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**EDITORIAL ANALYSIS**

# Grants, Not Loans: On the Adaptation Finance Gap

**DOWN TO EARTH**

8 June 2026

**ENVIRONMENT****ECONOMY****GS3****GS2**

CURATED &amp; WRITTEN BY

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# Grants, Not Loans: On the Adaptation Finance Gap


**Down to Earth**

8 June 2026

**GS3**
**GS2**

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## INTERVIEW ANGLE

*"If adaptation finance arrives mostly as loans, vulnerable countries pay twice, once for a crisis they did not cause, and again in debt. How should the form of finance, not just the amount, be fixed?"*

 Source: [Original editorial](#)
[Down to Earth](#)

 Every fact web-verified against primary sources

**HOW**

## WHY THIS MATTERS NOW

As the **Bonn Climate Conference (SB64)** opens, the loudest demand is to **triple grant-based adaptation finance to \$120 billion a year by 2035**. Behind the number lies a sharper point: adaptation is chronically underfunded, and much of what arrives is **loans, not grants**, pushing debt onto the countries least responsible for the crisis. For an aspirant, this is a GS3 (climate finance) and GS2 (North-South negotiations) case on **climate justice** and CBDR-RC.

## THE CRUX IN 60 WORDS

At Bonn, the call is to triple **grant-based adaptation finance to \$120 billion a year by 2035** (from the \$40 billion Glasgow goal). The problem is twofold: adaptation is **underfunded** versus need, and much finance comes as **loans**, indebting the vulnerable. Under **CBDR-RC**, developed countries must provide adequate, **grant-based** finance. The debate is about the **form**, not just the amount.

## THE ISSUE, DECODED

CONCEPT	WHAT IT MEANS	WHY IT MATTERS
<b>Adaptation finance</b>	Money to cope with locked-in climate impacts	Distinct from mitigation finance
<b>Grants vs loans</b>	The form in which finance is given	Loans add debt to the vulnerable
<b>CBDR-RC</b>	Differentiated climate responsibility	Basis of the developed-country duty
<b>Adaptation Gap</b>	Shortfall of finance versus need	Documented by UNEP

## THE ANALYSIS: TWO FAILURES BEHIND THE NUMBER

- 1 Adaptation is underfunded.** It lags both mitigation finance and the actual need, as UNEP's Adaptation Gap Reports show.
- 2 The form is wrong.** Much finance is loan-based, so vulnerable nations take on debt to cope with a crisis they did not cause.
- 3 The duty is clear.** Under CBDR-RC, developed countries bear the primary responsibility to provide adequate, grant-based finance.
- 4 The measure is missing.** The Global Goal on Adaptation needs robust indicators to hold finance accountable.

## DATA AND INSTITUTIONS VAULT

**SB64** (Bonn, June 8 to 18, 2026); UNFCCC Subsidiary Bodies (**SBI** and **SBSTA**); between COP30 (Brazil) and COP31 (Turkiye). **The numbers:** demand to triple to **\$120 billion a year by 2035**, from the **\$40 billion** COP26 (Glasgow, 2021) goal. **Principles:** **CBDR-RC**; the **Paris Agreement (2015)**; the **Global Goal on Adaptation (GGA)**. **Tracking:** the **UNEP Adaptation Gap Report**; the **New Collective Quantified Goal (NCQG)** on finance. **Funds:** the **Green Climate Fund**, the **Adaptation Fund**, and the **Loss and Damage Fund**.

## THE DEBATE

**Argument that grants cannot suffice:** The scale of need is so large that private and blended finance, including loans, must be mobilised to close the gap.

**Argument for grant-based finance:** Loans indebt the vulnerable and shift the burden onto those least responsible, which is unjust and unsustainable.

**The balanced verdict:** Both more finance and the right form. Mobilise additional private and blended finance, but **do not let that excuse loading debt onto the vulnerable**. Public, grant-based finance must anchor adaptation, with private finance additional, not a substitute.

## HOW TO THINK ABOUT THIS (TRANSFERABLE SKILL)

*Headline figures hide crucial detail: is finance grant or loan, new or recycled, additional or double-counted? The strong answer scrutinises the quality of a commitment, not just its size. This “look past the number to its terms” discipline applies to climate finance, foreign aid, and budget allocations alike.*

## DIAGRAM-IN-WORDS

Adaptation need rising -> finance lags (Adaptation Gap) + arrives as loans -> vulnerable nations indebted -> pay twice. The fix: adequate + grant-based + predictable finance under CBDR-RC + strong Global Goal on Adaptation -> climate justice.

## THE WAY FORWARD

- ① **Scale up public, grant-based adaptation finance** toward the need.
- ② **Judge finance by its form**, grants over debt-creating loans.
- ③ **Mobilise additional private and blended finance** without shifting the burden.
- ④ **Strengthen the Global Goal on Adaptation** with measurable indicators.

## THE TAKEAWAY BOX

*“The adaptation finance debate is as much about the form of finance as its quantum.” Examine in the context of climate justice. (250 words)*

*“To hand a drowning nation a loan is to make it pay twice, once for a crisis it did not cause, and again in debt; climate justice begins with grants, not lending.”*

*SB64 (SBI + SBSTA) · \$120 bn/yr by 2035 (from \$40 bn Glasgow) · CBDR-RC · Global Goal on Adaptation · UNEP Adaptation Gap Report · Green Climate Fund, Adaptation Fund, Loss and Damage Fund.*

*Is it just to provide climate adaptation finance as loans to countries least responsible for climate change?*

*Connects to GS3 PYQs on climate finance and the Paris Agreement; probable forward question is the form-of-finance framing above.*

*today’s Bonn SB64 article; static GS3 on climate finance and the UNFCCC.*

Sources: *Down To Earth, UNFCCC, UNEP*

Source: Grants, Not Loans: On the Adaptation Finance Gap — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

● **KEY ARGUMENTS AT A GLANCE**

As the Bonn climate talks open, the demand to triple grant-based adaptation finance to \$120 billion a year by 2035 exposes a double failure: adaptation is chronically underfunded relative to need, and much of what is provided comes as loans that push debt onto the vulnerable nations least responsible for climate change.

✓ **SUPPORTING**

- Adaptation finance lags far behind both mitigation finance and the actual need, as successive UNEP Adaptation Gap Reports show.
- Providing adaptation finance as loans rather than grants adds to the debt burden of climate-vulnerable countries, compounding injustice.
- Under CBDR-RC, developed countries bear the primary responsibility to provide adequate, grant-based finance to the Global South.

⚠ **COUNTER**

Some argue that grants alone cannot meet the scale of need and that blended and private finance, including loans, must be mobilised to close the gap.

→ **WAY FORWARD**

Scale up public, grant-based adaptation finance, count the form and not just the amount, mobilise additional private and blended finance without shifting the burden to the vulnerable, and strengthen the Global Goal on Adaptation.

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## MAINS ANSWER FRAMEWORK

### QUESTION

*"The adaptation finance debate is as much about the form of finance as its quantum." Examine in the context of the Bonn climate talks and climate justice. (250 words)*

### INTRODUCTION

When climate finance is discussed, the focus falls on the headline number. But for vulnerable countries, the form of the finance, grant or loan, can matter as much as the amount.

### BODY

At the Bonn climate talks (SB64), health and climate groups are demanding that grant-based adaptation finance be tripled to at least \$120 billion a year by 2035, up from the \$40 billion goal set at COP26 in Glasgow. The demand exposes two linked failures.

First, adaptation is chronically underfunded: the UNEP Adaptation Gap Report repeatedly finds that finance falls far short of the need, and far behind mitigation finance, even as climate impacts intensify.

Second, much adaptation finance arrives as loans rather than grants, which means the countries least responsible for climate change take on debt to cope with a crisis imposed on them, paying twice over.

This is where the principle of Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC) bites: developed countries, with the greatest historical emissions and capacity, bear the primary duty to provide adequate, grant-based finance. India and the Global South consistently press this point, alongside the development of the Global Goal on Adaptation to measure progress.

The counter-argument, that grants alone cannot meet the scale and that private and blended finance must be mobilised, has force, but it cannot become an excuse to load debt onto the vulnerable. The fix is both more finance and the right form of it.

### CONCLUSION

The adaptation finance debate is not only about how much, but about how. Grant-based, adequate and predictable finance is what climate justice requires, and what the Bonn talks must move toward.

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