

# Climate Adaptation, Resilience and Climate Finance in Rural India (CAFRI II)

## Context

Climate change is impacting lives globally, with severe consequences for human life, ecosystems, communities, and the economy. The 28<sup>th</sup> meeting of the Conference of the Parties (COP28) emphasised the Global Stocktake (GST) as a pivotal review mechanism for global climate action focused on mitigation, adaptation, and finance, complementing the Paris Agreement's periodic progress assessment, and fostering stronger climate action plans by 2025. The Paris Agreement established the Global Goal on Adaptation (GGA) and mandated the submission of the Nationally Determined Contributions (NDCs) every five years, aligning with the goal of limiting global temperature rise to 1.5°C.

As per the UNEP Adaptation Gap Report 2023, developing countries require 10-18 times more adaptation finance than current international public finance flows, with annual costs projected at approximately EUR 190 billion this decade, necessitating EUR 330 billion annually for domestic priorities such as agriculture, water supply, housing, health, and disaster management, as emphasised in India's third National Communication and Initial Adaptation Communication to the United Nations Framework Convention on Climate Change (UNFCCC).

In India, climate change adaptation efforts are progressing with its integration into national policies and programmes. India's NDCs focus on reducing climate risks for vulnerable groups and sectors, with strong emphasis on increased financing instruments for adaptation in agriculture and water sectors as well as in the Himalayan region, coastal areas, and the Indo-Gangetic plains.

## Objective

The objective of the project is to strengthen planning, implementation, financing and monitoring of gender-responsive, transformative, and climate risk-informed interventions to enhance climate resilience in rural India in selected states and at the national level.

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH implements the Indo-German development cooperation project 'Climate Adaptation, Resilience and Climate Finance in Rural India (CAFRI II)' in close cooperation with the Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, and the National Bank for Agriculture and Rural Development (NABARD).

Project name	Climate Adaptation, Resilience and Climate Finance in Rural India (CAFRI II)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Haryana, Himachal Pradesh, Tamil Nadu, Uttar Pradesh, Uttarakhand (MoEFCC); PAN India (NABARD)
Lead executing agency	Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India, and the National Bank for Agriculture and Rural Development (NABARD)
Duration	2023 - 2026

## Our approach

The project emphasises efficient localisation through cross-sectoral coordination, partner engagement, and capacity building at all levels of governance. Sectoral focus is placed on the topics of agriculture and water in rural India.

The activities focus on downscaling of scientifically informed, gender-responsive models to strengthen climate resilience and livelihood of women and other vulnerable groups. These models will be aligned with priorities of the State Action Plan for Climate Change (SAPCC) to ensure ownership by policy makers (at state and national level) and access to financial resources from public and private institutions.



*L. to r.: A farmer family in Sirmaur, Himachal Pradesh; Discussions with members of Narmada Farmer Producer Organisation in Mandla, Madhya Pradesh.*

The project will engage with local stakeholders at district and block levels, ensuring grassroots participation and ownership, while identifying cross-cutting schemes across districts with state-level involvement for seamless implementation. The project's strategy refines successful approaches for planning adaptation measures and stakeholder coordination at the state level with a focus on:

- **Gender:** Collaboration with the government at national and state level, as well as civil society institutions that support local development planning with a special focus on strengthening the role of women.
- **Climate Risk Informed Planning:** Enhancement of climate risk and resilience competencies of decision-makers, organisations and civil society for informed decision-making.
- **Climate Finance:** Garner support of banks, microfinance institutions, investment funds and other financial sector actors in gaining knowledge about climate financing instruments for climate change adaptation business models.
- **Localisation of Adaptation:** Tannings and capacity building of decision-makers in public institutions, civil society, and farmer producer organisations for integrating climate risk and adaptation into decision-making.
- **Knowledge Sharing:** Fostering continuous communication and cooperation, particularly between environmental, agriculture and water resource departments.

Further, the project aims to enhance climate finance in rural India by supporting financial institutions in creating new financing mechanisms for innovative climate adaptation solutions in agriculture and water sectors, while also facilitating blended finance transactions by converging diverse funding sources like Corporate Social Responsibility (CSR) funds, philanthropy, and profit-seeking capital to finance larger transactions that may not be financially viable initially. This aims to catalyse 'lighthouse transactions' inspiring similar initiatives leveraging CSR funds.

## Targeted Beneficiaries



Figure 1: Current project regions

Map disclaimer: The geographical map used is for informational purposes only and does not constitute recognition of international boundaries or regions; GIZ makes no claims concerning the validity, accuracy or completeness of the maps nor assumes any liability resulting from the use of the information therein.

## Expected Outcomes

- Relevant public institutions have integrated gender-responsive climate risk analyses based on climate scenarios or approaches into policy planning documents, procedures, guidelines, or funding programmes.
- Female professionals and managers from public institutions, the private sector, and civil society, alongside agricultural consultation services, producer organisations, and/or federations of women's self-help groups, actively engage in capacity development activities. Furthermore, they demonstrate concrete examples by integrating climate risk and vulnerability assessments into their professional decision-making processes, thereby mitigating maladaptation risks.
- Gender-responsive and risk-informed climate change adaptation project proposals are submitted by relevant public and private institutions to potential public or private stakeholders for funding.
- Financing mechanisms to finance adaptation technologies and solutions are approved by the financing mechanism provider.

## Contribution to the 2030 Agenda



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