Anna Beswick Debbie Hillier August 8th, 2025

Climate resilience – the benefits far outweigh the costs

*There are two parts to dealing with climate change: slowing it down and adapting to its already felt effects. When it comes to the latter, climate resilience, the amount of money spent on it is far below that needed to adapt to the unavoidable impacts of climate change. **Anna Beswick** and **Debbie Hillier** argue that the UK has to accelerate its efforts and learn from how other communities around the world are adapting to climate change.*

We are living in a time of unprecedented climate change. Action to reduce greenhouse gas emissions remain critical. The actions that we take today can limit future climate change, but we cannot turn back the clock. Our climate has already changed significantly, and changes will continue due to past and present-day greenhouse gas emissions. The impacts of climate change are affecting communities in the UK, ranging from inner London boroughs affected by extreme heat to Scotland's island communities concerned about coastal change. Impacts are also being felt globally, with communities in developing countries, who have contributed least to the climate crisis living with the most severe risks.

Whilst the challenges posed by our changing climate are overwhelming, we can take inspiration from communities who are on the frontline. They are facing up to the reality that crisis events, such as flooding and heatwaves are now more severe and happening more regularly. People are also learning to respond to long term stressors including coastal change and increased drought risk. The Zurich Climate Resilience Alliance has been working with communities around the world for the past decade to implement a wide range of locally led solutions that deliver clear benefits. There are also pockets of progress in the UK ranging from a new cool neighbourhood strategy in Westminster to a city wide plan in Edinburgh.

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There is now an urgent need to scale up and accelerate action at the national and local levels. Whist examples of progress show what is possible they are the exception rather than the rule. Attention now needs to focus on financing action to adapt to climate change on a large scale, both in the UK and globally.

Why should we focus on finance?

There is a huge gap between the level of finance required to increase resilience and adapt to the unavoidable impacts of climate change and the amount of finance available. This trend plays out locally in the UK and globally. In the UK it is estimated that addressing all 61 risks included in the third UK Climate Change Risk Assessment could cost £10 billion/year. The 2024 UN Adaptation Gap report estimates that between 2021 – 2030 developing countries need $215 – $387 billion/ year in adaptation finance (based on 2021 prices).

Is there enough finance available for adaptation in the UK?

The UK's preparations for climate change have been assessed as inadequate by the Climate Change Committee (CCC). The current Government has yet to change the UK's approach to tackling climate risks. Expenditure on climate adaptation is not tracked comprehensively. Failure to implement policies that reduce climate risks and make meaningful progress on climate adaptation indicates that current expenditure is insufficient. For example, additional investment is urgently needed to address heat risk. Deaths from extreme heat are preventable, but despite this the UK recorded almost 3000 additional deaths during the 2022 summer heatwaves.

The current Heat and Buildings Strategy lacks specific actions and policy commitments to address overheating risk for existing homes and buildings. This omission was flagged by the CCC in its independent assessment of the first edition of the strategy in 2022 and remains unaddressed in the current version. Policies, and associated finance mechanisms for addressing heat risk in buildings are urgently needed. This is just one example of the many gaps in action and finance needed to reduce climate risks in the UK.

What are the UK Government's existing international climate finance commitments?

The Paris Agreement 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. The Agreement commits the UK and other developed countries, to providing financial resources to developing countries for action to reduce greenhouse gas emissions and adapt to the unavoidable impacts of climate change. Over the past decade progress with delivering on this commitment has been painfully slow.

At COP15 in Copenhagen in 2009, developed countries agreed to mobilise $100 billion per year by 2020 to address the needs of developing countries. This goal was missed in 2020 and 2021. In 2022, developed countries reported reaching their collective annual goal for the first time, although there is criticism that much of the finance was provided in the form of loans. Analysis by ODI, funded by the Zurich Climate Resilience Alliance, shows the UK did not pay its fair share toward meeting this goal. At COP26 in Glasgow in 2021, the UK Government played a leading role in securing agreement to the Glasgow Climate Pact which urges developed countries to double adaptation finance from 2019 levels by 2025 (this means mobilising $40 billion per year by 2025).

The Paris Agreement committed developed countries to agreeing a New Collective Quantified Goal (NCQG), which was negotiated at COP29 in Baku in November 2024. This included a goal of "at least $300 billion per year" to be achieved by 2035. This figure was widely criticised by developing countries who stressed that the agreement, which covers finance for both reducing greenhouse gas emissions and adapting to the impacts of climate change, falls well short of what is needed, leaving a large funding shortfall.

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being watered down.

The New Collective Quantified Goal also calls on all actors to scale up finance to developing countries, from public and private sources to $1.3 trillion per year by 2035. Attention has now turned to identifying options for addressing the finance gap including analysis of the role that the private sector can play.

How are cuts in the UK Aid budget linked to international climate finance?

There are well-founded fears that UK Government commitments to funding international climate action are being watered down. In February 2025, the UK Government announced that UK aid spending will be reduced from 0.5 per cent of gross national income (GNI) to 0.3 per cent in 2027. The reduction is intended to fund an increase in defence and security spending.

Whilst the increase in defence and security spending was anticipated, the Prime Minister received strong backlash from former International Development Minister, Anneliese Dodds, who resigned following the announcement. Dodds strongly objected to UK Aid shouldering the whole burden of cuts required to fund increases in defence spending, noting that the fall in aid spending will lead to a reduced UK role internationally, including in climate negotiations.

Why is public sector finance needed for climate adaptation?

In most cases action to improve resilience and adapt to the impacts of climate change delivers benefits that are shared across society, sometimes referred to as public goods. This type of action must be primarily funded by the public sector because while they deliver clear economic benefits, for example benefiting health and wellbeing and reducing future costs, they do not tend to deliver short term financial returns on investment.

Developed countries like the UK have contributed most to causing climate change through past and present-day greenhouse gas emissions. The UK has a legal obligation through the Paris Agreement to provide international climate finance to enable developing countries, who contributed least to causing climate change and bear the most serious risks, to increase resilience and adapt.

Adapting to climate change is an integral part of achieving the UN Sustainable Development Goals. Many of these goals, including a commitment to eradicating extreme poverty by 2030, are being compromised due to climate change. Financing action to adapt to climate change is an integral part of the solution.

Can the private sector fill the adaptation finance gap?

In the UK, work is underway through the ATTENUATE project to create the enabling conditions for UK climate adaptation investment. This project will explore how changes in policy, incentives and regulation can influence the case for investment in adaptation action. It will offer new insights on opportunities to increase private sector investment but will not offer a silver bullet. Government investment in climate adaptation must increase to address the domestic as well as international adaptation finance gap.

New research led by the Zurich Climate Resilience Alliance indicates that current private finance flows only amount to around 3 per cent of actual needs in developing countries. This could potentially increase to around 15 per cent of adaptation needs, but it varies strongly by country grouping, only amounting to around 5 per cent for least developed countries and 10 per cent for small island developing states. While private finance can play a complementary role, it will not be sufficient to address the current funding gap.

Taking action

The UK Government's decision to cut international aid budgets has very serious knock-on implications for international climate finance. International climate finance is already extremely limited. The role of the private sector can develop over time and may be a suitable route for financing action in certain sectors and contexts. But it cannot replace the need for grant-based, concessional finance to be made available to countries who are on the frontlines of the most severe climate risks.

The UK Government, along with other developed countries, needs to find ways to increase the size of international public funding. Proven options already exist, both through ending harmful fossil fuel subsidies and through introducing new polluter pay levies.

The UK Government also needs to wake up to the need for a step change in domestic action to tackle climate risks. We should not wait for (another) crisis event to happen before we act. The UK State of the Climate Report is the latest reminder of the scale of the challenge that we face in the UK, confirming that temperature extremes are becoming more frequent and more intense. Taking action now to increase resilience both locally in the UK and globally can deliver clear economic benefits. Changing our domestic and international approaches to climate adaptation will require bold political leadership with the courage to look beyond current election cycles to realise long term benefits.

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