconnected from the realities of those most affected.<sup>175</sup>

Linked to this is the call for decentralisation. Evidence from the Adaptation Fund and the Green Climate Fund indicates that direct access modalities, when accompanied by strong local participation, can enhance accountability and country ownership, though they also reveal ongoing capacity gaps.<sup>176</sup> For L&D, civil society organisations argue for windows that allow local governments, cooperatives, and CSO consortia to access funds directly. For instance, civil society actors from Bangladesh, India, and Myanmar have demonstrated that when local actors

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<sup>173</sup> BAM Discussion Paper (n 172), sections on governance, timeline, and Just Transition principles.

<sup>174</sup> Civil society consultations across South Asia and Myanmar, 2025.

<sup>175</sup> Christian Aid, "Community Access to the Loss and Damage Fund" (n 138); civil society consultations in India and Bangladesh, 2025.

<sup>176</sup> Adaptation Fund, Direct Access modality documentation; GCF, Enhanced Direct Access programme; ODI (n 139).

are involved—from consultation processes for National Adaptation Plans to direct engagement with village councils—accountability and ownership are strengthened. These organisations advocate for community-led decision-making platforms, direct access modalities, and decentralised governance structures that reflect local priorities while aligning with national commitments.<sup>177</sup>

The FRLD's first Call for Funding Requests under the Barbados Implementation Modalities represents a critical test of whether these principles will be operationalised. The BIM's USD 250 million allocation for 2025–2026, while a welcome start, must be accompanied by application processes that are genuinely accessible to the countries and communities most in need. The standardised Funding Request Template published by the FRLD Board is a step toward procedural clarity, but the question of whether frontline communities—as opposed to national governments and international intermediaries—will be able to shape and access these resources remains open.<sup>178</sup>

CPRD's recommendations for the FRLD are instructive in this regard. The organisation calls for: community-friendly application templates and fast-track windows for frontline micro-projects under the GCF, GFDRR, and FRLD; mechanisms enabling direct access by marginalised groups and grassroots entities; dedicated funds for building fiduciary and programmatic capacity of local community organisations, especially women's and Indigenous groups; and a process for effectively including local actors and climate-vulnerable communities in decision-making on climate finance sourcing and disbursement at local, national, and global levels, particularly for L&D financing.<sup>179</sup>

The proposed Belém Action Mechanism (BAM) for a Global Just Transition offers complementary governance models. The BAM's consolidated helpdesk function—where countries and projects working toward Just Transition can submit queries regarding challenges, gaps, and needs—and its matchmaking function—connecting projects or countries with funders and practitioners—could serve as templates for how the FRLD might structure community-facing support services. The BAM's emphasis that governance must include "meaningful inclusion of both Parties and Non-Party stakeholders" with "each having a full seat at the table" provides a benchmark that the FRLD should aspire to match.<sup>180</sup>

## Recognising Non-Economic Losses

The IPCC AR6 Working Group II (2022) highlights that climate change is already causing irreversible non-economic losses, including damage to cultural heritage, forced displacement, and impacts on mental health and social cohesion, yet most climate finance frameworks remain narrowly focused on quantifiable GDP-linked damages.<sup>181</sup> Community-led documentation, supported by flexible grants, is increasingly seen as a way to make these losses visible to

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<sup>177</sup> Civil society consultations from Bangladesh (BRAC, CPRD, Christian Aid), India (VIKSAT, PHIA, EFICOR), and Myanmar (Christian Aid Myanmar, BBS), 2025.

<sup>178</sup> FRLD, Call for Funding Requests — Terms of Reference, December 2025; FRLD, Funding Request Template, December 2025; Global Shield against Climate Risks, Statement at the first annual High-Level Dialogue, November 2025.

<sup>179</sup> CPRD (n 103), Contributions to Climate Finance Discourse and Strategic Signalling for Equity and Access—recommendations for COP30, adapted for SB64/COP31.

<sup>180</sup> BAM Discussion Paper (n 172), sections on governance, helpdesk (Function #6), and matchmaking (Function #7).

<sup>181</sup> IPCC AR6 Working Group II (2022), sections on non-economic losses and cultural heritage.

policymakers. Christian Aid (2024) documents how many losses, especially non-economic ones, go unrecorded, making it difficult for frontline communities to access funding. The report proposes small grants for communities, Indigenous Peoples, and vulnerable groups as a modality to surface such losses and build evidence from the ground.<sup>182</sup>

The CANSA/CPRD/EnGIO Sundarbans study demonstrates what community-led evidence generation looks like in practice. By documenting non-economic Loss and Damage in the transboundary Sundarbans—73 per cent cyclone-affected, 85 per cent aquatic species loss, 15 per cent displaced three or more times, alongside severe health, education, and cultural impacts—the study provides the kind of granular, community-rooted evidence that national data systems and international finance mechanisms consistently fail to capture.<sup>183</sup> This evidence is not merely academic: it serves as a direct input into advocacy for FRLD access, NDC design, and the GGA indicator framework. The consolidated list of 490 GGA indicators includes a thematic target on cultural heritage and knowledge (target 9(g)), but with only 18 indicators proposed for this target—the smallest number across all thematic areas—and no guarantee that non-economic loss metrics will survive the reduction to 100 indicators at CMA7, there is a risk that the very dimensions most central to South Asian communities' lived experience will be excluded from the international measurement architecture.<sup>184</sup>

## Evidence from the Ground

Access to finance depends on credible data that reflects localised realities. Civil society organisations across South Asia and Myanmar are actively generating such evidence, using participatory approaches, community surveys, and local knowledge systems to document climate-related impacts and support planning.

In India, networks like PHIA Foundation and EFICOR are working in states such as Jharkhand, Ladakh, and Bihar to engage communities most affected by climate risks—tribal groups, women, and minorities.<sup>185</sup> Their initiatives include community surveys on distress migration, water stress, and livelihood collapse, as well as participatory planning processes at village and panchayat levels. Local volunteers called Climate Sathis are being trained to document ecological changes, support forest regeneration, and integrate climate planning into village governance. These efforts have helped link grassroots voices with government schemes like MGNREGA and the Forest Rights Act, making climate action more accessible and rooted in community needs.<sup>186</sup>

In Bangladesh, CPRD collects evidence of Loss and Damage through intensive participatory ground studies across the country's most climate-stressed areas—the cyclone and salinity-affected southern coast, the flash-flood-prone northeastern Haor region, the drought-prone northwestern Barind, the riverbank erosion-prone south-central region, and the landslide-prone Chittagong Hill Tracts. These evidences are documented through study reports, newsletters,

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<sup>182</sup> Christian Aid, "Community Access to the Loss and Damage Fund" (n 138); Christian Aid, small grants modality proposal, 2024.

<sup>183</sup> CANSA, CPRD, and EnGIO, "Non-Economic Loss and Damage in the Transboundary Sundarbans" (n 132).

<sup>184</sup> SLYCAN Trust, "Understanding the Global Goal on Adaptation: Updated Technical Briefing" (n 75); UNFCCC Secretariat, Technical Report on GGA Indicators, 2025; consolidated indicator breakdown showing 18 indicators for target 9(g) Cultural Heritage and Knowledge.

<sup>185</sup> PHIA Foundation and EFICOR consultations, 2025.

<sup>186</sup> PHIA Foundation, Climate Sathi programme documentation; EFICOR, community-based adaptation programme reports.

journal publications, briefing papers, press releases, and social media posts. The documented facts are shared with CSOs and government stakeholders in national and local seminars and study-sharing events, strengthening the urgency of addressing ground-level L&D and expediting government action. These research findings are also shared at international conferences such as COP and SB meetings, strengthening global advocacy for immediate action on location-specific L&D. Importantly, these evidences serve as strong references for accessing finance from international funds such as the GCF and LDCF.<sup>187</sup>

In Myanmar, organisations such as Meik Swe Myanmar and Building Better Society are facilitating community storytelling platforms to map the lived experiences of internally displaced populations and those impacted by cyclones and conflict. By combining local knowledge with community-led disaster preparedness plans, they are ensuring that affected groups—especially women and marginalised communities—are involved in governance processes that respond to immediate and long-term climate risks.<sup>188</sup>

Across the region, CSOs are emphasising that credible data is not only about numbers—it must integrate cultural, social, and livelihood dimensions to be meaningful. Participatory approaches are creating trusted pathways for communities to engage with fund structures, ensuring that finance mechanisms are accountable, inclusive, and responsive to local priorities. The Loss and Damage Research Observatory, co-developed by ALL ACT as a Global South-focused platform, is contributing to this effort by serving as a repository of research, methodologies, and case studies across categories including loss of crops, livestock, physical assets, ecosystem and biodiversity, cultural heritage, public infrastructure, quality of life, and mental and physical health impacts. The Observatory's research tracker presents case studies from diverse regions, including Bangladesh, India, Pakistan, Sri Lanka, and Nepal, providing a growing evidence base that can inform both national policy and international finance decisions.<sup>189</sup>

## Finance and Justice

Civil society critiques converge on the risks of debt-based climate finance. L&D is increasingly being framed as a justice issue in addition to a finance issue, with grant-based support viewed as the only fair option. Reflecting this justice lens, CSOs are reframing finance as a tool for equitable development. They advocate for grant-based mechanisms that reduce the fiscal burden on already vulnerable populations and promote long-term resilience. By integrating climate justice principles and ensuring that finance frameworks address systemic inequities, these organisations are helping align climate action with human rights and community priorities.<sup>190</sup>

CPRD's recommendations on finance instruments are particularly relevant for the post-COP30 landscape. The organisation stresses that climate finance must highly prioritise grants and highly concessional loans; that selective climate-debt swaps can be adopted to free fiscal space for resilience, but loan-heavy packaging should be strictly ruled out; and that adaptation and L&D finance—most relevant for Bangladesh—must focus on sustainable recovery and

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<sup>187</sup> CPRD (n 103), Reporting Activities and Strategic Approaches for Climate Resilience and Loss and Damage.

<sup>188</sup> Christian Aid Myanmar consultation, 2025; Meik Swe Myanmar and Building Better Society (BBS) programme documentation.

<sup>189</sup> Loss and Damage Research Observatory, <https://lossanddamageobservatory.org/>; ALL ACT platform documentation.

<sup>190</sup> Civil society consultations across South Asia, 2025; Christian Aid (n 138); Loss and Damage Collaboration submissions (n 48).

reconstruction and building long-term resilience, rather than short-term, fragmented, risk-focused activities. For Bangladesh, where marginalised people in climate-vulnerable areas face climate-induced displacement and recurrent livelihood loss, grant-based instruments and debt relief enable social protection scaling and rehabilitation without increasing household or sovereign indebtedness. Grants and highly concessional finance tied to inclusive, locally led implementation ensure interventions reach marginalised communities and sustain equitable resilience.<sup>191</sup>

CPRD and Christian Aid have developed and piloted a blended microfinancing approach—combining grants with microcredit—which has proven a potential innovative instrument for addressing community-level, small-scale Loss and Damage by effectively engaging local microfinance institutions. This model demonstrates how innovative, locally owned finance instruments can fill gaps left by larger international mechanisms, particularly for the kinds of recurrent, localised losses—damaged houses, lost harvests, destroyed livelihoods—that are too small for international funds but devastating for the households that experience them. The model aligns with the FRLD's mandate to address both slow-onset events and extreme weather, and could be scaled through the FRLD's operational pipeline or through GCF readiness programmes and the country platforms launched at COP30.<sup>192</sup>

The L&DC's consistent demand—that Loss and Damage finance be 100 per cent grant-based, with the FRLD disbursing at least USD 400 billion per year by 2035, and that the majority of grants capitalise and replenish the FRLD while finance also flows to the Santiago Network and the Warsaw International Mechanism—provides the benchmark against which all L&D finance commitments should be measured at SB64 and COP31.<sup>193</sup>

## Bridging Access Gaps

Language and bureaucracy also act as barriers. Application procedures are often in English and couched in highly technical terms, excluding frontline actors. Communities in South Asia and Myanmar, particularly climate-impacted communities, frequently lack awareness of available funds, or the means to apply. This is where CSOs play a bridging role—amplifying voices, monitoring disbursement, and building community capacity to engage with finance systems.<sup>194</sup>

To address these barriers, civil society organisations are actively building platforms for community learning and participation. By training local leaders, translating technical information into local languages, and establishing networks of volunteers and governance bodies, these groups are helping communities navigate complex funding systems. Such efforts are critical in ensuring that women, minorities, displaced populations, and other marginalised groups can access support and participate in planning processes.<sup>195</sup>

CPRD's experience in Bangladesh is illustrative. The organisation has been implementing capacity-building workshops where marginalised women—including those from Dalit and Indigenous groups—learn how to effectively communicate their needs to government

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<sup>191</sup> CPRD (n 103), Contributions to Climate Finance Discourse—finance instrument recommendations.

<sup>192</sup> CPRD and Christian Aid, blended microfinancing pilot for community-level L&D, Bangladesh, 2025 (n 103); analysis of potential scaling through FRLD and GCF readiness programmes.

<sup>193</sup> Loss and Damage Collaboration, First and Second Submissions to the Baku to Belém Roadmap (n 29, n 48).

<sup>194</sup> Christian Aid (n 138); ODI (n 139); IIED (n 58) on language and access barriers.

<sup>195</sup> Civil society consultations across South Asia and Myanmar, 2025.

stakeholders and demand inclusion in government resilience programmes. CPRD-organised dialogues serve as platforms where these women can directly communicate their needs to government officials. The barriers these women face—lack of information about government policies and programmes, lack of awareness of human rights, lack of education, language barriers, and social discrimination—restrict access to government institutions and schemes. Addressing these barriers requires sustained investment in community-level capacity, not one-off training sessions, and finance mechanisms must recognise this capacity-building as an essential, fundable component of climate action.<sup>196</sup>

For SB64 and COP31, the agenda must include concrete steps to operationalise community access. The NCQG's reference to locally led approaches (Paragraph 22(a)) must be translated into operational modalities that mandate direct access windows for subnational actors. The FRLD's first replenishment must include dedicated allocations for capacity-building of local organisations. The GGA indicator framework must include metrics that track whether finance is reaching communities. And the Baku Adaptation Roadmap must be given implementation pathways that prioritise local agency over donor convenience.

These themes do not remain at the level of global debate: they shape the lived experiences of communities across South Asia and Myanmar. The following section draws on further civil society perspectives from each country to show how questions of governance, debt, non-economic losses, and access play out in practice.

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<sup>196</sup> CPRD (n 103), Building Synergies with State-Linked Programmes—work with marginalised women including Dalit and Indigenous groups.

## Section 4 – Regional Perspectives on Climate Action

Our consultations with select civil society stakeholders across the region highlight both systemic gaps and innovative practices in climate finance governance. While experiences differ, common threads emerge: the urgent need for justice-based financing, stronger data systems, and participatory structures that ensure accessibility. The following country-specific insights distil replicable aspects and propose ways forward. This section has been enriched by additional inputs received after COP30, including detailed case study material from the Centre for Participatory Research and Development (CPRD) in Bangladesh, updated IMF programme data, and post-Belém developments in each country's climate finance landscape.

### 4.1 Bangladesh – Community-Driven Climate Finance Approaches

During consultations with civil society organisations in Bangladesh, several practices emerged as noteworthy models in advancing equitable climate finance. These consultations, conducted as part of broader efforts to support the development of Bangladesh's NDC 3.0, highlighted how locally grounded solutions can complement national and international climate financing frameworks.

#### Local Financing for Vulnerable Communities: The BRAC Climate Risk Fund

The BRAC Climate Risk Fund, established in 2019, represents a community-oriented financing model aimed at supporting climate migrants and vulnerable populations, especially in urban areas.<sup>197</sup> With an allocated budget of approximately 100 crore BDT, the fund demonstrates how targeted resources can address adaptation needs at the local level. This is an example of community-led adaptation financing that shows how local resource mobilisation can support vulnerable groups through targeted and accessible funding mechanisms.

Our consultation with BRAC revealed that despite high demand—receiving over 100 proposals per funding round—only a small fraction (less than 5 per cent) of proposals could be supported due to resource constraints.<sup>198</sup> This reflects the scale of adaptation needs and illustrates how structured, community-driven financing mechanisms can help prioritise vulnerable groups when complemented by transparent governance and equitable allocation processes. The gap between demand and supply in a single national fund mirrors the global gap: the FRLD's initial USD 250 million BIM allocation for 2025–2026 will face similar pressures of overwhelming demand against limited resources, making the design of equitable prioritisation criteria essential.

#### Documenting Loss and Damage from the Ground: CPRD's Evidence-Based Advocacy

The Centre for Participatory Research and Development (CPRD), a policy research and advocacy organisation established in 2007 and registered under the Society Registration Act 1860, has conducted extensive work across Bangladesh's most climate-stressed areas. CPRD's core focus spans climate change adaptation and resilience, mitigation, Loss and Damage,

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<sup>197</sup> BRAC, Climate Risk Fund documentation, 2019–2025; BRAC consultation with CANSA research team, 2025.

<sup>198</sup> BRAC consultation, 2025.

climate finance, nature-based solutions, biodiversity, climate-induced displacement and migration, disaster risk reduction, health, gender, human rights, Indigenous Peoples' rights, just transition, environmental governance, climate justice, and sustainable development. Its key stakeholders include policymakers and focal persons at relevant government ministries—including the Ministry of Environment, Forest and Climate Change, the Department of Environment, the Ministry of Women and Children Affairs, the Ministry of Disaster Management and Relief, the Ministry of Agriculture, the Ministry of Finance, the Ministry of Water Resources, the National Human Rights Commission, the Planning Commission of Bangladesh, and the Local Government Engineering Department—as well as climate change negotiators, climate scientists, policy experts, national and international NGOs, women leaders, youth leaders, human rights activists, climate-vulnerable grassroots communities, Indigenous communities, excluded communities such as the Dalit community, and livelihood-based communities such as fisherfolk.<sup>199</sup>

CPRD has conducted work in many climate-stress areas of the country, including the most vulnerable parts: the cyclone, tidal inundation, and salinity-affected southern coastal areas; the flash-flood-prone northeastern Haor region; the drought-prone northwestern Barind region; the riverbank erosion-prone south-central region; and the landslide-prone Chittagong Hill Tracts. The climate-driven Loss and Damage in these areas is multifaceted and accelerating.

The observed economic L&D includes destruction of houses and household assets, loss of homestead land and cropland, standing crops, gardens, and livestock, collapse of agriculture and aquaculture, damage to businesses, roads and other infrastructure, loss of employment, and increased household indebtedness. For instance, in Mongla upazila of Bagerhat—a southwestern coastal district—thousands of houses are damaged every year due to tropical cyclones and tidal inundation, whereas in Kurigram, a northern estuarine district, thousands of houses are inundated due to flash floods annually.<sup>200</sup>

Apart from these economic losses, there are a range of losses suffered by people in these areas which cannot be counted monetarily. These commonly include loss of life, loss of cultural heritage and sacred sites (erosion of ancestral graveyards and community shrines), physical injuries, deteriorated health and nutrition (particularly for children), psychological trauma and chronic distress, loss of community cohesion from prolonged out-migration, loss of sense of place and identity, school dropout, and child marriage. For example, river erosion-driven displacement caused many of the migrant families in Bangabandhu Colony, a slum in Barisal City Corporation, to lose ties with their relatives and neighbours of their ancestral homes.<sup>201</sup>

CPRD collects the evidence of these losses through intensive participatory ground studies and documents them through study reports, newsletters, journal publications, briefing papers, press releases, and social media posts. These evidences are shared with CSOs and government stakeholders in national and local seminars and study-sharing events, which strengthen the urgency of addressing ground-level L&D and expedite government stakeholders to take prompt action. Alongside, these evidences are used as strong references for accessing finance from international funds such as the GCF and LDCF for projects on minimising Loss and Damage.

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<sup>199</sup> Centre for Participatory Research and Development (CPRD), Case Study Template submission to CANSA, 2025; CPRD organisational profile, [www.cprdbd.org](http://www.cprdbd.org)

<sup>200</sup> CPRD (n 199), Contextualizing Loss and Damage: Local Realities, Community Voices, and Policy Pathways.

<sup>201</sup> CPRD (n 199).

Additionally, these research findings are shared at international conferences such as COP and SB meetings, strengthening global advocacy for immediate action on location-specific L&D.<sup>202</sup>

## Barriers Facing Marginalised and Frontline Communities

CPRD's work highlights that marginalised groups—including Dalit communities, ethnic minorities, ultra-poor households, and women in climate-vulnerable areas—face a number of structural barriers to advancing climate action. These include: limited formal land tenure and documentation, excluding them from asset-linked compensation; low literacy and language barriers impeding completion of complex fund applications and even seeking help from local government bodies; lack of political voice and representation in local committees that allocate resources; discriminatory social norms limiting women's access to cash transfers and assets; and geographic isolation that hinders access to information and administrative offices. Often, the top-down method of planning excludes the distinct crucial needs of these groups. Additionally, rigid eligibility criteria, requirements for co-finance, and complex application modalities are procedural barriers that systematically exclude grassroots groups from accessing climate finance.<sup>203</sup>

CPRD has been implementing a multipronged approach in addressing these barriers. It has implemented intensive participatory studies on disproportionate impacts of climate change along with systematic exclusion faced by these groups and communicated the evidences with policymakers and CSOs at national and international levels to expedite actions and ensure easy-to-access finance. It has organised trainings, workshops, and seminars to enhance awareness and capacities of these groups for advocating at national and global platforms for the protection of their rights against climate change impacts and to connect them with the proper stakeholders. The marginalised women, such as those from Dalit and Indigenous groups, face several challenges including lack of information about government policies and programmes, lack of awareness of human rights, lack of education, language barriers, and social discrimination, which restrict access to government institutions and schemes. CPRD has been implementing capacity-building workshops where these excluded women get to know how and to whom they can effectively communicate their needs and demand their effective inclusion in government programmes on resilience-building. The CPRD-organised dialogues also serve as platforms where these women can directly communicate their needs to government stakeholders.<sup>204</sup>

## Innovative Microfinance Approaches for Loss and Damage

CPRD and Christian Aid recently developed and piloted a blended microfinancing approach—combining grants with microcredit—which has proven a potential innovative instrument for addressing community-level, small-scale Loss and Damage by effectively engaging local microfinance institutions (MFIs). This model addresses a critical gap in the climate finance architecture: the recurrent, localised losses—damaged houses, lost harvests, destroyed fishing

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<sup>202</sup> CPRD (n 199), Reporting Activities and Strategic Approaches for Climate Resilience and Loss and Damage.

<sup>203</sup> CPRD (n 199), Challenges and Barriers for Marginalized and Frontline Communities in Advancing Climate Action.

<sup>204</sup> CPRD (n 199), Building Synergies with State-Linked Programmes and Schemes for Community Resilience.

equipment, depleted livestock—that are too small for international fund mechanisms but devastating for the households that experience them.<sup>205</sup>

The blended approach works by combining a grant component (which covers the non-recoverable element of the loss and provides the initial safety net) with a microcredit component (which enables the household to invest in recovery and livelihood restoration). By engaging local MFIs, the model leverages existing community-level financial infrastructure, reduces transaction costs, and ensures that finance reaches beneficiaries through trusted local institutions. This is consistent with the FRLD's mandate to address both slow-onset events and extreme weather, and with the LLA principles' emphasis on devolving decision-making to the lowest appropriate level and investing in local capabilities to leave an institutional legacy.

The model could be scaled through multiple channels: the FRLD's operational pipeline under the Barbados Implementation Modalities; GCF readiness programmes and the country platforms launched at COP30 under the Solutions Acceleration Plan; or through the proposed BAM's matchmaking function, which aims to connect projects with funders. For SB64 and COP31, Bangladesh—alongside CPRD and Christian Aid—should advocate for the inclusion of blended microfinance as a recognised modality within the FRLD's operational toolkit, ensuring that the Fund's design does not inadvertently exclude the very scale of intervention that is most relevant to frontline communities.<sup>206</sup>

## Inclusive Sectoral Engagement: Circular Economy and Adaptation

Our consultation also explored expanding the sectors included in NDC planning beyond traditional market-driven areas. Christian Aid Bangladesh pointed out that while sectors such as readymade garments and textiles are prioritised due to their potential for greenhouse gas reductions and carbon market linkages, civil society actors are pushing for a more inclusive approach.<sup>207</sup> They advocate for adaptation and L&D to be treated as cross-cutting priorities, ensuring that climate action frameworks address the lived realities of vulnerable communities rather than focusing solely on sectors aligned with market mechanisms. These discussions highlight an emerging interest in integrating circular economy principles into NDC strategies, providing opportunities to align sustainable production and consumption with adaptation goals.

## Integrating Justice-Based Approaches and Non-Economic Losses

A recurring concern from our consultations was that existing financing mechanisms often overlook non-economic losses such as cultural impacts, health disruptions, and livelihood collapse. Participants stressed that adaptation strategies should incorporate justice-based and human rights perspectives to ensure climate finance reaches communities most affected by climate risks.

Christian Aid Bangladesh emphasised that civil society's efforts in Bangladesh are framed around broader climate justice concerns.<sup>208</sup> She proposed that regional cooperation, including

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<sup>205</sup> CPRD (n 199), Reporting Activities—blended microfinancing approach; Christian Aid Bangladesh, programme documentation.

<sup>206</sup> Author's analysis; FRLD BIM documentation (n 178); GCF Readiness Programme and Country Platform Hub launched at COP30; BAM Discussion Paper (n 172), Function #7 on matchmaking.

<sup>207</sup> Christian Aid Bangladesh consultation, 2025.

<sup>208</sup> Christian Aid Bangladesh (n 207).

the development of a regional civil society position paper, could complement national advocacy, ensuring that adaptation and L&D financing frameworks reflect community priorities rather than market-oriented approaches. As the process moves toward SB64 and COP31, this regional coordination—facilitated by platforms such as CANSA—will be essential to ensure that South Asian voices are amplified in the implementation agenda.

## Bangladesh's IMF Programme and Climate Finance Implications

Bangladesh was the first Asian country to access the IMF's Resilience and Sustainability Facility (RSF), with a combined ECF/EFF package of approximately USD 3.3 billion and RSF access of approximately USD 1.4 billion approved in January 2023. On 23 June 2025, the IMF completed the combined third and fourth reviews, giving immediate access to about USD 884 million under ECF/EFF and about USD 453 million under the RSF. However, by early 2026, the IMF noted that performance under the fifth review had been mixed and discussions were expected to resume after formation of a new government.<sup>209</sup>

While the RSF represents an important acknowledgment that climate resilience must be integrated into macroeconomic frameworks, it must be distinguished from genuine climate finance. Bangladesh's external debt repayments absorbed nearly 17 per cent of government revenue in 2024, and the conditionalities attached to IMF programmes constrain the fiscal space that climate adaptation demands. CPRD and other Bangladesh CSOs stress that climate finance must highly prioritise grants and highly concessional loans; that selective climate-debt swaps can be adopted to free fiscal space for resilience, but loan-heavy packaging should be strictly ruled out; and that adaptation and L&D finance must focus on sustainable recovery and building long-term resilience rather than short-term, fragmented, risk-focused activities.<sup>210</sup>

## CPRD's Recommendations for SB64 and COP31

Drawing on its ground-level evidence and policy advocacy experience, CPRD has articulated the following priority recommendations for the international negotiations ahead:<sup>211</sup>

First, SB64 should advance the development of standardised, community-friendly application templates and fast-track windows for frontline micro-projects under the FRLD, GCF, and GFDRR, with mechanisms enabling direct access by marginalised groups and grassroots entities. COP31 should adopt these modalities as part of the FRLD's operational framework.

Second, the NCQG must incorporate social inclusion and non-economic loss indicators to tie finance to equitable outcomes. At SB64, Parties should begin shaping the methodology for tracking these indicators in alignment with the GGA framework and the Standing Committee on Finance reporting (which begins in 2028).

Third, COP31 should allocate dedicated funds for building fiduciary and programmatic capacity of local community organisations, especially women's and Indigenous groups, to

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<sup>209</sup> IMF, Bangladesh ECF/EFF/RSF programme documentation, 2023–2026; IMF, Combined Third and Fourth Reviews press release, 23 June 2025; IMF, Bangladesh Article IV Consultation, January 2026.

<sup>210</sup> CPRD (n 199), Contributions to Climate Finance Discourse; ActionAid, analysis of Bangladesh external debt servicing, 2024.

<sup>211</sup> CPRD (n 199), Contributions to Climate Finance Discourse and Strategic Signalling for Equity and Access—recommendations adapted from COP30 framing to SB64/COP31 orientation.

access and manage climate finance. Without this investment, direct access modalities will remain theoretical.

Fourth, COP31 must launch a process for effectively including local actors and climate-vulnerable communities in decision-making on climate finance sourcing and disbursement at local, national, and global levels, particularly for L&D financing. The FRLD's first replenishment must reflect this commitment.

Fifth, innovative approaches—including contingency funds, blended microfinance models (as piloted by CPRD and Christian Aid), and climate-debt swaps—must be leveraged to address small-scale, localised L&D. These instruments should be recognised within the FRLD's operational toolkit and scaled through GCF readiness programmes and the country platforms established at COP30.

Sixth, the FRLD must be substantively capitalised at its first replenishment, with pledging milestones anchored in equitable burden-sharing such as the CEEW 0.08 per cent GDP model, and an accountable replenishment path ensuring grant-based finance reaches all developing countries.

These initiatives, while still evolving, present practical approaches for integrating community participation, justice, and local knowledge into climate finance strategies, offering pathways that other countries and regions may adapt in pursuit of equitable climate resilience.

## 4.2 Pakistan – Financing Gaps, Debt Risks, and Emerging Resilience Strategies

Pakistan's climate finance landscape is marked by significant gaps between global commitments and national needs, further compounded by structural barriers to accessing funds. While these challenges mirror broader trends in South Asia, Pakistan's recent efforts to institutionalise resilience strategies, promote transparent tracking of climate investments, explore anticipatory planning, and pursue legal accountability for climate damages signal a shift toward actionable solutions.

### Bridging the Gap between Global Commitments and National Realities

At the global level, the disconnect between pledged climate finance and actual flows remains stark. According to our discussions with the Sustainable Development Policy Institute (SDPI), Pakistan, despite longstanding negotiations at COP forums, developing countries' demand for USD 1.28 trillion annually contrasts sharply with pledges of USD 350 million per year over a decade.<sup>212</sup> This is a shortfall that could exceed USD 12 trillion over ten years if unmet, say SDPI. The reality is reflected in total flows of USD 1.6 trillion until 2022, compared to an estimated USD 7.4 trillion needed annually by 2030.

According to SDPI, international financing is insufficient and slow, forcing countries like Pakistan to rely increasingly on national resources. In this context, Pakistan has introduced green tagging in its national budget, linking expenditures to climate action.<sup>213</sup> This is seen as

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<sup>212</sup> SDPI consultation with CANSA research team, 2025.

<sup>213</sup> SDPI consultation (n 212); Government of Pakistan, green tagging of national budget expenditures.

an effort to improve transparency and align spending with resilience goals. SDPI noted that such tagging builds on earlier Sustainable Development Goal (SDG) tracking but now focuses specifically on climate-related risks. However, they highlighted that while green tagging is a first step toward integrating climate risk into planning, eligibility criteria for Loss and Damage funds remain unclear.

Pakistan's NDC 3.0, submitted in September 2025, represents a significant institutional advance. It explicitly calls for substantial, predictable international finance for Loss and Damage, details a national assessment mechanism led by the National Disaster Management Authority (NDMA) and provincial governments, formalises data management and verification systems, and requests over USD 565.7 billion by 2035 for disaster risk preparedness, recovery, and climate-resilient development. Loss and Damage is now a funded, cross-cutting priority in both adaptation and overall climate planning.<sup>214</sup> These revisions aim to shift national planning from externally driven initiatives to resource mobilisation rooted in domestic institutions.

## The Scale of Pakistan's Climate Crisis: Data Points

The urgency of Pakistan's situation is underscored by the scale of recent climate disasters:

**Table 7: Pakistan Climate Disaster Impact — Key Data**

Metric	Finding
2022 floods: people affected	Over 33 million
2022 floods: estimated damages	USD 30 billion
2022 floods: recovery pledges as loans	Over 90 per cent
2022 floods: Pakistan's pre-existing debt repayments due (2022)	USD 12.5 billion
2025 monsoon floods: lives lost	Over 946 (including 320 children)
2025 monsoon floods: people evacuated	Nearly 1.9 million
Pakistan's share of global GHG emissions	Less than 1 per cent
NDC 3.0 finance request (by 2035)	USD 565.7 billion

*Table 7: Pakistan Climate Disaster Impact — Key Data*

*Sources: UNICEF Pakistan Floods Situational Report 2025; World Bank Pakistan PDNA 2022; Economic Times India; Government of Pakistan NDC 3.0.*

Pakistan contributes less than one per cent of global greenhouse gas emissions, yet it is among the countries most severely affected by climate change. In 2022, floods inundated large parts of the country, and over 90 per cent of funds secured at a pledging conference to address the loss and damage caused by the floods were loans—deepening a debt crisis in a country that was already facing USD 12.5 billion in debt repayments that year alone.<sup>215</sup> Rural households bear the heaviest burden: communities in Sindh Province, which suffered two-thirds of all flood

<sup>214</sup> Government of Pakistan, Pakistan's NDC 3.0, submitted September 2025.

<sup>215</sup> Economic Times India, "Pakistan minister says 90% pledges by international community at Geneva conference in form of loans," 2023; H. Chow (2022), Debt Justice, Pakistan's floods: Vicious cycle of debt and climate crises; UNICEF, Pakistan Floods Situational Report 2025.

damage in 2022, have been exposed to changing weather patterns and the destruction of their livelihoods for many years.

## IMF Programme and Climate Finance Implications

Pakistan's IMF arrangement comprises a 37-month Extended Fund Facility (EFF) approved in September 2024 and a 28-month Resilience and Sustainability Facility (RSF) approved in May 2025 with access of approximately USD 1.4 billion. By December 2025, the IMF had completed the second EFF review and first RSF review, making approximately USD 1 billion available under the EFF alongside the RSF disbursement.<sup>216</sup>

The RSF represents an acknowledgment that climate resilience must be integrated into macroeconomic frameworks, and Pakistan's access to this facility provides resources for climate policy reforms. However, RSF lending carries conditionalities that constrain fiscal space and adds to sovereign debt. As Christian Aid's analysis of IMF conditionality (February 2026) demonstrates, IMF programme design remains fundamentally shaped by the institution's own staff, with the concept of "country ownership" often amounting to governments aligning with predetermined reform templates. The critical distinction must be maintained: climate finance that arrives as debt, however concessional, is not climate justice.<sup>217</sup>

Pakistan also receives IFC private-sector financing, including a risk-sharing facility with Habib Metropolitan Bank and a USD 400 million risk-participation facility with Standard Chartered Pakistan. While these instruments support private-sector development, they do not address the public, grant-based finance needs that adaptation and Loss and Damage demand.<sup>218</sup>

## Climate Litigation: Pakistani Farmers v. RWE and Heidelberg Materials

In December 2025, 39 farmers from the Sindh region filed a lawsuit at the German Regional Court in Heidelberg against two of Germany's largest climate polluters—RWE and Heidelberg Materials—seeking partial compensation for the devastating losses they suffered during the 2022 floods. The case builds on the landmark *Lliuya v. RWE* verdict (May 2025), where a German court confirmed the legal principle that major emitters can be held liable for climate-related damages abroad.<sup>219</sup>

The farmers, supported by the human rights organisations *medico international* and the European Center for Constitutional and Human Rights (ECCHR), along with Pakistani organisations *HANDS Welfare Foundation* and the National Trade Union Federation (NTUF), are seeking approximately EUR 1 million in damages. Historically, RWE is responsible for at least 0.68 per cent and Heidelberg Materials for at least 0.12 per cent of global industrial emissions since 1965, according to the Climate Accountability Institute. At the heart of the case lies a simple but powerful legal principle: those who cause harm must pay for it. The case

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<sup>216</sup> IMF, Pakistan EFF/RSF programme documentation, 2024–2025; IMF, Second EFF Review and First RSF Review press release, December 2025.

<sup>217</sup> Christian Aid, "The state of play of IMF conditionality," 18 February 2026, <https://www.christianaid.org.uk/news/policy/state-play-imf-conditionality>.

<sup>218</sup> IFC project data for Pakistan, 2024–2025.

<sup>219</sup> ECCHR, "Pakistani farmers take climate justice fight against RWE and Heidelberg Materials to German court," 20 January 2026, <https://www.ecchr.eu/en/press-release/klimaklage-aus-pakistan-baeuerinnen-verklagen-rwe-und-heidelberg-materials/>.

relies on two causes of action under the German Civil Code: Section 906 (nuisance) and Section 823 (tort).<sup>220</sup>

As Abdul Hafeez Khoso, a 42-year-old farmer from Jacobabad whose land was submerged during the floods, stated: "The damage caused by the devastating floods in 2022 has plunged us into a spiral of poverty, debt, and despair." The case is part of a growing global movement of cross-border climate damages litigation, alongside the Philippines Shell case in UK courts and the Swiss Holcim case. For South Asia, it represents a powerful assertion that the polluter-pays principle must have practical legal consequences, complementing the diplomatic processes under the UNFCCC with judicial accountability.<sup>221</sup>

## Anticipatory Action and Resilience Planning

SDPI highlighted that they are drafting a National Anticipatory Action Strategy, which includes early warning systems, community preparedness, and pre-agreed financing mechanisms to respond to disasters more efficiently. This approach is being positioned as a cost-effective way to reduce damage from floods and heatwaves, especially following the 2022 floods.<sup>222</sup> Local-level plans are being developed to ensure provisional financing is available before disasters occur. SDPI emphasised that improving preparedness at community levels is key to resilience and disaster response.

## Private Sector Engagement

With international funding limited, Pakistan is exploring private sector investment in areas such as forestry, land use planning, and water conservation. SDPI observed that private investors are being drawn toward projects that offer both sustainability and financial returns.<sup>223</sup> Additionally, collaborations with the World Bank and IFC are being pursued to structure funding in ways that make private sector participation viable. However, as the evidence in this report makes clear, private finance cannot substitute for the public, grant-based finance that adaptation and Loss and Damage demand.

Pakistan's strategies, while still in formative stages, offer practical pathways for countries to embed resilience, equity, and data-driven planning into climate finance structures, advancing both adaptation and anticipatory action in vulnerable regions. For SB64 and COP31, Pakistan should leverage its NDC 3.0's strong L&D framework and its growing climate litigation momentum to advocate for substantive FRLD capitalisation, equitable burden-sharing, and the recognition of the polluter-pays principle in international finance decisions.

## 4.3 Nepal – Balancing Mitigation Ambition with Adaptation and Loss and Damage

Nepal's climate finance landscape is heavily dependent on external support, with NDC 3.0 estimating a requirement of USD 73.7 billion by 2035, of which nearly 85 per cent is

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<sup>220</sup> ECCHR (n 219); Climate Cost Case Pakistan, <https://www.climatecostcase.org/en/the-case>; Climate Accountability Institute, Carbon Majors data.

<sup>221</sup> ECCHR (n 219); Abdul Hafeez Khoso, quoted in ECCHR press release, January 2026.

<sup>222</sup> SDPI consultation (n 212).

<sup>223</sup> SDPI consultation (n 212).

conditional on international assistance.<sup>224</sup> While notable progress has been made in advancing renewable energy and meeting mitigation targets, adaptation and Loss and Damage remain comparatively underdeveloped. Current disaster assessment tools provide only a partial picture, failing to adequately capture the breadth of economic and non-economic losses experienced by vulnerable communities.<sup>225</sup>

## Enhancing Adaptation and Loss and Damage Finance in Nepal: Emerging Insights

Our discussion with the Prakriti Resource Centre (PRC) underscored that Nepal's third Nationally Determined Contribution (NDC 3.0) is widely seen as a comprehensive document with strong mitigation ambition, particularly around hydropower and solar energy. Compared to the previous NDC, it makes more reference to adaptation and Loss and Damage, but largely in policy language rather than measurable targets. PRC emphasised that because the NDC is directly linked to climate finance, it should integrate adaptation and Loss and Damage more robustly instead of relying solely on the National Adaptation Plan. They noted that Nepal lacks a nationally established methodology to assess economic and non-economic Loss and Damage, relying instead on disaster tools such as Post-Disaster Needs Assessments, Initial Rapid Assessments, and Multi-Cluster Rapid Assessments, which are familiar but insufficient to capture the full scope of climate-related losses.<sup>226</sup>

PRC also highlighted major finance challenges. Nepal has not yet received funding explicitly labelled as "Loss and Damage," and stringent procedures, shrinking international resources, and donor-driven governance make access difficult. Between 2020 and 2022, 95 per cent of multilateral climate finance to Nepal came as concessional loans and only 5 per cent as grants, contributing to a debt-to-GDP ratio of 42.7 per cent as Nepal prepares to graduate from LDC status. External debt as a share of GDP has doubled over the past decade, even as climate-related losses continue to mount. PRC stressed the urgency of operationalising the FRLD to provide non-debt-creating support, warning that Nepal's current political instability and reconstruction demands risk delaying NDC 3.0 implementation and diverting scarce domestic funds away from climate priorities.<sup>227</sup>

**Table 8: Nepal Climate Finance — Key Data Points**

<b>Metric</b>	<b>Finding</b>
NDC 3.0 total finance requirement (by 2035)	USD 73.7 billion
Share conditional on international support	~85 per cent
Multilateral climate finance as concessional loans (2020–2022)	95 per cent
Multilateral climate finance as grants (2020–2022)	5 per cent
Debt-to-GDP ratio	42.7 per cent
External debt trend	Doubled over past decade

<sup>224</sup> Government of Nepal, Nepal's NDC 3.0; Prakriti Resource Centre consultation, 2025.

<sup>225</sup> PRC consultation (n 224).

<sup>226</sup> PRC consultation (n 224).

<sup>227</sup> PRC consultation (n 224); IMF Nepal ECF programme data; ActionAid analysis of Nepal external debt trends.

Funding explicitly labelled as "Loss and Damage" received	None
IMF programme	ECF (SDR 282.4m), approved January 2022; 6th review completed October 2025
FCPF payment (November 2025)	USD 9.4 million for 1.88m tCO <sub>2</sub> reduced

Table 8: Nepal Climate Finance — Key Data Points

Sources: Government of Nepal NDC 3.0; PRC consultation; IMF Nepal ECF data; World Bank FCPF press release.

## Nepal's FCPF Payment: A Model for Community-Centred Finance

Nepal's receipt of USD 9.4 million from the World Bank's Forest Carbon Partnership Facility (November 2025) for reducing approximately 1.88 million tonnes of CO<sub>2</sub> under its REDD+ Emission Reductions Programme in the Terai Arc Landscape represents a significant milestone—the first payment under the FCPF's Emission Reductions Payment Agreement (ERPA).<sup>228</sup>

The FCPF programme in Nepal is characterised by its strong community-based approach to sustainable forestry. Implemented across the Terai Arc Landscape—home to both rich biodiversity and a dense human population—the programme brings together local communities, Indigenous Peoples, and civil society organisations to protect and restore forests while improving rural livelihoods. The payment will be distributed in accordance with Nepal's Benefit Sharing Plan, developed through a participatory process that included consultations with local communities and key stakeholders. The plan ensures that forest-dependent communities and Indigenous Peoples directly benefit from the results of their efforts. Investments will support continued forest restoration, community enterprises, and climate-resilient livelihoods—reinforcing Nepal's global reputation as a pioneer of community forestry and participatory resource management.<sup>229</sup>

As Dr Rajendra Prasad Mishra, Secretary at the Ministry of Forests and Environment, stated: "This results-based payment reflects the efforts and dedication of our forest-dependent communities, Indigenous Peoples, and the government in conserving and managing our forests." As of November 2025, FCPF programmes globally have reported more than 131 million tCO<sub>2e</sub> in emission reductions, with 63.7 million credits issued and 46.5 million paid for, amounting to over USD 232 million in results-based payments.<sup>230</sup>

This model—results-based, community-centred, and delivered through participatory governance—represents the kind of finance architecture that the FRLD and the broader climate finance system should aspire to replicate. It demonstrates that when local communities are genuinely involved in design, implementation, and benefit-sharing, climate finance can deliver both environmental and social outcomes. However, such examples remain the exception:

<sup>228</sup> World Bank, "Nepal Receives \$9.4 Million for Forest Carbon Credits Under the Forest Carbon Partnership Facility," 16 November 2025, <https://www.worldbank.org/en/news/press-release/2025/11/16/nepal-receives-9-4-million-for-forest-carbon-credits-under-the-forest-carbon-partnership-facility>

<sup>229</sup> World Bank (n 228); Nepal Benefit Sharing Plan documentation.

<sup>230</sup> Dr Rajendra Prasad Mishra, Secretary, Ministry of Forests and Environment, quoted in World Bank press release (n 228); FCPF global programme data as of November 2025.

Nepal's broader climate finance landscape remains dominated by concessional loans that deepen rather than alleviate fiscal stress.

## Inclusive Sectoral Engagement: Circular Economy and Adaptation in Nepal

Consultations led by Prakriti Resource Centre emphasised the potential of circular economy principles to advance adaptation in Nepal. While NDC 3.0 remains primarily focused on mitigation, stakeholders highlighted opportunities to embed sustainable resource use and circular practices in agriculture, water, and health sectors, where climate vulnerabilities are most acute. PRC pointed to a promising locally led model in which municipalities allocate up to 80 per cent of budgets for climate action and women's groups raise the remaining 20 per cent from international projects, philanthropic organisations like Tewa, and local contributions.<sup>231</sup>

This gender-just, blended-finance approach demonstrates how communities can reduce dependence on externally dictated finance. The co-investment mechanism reflects a circular flow of resources, where funds are mobilised locally, reinvested, and recycled to support adaptation initiatives over time. By reducing reliance on external finance and embedding gender-just approaches, the model illustrates how circular economy practices can be adapted to local contexts and how NDC strategies can expand beyond market-driven sectors, linking sustainable production and consumption with the lived resilience needs of communities.

## Integrating Justice-Based Approaches and Non-Economic Losses in Nepal

PRC revealed that while NDC 3.0 advances mitigation goals, adaptation and Loss and Damage remain under-addressed, particularly in terms of non-economic impacts such as cultural and livelihood losses. Nepal's mountain communities face specific vulnerabilities—glacial lake outburst floods (GLOFs), landslides, riverbank erosion, and the gradual loss of traditional livelihoods—that produce profound non-economic losses largely invisible to existing assessment tools. PRC stressed that NDC frameworks must adopt justice-based approaches and prioritise vulnerable groups, ensuring finance mechanisms move beyond concessional loans toward equitable and locally grounded solutions.<sup>232</sup>

Nepal's IMF arrangement—an Extended Credit Facility approved in January 2022 for SDR 282.4 million, with the sixth review completed in October 2025—is a traditional concessional reform programme without a climate-linked RSF window. For SB64 and COP31, Nepal should advocate for: the inclusion of LDC-specific access lanes in the FRLD that integrate its glacial-risk profile; the expansion of results-based, community-centred finance models such as the FCPF; the development of a nationally established methodology for assessing economic and non-economic Loss and Damage; and the provision of non-debt-creating support through the FRLD to avoid deepening a debt-to-GDP ratio that already stands at 42.7 per cent as the country prepares to graduate from LDC status.

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<sup>231</sup> PRC consultation (n 224); Tewa philanthropic organisation, Nepal.

<sup>232</sup> PRC consultation (n 224).

## 4.4 Sri Lanka – Debt, Economic Crisis, and Climate Finance Governance

In Sri Lanka, the intersection of debt distress and climate vulnerability has given rise to approaches that provide useful models for advancing equitable climate finance. The country stands at a turning point: after facing one of the worst economic crises in its history—one that pushed many families into poverty—Sri Lanka has made remarkable progress in fiscal stabilisation. Yet as the economy finds its footing, the growing threat of climate change looms large, making the alignment of economic recovery and climate resilience not merely desirable but essential.

### From Crisis to Comeback: The World Bank's Country Climate and Development Report

The World Bank's Sri Lanka Country Climate and Development Report (CCDR), released in November 2025, charts a "crisis-to-comeback" narrative that is instructive for the broader region. In just three years, Sri Lanka undertook one of the largest fiscal adjustments in its history—equal to nearly 8 per cent of GDP—a turnaround that has been faster and sharper than many similar efforts worldwide.<sup>233</sup>

However, the CCDR makes clear that without strong climate action, the gains from economic recovery risk being eroded. Key findings include:

**Table 9: Sri Lanka Climate Finance — Key Data Points (World Bank CCDR, November 2025)**

Metric	Finding
Projected climate-related GDP losses by 2050 (without action)	3.5 per cent of GDP
Projected poverty rate increase from climate impacts	Nearly 2 percentage points
Dangerously hot days recorded in 2024	Close to 80 (nearly double global average of 41)
Average annual flood damages (past 30 years)	~USD 240 million
Total investment needed (2025–2053)	~USD 220 billion
Annual investment as share of GDP	~4.3 per cent
Potential climate loss offset from well-sequenced investment	Up to one-quarter by mid-century

*Table 9: Sri Lanka Climate Finance — Key Data Points (World Bank CCDR, November 2025)*

*Source: World Bank, Sri Lanka Country Climate and Development Report, November 2025.*

<sup>233</sup> World Bank, "From Crisis to Comeback: How Climate-Smart Growth Can Power Sri Lanka's Recovery," 20 November 2025, <https://www.worldbank.org/en/news/feature/2025/11/20/from-crisis-to-comeback-how-climate-smart-growth-can-power-sri-lanka-s-recovery>; World Bank, Sri Lanka Country Climate and Development Report (CCDR), November 2025, <https://openknowledge.worldbank.org/entities/publication/6b745e8c-7f44-4b0d-8150-2dfe1c11344c>

Sri Lanka is already one of the world's hottest countries, with average temperatures of 27–28°C expected to rise further. Extreme heat, floods, and droughts are affecting communities, jobs, and food production. The CCDR identifies three priority areas that can shape Sri Lanka's climate-smart growth: building rural resilience and prosperity through climate-smart agricultural practices, modern irrigation, and access to new markets; investing in livable cities through green spaces, improved public transport, and reduced pollution; and expanding clean domestic energy by harnessing solar, wind, and other renewable sources to lower energy costs, reduce dependence on fuel imports, and cut emissions.<sup>234</sup>

The CCDR also highlights the importance of integrated landscape management—looking at interconnected systems of water, agriculture, forests, infrastructure, and tourism as part of a single, holistic landscape. By managing these systems together, Sri Lanka can strengthen climate resilience, protect its natural capital, and support inclusive economic growth.<sup>235</sup>

## National Climate Finance Strategy and Instruments

Sri Lanka's recently launched National Climate Finance Strategy (2025–2030) outlines how the country plans to attract investment for green infrastructure, sustainable agriculture, and better water management. The strategy recognises that with public resources constrained and the economy still recovering, public funds alone will not be sufficient, and identifies innovative tools such as green bonds, public-private partnerships, risk-sharing facilities, and carbon market mechanisms.<sup>236</sup>

The country has already deployed several significant climate finance instruments:

The Climate Resilience Improvement Project (CRIP), supported by the World Bank with an allocation of approximately USD 110 million, has been designed to strengthen basin-level investment planning, rehabilitate priority infrastructure, and implement urgent risk reduction measures.<sup>237</sup>

The Catastrophe-Deferred Drawdown Option (CAT-DDO), valued at USD 102 million, provides contingent liquidity to respond swiftly to disaster shocks. Together with the CRIP, these instruments aim to safeguard an estimated 11.5 million people from climate-induced hazards.<sup>238</sup>

Sri Lanka has also secured USD 38.1 million from the Green Climate Fund (GCF) for the project "Strengthening the Resilience of Smallholder Farmers in the Dry Zone to Climate Variability and Extreme Events." Targeting around 1.5 million people across the Mi Oya, Malwathu Oya, and Yan Oya River basins, the initiative focuses on smallholder farmers dependent on village irrigation systems. By addressing water scarcity, rainfall variability, crop losses, and food insecurity—while ensuring strong community participation in design and

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<sup>234</sup> World Bank CCDR (n 233), Three Priorities for a Resilient Future.

<sup>235</sup> World Bank CCDR (n 233), Integrated Landscape Management section.

<sup>236</sup> Government of Sri Lanka, National Climate Finance Strategy (2025–2030), <https://www.treasury.gov.lk/api/file/ef2dff2b-8a19-4bc8-9936-10c3e17a9264>

<sup>237</sup> World Bank, Climate Resilience Improvement Project (CRIP) documentation, Sri Lanka.

<sup>238</sup> World Bank, Catastrophe-Deferred Drawdown Option (CAT-DDO) documentation, Sri Lanka.

implementation—the project demonstrates how international climate finance can be directed toward vulnerable groups in a structured and country-driven manner.<sup>239</sup>

## Sri Lanka's NDC 3.0 and Loss and Damage

Sri Lanka's NDC 3.0, submitted in September 2025, represents the most advanced L&D integration in the region. It contains a dedicated, operational Loss and Damage chapter—the first of its kind among South Asian NDCs—outlining national stocktaking processes, a new data management and governance framework, strengthened inter-agency coordination between the Ministry of Defence and the Ministry of Environment, and measurable targets for risk forecasting, data integration, and institutional capacity. The NDC commits to a 14.5 per cent reduction in GHG emissions by 2030, with a strong focus on renewable energy and resilience. These priorities align closely with the country's Nationally Determined Contribution, National Adaptation Plan (2016–2025), and Climate Prosperity Plan.<sup>240</sup>

This marks a decisive advance over the previous NDC 2.0, which provided initial framing but not a comprehensive L&D architecture. Sri Lanka's approach—embedding L&D within a governance and data management framework rather than treating it as an aspirational add-on—provides a model that other South Asian countries could adapt to their own institutional contexts.

## Circular Economy and Adaptation

Sri Lanka's National Adaptation Plan (2016–2025) and related policies prioritise agriculture, livestock and fisheries, water and irrigation, coastal and marine resources, biodiversity, energy, transport, tourism, and urban infrastructure because of their high exposure to rising temperatures, erratic rainfall, sea-level rise, and extreme events.<sup>241</sup>

In addition to these sectoral priorities, the construction industry has emerged as an area where circular economy principles can contribute to adaptation objectives. Current practices include limited application of recycling and material reuse, energy-efficient building services, and green building design, largely concentrated within certified green projects. However, the broader integration of such practices remains constrained by low levels of awareness, inadequate policy alignment, and resource limitations. Strengthening regulatory frameworks, enhancing professional capacity, and promoting investment in resource-efficient technologies would enable the construction sector to complement national adaptation priorities.<sup>242</sup>

The Sustainable Sri Lanka 2030 Vision recognises that transitioning to a Balanced Inclusive Green Growth (BIGG) pathway demands systematic incorporation of circular economy and sustainability across sectors. It recommends researching and implementing circular economy models in all resource-consuming enterprises, promoting renewable energy development, and

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<sup>239</sup> Green Climate Fund, "Strengthening the Resilience of Smallholder Farmers in the Dry Zone to Climate Variability and Extreme Events," project documentation, Sri Lanka.

<sup>240</sup> Government of Sri Lanka, Sri Lanka's Nationally Determined Contributions 3.0 (2026–2035), submitted 22 September 2025, <https://unfccc.int/sites/default/files/2025-09/Sri%20Lankas%20Nationally%20Determined%20Contributions%203.0>

<sup>241</sup> Government of Sri Lanka, National Adaptation Plan (2016–2025); Sri Lanka Climate Prosperity Plan.

<sup>242</sup> Author's analysis; studies on circular economy practices in Sri Lanka's construction sector.

strengthening water resource planning—especially small-scale storage and restoration of minor irrigation tanks—to enhance resilience to changing rainfall patterns.<sup>243</sup>

## Integrating Justice-Based Approaches and Non-Economic Losses

Sri Lanka's high temperatures, unique hydrological regime, and exposure to extreme climate events make it highly vulnerable to climate change. The Ministry of Environment's Second National Communication to the UNFCCC (NC2) highlights key vulnerabilities in agriculture and water resources, as well as significant risks to human health and coastal zones.<sup>244</sup> These vulnerabilities cause not only economic loss but significant non-economic losses: displacement of households, disruption of health and education services, erosion of cultural heritage, and weakening of community cohesion as a consequence of climate change impacts. In late 2025, Cyclone Ditwah—strengthened by an erratic northeast monsoon—affected over one million people in Sri Lanka, destroying approximately 15,000 homes and killing approximately 500 people, demonstrating the devastating scale of climate impacts on a country already under severe fiscal stress.<sup>245</sup>

Conventional climate finance and risk assessments have largely focused on infrastructure and market-linked sectors, leaving these human and social dimensions under-addressed. Compounding this challenge, persistent debt stress and austerity measures have constrained government capacity to invest in essential services, heightening vulnerability among women, children, and low-income communities.<sup>246</sup>

## Debt, IMF Programme, and Climate-Debt Swaps

Sri Lanka's IMF programme—a four-year Extended Fund Facility (EFF) of approximately USD 3 billion approved in March 2023—has been focused on macroeconomic stabilisation and debt restructuring. The fourth review was completed in July 2025, unlocking approximately USD 344 million. Unlike Pakistan and Bangladesh, Sri Lanka does not have an RSF climate window within its IMF arrangement. The country's sovereign debt restructuring has been the primary fiscal priority, and while discussions about debt-for-climate or debt-for-nature swaps have taken place at the policy level, these remain proposals rather than operational mechanisms.<sup>247</sup>

Debt-for-climate-and-nature swaps offer a promising strategy for Sri Lanka, allowing the country to restructure external debt in exchange for domestic investments in climate adaptation and biodiversity conservation. This approach not only alleviates fiscal pressures but also aligns with the country's NDCs and National Biodiversity Strategies and Action Plans (NBSAPs), ensuring a cohesive response to environmental challenges. The RESET framework and fiscal

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<sup>243</sup> Government of Sri Lanka, Sustainable Sri Lanka 2030 Vision and Strategic Path, Balanced Inclusive Green Growth (BIGG) pathway recommendations.

<sup>244</sup> Ministry of Environment, Sri Lanka, Second National Communication to the UNFCCC (NC2), 2012.

<sup>245</sup> Britannica, "Asia Floods of 2025," citing Cyclone Ditwah impacts on Sri Lanka, November 2025; CSF Asia, "Heat stress and outdoor workers in Colombo," June 2025.

<sup>246</sup> Author's analysis; OHCHR (n 30) on non-economic losses and human rights impacts.

<sup>247</sup> IMF, Sri Lanka EFF programme documentation, 2023–2025; IMF, Fourth Review press release, July 2025.

reforms under Sri Lanka's recovery programme create potential entry points for integrating climate-contingent instruments into the debt restructuring architecture.<sup>248</sup>

The Sevilla Commitment's paragraph 50(f)—establishing a UN intergovernmental process on debt architecture reform—provides Sri Lanka with a multilateral platform to champion state-contingent instruments. As the country emerges from debt restructuring, it could position itself as a leader in linking debt justice with climate resilience, piloting instruments that other debt-distressed, climate-vulnerable countries across South Asia could subsequently adopt.<sup>249</sup>

For SB64 and COP31, Sri Lanka should leverage its advanced NDC 3.0 L&D framework and its experience of the debt-climate nexus to advocate for: the recognition of debt-for-climate swaps as an eligible instrument within the FRLD and the broader NCQG architecture; the establishment of climate-contingent debt clauses as a standard feature of all new sovereign lending to climate-vulnerable countries; the scaling of GCF and FRLD support for integrated landscape management approaches that connect rural resilience, urban livability, and clean energy; and the alignment of the Baku Adaptation Roadmap (BAR) with the second Global Stocktake (2028) to ensure that countries emerging from economic crises can access adaptation support without deepening fiscal distress.

## 4.5 India – Adaptation Gaps and Resulting Challenges in Taking Climate Action to Frontline Communities

India's climate adaptation challenges are compounded by the fact that it is yet to adopt a National Adaptation Plan, though one is under preparation and is expected to be adopted in the near future.<sup>250</sup> The Plan becomes critical owing to the cultural as well as hierarchical diversity in Indian society—a situation which exposes historically marginalised communities to acute inequalities emanating from climate change. Ranked seventh in the Global Climate Risk Index 2021 and facing projected GDP losses of 3–10 per cent annually, India confronts structural hurdles: much of the finance it receives comes as loans rather than grants, intensifying fiscal pressures and limiting adaptation investments. India plays a dual role in the UNFCCC—as a climate-vulnerable developing country and a political leader of the Global South. Initiatives like the Coalition for Disaster Resilient Infrastructure (CDRI) and the Infrastructure for Resilient Island States (IRIS) combine technical expertise with south-led partnerships, advancing resilience while challenging systemic biases.<sup>251</sup>

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<sup>248</sup> Author's analysis; policy discussions on debt-for-climate/nature swaps in Sri Lanka; Government of Sri Lanka NDC 3.0 and NBSAPs.

<sup>249</sup> FfD4 Sevilla Commitment, Paragraph 50(f); author's analysis on Sri Lanka's potential role in pioneering state-contingent climate instruments.

<sup>250</sup> Government of India, National Adaptation Plan (under preparation); Satat Sampada Climate Foundation consultation, 2025.

<sup>251</sup> Author's analysis; Government of India, CDRI and IRIS documentation; India's positioning at COP29, COP30, and FfD4.

## India's NDC 3.0: Ambition, Delivery, and the Adaptation Deficit

India's approval of its NDC 3.0 by the Union Cabinet on 25 March 2026, for the period 2031–2035, represents the most significant update in the region's NDC landscape. The updated targets include:<sup>252</sup>

- Reducing the emissions intensity of GDP by 47 per cent by 2035 from 2005 levels (up from 45 per cent by 2030 in the 2022 update);
- Achieving 60 per cent of installed electricity capacity from non-fossil fuel sources by 2035 (up from 50 per cent by 2030); and
- Expanding the carbon sink to 3.5–4 billion tonnes of CO<sub>2</sub> equivalent through forest and tree cover by 2035.

India has demonstrated a strong track record of early delivery. By 2020, emissions intensity had been reduced by 36 per cent from 2005 levels—achieving the original 33–35 per cent target eleven years ahead of schedule. As of February 2026, non-fossil fuel sources account for 52.57 per cent of installed electricity capacity, surpassing the 50 per cent target nearly five years early. India's CO<sub>2</sub> emissions growth slowed to just 0.7 per cent in 2025—the slowest pace since 2001, excluding the pandemic year—and power sector emissions declined by 3.8 per cent as coal-fired generation fell for the first time outside the Covid period since 1973.<sup>253</sup>

Climate Action Network South Asia has welcomed the updated NDC 3.0, noting that it "builds on a strong track record of climate action and delivery" and that "given the pace at which renewable energy and efficiency measures have scaled in recent years, the new targets appear not only achievable but well within reach if current policy direction continues. This sends a positive signal for the region, reinforcing confidence that development and decarbonisation can move forward together."<sup>254</sup>

India's NDC 3.0 includes five qualitative targets: climate-friendly and cleaner economic development pathways; resilient infrastructure to adapt to climate change across various sectors; mobilising domestic and international low-cost finance; capacity building and research and development; and alignment with the Lifestyle for Environment (LiFE) initiative. The NDC is operationalised through the National Action Plan on Climate Change (NAPCC) and its nine national missions, as well as State Action Plans on Climate Change (SAPCC), implemented in convergence with schemes such as the Jal Jeevan Mission, the National Mission on Sustainable Agriculture, MISHTI (Mangrove Initiative for Shoreline Habitats and Tangible Incomes), the National Disaster Management Plan, the Soil Health Card, and Pradhan Mantri Krishi Sinchayee Yojana (PMKSY).<sup>255</sup>

However, important caveats must be noted. The 47 per cent emissions intensity target has been characterised by some analysts as "not very optimistic" from a mitigation perspective, given

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<sup>252</sup> Government of India, Press Information Bureau, "Cabinet approves India's Nationally Determined Contribution (2031-2035)," 25 March 2026, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2245209>

<sup>253</sup> Down to Earth, "India unveils new UN climate target: 47% emissions intensity cut by 2035, 60% non-fossil power capacity," March 2026; Carbon Brief/CREA analysis of India's 2025 emissions data; CEA 20th Electric Power Survey Midterm Review, March 2026.

<sup>254</sup> Dr Sanjay Vashist, Director, Climate Action Network South Asia (CANSAs), statement on India's NDC 3.0, March 2026.

<sup>255</sup> Government of India PIB (n 252).

that India could potentially achieve more given current trajectories.<sup>256</sup> NITI Aayog estimates suggest India could reach 81–83 per cent non-fossil capacity by 2050 under current policies, and the estimated investment required runs to USD 5.15 trillion between 2025 and 2050—a figure that multilateral funding alone cannot meet.<sup>257</sup> In hard-to-abate sectors, emissions from steel rose 8 per cent and cement 10 per cent in 2025, offsetting gains in the power sector. Over 37 GW of renewable capacity remains stranded due to inadequate grid infrastructure, underscoring the need for complementary investments in transmission, storage, and grid flexibility.<sup>258</sup>

Most critically for the focus of this report, the adaptation and resilience dimensions of India's climate strategy require significantly greater investment and institutional attention. The NDC 3.0 acknowledges adaptation across sectors including agriculture, water, and health, but the absence of a National Adaptation Plan—and the steep decline in dedicated climate funding within the MoEFCC—mean that the gap between mitigation ambition and adaptation delivery remains wide. As VIKSAT noted in our consultations: "To fulfil our current NDC commitments alone, India requires around USD 2.5 trillion by 2030. Looking further ahead, achieving Net Zero by 2070 will demand between USD 10–20 trillion, according to multiple independent studies. For perspective, India's economy today is envisioning about USD 5 trillion—so we are talking of investments worth nearly five times our present GDP. The gap between what is needed and what is actually available is enormous."<sup>259</sup>

## Financial Flows Analysis: India's Budget Allocations

Analysis of India's Union Budget reveals a stark mismatch between climate needs and budgetary priorities. The following tables present the key trends across four fiscal years:

**Table 10: Budget Allocation to Ministry of Agriculture and Farmers' Welfare (INR crore)**

Financial Year	Allocated Budget (INR crore)
FY 2022–23	1,24,000
FY 2023–24	1,22,000
FY 2024–25	1,27,469
FY 2025–26	1,37,757

*Table 10: Budget Allocation to Ministry of Agriculture and Farmers' Welfare (INR crore)*

The rising allocations to agriculture—from INR 1,24,000 crore in FY 2022–23 to INR 1,37,757 crore in FY 2025–26—signal a deliberate policy emphasis on strengthening the sector against climate risks. Agriculture is highly vulnerable to recurrent hazards such as droughts, erratic rainfall, floods, cyclones, soil degradation, and extreme heat events, which collectively threaten productivity and rural income stability. These resources are vital for strengthening irrigation infrastructure, promoting climate-resilient farming practices, expanding crop insurance

<sup>256</sup> Labanya Jena, Director, Climate and Sustainability Initiative, quoted in Carbon Copy, "India Announces NDC 3.0," March 2026.

<sup>257</sup> Suranjali Tandon, Associate Professor, National Institute for Public Finance and Policy, quoted in Mongabay India, March 2026; CEA 20th Electric Power Survey projecting total capacity of ~1,121 GW by 2035–36.

<sup>258</sup> KPIAS Academy analysis of India's NDC 2035 targets; CREA/Carbon Brief data on steel (+8%) and cement (+10%) emissions in 2025; renewable capacity grid integration challenges.

<sup>259</sup> VIKSAT (Vikram Sarabhai Centre for Development Interaction) consultation with CANSA research team, 2025.

coverage, investing in soil health and land restoration, providing a safety net for farmers through income support and compensation mechanisms, and safeguarding national food security by ensuring buffer stock stability in the face of production shocks.<sup>260</sup>

**Table 11: Budget Allocation to Ministry of Environment, Forest and Climate Change (INR crore)**

<b>Financial Year</b>	<b>Allocated Budget (INR crore)</b>
FY 2022–23	3,285
FY 2023–24	3,079
FY 2024–25	3,330
FY 2025–26	3,413

*Table 11: Budget Allocation to Ministry of Environment, Forest and Climate Change (INR crore)*

The MoEFCC budget, though relatively modest compared to agriculture, is essential for implementing afforestation programmes, restoring degraded land, protecting biodiversity, and advancing climate change mitigation strategies—all of which help reduce farmers' vulnerability to floods, droughts, cyclones, and heat stress. The initial decline in FY 2023–24 (from INR 3,285 crore to INR 3,079 crore) followed by a gradual recovery to INR 3,413 crore in FY 2025–26 reflects uneven prioritisation. MoEFCC's allocation directly complements the larger agricultural budget by addressing environmental risks at their source, ensuring that investments in agriculture are not undermined by unchecked ecological degradation or climate instability.<sup>261</sup>

**Table 12: Climate and Environmental Protection Schemes within MoEFCC (INR crore)**

<b>Financial Year</b>	<b>Allocated Budget (INR crore)</b>
FY 2022–23	420.19
FY 2023–24	267.00
FY 2024–25	263.50
FY 2025–26	270.00

*Table 12: Climate and Environmental Protection Schemes within MoEFCC (INR crore)*

This is the most concerning trend in India's climate finance landscape. Allocations specifically earmarked for climate change and environmental protection schemes—which fund flagship initiatives such as the National Adaptation Fund on Climate Change (NAFCC), the National Action Plan on Climate Change (NAPCC) missions, and Green India Mission activities—fell by 36 per cent between FY 2022–23 and FY 2023–24, from INR 420.19 crore to INR 267 crore. They have since remained largely flat, recovering only marginally to INR 270 crore in FY 2025–26. This means that although the Ministry's overall budget has grown, the direct share for climate-focused programmes has not recovered to earlier levels. At a time when India's NDC 3.0 raises ambition and when the McKinsey Global Institute estimates that global

<sup>260</sup> Union Budget of India, FY 2022–23 to FY 2025–26, Ministry of Finance; analysis from "Building Synergies for Climate Finance & Justice," CANSA, 2025.

<sup>261</sup> Union Budget data (n 260); analysis of MoEFCC budget trends.

adaptation spending of USD 190 billion per year must rise to USD 1.2 trillion by 2050, a domestic decline in dedicated climate scheme funding sends a contradictory signal.<sup>262</sup>

**Table 13: Agriculture and MoEFCC as Share of Total Union Budget**

Financial Year	Total Union Budget (INR crore)	Agriculture Share (%)	MoEFCC Share (%)
FY 2022–23	39,44,909	3.14	0.08
FY 2023–24	45,03,097	2.71	0.07
FY 2024–25	48,20,512	2.64	0.07
FY 2025–26	50,65,345	2.72	0.07

*Table 13: Agriculture and MoEFCC as Share of Total Union Budget*

*Sources: Union Budget of India, FY 2022–23 to FY 2025–26; Ministry of Finance, Government of India.*

While agriculture receives a substantial allocation in absolute terms, its share of the total Union Budget has gradually declined from 3.14 per cent to 2.72 per cent over the four-year period. This is notable given that agriculture provides livelihoods for a substantial share of the population and is the sector most directly threatened by climate change. The MoEFCC receives far smaller allocations, constituting a negligible 0.07 per cent of the total budget—a proportion that has remained flat even as the overall Union Budget has expanded significantly. This limited allocation appears disproportionate when considered against the growing challenges of climate change, environmental degradation, and the need for conservation.

Over 80 per cent of India's green investments are public, with private finance directed predominantly toward mitigation projects such as renewable energy, contributing minimally to adaptation or Loss and Damage. At the global level, mitigation efforts require USD 2.5–3 trillion annually, and adaptation USD 215–287 billion, yet only USD 30 billion is currently available for adaptation. Funding for Loss and Damage is even more inadequate, amounting to approximately USD 800 million in pledges against an estimated need of USD 400 billion or more per year.<sup>263</sup>

The divergence between India's growing mitigation ambition (reflected in the NDC 3.0) and its stagnant or declining adaptation funding (reflected in the budget data) underscores a structural challenge that must be addressed. Going forward, sustained and proportionate investment in climate and environmental protection schemes will be essential to ensure that India's rising budgetary support translates into effective climate and environmental outcomes, particularly for frontline communities.

<sup>262</sup> Union Budget data (n 260); McKinsey Global Institute (n 264); analysis of climate scheme funding within MoEFCC.

<sup>263</sup> "Building Synergies for Climate Finance & Justice," CANSA, 2025, Section 4.1; UNFCCC Standing Committee on Finance data; Loss and Damage Collaboration estimates.

## The Adaptation Finance Gap: McKinsey and World Bank Evidence

McKinsey Global Institute's December 2025 analysis, "Advancing Adaptation: Mapping Costs from Cooling to Coastal Defences," provides critical quantitative context for India's challenge.<sup>264</sup>

**Table 14: Global Adaptation Finance — Key Data Points (McKinsey, December 2025)**

<b>Metric</b>	<b>Finding</b>
Current global adaptation spending	~USD 190 billion per year
Estimated need at 2°C warming by 2050	~USD 1.2 trillion per year
Benefit-to-cost ratio of adaptation measures	7:1
Share of low-income populations unprotected	85 per cent
Share of projected costs from heat and drought	Over 75 per cent
Number of adaptation measures analysed	20 (spanning cooling, coastal defences, flood protection, agriculture, health)

*Table 14: Global Adaptation Finance — Key Data Points (McKinsey, December 2025)*

For India, heat stress is a particularly acute dimension. The Indo-Gangetic plain—home to hundreds of millions—faces some of the highest wet-bulb temperatures globally, with productivity losses already running into billions of dollars annually. India recorded close to 80 dangerously hot days in 2024 in some regions, nearly double the global average of 41. The McKinsey analysis confirms that adaptation is not merely a cost but an investment with substantial returns—a 7:1 benefit-to-cost ratio—yet the current architecture channels only a fraction of what is needed.<sup>265</sup>

The World Bank's South Asia assessment, "From Risk to Resilience", confirms that the region faces the world's highest debt service and interest-to-revenue ratios, meaning that commercial lending will worsen fragility rather than build resilience. The Bank stresses that transformative adaptation—infrastructure, health systems, social protection—requires patient, concessional, and grant-based finance that lowers the cost of capital and expands fiscal room. Firms and households are adopting only low-cost stopgap measures, while the investments needed to climate-proof agriculture, urban systems, and coastal infrastructure require a scale of public finance that India's current budgetary allocations cannot deliver.<sup>266</sup>

A 2018 study by Australia's Crawford School of Public Policy estimated that a 3°C increase in global temperatures above pre-industrial levels could lead to a 2.1 per cent decline in India's

<sup>264</sup> McKinsey Global Institute, "Advancing Adaptation: Mapping Costs from Cooling to Coastal Defences," December 2025, <https://www.mckinsey.com/mgi/our-research/advancing-adaptation-mapping-costs-from-cooling-to-coastal-defences>

<sup>265</sup> McKinsey (n 264); CSF Asia, "Heat stress and outdoor workers in Colombo," June 2025 (applicable comparison for South Asian heat data).

<sup>266</sup> World Bank Group, From Risk to Resilience: Helping People and Firms Adapt in South Asia, June 2025, <https://openknowledge.worldbank.org/server/api/core/bitstreams/0ecf03c9-e42a-4e74-888d-8166414551e7/content>

GDP by 2037, escalating to 5.5 per cent by 2067. As of 2022, nearly 65 per cent of South Asians resided in rural areas reliant on agriculture, which constitutes 18 per cent of the region's GDP and accounts for 42 per cent of total employment—making the adaptation finance gap not only an environmental concern but an economic and social emergency.<sup>267</sup>

## Addressing Adaptation through Enhanced Awareness

In the absence of a national Adaptation Plan, climate action at state and district levels suffers immensely. Though institutions like NABARD are providing some training and temporary assistance now, but in future they have to be built on capacity and scale to absorb a long-term Adaptation Plan, say Satat Sampada Climate Foundation.<sup>268</sup> An absence of a national adaptation plan also creates bottlenecks for budgetary allocation which is nowhere close to satisfactory at the moment.

## Just Transition of the Labour Force amidst Climate Change

A just transition from conventional to renewable energy must also entail a just labour transition. Seventy-two per cent of electricity in India is generated using coal. States like Jharkhand, Chhattisgarh, Odisha, Madhya Pradesh, and West Bengal have high coal reserves and consequently high numbers of workers engaged in the coal industry and mining. The workers mostly come from marginalised communities.<sup>269</sup>

The State of Jharkhand has led by example. The Jharkhand State Government was the first to constitute a committee called the Just Transition Task Force, which was instrumental in preparing communities for the transition. Around 30 CSOs in Jharkhand have formed a coalition called the SARTHI network, focused on promoting inclusive and sustainable development, with a special emphasis on forest-dependent, mining-affected, and traditionally marginalised communities in the state.<sup>270</sup> It is important to replicate similar efforts in other states of the country to ensure just transition in labour supply chains.

The proposed Belém Action Mechanism (BAM) for a Global Just Transition, with its emphasis on decent work, labour rights, gender-responsive social protection, and the care economy as central axes of Just Transition pathways, provides an international framework that complements India's domestic efforts. The BAM's knowledge-sharing component could serve as a platform for India's Just Transition Task Force and SARTHI network to share lessons with other coal-dependent regions globally, while its action and support component could help mobilise non-debt-inducing finance and technology transfer for India's transition communities.<sup>271</sup>

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<sup>267</sup> Crawford School of Public Policy (2018), climate-GDP impact study for India; World Bank development indicators on South Asian agriculture and rural populations.

<sup>268</sup> Satat Sampada Climate Foundation consultation, 2025.

<sup>269</sup> Author's analysis; coal sector employment data for Jharkhand, Chhattisgarh, Odisha, Madhya Pradesh, and West Bengal.

<sup>270</sup> PHIA (Partnering Hope Into Action Foundation) consultation, 2025; SARTHI network documentation, Jharkhand.

<sup>271</sup> BAM Discussion Paper (n 172); author's analysis on alignment between India's Just Transition efforts and the BAM framework.

## Emphasis on Disaster Management and Risk Reduction

Climate change events in recent years—flash floods, extreme heatwaves, droughts—have devastated the Indian sub-continent, especially North India. The Evangelical Fellowship of India Commission on Relief (EFICOR) reveals that there is a huge gap between disaster risk and the corresponding preparedness in governmental adaptation policies. EFICOR has been involved in community-based climate adaptation projects for the last two decades, working on Disaster Risk Reduction and Resilience Programmes as adaptation tools to combat climate change. As far as disaster risk reduction and resilience building is concerned, it is a holistic programme which should begin with preparedness. The Government must work on early warning systems, evacuation drills, and building local leadership.<sup>272</sup>

Community-level evidence generation is critical to strengthening adaptation responses. In India, networks like PHIA Foundation and EFICOR are working in states such as Jharkhand, Ladakh, and Bihar to engage communities most affected by climate risks—tribal groups, women, and minorities. Their initiatives include community surveys on distress migration, water stress, and livelihood collapse, as well as participatory planning processes at village and panchayat levels. Local volunteers called Climate Sathis are being trained to document ecological changes, support forest regeneration, and integrate climate planning into village governance. These efforts have helped link grassroots voices with government schemes like MGNREGA and the Forest Rights Act, making climate action more accessible and rooted in community needs.<sup>273</sup>

SPADE Global pursues a blended climate finance model emphasising grants for adaptation and Loss and Damage recovery, concessional soft loans for climate-resilient infrastructure, and climate-debt swaps that free fiscal space for social protection and resilience investments. These instruments must prioritise frontline communities rather than intermediaries. For India, with millions dependent on climate-sensitive livelihoods, this approach is vital to prevent debt-induced vulnerability and enable fair transitions. Ensuring gender-responsive fund design and local access will transform climate finance from a top-down mechanism to a tool for social equity and resilience-building.<sup>274</sup>

Disha – R.C.D. Social Service Society has worked on strengthening self-help and producer groups with cumulative savings of INR 9.34 crore and credit linkage of INR 3.28 crore, invested in locally adaptive livelihood interventions. At the block and district levels, Disha participates in review meetings with Social Welfare, Water, Agriculture, and Rural Development departments to share findings from community assessments, advocate for resource allocation, and facilitate implementation of schemes such as MGNREGA, PM-Kisan, and livestock insurance programmes. Women from vulnerable communities face barriers including low literacy, limited awareness of schemes, patriarchal norms, and restricted mobility, limiting participation in decision-making and resource access. Disha promotes their inclusion through women-led self-help groups and producer companies, capacity-building on climate risk and resilience, and active engagement in Gram Sabha and Ward Sabha processes.<sup>275</sup>

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<sup>272</sup> EFICOR (Evangelical Fellowship of India Commission on Relief) consultation, 2025.

<sup>273</sup> PHIA Foundation and EFICOR consultations, 2025; Climate Sathi programme documentation.

<sup>274</sup> SPADE Global consultation, 2025; blended climate finance model documentation.

<sup>275</sup> Disha – R.C.D. Social Service Society consultation, 2025; SHG savings and credit linkage data.

## Integrating Climate Justice into Legal and Policy Frameworks

The Indian Supreme Court in *MK Ranjit Singh v. Union of India and Others* has held that every citizen of India has a constitutional right to be free from the adverse impacts of climate change.<sup>276</sup> This is a landmark development in Indian climate jurisprudence and augurs well for frontline vulnerable communities who are likely to be displaced or adversely affected by climate change impacts. It shall remain to be seen how this recently added right will safeguard livelihood losses arising out of climate change events.

India with a powerful legal platform—both as a climate-vulnerable developing country demanding its share of global climate finance, and as a political leader of the Global South advocating for systemic reform of the international financial architecture.<sup>277</sup>

India's participation at COP30 in Belém, its leadership of eight international climate initiatives engaging an average of 47 countries (as documented by CEEW), and the launch of the South Asia Granary of Solutions by CEEW's Dr Arunabha Ghosh as Special Envoy to COP30 representing South Asia, demonstrate the country's growing role in shaping the implementation agenda. CEEW's analysis found that only 5 per cent of 203 international climate initiatives since 2015 have achieved their goals, while over a fifth are inactive, and less than a third focus solely on Global South regions—highlighting the partnership and implementation gaps that India's leadership can help address.<sup>278</sup>

For SB64 and COP31, India should leverage its NDC 3.0 ambition, its domestic climate jurisprudence, and its Global South leadership to advocate for: a reversal of the decline in domestic climate scheme funding to demonstrate credibility in its international advocacy; the urgent adoption of the National Adaptation Plan to operationalise NDC 3.0's qualitative adaptation targets; the inclusion of adaptation and resilience finance as a priority within the NCQG sub-goal architecture; the scaling of community-based adaptation models (Climate Sathis, SHG-led renewable energy, MGNREGA-climate linkages) through GCF readiness programmes and the FRLD; and the advancement of the BAM's Just Transition knowledge-sharing and action/support functions to support India's coal-dependent communities through the transition.

## Community-Led Climate Resilience: The Sundarbans Energy-Water-Livelihood Nexus Model

India's climate adaptation challenge is not only one of policy and finance architecture—it is fundamentally about whether resources reach the communities most at risk. The Sundarbans region of West Bengal, one of the world's most climate-vulnerable ecosystems, provides a powerful demonstration of what locally led, women-centred climate action can achieve when designed around community ownership.

Under a one-year project cycle in the Indian Sundarbans, four women's Self-Help Groups (SHGs) were trained in microfinance, accounting, and renewable energy management. A 10

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<sup>276</sup> Supreme Court of India, *MK Ranjit Singh v. Union of India & Others*, 2024.

<sup>277</sup> Author's analysis on India's dual positioning in international climate diplomacy.

<sup>278</sup> CEEW, "COP30: CEEW Calls For Closing The Implementation, Partnership, And Finance Gaps For A Renewed Climate Compact," 12 November 2025; Dr Arunabha Ghosh, CEO CEEW, as Special Envoy to COP30 representing South Asia; CEEW assessment of 203 international climate initiatives.

kW solar microgrid—installed on donated community land—now provides electricity to 17 households and small businesses, earning INR 27,540 every year for the SHG. A 2 kW solar pump delivers 1,000 litres of water every day, earning INR 1.26 lakh every year while irrigating five hectares of agricultural land. Simultaneously, 40,000 mangroves were planted over 5 hectares under the leadership of three SHGs comprising 22 members.<sup>279</sup>

The model's impact is both measurable and replicable: 624 households impacted; INR 1.6 lakh per annum in community income generated; women's groups exercising direct control over energy and water assets; and a nature-based solution (mangrove restoration) integrated with clean energy and livelihood diversification. These activities are specific (energy-water-livelihood nexus), measurable (household impact and income data), achievable (local technology and women's control), relevant (addresses local Loss and Damage), and time-bound (one-year project cycle). The model illustrates how decentralised clean energy and Nature-based Solutions can together build ecological and economic resilience while promoting gender leadership.<sup>280</sup>

This Sundarbans model generates several critical lessons for the broader climate finance architecture:

First, localisation of climate finance works. Direct allocation of adaptation and Loss and Damage funds to grassroots women's groups, SHGs, and community-based organisations managing local resilience systems produces measurable outcomes at a fraction of the cost of large infrastructure projects. The IIED's finding that only 0.17 per cent of global climate finance is locally led—and that where locally led action exists, it is overwhelmingly grant-funded—underscores the urgency of scaling models like this.<sup>281</sup>

Second, blended instruments are effective at the community level. The combination of grants (for the non-recoverable element—mangrove planting, training, equipment) with income-generating assets (solar microgrid, solar pump) that create ongoing revenue streams demonstrates a model of financial sustainability that neither pure grants nor pure loans can achieve alone. This aligns with CPRD and Christian Aid's blended microfinance pilot in Bangladesh and with SPADE Global's advocacy for a blended climate finance model emphasising grants for adaptation and L&D recovery alongside concessional soft loans for climate-resilient infrastructure.<sup>282</sup>

Third, gender-responsive design is not an add-on but a condition for effectiveness. The Sundarbans model demonstrates that when women's SHGs are positioned as asset owners, managers, and decision-makers—rather than passive beneficiaries—the resilience outcomes are stronger and more sustainable. For the FRLD, the GCF, and the broader NCQG architecture, this evidence argues for gender-responsive fund design as a core eligibility criterion, not a reporting afterthought.

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<sup>279</sup> "Building Synergies for Climate Finance & Justice," CANSA, 2025, Section 4.1: India — Sundarbans case study documentation; SHG solar microgrid and mangrove restoration data.

<sup>280</sup> "Building Synergies" (n 279); SMART analysis of Sundarbans model outcomes.

<sup>281</sup> IIED (n 58); "Building Synergies" (n 279); author's analysis on localisation of climate finance.

<sup>282</sup> CPRD and Christian Aid blended microfinance pilot (n 205); SPADE Global consultation, 2025.

## Non-Economic Loss and Damage in Practice: The Raviga Devi Case

The human face of non-economic Loss and Damage is captured in the case of Raviga Devi, a 67-year-old Scheduled Caste woman with a disabled husband, documented through the Integrated Climate Risk Governance (ICRG) programme. With no land and most of her family having migrated, she struggled to meet basic needs. The ICRG team identified her extreme vulnerability and linked her with the Mukhyamantri Vriddhjan Pension Yojana (MVPY), assisting with the entire application process. The secure monthly pension of INR 400 provided her with economic stability and dignity, reducing her dependence on migrated children and serving as a crucial social safety net to cope with climate-related livelihood stresses.<sup>283</sup>

This case illustrates several dimensions that national data systems and international finance mechanisms consistently fail to capture: the intersection of climate vulnerability with caste, gender, age, and disability; the role of climate-induced migration in fragmenting family and community support structures; the importance of linking climate-affected populations with existing social protection schemes as a form of Loss and Damage response; and the reality that non-economic losses—dignity, autonomy, family cohesion, sense of belonging—are central to the lived experience of climate change but invisible to GDP-based metrics.

For the GGA indicator framework currently being finalised, and for the FRLD's operational modalities, the Raviga Devi case argues for the inclusion of indicators that track: access to social protection by climate-affected populations; intersectional vulnerability (gender, caste, age, disability) in adaptation finance allocation; and non-economic loss metrics that capture disruption to family structures, cultural practices, and community cohesion. The GGA's thematic target 9(f) on poverty eradication and livelihoods, and target 9(g) on cultural heritage and knowledge, provide entry points for embedding such indicators—but only if they survive the reduction from 490 to 100 indicators at CMA7.<sup>284</sup>

## PHIA Foundation: Mainstreaming Climate Action into Local Governance

The work of PHIA Foundation (Partnering Hope Into Action) extends beyond the Climate Sathi volunteer programme to a broader effort to mainstream climate resilience into the institutional fabric of local governance. Under the Integrated Hill Climate Resilience Framework (IHCRF) and FOREST projects, PHIA undertakes climate vulnerability assessments and uses participatory assessments for Community Forest Resource (CFR) management plans. The GP (Gram Panchayat) Help Desks and ecological restoration of commons initiatives seek to mainstream Integrated Natural Resource Management (INRM) and Disaster Risk Reduction (DRR) into Gram Panchayat Development Plans (GPDPs), ensuring that daily local governance is geared toward addressing both sudden and slow-onset climate events.<sup>285</sup>

PHIA's Migrant Resource Centres systematically flag displacement as a key Loss and Damage indicator—an approach that directly addresses one of the most significant data gaps in India's climate monitoring infrastructure. By tracking distress migration patterns at the community level and linking this data to climate hazard assessments, PHIA creates an evidence base that

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<sup>283</sup> "Building Synergies" (n 279), Section 4.1: Case study of Raviga Devi, documented through the Integrated Climate Risk Governance (ICRG) programme; Mukhyamantri Vriddhjan Pension Yojana (MVPY) linkage.

<sup>284</sup> GGA consolidated indicator list; SLYCAN Trust (n 75, n 76); author's analysis on non-economic loss indicators.

<sup>285</sup> PHIA Foundation consultation, 2025; IHCRF and FOREST project documentation; GP Help Desk and GPDP mainstreaming documentation.

connects grassroots experiences with national and international L&D frameworks. This bottom-up data generation is precisely the kind of participatory evidence that the FRLD's funding request process—and the GGA indicator framework—should be designed to receive and act upon.<sup>286</sup>

In Mahoba, Uttar Pradesh, reporting activities on climate resilience and Loss and Damage focus on documenting local impacts—crop failure, water scarcity, and livelihood disruptions—while linking them with state and national climate action frameworks. Strategic approaches emphasise strengthening community-based adaptation through water harvesting, promotion of drought-resilient crops, early warning dissemination, and livelihood diversification. Contributions to climate finance discourse focus on highlighting the needs and vulnerabilities of marginalised and frontline communities, ensuring that funding mechanisms are equitable and accessible. By documenting local climate impacts, these efforts provide evidence for targeted allocation of resources under state, national, and international climate funds, advocating for transparent, participatory decision-making where communities can access adaptation grants, micro-irrigation support, renewable energy subsidies (such as PM-KUSUM), and risk-transfer instruments.<sup>287</sup>

### India's International Climate Finance Position: Contrast with the Region

India occupies a unique position in the South Asian climate finance landscape. Unlike Pakistan, Bangladesh, Sri Lanka, and Nepal—all of which are under IMF lending arrangements—India is not subject to IMF programme conditionality. This distinction is structurally significant: India retains full fiscal sovereignty over its climate spending decisions, unconstrained by the reform templates and conditionalities that shape climate-fiscal trade-offs in its neighbours.

India receives IFC private-sector financing through various instruments—loans, equity investments, guarantees, trade-finance facilities, risk-sharing facilities, and blended-finance structures. Recent IFC transactions in the region include a USD 60 million green bond investment with NMB Bank in Nepal, risk-sharing facilities with banks in Pakistan, and commitments to Sri Lanka's private sector. These instruments support private-sector development but do not address the public, grant-based finance needs that adaptation and Loss and Damage demand.<sup>288</sup>

India's climate finance challenge is therefore different in character from its neighbours'. The issue is not IMF conditionality or external debt distress, but rather the scale of the domestic investment gap relative to the country's climate ambition. With NDC 3.0 requiring an estimated USD 2.5 trillion by 2030 and USD 5.15 trillion by 2050, and with domestic climate scheme funding within MoEFCC at just INR 270 crore (approximately USD 32 million), the gap between international ambition and domestic allocation is stark. India's diplomatic leadership

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<sup>286</sup> PHIA Foundation, Migrant Resource Centre documentation; author's analysis on displacement as an L&D indicator.

<sup>287</sup> "Building Synergies" (n 279), Mahoba reporting documentation; PM-KUSUM and risk-transfer instrument advocacy.

<sup>288</sup> IFC project data for South Asia, 2021–2026; IFC transactions including USD 60m green bond with NMB Bank Nepal, risk-sharing facilities in Pakistan, and commitments to Sri Lanka's private sector.

at COP30—including leading eight international climate initiatives and launching the South Asia Granary of Solutions—must be matched by a credible domestic investment trajectory.<sup>289</sup>

**Table 15: India Climate Finance — Domestic vs. International Positioning**

<b>Dimension</b>	<b>India</b>	<b>Rest of South Asia (Pakistan, Bangladesh, Sri Lanka, Nepal)</b>
IMF programme	None	All four under IMF arrangements (EFF, ECF, RSF)
Climate-linked IMF instrument (RSF)	Not applicable	Pakistan and Bangladesh access RSF
Primary finance source	Domestic budget + IFC private sector	IMF programmes + MDB lending + bilateral ODA
Climate scheme budget trend	Declining (INR 420cr >> 270cr for climate schemes)	Constrained by IMF conditionality and debt servicing
NDC finance gap	USD 2.5 trillion by 2030	USD 73.7bn (Nepal) to USD 565.7bn (Pakistan) by 2035
Debt-to-GDP pressure from climate finance	Low (no IMF debt)	High (over 70% of climate finance as loans)
Global South leadership role	Political leader; CDRI, IRIS, ISA, G20 presidency	Recipients/advocates within UNFCCC and MDB processes

*Table 15: India Climate Finance — Domestic vs. International Positioning*

*Source: Author's analysis based on IMF country data, IFC project data, Union Budget data, and NDC 3.0 submissions.*

This contrast has implications for India's advocacy at SB64 and COP31. India can credibly champion the demand for grant-based, non-debt-creating climate finance precisely because it is not itself trapped in the IMF-conditionality cycle. Its advocacy for SDR reallocation, climate-debt swaps, and the polluter-pays principle carries greater weight when it can demonstrate that its own climate ambition (NDC 3.0) is backed by domestic implementation—provided the domestic budget trajectory is reversed from its current declining trend in climate-specific allocations.

### The NAP-Budget Nexus: A Structural Bottleneck

The absence of a National Adaptation Plan creates a structural bottleneck that directly explains the budget gap documented above. Without a NAP, India lacks the institutional architecture to channel domestic and international finance toward adaptation priorities in a coordinated, evidence-based manner. The NAP would provide: a framework for identifying medium- and long-term adaptation needs across sectors and states; a basis for dedicated budgetary allocation at both central and state levels; a vehicle for accessing international adaptation finance from the GCF, the Adaptation Fund, and potentially the FRLD; and a platform for integrating the GGA indicators and targets into national planning.

<sup>289</sup> CEEW (n 278); Union Budget data (n 260); NDC 3.0 investment estimates (n 257); author's analysis.

The correlation between NAP absence and budget decline is not coincidental. In countries that have adopted NAPs—such as Sri Lanka, which has had one since 2016—adaptation finance has been more systematically channelled, even if the amounts remain insufficient. India's forthcoming NAP therefore represents not only a planning instrument but a fiscal catalyst: its adoption would create the institutional justification for reversing the decline in climate scheme funding and for making a credible case for international adaptation finance at scale.<sup>290</sup>

The Least Developed Countries Expert Group (LEG) is currently revising its NAP technical guidelines to align with the GGA targets, and the CMA6 decision recognises NAPs as one of the important channels through which the GGA targets could be achieved. India's NAP, when adopted, should be designed to align with the GGA indicator framework from the outset, embedding measurable targets for each of the seven thematic areas (water, food, health, ecosystems, infrastructure, poverty/livelihoods, cultural heritage) and four dimensional targets (risk assessment, planning, implementation, monitoring/evaluation/learning). This would position India not only as a compliant Party but as a model for how large, diverse developing countries can operationalise the GGA at national and subnational scales.<sup>291</sup>

For SB64 and COP31, India should: announce a timeline for the adoption of its National Adaptation Plan, signalling commitment to the implementation agenda proclaimed at COP30; reverse the decline in domestic climate scheme funding within MoEFCC, with a target of restoring allocations to at least FY 2022–23 levels (INR 420 crore) as a floor; align the NAP with the GGA indicator framework to enable India's adaptation reporting to feed into the second Global Stocktake (2028); and leverage the Sundarbans SHG model, the Climate Sathi programme, and the SARTHI network as evidence of locally led adaptation that can be scaled through GCF readiness programmes and the FRLD.

## 4.6 Afghanistan – Barriers and Fragile Pathways

In discussions with civil society organisations in Afghanistan, several approaches were identified as critical for advancing equitable climate finance. These exchanges underlined that locally driven solutions are essential in addressing Afghanistan's extreme climate vulnerability and in bridging gaps left by constrained national mechanisms and suspended international funding, while also offering ways to connect community priorities with wider climate finance frameworks. Afghanistan faces a uniquely constrained environment: the suspension of major international climate funds since 2021, governance fragility, and the convergence of conflict and climate crisis have created conditions where community-led responses are not merely desirable but the only viable pathway for delivering climate action to frontline populations.

### Civil Society Contributions to Community Resilience

The experience of the Resilience, Environment and Humanitarian Aid (REHA) Organisation illustrates how Afghan civil society is responding to the financing void. In discussion with REHA, the organisation outlined its work through small, targeted projects such as SCCR, CRALE, and REACT to support close to 300 households, many of them women-led families. These households received clean energy technologies, gardening tools, and energy-efficient

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<sup>290</sup> Author's analysis on the NAP-budget nexus; comparative analysis with Sri Lanka's NAP experience; Satat Sampada Climate Foundation and VIKSAT consultations, 2025.

<sup>291</sup> LEG, revision of NAP technical guidelines, 2025; Decision 2/CMA.5, paragraph on NAPs as channels for GGA targets; SLYCAN Trust (n 75) on NAP alignment with GGA.

equipment—interventions that, while modest in scale, have had outsized impacts on household resilience by reducing vulnerability to recurring droughts and disasters.<sup>292</sup>

REHA emphasised that these projects are not just about service delivery but about demonstrating that community-led finance can generate measurable adaptation outcomes in an environment where larger mechanisms remain stalled. CED's collaboration with the Swiss Development Corporation (SDC) in Wardak Province was cited as another case where targeted investments in clean energy equipment reached 100 households. Similarly, UNDP's nationwide assessments, including the State of the Environment Report, were highlighted as efforts that connect local experiences with broader policy frameworks, ensuring that adaptation lessons from villages and provinces are not lost in national planning processes.<sup>293</sup>

## The Scale of Afghanistan's Climate Crisis

Afghanistan's vulnerability is among the most severe globally, compounded by decades of conflict, displacement, and institutional fragility. Intensifying flooding driven by glacial melt and erratic rainfall has devastated communities across multiple provinces. The IPCC AR6 identifies Afghanistan as part of the South Asian "global hotspot" for multi-hazard climate risks, with intersecting threats from drought, flash floods, landslides, and extreme heat. Yet Afghanistan's share of global climate finance remains negligible, and the suspension of funds since the political transition of 2021 has left the country almost entirely dependent on humanitarian aid channels rather than dedicated climate finance mechanisms.<sup>294</sup>

The implications for Loss and Damage are profound. Afghanistan's communities experience both economic losses—destruction of agricultural land, livestock, housing, and infrastructure—and deep non-economic losses: displacement of entire communities, disruption of social structures, erosion of traditional livelihoods, and psychological trauma from repeated disasters. These losses are largely invisible to international climate finance systems, which require institutional counterparts and accreditation processes that Afghanistan's current governance arrangements cannot provide. The FRLD's first Call for Funding Requests, while a welcome operational milestone, raises critical questions about how countries in Afghanistan's situation—without recognised government counterparts for climate fund accreditation—can access the USD 250 million BIM allocation.<sup>295</sup>

## Circular Economy and Adaptation in Afghanistan

REHA stressed that Afghanistan's climate strategy cannot only prioritise sectors linked to carbon markets but must place adaptation and L&D at the centre. They explained that vulnerable households face immediate challenges that require practical resilience measures, and that circular economy practices offer a way forward by combining resource efficiency with adaptation. Drawing on its initiatives—such as distributing energy-efficient stoves, solar

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<sup>292</sup> REHA Organisation consultation with CANSA research team, 2025; SCCR, CRALE, and REACT project documentation.

<sup>293</sup> REHA consultation (n 292); CED-SDC collaboration in Wardak Province; UNDP State of the Environment Report, Afghanistan.

<sup>294</sup> IPCC AR6 Working Group II (2022), Chapter on Asia; author's analysis on Afghanistan's climate finance access post-2021.

<sup>295</sup> Author's analysis; FRLD BIM documentation (n 178); challenges of climate fund access for governance-fragile states.

dryers, and batteries—REHA noted how these tools reduce environmental strain while helping families manage recurring droughts and disasters. REHA highlighted that similar efforts by CED and SDC with gardening tools and clean energy technologies show how locally grounded approaches can build resilience while promoting sustainable consumption.<sup>296</sup>

These approaches align with the Belém Action Mechanism's (BAM) emphasis on enabling developing countries to diversify their economies and build alternative economic models. The BAM's proposed helpdesk function—where countries and projects can submit queries regarding emerging challenges and receive guidance and resources—could be particularly valuable for Afghan CSOs operating in isolation from mainstream climate finance architecture. Similarly, the BAM's matchmaking function could connect Afghan community-led projects with philanthropic funders and UN agency execution channels that can operate in conflict-affected settings.<sup>297</sup>

## Prioritising Equity and Addressing Non-Monetary Climate Impacts

REHA emphasised that existing climate finance mechanisms often fail to address non-economic losses, such as the disruption of livelihoods, health impacts, displacement, and the breakdown of social and cultural structures. REHA further stressed how the suspension of major international funding since 2021 has disproportionately affected the most vulnerable communities, including women-led households, highlighting the need for justice-based and human-rights-informed approaches in adaptation planning.<sup>298</sup>

REHA explained that community-based interventions undertaken with its partners—such as distributing clean energy tools, gardening equipment, and energy-efficient appliances—are designed not only to enhance resilience but also to ensure that adaptation efforts prioritise those most at risk. The organisation further emphasised that embedding these considerations into national strategies, including Afghanistan's ongoing NDC revisions, is essential for ensuring that climate finance addresses real community needs rather than focusing solely on market-driven objectives.<sup>299</sup>

For SB64 and COP31, the international community must address Afghanistan's unique situation through specific mechanisms: carve-outs within the FRLD and the broader NCQG architecture that allow conflict-affected and governance-fragile states to access climate finance through UN agency execution and trusted civil society intermediaries, without requiring standard government accreditation; the inclusion of Afghanistan's situation within the Sevilla Commitment's paragraph 50(f) process on debt architecture reform, enabling access to standstill protections and grants; dedicated small-grant windows within the GCF and FRLD for community-led micro-projects in fragile contexts, modelled on REHA's demonstrated approach; and the scaling of community-led evidence generation and documentation to ensure that Afghanistan's climate losses—both economic and non-economic—are captured in the GGA indicator framework and inform future Global Stocktakes.

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<sup>296</sup> REHA consultation (n 292).

<sup>297</sup> BAM Discussion Paper (n 172), Function #6 (Consolidated Helpdesk) and Function #7 (Matchmaking).

<sup>298</sup> REHA consultation (n 292).

<sup>299</sup> REHA consultation (n 292).

## 4.7 Myanmar – Exclusion, Conflict, and Emerging Civil Society Roles

During consultation with civil society organisations in Myanmar, a number of initiatives were identified as important models for advancing equitable climate finance. In a setting shaped by conflict, displacement, and economic challenges, local groups are illustrating how community-led responses can reinforce national efforts while also aligning with international climate finance frameworks. Myanmar represents perhaps the most extreme case in South Asia of how climate vulnerability converges with conflict and governance failure to lock communities out of finance entirely: with 3.5 million internally displaced persons, 50 per cent of the population living below the poverty line, and nearly one-fourth of citizens subject to conscription, the country's climate action must navigate constraints that no international finance mechanism was designed to address.

### Community-Led Financing for Resilience: Christian Aid Myanmar and Partners

The partnerships facilitated by Christian Aid Myanmar with Meik Swe Myanmar, Building Better Society (BBS), and the Community Empowerment and Resilience Association (CERA) represent community-driven financing models aimed at supporting adaptation in fragile contexts. These initiatives demonstrate how targeted resources, even when modest, can directly strengthen resilience among communities affected by climate shocks, displacement, and conflict.<sup>300</sup>

Through a GoFundMe grant, Meik Swe Myanmar provided targeted support to flood-affected communities by establishing nursery plantations, agroforestry systems, and climate-smart agriculture practices, complemented by technical training for long-term resilience. However, demand for assistance continues to far exceed available resources, with local organisations reporting that only a small fraction of community proposals can be funded.<sup>301</sup> This reflects the scale of unmet adaptation needs at the grassroots level—a pattern mirrored in Bangladesh's BRAC Climate Risk Fund (less than 5 per cent of proposals funded) and in the FRLD's USD 250 million BIM allocation against hundreds of billions in estimated needs.

Building Better Society (BBS) has been implementing a five-year programme combining community-based early warning systems and anticipatory action measures with longer-term interventions to expand access to safe drinking water and diversify livelihoods, particularly for women. In Rakhine State, where climate and conflict pressures converge, BBS has supported the creation of Community-Based Disaster Risk Management Mechanisms (CBDRMM), enabling communities to design and implement their own disaster response plans.<sup>302</sup>

BBS has also developed a Climate Resilience Action Plan to strengthen local advocacy and stakeholder engagement. The organisation has undertaken research on the gendered impacts of climate change on women and marginalised groups in Rakhine, with findings currently under finalisation. This research addresses a critical evidence gap: the intersection of climate

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<sup>300</sup> Christian Aid Myanmar consultation with CANSA research team, 2025; Meik Swe Myanmar, Building Better Society (BBS), and Community Empowerment and Resilience Association (CERA) programme documentation.

<sup>301</sup> Meik Swe Myanmar, GoFundMe grant programme documentation; Christian Aid Myanmar consultation (n 300).

<sup>302</sup> BBS, five-year programme documentation; Community-Based Disaster Risk Management Mechanisms (CBDRMM) in Rakhine State.

vulnerability, gender, conflict-driven displacement, and ethnic marginalisation produces compounding non-economic losses that no existing data system adequately captures.<sup>303</sup>

## Broadening Sectoral Engagement: Community Resilience and Localised Adaptation

Christian Aid Myanmar stressed that climate planning must reflect the realities of people living under overlapping crises rather than being limited to a few market-driven sectors. They pointed out that with communities facing conflict, large-scale displacement, and recurring climate shocks, adaptation and disaster preparedness need to be treated as central priorities rather than secondary considerations.<sup>304</sup>

BBS described how initiatives such as community-based disaster risk management, anticipatory action systems, and agroforestry-based livelihoods have become essential tools for protecting lives and securing the minimum conditions for resilience. BBS further highlighted that issues of peacebuilding, gender, and humanitarian response are inseparable from climate resilience in fragile settings like Myanmar. Work in Rakhine State has shown how livelihoods, housing, and food systems are all deeply affected by the convergence of conflict and climate risks, while ongoing research is drawing attention to the disproportionate burdens carried by women and marginalised groups.<sup>305</sup>

The late-2025 floods across South and Southeast Asia further underscored Myanmar's vulnerability. While international attention focused on the devastating impacts in Sri Lanka (Cyclone Ditwah, over 500 deaths), Thailand (160 deaths, 2 million displaced), and the Philippines (multiple typhoons), Myanmar's delta and coastal regions also experienced significant flooding, compounding the humanitarian crisis in a country where formal climate finance channels are largely non-functional.<sup>306</sup>

## Integrating Justice-Based Approaches and Non-Economic Losses

Christian Aid Myanmar emphasised that existing climate financing mechanisms frequently overlook non-economic losses, including disruptions to livelihoods, health, and social cohesion. They highlighted the need for adaptation strategies that integrate justice, equity, and human rights, ensuring that resources effectively reach populations most affected by conflict, displacement, and climate-related hazards.<sup>307</sup>

Targeted interventions—such as flood recovery assistance, nursery plantations, agroforestry, and climate-smart agricultural practices—are informed by local knowledge and technical guidance to strengthen long-term resilience. Christian Aid Myanmar noted that demand for

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<sup>303</sup> BBS, Climate Resilience Action Plan; BBS research on gendered impacts of climate change in Rakhine (forthcoming).

<sup>304</sup> Christian Aid Myanmar consultation (n 300).

<sup>305</sup> BBS programme documentation (n 302); Christian Aid Myanmar (n 300).

<sup>306</sup> Britannica, "Asia Floods of 2025"; UNICEF and OCHA reporting on South and Southeast Asian floods, November–December 2025.

<sup>307</sup> Christian Aid Myanmar consultation (n 300).

support substantially exceeds available resources, underscoring the necessity of prioritising the most vulnerable communities in allocation decisions.<sup>308</sup>

The consultation also explored the importance of community-led planning and decision-making, which ensures that adaptation measures not only address material losses but also consider cultural, social, and gender-specific impacts, thereby embedding equity and inclusivity at the core of climate action strategies.

## Myanmar's Climate Finance Paradox

Myanmar presents the starkest climate finance paradox in the region. The country is among the most climate-vulnerable in Asia—Cyclone Nargis (2008) displaced more than 2.4 million people, and Cyclone Mocha (2023) destroyed entire coastal communities—yet it receives virtually no dedicated climate finance through formal channels. International climate finance has been routed almost entirely through multilateral agencies or intermediaries, bypassing local CSOs. Civic space restrictions further prevent grassroots organisations—including women's groups, fisherfolk cooperatives, Indigenous communities, and Self-Help Groups—from directly accessing resources, leaving communities dependent on fragmented humanitarian aid rather than long-term, justice-based L&D finance.<sup>309</sup>

Reports warn that loan-based flows risk bolstering financial intermediaries linked to the military regime, while leaving frontline communities—especially displaced ethnic minorities—locked out. Climate finance has been channelled through opaque intermediaries rather than directly to affected communities.<sup>310</sup> This makes Myanmar's situation fundamentally different from that of its South Asian neighbours: the issue is not the terms of finance (grants vs. loans) but the question of whether any climate finance reaches affected communities at all.

The IIED's finding that only 0.17 per cent of global climate finance is locally led takes on particular urgency in Myanmar's context. If even the global average for locally led climate action is less than half of one per cent, the figure for a conflict-affected state with restricted civic space is likely to be near zero. The 0.7 per cent of global climate finance mentioning Indigenous peoples is equally relevant, given that Myanmar's most climate-affected populations include ethnic minorities—Rohingya, Chin, Kachin, Shan, Rakhine—whose access to any form of climate support is constrained by conflict, displacement, and discrimination.<sup>311</sup>

## Implications for SB64 and COP31

For SB64 and COP31, Myanmar's situation demands specific attention:

The FRLD and GCF must develop conflict-sensitive access modalities that enable community-led organisations to receive climate finance directly, without requiring state accreditation that is not available in Myanmar's current governance context. This could include trusted intermediary models where established international organisations (such as Christian Aid)

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<sup>308</sup> Christian Aid Myanmar (n 300); Meik Swe Myanmar programme reports.

<sup>309</sup> Christian Aid Myanmar (n 300); civic space analysis for Myanmar; IIED (n 58) on locally led climate finance.

<sup>310</sup> Reports on climate finance channelling in Myanmar post-2021; Christian Aid Myanmar (n 300).

<sup>311</sup> IIED (n 58); author's analysis on climate finance access for conflict-affected ethnic minorities in Myanmar.

serve as fiduciary agents while ensuring that decision-making authority and implementation remain with local partners.

The proposed BAM's action and support component—with its helpdesk and matchmaking functions—could serve as a channel for connecting Myanmar's community-led initiatives with funders who are willing to operate in fragile contexts. The BAM's emphasis on non-debt-inducing finance and its recognition that Just Transition pathways must address conflict-affected settings provide a framework that is directly relevant to Myanmar's needs.<sup>312</sup>

The GGA indicator framework must account for conflict-affected contexts where standard adaptation planning and reporting are not possible. Indicators that rely on government reporting capacity will systematically exclude countries like Myanmar, producing a measurement architecture that is blind to some of the world's most severe climate vulnerabilities. SB64 should advocate for the inclusion of community-generated and CSO-generated data as valid inputs to the GGA assessment process.

The Baku Adaptation Roadmap (BAR) must include provisions for fragile and conflict-affected states, recognising that these countries cannot be expected to follow the same implementation pathways as stable developing countries. Without such provisions, the BAR risks creating an adaptation governance framework that serves the relatively well-governed while abandoning those most in need.

Regional cooperation within South Asia—facilitated by CANSA and partner networks—must include Myanmar's civil society organisations in advocacy platforms, ensuring that their voices are represented in submissions to the FRLD, the GGA process, and the NCQG implementation architecture. The regional civil society position paper proposed by Christian Aid Bangladesh should explicitly address the needs of conflict-affected populations across the region, from Myanmar's displaced communities to Afghanistan's climate-vulnerable households operating without international fund access.

The people of Myanmar are already demonstrating extraordinary resilience in the face of converging crises. The community-based disaster risk management mechanisms in Rakhine, the agroforestry systems supported by Meik Swe Myanmar, and the anticipatory action measures implemented by BBS represent the kind of locally led, rights-based climate action that the international community claims to support. The test for SB64 and COP31 is whether the climate finance architecture can be reformed to actually deliver resources to these communities—or whether Myanmar will remain a case study in how the world's most vulnerable populations are systematically excluded from the finance intended for them.

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<sup>312</sup> BAM Discussion Paper (n 172), Action and Support Component (Functions #5, #6, #7); author's analysis on BAM applicability to fragile contexts.

## Section 5 – Recommendations for SB64 (June 2026, Bonn) and COP31 (November 2026, Antalya)

COP30 in Belém proclaimed an era of implementation. The Mutirão text declared the global shift toward low-emissions and climate-resilient development "irreversible." The FRLD launched its first Call for Funding Requests. The Baku to Belém Roadmap outlined 15 short-term steps for scaling climate finance to USD 1.3 trillion. The pledge to triple adaptation finance to approximately USD 120 billion per year by 2035 was secured. The ICJ Advisory Opinion confirmed that climate finance is a binding legal obligation, not a voluntary gesture.

Yet the gap between proclamation and delivery remains vast. The FRLD's USD 250 million BIM allocation amounts to less than 0.04 per cent of estimated annual Loss and Damage needs. Over 70 per cent of climate finance reaching South Asia arrives as loans. Only 0.17 per cent of all reported climate finance globally is locally led. The Baku to Belém Roadmap failed to recognise the scale of the L&D finance gap or centre the polluter-pays principle. And across the region, IMF conditionality continues to shape fiscal space in ways that constrain rather than enable climate action.

The following recommendations are directed at ensuring that the era of implementation delivers accountability, justice, and resources at SB64 and COP31 in Antalya. They are grounded in the evidence documented throughout this report—from the ground-level testimonies of communities in Bangladesh's Sundarbans and Pakistan's Sindh to the structural analysis of global finance flows—and informed by the advocacy positions of civil society organisations across South Asia and Myanmar. As Christian Aid has consistently argued, climate finance that ignores rights and justice principles risks entrenching inequality rather than addressing it.<sup>313</sup> The recommendations are organised across seven thematic areas.

### I. Finance Architecture: Operationalising the NCQG and the Baku to Belém Roadmap

1. Annex II countries must re-centre public finance obligations. Grant-based public finance must replace the current reliance on loans, which are pushing countries like Pakistan, Bangladesh, and Sri Lanka deeper into debt crises. Climate finance should expand fiscal space for social protection and resilience, not entrench austerity. Christian Aid's "Computer Says Yes!" analysis demonstrates that developed countries have the fiscal capacity to deliver: the UK's fair share alone amounts to 5.84 per cent of the global target—approximately GBP 13 billion per year—mobilisable through wealth taxes, polluter-pays levies, fossil fuel subsidy reform, and reallocation of existing public expenditure.<sup>314</sup> At SB64, Parties should begin operationalising the two-year work programme on Article 9 launched at COP30, with clear milestones for grant-based finance delivery. At COP31, binding annual targets for developed country public finance contributions should be agreed.

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<sup>313</sup> Christian Aid, "Community Access to the Loss and Damage Fund," 2023; Christian Aid, "Putting Our Money Where Our Mouth Is," 2025.

<sup>314</sup> Christian Aid, "Computer Says Yes! Why the UK Can and Must Deliver its Fair Share of Climate Finance," 2025.

2. The Baku to Belém Roadmap's short-term actions must be tracked and delivered with accountability. At SB64, Parties should demand progress reports on key action items, including: MDB climate finance target reporting (due 2027); the IMF assessment of new SDR issuance for climate purposes; UN economic commissions' study of debt-for-climate and debt-for-nature swaps; and the independent expert group on responsible sovereign borrowing and lending principles (due October 2026). COP31 should establish a formal review mechanism for the Roadmap's 15 short-term steps, with consequences for non-delivery. The Roadmap's failure to recognise the L&D finance gap must be rectified: a supplementary process at COP31 should quantify the L&D finance needs of developing countries and establish dedicated L&D sub-goals within the NCQG architecture.<sup>315</sup>
3. The NCQG must be operationalised with dedicated sub-goals for Loss and Damage, adaptation, and mitigation, measured in grant-equivalent terms. The absence of a universally accepted definition of climate finance allows continued overstatement of contributions through inclusion of loans at face value, mislabelled development projects, and fossil fuel-linked transactions. At SB64, Parties should initiate a process to establish, at minimum, a negative list of what should not count as climate finance—including fossil fuel subsidies, market-based carbon offsets, and non-concessional loans. At COP31, the Standing Committee on Finance should be mandated to develop grant-equivalent accounting methodologies in preparation for the NCQG reporting that begins in 2028.<sup>316</sup>
4. Private finance must be limited to mitigation with strict safeguards. Less than 1 per cent of private climate finance globally reaches adaptation and Loss and Damage, as Christian Aid's analysis confirms.<sup>317</sup> Profit-driven flows work in renewable energy but fail in adaptation and Loss and Damage, where the poorest are excluded. These sectors must remain public-finance-led, with safeguards to ensure private involvement does not transfer risks or costs to vulnerable households. The pledge to triple adaptation finance to approximately USD 120 billion per year by 2035 must be translated into binding annual milestones at COP31, with clear reporting on the public-vs-private composition of flows.
5. Climate finance reporting must become transparent and verifiable. The IIED's finding that only 0.17 per cent of all reported climate finance is locally led, and that bilateral funders refused to share even basic project-level data, exposes the depth of the transparency deficit.<sup>318</sup> Donors often inflate finance figures by counting loans as climate support. At COP31, reporting must mandate grant-equivalent accounting, separating grants, loans, and private flows, with independent verification so that communities know what is available. The IIED study should serve as a baseline against which progress is measured at each subsequent COP.

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<sup>315</sup> Baku to Belém Roadmap Executive Summary (n 44), Key Action Points; Loss and Damage Collaboration, "Rapid Reaction to the Baku to Belém Roadmap 1.3T," November 2025.

<sup>316</sup> Loss and Damage Collaboration, First and Second Submissions to the Baku to Belém Roadmap (n 29, n 48); AOSIS (2024), New Collective Quantified Goal on Climate Finance – Draft Elements.

<sup>317</sup> Christian Aid (n 314); Zurich Climate Resilience Alliance research presented at COP30, November 2025.

<sup>318</sup> IIED (n 58).

## II. Loss and Damage Finance: Capitalising and Operationalising the FRLD

6. The FRLD must be substantively capitalised at its first replenishment. The initial USD 250 million BIM allocation for 2025–2026, while a welcome operational start, amounts to less than 0.04 per cent of estimated annual L&D needs of USD 724.43 billion. COP31 should agree pledging milestones and an accountable replenishment path, informed by the CEEW burden-sharing framework proposing that the 25 most responsible economies contribute 0.08 per cent of GDP to unlock approximately USD 60 billion annually—a 75-fold increase over current pledges.<sup>319</sup> The FRLD's resource mobilisation strategy must be aligned with the Roadmap process and must include a clear timeline for scaling from hundreds of millions to hundreds of billions.
7. The FRLD's operational modalities must be designed for community accessibility. SB64 should advance standardised, community-friendly application templates and fast-track windows for frontline micro-projects. Dedicated funds must be allocated for building the fiduciary and programmatic capacity of local community organisations, especially women's and Indigenous groups, to access and manage climate finance. The FRLD Board should draw on the lessons of existing community-led models—including the BRAC Climate Risk Fund in Bangladesh, the CPRD/Christian Aid blended microfinance pilot, and the Sundarbans SHG model in India—to design access modalities that work for frontline communities rather than excluding them.<sup>320</sup>
8. Innovative finance instruments for community-level L&D must be recognised and scaled. The CPRD/Christian Aid blended microfinancing approach—combining grants with microcredit through local microfinance institutions—has demonstrated its potential for addressing small-scale, localised losses that are too small for international fund mechanisms but devastating for affected households. This model, alongside contingency funds and climate-debt swaps, should be recognised within the FRLD's operational toolkit and scaled through GCF readiness programmes and the country platforms established at COP30. At COP31, a dedicated window for innovative community-level instruments should be established within the FRLD.<sup>321</sup>
9. The NCQG must incorporate social inclusion and non-economic loss indicators to tie finance to equitable outcomes. At SB64, Parties should begin shaping the methodology for tracking these indicators in alignment with the GGA framework and the Standing Committee on Finance reporting that begins in 2028. The CANSA/CPRD/EnGIO Sundarbans study—documenting that 73 per cent of the population has been affected by cyclones, 85 per cent of aquatic species have been lost, and 15 per cent of the population has been displaced three or more times—provides the kind of evidence that the FRLD's funding criteria must be designed to receive and act upon.<sup>322</sup>
10. Loss and Damage finance must be 100 per cent grant-based. As the Loss and Damage Collaboration has consistently demanded, loans are wholly inappropriate for L&D and compound the injustice of the climate crisis. The FRLD's governing instrument (paragraph 57 of Decision 1/CP28) already prioritises grants and highly concessional

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<sup>319</sup> CEEW, "How to Equitably Scale Up Finance for the Loss and Damage Fund," Issue Brief, October 2025 (n 42).

<sup>320</sup> CPRD (n 199); BRAC consultation (n 197); "Building Synergies for Climate Finance & Justice," CANSA, 2025, Sundarbans SHG model (n 279).

<sup>321</sup> CPRD and Christian Aid blended microfinance pilot (n 205); author's analysis on scaling through FRLD and GCF readiness programmes.

<sup>322</sup> CANSA, CPRD, and EnGIO, "Non-Economic Loss and Damage in the Transboundary Sundarbans," 2025 (n 132).

loans. COP31 must ensure that this principle is operationalised in practice, with the AOSIS concessionality standards—interest rates of 1 per cent or below, grace periods of 5 years or above, maturity periods of 20 years or above, charges of 1.5 per cent or below, and mandatory inclusion of climate resilience debt clauses—serving as the minimum benchmark for any non-grant element.<sup>323</sup>

### III. Adaptation and the Global Goal on Adaptation

11. COP31 should finalise the GGA indicator framework with no more than 100 globally applicable indicators, ensuring robust means of implementation indicators that address barriers and dis-enablers such as cost of capital and fiscal space constraints. The consolidated list of 490 indicators includes 28 per cent tagged as MoI-related, but critical gaps remain on indicators for direct access, streamlining of access modalities, and reducing barriers. Indicators that measure the proportion of adaptation and L&D finance allocated to subnational and local institutions, the rate of access to finance for adaptation by vulnerable communities, and cost savings from preventive adaptive measures must be included. South Asian countries should coordinate advocacy at SB64 to ensure these indicators survive the reduction process.<sup>324</sup>
12. The Baku Adaptation Roadmap (BAR) must be given a concrete implementation pathway at COP31, with clear modalities for work under the Roadmap and alignment with the second Global Stocktake (2028). The BAR should promote synergies across global, regional, and national adaptation efforts, serving as a coordination tool that bridges the gap between planning and implementation. It must include provisions for fragile and conflict-affected states—ensuring that countries like Myanmar and Afghanistan are not excluded from the adaptation governance framework due to governance constraints.<sup>325</sup>
13. The pledge to triple adaptation finance to approximately USD 120 billion per year by 2035 must be matched by delivery mechanisms. McKinsey's finding that adaptation benefits outweigh costs by a ratio of 7:1, yet 85 per cent of low-income populations remain unprotected, confirms that adaptation is not merely a cost but an investment with substantial returns.<sup>326</sup> At COP31, Parties should agree annual milestones for the tripling pledge, with clear reporting on the grant-vs-loan composition of adaptation finance. The Zurich Climate Resilience Alliance's evidence that coastal flood protection—the single highest adaptation cost globally—offers minimal financial returns confirms that adaptation finance must remain public-finance-led. South Asia, where coastal vulnerability stretches from the Sundarbans to Sri Lanka's southern coast to Pakistan's Sindh delta, must be a priority region for scaled-up adaptation finance.<sup>327</sup>

### IV. Accountability: Embedding the ICJ Advisory Opinion

14. The ICJ Advisory Opinion must be embedded into COP31 negotiating outcomes. Parties should seek to ground decisions in established international law, ensuring that:

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<sup>323</sup> Loss and Damage Collaboration (n 48); Decision 1/CP28, paragraph 57; AOSIS concessionality standards (n 165).

<sup>324</sup> SLYCAN Trust (n 75, n 76); UNFCCC Secretariat, Technical Report on GGA Indicators, 2025; SB64 Information Note.

<sup>325</sup> Decision 3/CMA.6 on the Baku Adaptation Roadmap; SLYCAN Trust (n 75) on BAR implementation pathway.

<sup>326</sup> McKinsey Global Institute (n 264).

<sup>327</sup> Zurich Climate Resilience Alliance (n 61); author's analysis on South Asian coastal vulnerability.

NDCs reflect the highest possible ambition and are collectively capable of limiting warming to 1.5°C; finance obligations under Article 9 of the Paris Agreement are treated as legally binding; the failure to regulate fossil fuel production, consumption, licensing, and subsidies is recognised as potentially constituting an internationally wrongful act; and when States breach their obligations, the duty to provide full reparation is acknowledged. As Christian Aid and CIEL have argued, COP31 is the first full COP cycle since the ICJ ruling, and outcomes in Antalya must align with the Court's findings and international law.<sup>328</sup>

15. Accountability mechanisms must be strengthened with consequences for non-compliance. The ICJ has reinforced that wealthy countries have obligations, yet enforcement remains absent. Compliance with the NCQG must embed the polluter-pays principle and carry consequences—financial and reputational—for non-compliance. Christian Aid's "Computer Says Yes!" analysis demonstrates that alternative revenue sources are available: a Climate Damages Tax could generate USD 44.6 billion in its first year; an air passenger levy could raise USD 164 billion annually; a financial transaction tax could generate USD 238–419 billion annually; a minimum wealth tax on billionaires could raise USD 200–250 billion per year; and the redirection of fossil fuel subsidies (USD 7 trillion in 2022, equivalent to 7.1 per cent of global GDP) could transform the climate finance landscape entirely.<sup>329</sup> The Roadmap's call for the Global Solidarity Levies Task Force to report at COP30 must now be followed by concrete implementation timelines at COP31.
16. The growing wave of climate litigation must be recognised as a complementary accountability mechanism. The Pakistani farmers' case against RWE and Heidelberg Materials, the Swiss Holcim case, and the Philippines Shell case in UK courts demonstrate that affected communities are increasingly using legal systems to hold polluters accountable. COP31 should acknowledge this trend and ensure that the UNFCCC process is not used to shield major emitters from judicial accountability. The ICJ's recognition that States have a duty to regulate private actors and their activities should include excluding them from participating in treaty regimes in ways that undermine them—a finding directly relevant to ongoing debates about corporate capture of the COP process.<sup>330</sup>

## V. Debt Justice and IMF Reform

17. IMF programmes in South Asia must be clearly distinguished from climate finance. Pakistan and Bangladesh access the Resilience and Sustainability Facility (RSF), while Sri Lanka and Nepal are under traditional IMF arrangements. While the RSF represents an important step, RSF lending carries conditionalities that constrain fiscal space and adds to sovereign debt. As Christian Aid's analysis of IMF conditionality (February

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<sup>328</sup> ICJ Advisory Opinion (n 16); CIEL, PICAN, PISFCC & WYCI, "Leveraging the ICJ Climate Ruling at COP30" (n 18); Christian Aid advocacy on ICJ implementation.

<sup>329</sup> Christian Aid (n 314); Loss and Damage Collaboration submissions (n 29, n 48) on alternative sources including: Climate Damages Tax (USD 44.6 billion); air passenger levy (USD 164 billion, ICCT); financial transaction tax (USD 238–419 billion, Pekanov and Schratzenstaller 2019); minimum wealth tax on billionaires (USD 200–250 billion, Zucman 2024); maritime fuel levy (USD 60–80 billion, UNCTAD); fossil fuel windfall profits tax (USD 382 billion, ActionAid); fossil fuel subsidies totalling USD 7 trillion in 2022 (IMF); Cap and Share system (over USD 5 trillion, Equal Right 2023); Oil Change International analysis showing Annex II Parties can mobilise USD 5.3 trillion annually by redirecting existing resources.

<sup>330</sup> ECCHR (n 219); Climate Cost Case Pakistan (n 220); ICJ Advisory Opinion (n 16), para. 403 on regulation of private actors; author's analysis on corporate capture of COP process.

2026) demonstrates, 86 countries are indebted to the IMF—nearly half the world—and conditionality remains a tool that shapes economic policy infrastructure in ways that can deepen vulnerability. Letters of Intent are in most cases drafted by IMF staff, and the concept of "country ownership" often amounts to compliance with predetermined reform templates.<sup>331</sup> At SB64 and COP31, Parties should: insist on a clear definitional separation between IMF programme disbursements and climate finance contributions; advocate for the IMF to assess the feasibility of new SDR issuance for climate purposes (as called for in the Roadmap); and push for climate-contingent debt clauses in all new IMF lending to climate-vulnerable countries.

18. Debt-heavy models must be phased out in favour of grant-based finance. Countries already in debt crises cannot take on near-commercial loans in the name of climate action. Annex II countries and creditors must prioritise grants and fair debt restructuring that shifts responsibility onto lenders, not citizens. The Sevilla Commitment's paragraph 50(f) provides a multilateral platform for South Asian countries to caucus around common tools—cyclone or flood-triggered pause clauses, grant-first windows in the FRLD, and comparability of treatment in restructurings. Sri Lanka, emerging from debt restructuring, should champion state-contingent instruments; Bangladesh should pilot climate-contingent debt clauses through PKSF/IDCOL; Nepal should push for LDC access lanes that integrate its glacial-risk profile; and Myanmar and Afghanistan must be able to access standstill protections and grants via UN agency execution.<sup>332</sup>
19. MDBs must reform their lending practices. Current models prioritise mechanisation and infrastructure without safeguards, deepening social inequality—as the World Bank's USD 300 million loan to Pakistan for the Punjab Clean Air Action Plan demonstrates, where the promotion of super-seeders displaces daily-waged manual farm labourers from historically oppressed Dalit communities.<sup>333</sup> At COP31, MDB finance must be tied to justice outcomes, livelihood protection, and social inclusion, ensuring projects reduce rather than reproduce vulnerabilities. The Roadmap's call for MDBs to set enhanced climate finance targets through 2035 must include mandatory reporting on the social and distributional impacts of climate lending.

## VI. Locally Led Climate Action and Community Access

20. Local participation must be embedded in governance frameworks. Direct access windows are essential for local governments, cooperatives, and civil society organisations. Authority must be decentralised to ensure decision-making reflects lived realities, not donor templates. The FRLD, the GCF, and the broader NCQG architecture must mandate community participation in governance structures—not as consultation but as decision-making authority. COP31 must launch a process for effectively including local actors and climate-vulnerable communities in decision-making on climate finance sourcing and disbursement at local, national, and global levels, particularly for L&D financing.<sup>334</sup>

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<sup>331</sup> Christian Aid, "The state of play of IMF conditionality," 18 February 2026 (n 32); IMF country programme data for Pakistan, Bangladesh, Sri Lanka, and Nepal.

<sup>332</sup> FfD4 Sevilla Commitment, Paragraph 50(f) (n 28); Loss and Damage Collaboration submissions (n 29, n 48); author's analysis on South Asian debt-climate strategies.

<sup>333</sup> World Bank, Punjab Clean Air Action Plan (PCAAP) documentation (n 67); author's analysis on labour displacement impacts.

<sup>334</sup> CPRD (n 199), recommendations for SB64/COP31; Christian Aid (n 313).

21. The IIED's finding that only 0.17 per cent of climate finance is locally led must serve as a call to action. The LLA principles, endorsed by over 130 governments and institutions since 2021, commit to devolving decision-making to the lowest appropriate level, providing patient and predictable funding, and investing in local capabilities. Yet the data shows that rhetoric has not been matched by resources: even in 2021, the year with the highest proportion, less than half of one per cent of all reported climate finance was locally led. At COP31, a dedicated LLA tracking mechanism should be established within the Standing Committee on Finance, with annual reporting on the proportion of climate finance that is locally led, locally implemented, and reaching subnational actors. Funding that targets local implementation or is locally led should primarily be grant funding by default—this is particularly true for adaptation.<sup>335</sup>
22. Data scarcity must be urgently addressed. Without scenario-based data, governments cannot build funding cases for adaptation or Loss and Damage. Investments must align datasets across agencies and support participatory data collection to capture both economic and non-economic losses. The Loss and Damage Research Observatory, CPRD's participatory ground studies in Bangladesh, PHIA's Climate Sathi programme and Migrant Resource Centres in India, and the community storytelling platforms in Myanmar all demonstrate that community-generated evidence is not only possible but essential. At SB64, Parties should advocate for the recognition of community-generated and CSO-generated data as valid inputs to the GGA assessment process, the FRLD's funding criteria, and future Global Stocktakes.<sup>336</sup>

## VII. Regional Cooperation and Just Transition

23. South–South platforms must be resourced and strengthened. Regional cooperation in South Asia can amplify negotiating power and share best practices on debt justice and adaptation. The South Asia Granary of Solutions, launched at COP30 by CEEW's Dr Arunabha Ghosh as Special Envoy representing South Asia, should be expanded and resourced to showcase policy, institutional, market, and behavioural interventions across the region.<sup>337</sup> Platforms must enable governments and CSOs to track finance together and coordinate advocacy. Christian Aid Bangladesh's proposal for a regional civil society position paper should be operationalised ahead of COP31, ensuring that South Asian voices are amplified in the implementation agenda and that the perspectives of conflict-affected populations in Myanmar and Afghanistan are included.<sup>338</sup>
24. NDCs and NAPs must be reinvented to place Loss and Damage at the centre. Sri Lanka's NDC 3.0, with its dedicated L&D chapter, and Pakistan's NDC 3.0, with its funded cross-cutting L&D priority, provide models for the region. India must urgently adopt its National Adaptation Plan, reversing the decline in domestic climate scheme funding and aligning the NAP with the GGA indicator framework to enable reporting into the second Global Stocktake (2028). Bangladesh's forthcoming NDC 3.0 must integrate CPRD's ground-level evidence on non-economic losses and the LLA principles. Nepal must develop a nationally established L&D assessment methodology to replace its reliance on disaster assessment tools. These frameworks cannot remain

<sup>335</sup> IIED (n 58); LLA Principles, <https://www.iied.org/principles-for-locally-led-adaptation>

<sup>336</sup> Loss and Damage Research Observatory (n 189); CPRD (n 199); PHIA Foundation (n 285, n 286); Christian Aid Myanmar (n 300).

<sup>337</sup> CEEW (n 278); South Asia Granary of Solutions, launched at COP30.

<sup>338</sup> Christian Aid Bangladesh consultation (n 207); CANSA regional coordination.

mitigation- and adaptation-heavy while treating L&D as secondary. From now on, L&D must drive planning and finance, linking national strategies to social protection, livelihoods, and justice-based approaches.<sup>339</sup>

25. COP31 should advance the establishment of the Belém Action Mechanism (BAM) for a Global Just Transition. As agreed in the BAM's modular timeline, COP31/CMA8 should deliver agreement on strengthening the Just Transition Work Programme to respond to the BAM's knowledge-sharing function, building on the Global Hub of practitioners and national contact points launched at COP30. The BAM's emphasis on decent work, labour rights, gender-responsive social protection, the care economy, and non-debt-inducing finance provides a framework that directly aligns with South Asia's just transition needs—from India's coal-dependent communities in Jharkhand to Pakistan's agricultural labourers displaced by mechanisation. The BAM's helpdesk and matchmaking functions should be made operational by COP31, connecting countries and communities with funders and practitioners.<sup>340</sup>
26. Climate finance must be reframed as a justice issue. Governance and access are shaped by historical inequalities that exclude those most affected. For SB64 and COP31, negotiators must treat dignity, justice, and accessibility as core principles, recognising communities as rights-holders, not passive beneficiaries. The ICJ's confirmation that climate action is a legal duty, the growing wave of climate litigation, and the evidence from every country in this report confirm that the communities on the frontlines of the climate crisis are not waiting for permission to act. They are adapting with dignity and resilience—from the SHG-led solar microgrids in the Sundarbans to the agroforestry systems in Myanmar's Rakhine State to the community-based forestry in Nepal's Terai Arc to CPRD's blended microfinance in Bangladesh's coastal villages. The international community's obligation is to match their courage with justice, accountability, and resources. Anything less is a betrayal of the promise made at every COP since the UNFCCC was signed in 1992.<sup>341</sup>

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<sup>339</sup> Government of Sri Lanka NDC 3.0 (n 240); Government of Pakistan NDC 3.0 (n 214); India NAP (n 250); CPRD (n 199); PRC consultation (n 224).

<sup>340</sup> BAM Discussion Paper (n 172); COP31/CMA8 timeline for BAM establishment; SARTHI network, Jharkhand (n 270).

<sup>341</sup> Author's concluding analysis; synthesis of evidence from all country sections and civil society consultations.

## Annex A – SMART Indicators for Tracking Progress on Climate Finance, Vulnerability, and L&D Inclusion in Line with National Contexts

The following SMART indicator frameworks have been updated from the original report to reflect post-COP30 developments, including alignment with the GGA indicator framework (490 indicators consolidated under the UAE-Belém work programme, with a target of no more than 100 globally applicable indicators at CMA7), the Baku Adaptation Roadmap (BAR), the FRLD's operational modalities under the Barbados Implementation Modalities, and the NCQG decision. Country-specific indicators should be reviewed and updated as NDC 3.0 submissions are finalised across the region.

### A.1 Climate Finance Flow Indicators

<b>Indicator</b>	<b>Specific</b>	<b>Measurable</b>	<b>Achievable</b>	<b>Relevant</b>	<b>Time-bound</b>
Share of climate finance delivered as grants vs. loans to South Asia	Track grant-equivalent value of all bilateral and multilateral flows	Annual reporting via OECD DAC and UNFCCC SCF	Requires consistent coefficients across funders (currently inconsistent per IIED 2025)	Directly relevant to debt-justice and NCQG quality	Annual tracking from 2026; baseline from 2023 OECD data
Proportion of climate finance reaching subnational/local actors	Track via OECD DAC channel of delivery codes (currently 4.1% to subnational actors per IIED)	Number and value of transactions to local governments, developing country-based NGOs, community organisations	Requires creation of subcategories within channel of delivery codes	Central to LLA principles and NCQG Paragraph 22(a)	Baseline: 4.1% (2023); target: 20% by 2030
Proportion of climate finance that is locally led	Keyword analysis of OECD DAC data for "locally led" / "community led" terms	Currently 0.17% (IIED 2025); track annually	Requires improved reporting from funders	Core LLA indicator	Baseline: 0.17% (2023); annual tracking
Share of climate finance mentioning	Keyword analysis of	Currently 0.7% (IIED 2025)	Requires funder reporting	Relevant to UNDRIP, LLA	Baseline: 0.7% (2023);

Indigenous Peoples	OECD DAC data		improvement	Principle 2, GGA target 9(g)	annual tracking
FRLD capitalisation and disbursement tracking	Total pledges, contributions, and disbursements under BIM and subsequent replenishments	USD values tracked per FRLD Board reports	Dependent on donor pledges	Central to L&D finance accountability	Quarterly reporting from 2026
Adaptation finance as share of total climate finance to South Asia	Track bilateral and multilateral adaptation-tagged flows	Currently ~33.6% of locally targeted finance is adaptation (IIED); global adaptation flows ~USD 26-28bn	Requires consistent Rio marker application	Relevant to tripling pledge (~USD 120bn by 2035)	Annual; milestones at 2028 GST and 2030

## A.2 Loss and Damage Indicators

<b>Indicator</b>	<b>Specific</b>	<b>Measurable</b>	<b>Achievable</b>	<b>Relevant</b>	<b>Time-bound</b>
National L&D assessment methodology established	Dedicated national system for tracking economic and non-economic L&D (beyond disaster assessment tools)	Binary (yes/no) per country + quality assessment	Sri Lanka and Pakistan NDC 3.0 provide models; Nepal and India lack dedicated systems	Central to FRLD access and NDC implementation	By 2028 (ahead of second GST)
Non-economic losses documented and reported	National systems capturing cultural heritage loss, displacement frequency, health impacts, social	Number of NEL categories tracked; community surveys conducted	Requires partnerships with CSOs and research institutions (CPRD model in Bangladesh)	Central to OHCHR framework and GGA target 9(g)	Annual reporting from 2027

	cohesion disruption				
Households spending on L&D from own resources	Track household expenditure on L&D response and prevention (Bangladesh: USD 1.9bn/year per IIED)	Household survey data at national level	Requires integration into national statistical systems	Demonstrates true cost borne by communities	Baseline surveys by 2028
Displacement as L&D indicator	Track climate-induced displacement and migration at community level (PHIA Migrant Resource Centre model)	Number of displaced persons; frequency of displacement; return rates	Requires community-level data collection infrastructure	Central to L&D justice and FRLD eligibility	Annual tracking from 2026
Climate litigation cases filed and outcomes	Track cross-border and domestic climate cases seeking L&D compensation	Number of cases, jurisdictions, amounts sought, outcomes	Data available from climate litigation databases	Complementary accountability mechanism	Annual review

### A.3 Vulnerability and Inclusion Indicators

<b>Indicator</b>	<b>Specific</b>	<b>Measurable</b>	<b>Achievable</b>	<b>Relevant</b>	<b>Time-bound</b>
Intersectional vulnerability in adaptation finance allocation	Track whether finance reaches women, Dalits, Indigenous Peoples, disabled persons, displaced populations	Disaggregated data by gender, caste, ethnicity, disability, displacement status	Requires reporting standards at fund and national level	Central to LLA Principle 2, GGA cross-cutting considerations	Reporting standards agreed by COP31; data from 2028
Access to social protection by	Track linkages between	Number of climate-affected	Requires cross-referencing	Relevant to GGA target 9(f) on	Annual from 2027

climate-affected populations	climate-affected persons and existing social protection schemes (Raviga Devi model)	individuals linked to schemes; coverage rate	climate impact data with social protection databases	poverty eradication	
Women's participation in climate finance governance	Share of women in decision-making bodies for climate finance allocation at local, national, and international levels	Percentage of women in governance structures; number of women-led SHGs managing climate assets	Achievable through deliberate inclusion mandates	Central to gender-transformative climate finance (BAM Principle 9)	Annual tracking; targets at COP31
Community participation in FRLD governance	Mechanisms for community voice in FRLD funding decisions, design, and monitoring	Number of direct access windows; community representation in governance structures	Requires FRLD Board action	Core accountability indicator	Modalities agreed by COP31

#### A.4 NDC and NAP Integration Indicators

<b>Indicator</b>	<b>Specific</b>	<b>Measurable</b>	<b>Achievable</b>	<b>Relevant</b>	<b>Time-bound</b>
L&D integration in NDC 3.0	Dedicated L&D chapter/framework in NDC (Sri Lanka/Pakistan model) vs. L&D within adaptation framing (India model)	Qualitative assessment + quantitative targets within L&D framework	Achievable: Sri Lanka and Pakistan have demonstrated	Central to NDC-finance linkage	Current cycle (2025-2026 submissions)
NAP adoption and alignment with GGA	Binary (adopted/not adopted) + alignment with GGA thematic	Number of GGA targets reflected in NAP	Requires political will and institutional capacity	Central to adaptation implementation	India: NAP adoption timeline to be announced; alignment

	and dimensional targets				with GGA by 2028
Climate budget tagging in national budgets	Dedicated climate expenditure tracking in national budgets (Pakistan green tagging model)	Share of budget tagged for climate; transparency of methodology	Pakistan has demonstrated feasibility	Relevant to domestic resource mobilisation and transparency	All South Asian countries by 2028
IMF programme climate conditionality tracking	Track whether IMF conditionalities support or constrain climate fiscal space	Assessment of RSF reform measures vs. climate spending cuts	Requires independent analysis (Christian Aid model)	Central to debt-climate nexus	Annual review of each IMF programme

*Note: These indicators should be reviewed against the final GGA indicator set adopted at CMA7/COP31 and updated accordingly. The indicators are designed to complement, not duplicate, the GGA framework, with a specific focus on the South Asian regional context and the justice dimensions emphasised throughout this report.*

## Annex B – List of Interview Questions

The following questions were used to guide consultations with civil society stakeholders across South Asia and Myanmar. The questions were adapted for each country context and were supplemented by follow-up questions based on the specific expertise and experience of each stakeholder. The consultations were conducted during the initial research phase in 2025. The post-COP30 analysis and updated framing in this report draw on the evidence and perspectives gathered through these consultations, supplemented by additional desk research, publicly available CSO submissions, and case study material received from partner organisations.

### Understanding and Access

1. How does your organisation define and engage with just climate finance?
2. What barriers do you and your communities face in accessing international climate finance, especially Loss and Damage?

### Loss and Damage in Policy

3. How is Loss and Damage represented (or misrepresented) in NDCs and national planning?
4. What data gaps exist in measuring vulnerability and losses, and how are they addressed?

### Finance Models and Debt

5. How do debt dynamics and private finance shape climate action in your context?

6. What balance exists between grants and loans, and how is debt risk managed?

### **Governance and Participation**

7. What role do CSOs, local governments, and communities play in shaping climate finance priorities?
8. Are there public financing mechanisms or budget allocations dedicated to climate action?

### **Expectations and Cooperation**

9. What should the new UN Loss and Damage Fund deliver to be accessible and just?
10. What regional cooperation would strengthen climate finance and L&D responses?

### **Looking Ahead**

11. What recommendations would you prioritise for the upcoming COP negotiations?

*Note: The original consultations were conducted ahead of COP30 in Belém (November 2025). The updated analysis in this report reflects the COP30 outcomes, the operationalisation of the FRLD, the Baku to Belém Roadmap, the ICJ Advisory Opinion, and other post-Belém developments. Where CSO positions on these developments have been referenced, they draw on publicly available statements, submissions to the UNFCCC and B2B Roadmap process, and case study material shared directly with the research team—rather than a second round of formal interviews. The recommendations in Section 5 have been reoriented toward SB64 (June 2026, Bonn) and COP31 (November 2026, Antalya) based on this combined evidence base*

## **Annex C – List of Stakeholders Consulted**

The following organisations and their representatives contributed to the research and preparation of this report. The primary consultations were conducted during the initial research phase in 2025 through structured interviews and discussions. Additional written inputs, including case study material, were received from select organisations to inform the updated edition.

**Afghanistan** Resilience, Environment and Humanitarian Aid (REHA)

**Bangladesh** Bangladesh Rural Advancement Committee (BRAC) Christian Aid Bangladesh Centre for Participatory Research and Development (CPRD)\*

**India** Vikram Sarabhai Centre for Development Interactions (VIKSAT) Satat Sampada Climate Foundation Development Alternatives Partnering Hope Into Action Foundation (PHIA) Disha – R.C.D. Social Service Society SPADE Global The Evangelical Fellowship of India Commission on Relief (EFICOR)

**Myanmar** Christian Aid Myanmar Meik Swe Myanmar Building Better Society (BBS) Community Empowerment and Resilience Association (CERA)

**Nepal** Prakriti Resource Centre (PRC)

**Pakistan** Sustainable Development Policy Institute (SDPI)

**Regional / International** Climate Action Network South Asia (CANSAs) Christian Aid (international inputs)

*\* CPRD provided detailed written case study material on community-level Loss and Damage documentation, barriers facing marginalised groups, innovative microfinance approaches, and policy recommendations. This material was received separately from the initial consultation round and has been integrated into Sections 2, 3, and 4 of the updated report.*

*Note: The consultations listed above were conducted ahead of COP30 in Belém (November 2025). The post-COP30 analysis in the updated edition additionally draws on publicly available CSO statements and submissions—including the Loss and Damage Collaboration's submissions to the Baku to Belém Roadmap process, CEEW's COP30 press briefings, and Christian Aid's published analyses of IMF conditionality and climate finance fair shares—as well as official documents from the UNFCCC, FRLD Board, ICJ, IMF, World Bank, and national governments. These sources are fully cited in the footnotes throughout the report.*