

Financing adaptation where change happens

Scaling subnational action to close the gap

1 The urgency of adaptation
Act now or pay later

 **Climate impacts now**
Nature, human, economic losses

 **Rising costs**
+1°C leads to — **12%** global GDP

 **Finance gap**
US\$365 billion needed per year for developing countries . Only **3.4%** of climate finance for adaptation. **<17%** reaches local communities

2 Subnational Governments
The missing link in adaptation

 **Indispensable**
Strategic leaders with key competences in critical sectors — water, agriculture, infrastructure, health, biodiversity

 **Central investors**
~70% of public climate investment in OECD countries is subnational

 **Power to act**
Shaping and enforcing laws and policies across levels of governance

Conditions to scale their impact

-  **Invest in subnationally led, just resilience**
-  **Expand direct access to finance**
-  **Design fit-for-purpose financial tools and pipelines**
-  **Empower regions through multilevel governance**
-  **Track and monitor subnational progress**

3 Regions in action
Innovation and finance happening on the ground

QUÉBEC
Turning carbon revenues into resilience

Over **CA\$10B** raised from carbon market since 2013

CA\$400M invested for municipal resilience projects

CA\$50M supporting international programme in **17 countries, reaching 160,000+ people**

CATALONIA
Earmarking green taxes into a climate fund

Climate Fund funded by CO₂ vehicle and environmental **impact taxes**

€500M mobilised for 81 climate projects (municipalities, SMEs, civil society)

As well as **climate credits system** valuing carbon, water, biodiversity & fire risk reduction

PARANÁ
Pioneering biodiversity credits

First region with public policy on biodiversity credits in 2024

Credits rewards **ecosystem services**: water, soils, flood prevention

R\$2M pilot fund launched by BRDE in 2025

KENYA COUNTIES
Empowered through Devolved finance

FLLoCA active in all 47 counties for legal readiness and project implementation

1.5–4% of county development budgets allocated to climate action

US\$82M in grants and **US\$24M** co-financed by counties for local priorities

SCOTLAND
Leading on Loss & Damage

First Global North government to fund for loss & damage

£10M pledged and mobilised since **COP26**

Funds support community recovery, non-economic loss, and direct cash transfers in Africa and Asia