A framework for distributive equity of adaptation finance

How funders and implementers of adaptation finance can support the most vulnerable populations

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Key messages

- **Distributive equity of adaptation finance must consider not only whether finance is reaching the most vulnerable countries, but also the most vulnerable and marginalized groups within those countries.**
- **Achieving equitable adaptation requires international funders and implementers to account for the root causes of climate vulnerability and redress underlying conditions of inequity.**
- **Our framework helps funders and implementers to transparently define equity and the principles they are using to guide allocation of finance, and encourages them to strive for achieving not only equitable outputs of adaptation but also equitable outcomes and structural change.**

Introduction

Climate change impacts people "differently, unevenly, and disproportionately" and therefore resultant injustices must be addressed fairly and equitably (Sultana, 2022). Within international climate policy, one component of addressing these injustices is through high-income countries providing adaptation finance to low-income countries, to help them cope with the adverse impacts they face despite their significantly lower emissions.

Proponents of climate justice have advocated for distributive equity in adaptation finance, meaning that international funding should benefit the most vulnerable and marginalized (Islam, 2022). Distributive equity can be evaluated at several different scales. Thus far, discussions on and analyses of distributive equity have focused on the global level and how to ensure that the majority of climate finance flows to the most vulnerable countries (Okereke & Coventry, 2016).

At the national (within countries) and subnational levels (within communities), most agree that distributive equity means directing adaptation finance to the most "vulnerable" and "marginalized" groups and communities; however, it is unclear how to apply this in practice (Pelling & Garschagen, 2019). Vulnerability remains poorly defined under the UN Framework Convention on Climate Change (UNFCCC) (Persson & Remling, 2014). It is also multidimensional, context-specific and is driven by interactions between biophysical components, socio-economic factors and deeply rooted structural

Mangrove reforestation project, Fiji

inequities in societies (Robinson et al., 2023; Anisimov & Vallejo, 2023). Current evidence suggests that international funding is making some progress towards distributive equity, but largely failing to reach the most vulnerable at both global and national levels (Garschagen & Doshi, 2022; Islam, 2022; Savvidou et al., 2021).

Ensuring funding reaches communities at the frontline of climate impacts is vital to supporting adaptation among the most vulnerable (Weikmans, 2023). Beyond fulfilling funding flows, however, funders must also account for how adaptation finance is used (Pelling & Garschagen, 2019). If adaptation interventions fail to address the underlying drivers of vulnerability and do not contribute to development goals to build long-term adaptive capacity and resilience, then they tend to reinforce existing inequalities and be less effective (Antwi-Agyei et al., 2018; Barnett & O'Neill, 2010; Eriksen et al., 2015; Schipper, 2020).

Currently, there is also a lack of clarity and transparency from funders about how they define and evaluate distributive equity (Barrett, 2014). This means they cannot be held accountable (or hold themselves accountable) for what the finance achieves. Without a transparent framework to analyse distributive equity nationally and subnationally, it is difficult to understand to what extent international adaptation finance mechanisms are fit for purpose.

Here we propose a framework for distributive equity of adaptation finance at the national and subnational levels. The framework draws on a comprehensive review of peer-reviewed literature on distributive equity and justice in climate finance, adaptation finance and development (62 papers in total; Shawoo et al., forthcoming). We identified different definitions, principles and elements of distributive equity that funders and implementers of adaptation finance can consider and strive for achieving, through the design, implementation and evaluation of an adaptation finance project.

A framework for distributive equity

The goal of our framework (Figure 1) is to help actors (both funders and implementers of adaptation finance) identify the concrete elements of distributive equity, through a series of questions that assist them in tailoring their delivery and implementation of adaptation finance for desired equity outcomes. We structure this framework around three potential end goals of adaptation finance: equitable outputs (i.e. finance and resources reaching those considered most vulnerable and marginalized); equitable outcomes (i.e. reducing the vulnerability and enhancing the adaptive capacity of those most vulnerable and marginalized); and structural change (i.e. addressing the underlying, systemic drivers of vulnerability and marginalization).

Funders might define distributive equity differently, and they can have different end goals for their adaptation finance. This framework can help funders improve transparency and guide how they conceptualize and evaluate distributive equity at the national and subnational levels.

The framework can be applied in three steps. First, it asks funders and implementers to articulate a definition of distributive equity aligned with the end goal they seek to achieve (equitable outputs, equitable outcomes or structural change). These end goals fall on a spectrum, from less to more ambitious. Second, based on the selected definition, the framework provides a series of principles that funders and implementers can use to guide project design and implementation. And third, it provides corresponding elements of distributive equity that funders and implementers should aim to address in how they design, approve, implement and evaluate adaptation finance projects.

Figure 1: Distributive equity framework for funders and implementers of adaptation finance

1 How do you define distributive equity?	2 What principles underlie how you determine fair allocation?	3 What elements of distributive equity do you aim to address?	4 End goals
Fair distribution of costs and benefits: fair distribution of positive and negative outcomes resulting from adaptation interventions **Fair allocation of goods and resources:** ensuring that welfare, goods, opportunities, resources and power resulting from adaptation interventions are fairly allocated	**Equal treatment:** distribution ensures that costs and benefits are divided equally among all in society **Prioritizing the worst off:** distribution ensures the maximum amount of benefits to those that are worst off in society	**A. Fair allocation** Is adaptation finance distributed and allocated fairly (e.g. according to criteria of vulnerability and marginalization)? **B. Enhancing access to resources** Is adaptation finance protecting property rights and increased access to resources?	**Equitable outputs**
Fair use of resources: use of finance and resources to prioritize the most vulnerable, protect human rights, and reconcile inequality in the distribution of climate vulnerability and adaptive capacity **Enhancing capacity:** enabling the capabilities and opportunities people have to achieve the things they deem valuable	**Meeting basic needs:** distribution ensures that the basic needs of all individuals in society are fulfilled **Maximizing wellbeing:** distribution aims to maximize the welfare of the greatest number of individuals in society	**C. Enhancing capabilities and opportunities** Is adaptation finance enhancing the opportunities, freedoms and capabilities of individuals to achieve what they value? **D. Ensuring social protection** Is adaptation finance meeting basic needs to protect livelihoods, reduce poverty and ensure decent standard of living? **E. Protecting human rights** Is adaptation finance protecting the rights of vulnerable communities and marginalized populations?	**Equitable outcomes**
Addressing structural barriers: addressing underlying systems of oppression and structural barriers to equity	**Increasing access:** distribution increases access to institutions, opportunities and public goods for those historically marginalized	**F. Addressing intersectionality** Is adaptation finance accounting for and transforming unequal power relations faced by marginalized groups? **G. Addressing unequal power dynamics** Is adaptation finance transforming power relations and addressing structural and socioeconomic inequalities? **H. Enabling decolonization** Is adaptation finance correcting historical wrongs resulting from colonial legacies?	**Structural change**

Icons created by Besokpagi, Nithinan Tatah and afian roc from the Noun Project

Step 1: How do you define distributive equity?

As a first step, the framework asks funders and implementers of adaptation finance to identify a definition of distributive equity that fits their purpose. The literature points to five possible definitions.

Fair distribution of costs and benefits: This entails looking at the distribution of both positive and negative outcomes resulting from adaptation interventions and decisions, including who wins and who loses (Adger et al., 2005). It also involves considering the fair distribution of negative outcomes, such as vulnerabilities (Jafino et al., 2021).

Fair allocation of goods and resources: Drawing on Rawls' theory of justice, this definition emphasizes fair allocation of goods and resources (Doorn, 2017; Khan et al., 2020; Rawls, 1999). It entails ensuring that finance flows to those considered most deserving depending on the ethical framework chosen, e.g. communities most vulnerable to climate impacts.

Fair use of resources: This definition goes beyond allocation of funds to consider how resources are used – namely, whether they contribute to protecting human rights and reducing vulnerability through building adaptive capacity. It also emphasizes addressing the drivers of vulnerability, including utilizing adaptation finance to reduce poverty and contribute to development (Remling & Persson, 2015).

Enhancing capacity: Drawing on Sen and Nussbaum's capabilities approach (Nussbaum, 2002; Sen, 1988, 1993), this definition focuses on how the distribution of resources considers the freedoms and opportunities to do and adapt as people see fit Satyal et al., 2021). For adaptation finance, this relates equity to funding development-oriented interventions that enable communities to pursue their own adaptation pathways.

Addressing structural barriers: This definition focuses on addressing the underlying systems of oppression that leave groups vulnerable to climate impacts to begin with, such as unequal power dynamics and legacies of colonialism. Here, the argument is that regardless of how resources are distributed, equitable outcomes will not be achieved without accounting for structural barriers that limit populations' rights, resources and power (Rahman et al., 2023; Ramanujam et al., 2019).

Step 2: What principles underlie how you determine fair allocation?

As a second step, funders and implementers of adaptation finance should consider the different principles that can guide how funds are allocated. We identified several different principles to guide what constitutes "fair" or "equitable" allocation of resources and distribution of costs and benefits (see Step 2 in Figure 1). Different principles may be relevant depending on the definition of distributive equity to which the funders and implementers adhere.

Step 3: What elements of distributive equity do you aim to address?

Depending on their end goal, funders and implementers of adaptation finance could consider and aim to achieve eight different elements of distributive equity. Table 1 provides a set of guiding questions that funders and implementers can consider for each element.

These guiding questions could be considered at several different stages of a project cycle:

i) by the project lead at the design stage, to ensure that interventions are consciously designed and planned to include the measures and project activities suggested for each element;

ii) by the funder at the project approval stage, to confirm that the project includes interventions and accounts for the elements corresponding to the project's end goal;

iii) by the project implementers at the implementation stage, to ensure that funding is used towards the interventions included for each element; and

iv) by the project lead and funder at the evaluation stage, to assess the extent to which the project has contributed to equitable outputs, equitable outcomes and structural change.

Table 1: Guiding questions for the elements of distributive equity

Element of distributive equity	Guiding questions
Equitable outputs	
A. Ensuring fair allocation	How does the project define and identify vulnerable and marginalized communities? How does the project ensure that finance is reaching the most vulnerable and marginalized communities identified?
B. Enhancing access to resources	What measures does the project include to fund increased access to food, water, energy and health resources? What measures does the project include to increase land rights for vulnerable and marginalized groups?
Equitable outcomes	
C. Enhancing capabilities and opportunities	Which climate threats to capabilities of communities does the project identify? How are interventions planned to generate sustained and long-term benefits? How will the project enable populations to use the resources provided to increase their well-being? How is the project ensuring that populations are able to pursue their own adaptation pathways and that future adaptation pathways are not being closed off?
D. Ensuring social protection	How do interventions include support for new or existing social protection schemes? What measures are in place to assure interventions do not conflict with or undermine existing schemes? How is the project enabling access to social security? What measures does the project include for livelihood protection and diversification? What investments in health, education, food security and poverty reduction are planned in the project?
E. Protecting human rights	How does the project enable populations to move freely to less vulnerable areas or to seek asylum? What provisions does the project include for populations to meet basic needs and ensure an adequate standard of living? What measures does the project include for work protection, such as reskilling or unemployment support?

Structural change	
F. Addressing intersectionality	How do interventions account for the intersectional ways in which certain groups are less able to access benefits? What measures does the project include to allow marginalized groups greater access to resources and ownership over projects? What measures does the project include to value and fund resilience-building work already conducted by marginalized groups?
G. Addressing unequal power dynamics	How does the project include safeguarding and transparency mechanisms to avoid benefits being captured by those in power? Did the project conduct power-mapping exercises to identify local-level power relations and target beneficiaries? What do the outputs require for action? How are decision-making procedures designed to include particularly vulnerable and marginalized groups?
H. Enabling decolonization	How do interventions plan to draw on traditional and local knowledge systems? What measures does the project include to repair harm and restore rights and land to local populations? What measures does the project include for local ownership and decision-making power?

Implications

Using this framework for distributive equity can help funders and implementers of adaptation finance not only in how they design and implement adaptation finance projects, but also to assess whether their existing portfolio is advancing equity. Our framework goes beyond conventional conceptualizations of distributive equity, which focus primarily on the allocation of finance to vulnerable groups, to also consider how adaptation finance is utilized and implemented.

Ensuring that finance reaches the "most vulnerable" groups and enhances their access to resources is essential for distributive equity, but equally important is creating avenues for finance to redress the underlying conditions of inequity. This entails utilizing adaptation finance to ensure enhanced capabilities and opportunities, protection of human rights, and increased social protection to advance equitable outcomes, while also striving for structural change through addressing intersectionality, enabling decolonization, and addressing unequal power dynamics.

Realistically, not every funder or implementer of adaptation finance can address all eight elements of the framework. However, understanding the extent to which they are addressing distributive equity and why (or why not) is the first step to understanding the current situation, with the eventual goal to take actions to fill in the gaps. The aim should be that as a collective, the international adaptation finance architecture should be addressing all of these eight elements and moving towards enabling structural change.

Conversations are already occurring at the global level on the need to reform the international climate finance architecture, such as through the Bridgetown Initiative (Persaud, 2023). Our framework can therefore feed into these conversations on global reform, including both within the UNFCCC funds and multilateral development banks, and ensure consideration of national and subnational equity in how these finance institutions operate.

In addition, the framework could be used by civil society actors to hold funders accountable to their equity commitments, while enhancing overall transparency in the outcomes that international adaptation finance is achieving. It could also be used as a guideline for ensuring that distributive equity considerations are a central part of any innovative financial instruments and tools for adaptation.

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