

# Climate Adaptation and Finance in Rural India (CAFRI)

## Context

According to the Global Climate Risk Index 2020 of the German think-tank Germanwatch, India is the 5<sup>th</sup> most affected country by climate change. Consequently, reducing climate risks for vulnerable population groups and sectors is an essential part in India's Nationally Determined Contributions (NDCs) to reduce national emissions and adapt to the impacts of climate change.

The CAFRI project is part of the action field "Climate Adaptation and Financing" of the programme "Climate and Environment in Rural Areas of India". This project contributes to minimising the risks of climate change and indirectly improving sustainable management of natural resources as well as increasing productivity, income and employment in rural areas.

## Objective

Support the implementation of India's Nationally Determined Contributions (NDCs) on climate adaptation with regard to need and evidence-based planning of adaptation initiatives and climate-sensitive design of financial instruments.

## Our approach

The project focuses on enhancing ownership through locally appropriate, gender inclusive adaptation solutions which in turn will support mainstreaming of climate action. This will be ensured by engaging local/communities groups, institutions (such as women's group, Farmers Producers Organisation and Panchayati Raj Institutions) and knowledge networks. Furthermore the project pursues the local needs and formats for participation as an important criteria for the approval of project proposals.

Additionally, the project intends to integrate climate change adaptation into NABARD's development programmes and mobilise public-private finance for adaptation initiatives.

Project name	Climate Adaptation and Finance in Rural India (CAFRI)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Lead executing agency	Ministry of Environment, Forest and Climate Change (MoEFCC), National Bank for Agriculture and Rural Development (NABARD)
Partner State/ Agency	<ul style="list-style-type: none"> <li>Himachal Pradesh/Department of Environment, Science &amp; Technology, Govt. of HP</li> <li>Uttar Pradesh/Directorate of Environment, Govt. of UP</li> <li>Bankers Institute of Rural Development (BIRD), Lucknow</li> </ul>
Duration	01.01.2020 – 31.12.2022



The project includes the following focus areas:

#### **Demand driven, Gender-responsive participatory adaptation planning and implementation at local level**

- Aims to develop appropriate participation formats and procedures with national and state authorities to ensure incorporation of local needs when planning for adaptation projects

#### **Impact assessment and monitoring of adaptation related initiatives**

- Aims to improve planning and impact monitoring of adaptation-relevant measures at state level

#### **Innovative funding sources for adaptation**

- Focusses on increased use of existing development programmes and innovative new sources of finance to fund gender-sensitive measures, relevant to climate adaptation

#### **Collaboration and coordination at national and subnational level on SAPCC**

- Support improved coordination and cooperation between various actors in SAPCC implementation at state/district level through policy dialogue, knowledge networks and exposure visits

## **Expected Achievements**

### **(1) Improve planning and impact monitoring of adaptation relevant measures**

- Incorporation of priority local needs, in particular gender-specific adaptation needs by authorities, support relevant government programmes by strengthened intermediary organisations
- Capacity building of public authorities for implementation of adaptation measures
- Pilot applications, including trainings and development for an aggregable impact monitoring system with possible integration of digital tools

### **(2) Improve use of existing financial resources and new innovative sources of funding for gender responsive adaptation related measures**

- Application of a climate risk screening tool in the NABARD portfolio
- Climate proofing of a priority NABARD development programme
- Training of NABARD officers on climate risk assessment and gender sensitive conception, and approval of funding applications for NABARD development programme
- Facilitate cooperation between public and private sectors to mobilise private sector resources for climate adaptation
- Inclusion of blended finance approaches in training and mentoring activities (especially for environmental authorities and NABARD)

### **(3) Enhance coordination and cooperation between various actors on SAPCC implementation**

- Strengthen knowledge networks and facilitate organisational and moderation capacities of environmental authorities and multi-stakeholder engagement with regards to adaptation
- Planning of a joint, coordinated process for policy support, planning of adaptation-relevant measures and climate proofing of sectoral programmes, policies at state level
- Exchange on climate adaptation and climate financing with German/European institutions with focus on sub-national priorities

## **Contributions to 2030 Agenda**



CAFRI contributes to the Sustainable Development Goal (SDG) 13: Climate Action and Targets 13.1, 13.2 and 13.3 with its focus on awareness generation on climate change, building resilience and improving the adaptive capacity of the people towards changing climate, especially in extremely vulnerable areas of a state.

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