

ADDRESSING PAKISTAN'S CLIMATE ADAPTATION DEFICIT IN THE FY2026-27 BUDGET

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*(Views expressed in the brief are those of the author, and do
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Introduction

Debt servicing, defence expenditure, pensions and limited revenue mobilisation constrain Pakistan's investment in climate resilience. The FY2026–27 federal budget totals Rs18.771 trillion, including Rs8.054 trillion for interest payments, Rs3 trillion for defence and Rs1.169 trillion for pensions. Within the climate-tagging framework, adaptation receives Rs70.462 billion, mitigation Rs124.067 billion and supporting areas Rs19.490 billion. Adaptation funding falls 17.5 per cent from FY2025–26, while disaster-related allocations for preparedness, response, recovery and reconstruction more than double to Rs116.238 billion.¹

Mitigation reduces emissions; adaptation limits harm from climate impacts. Both matter, but Pakistan's exposure to floods, heatwaves, drought, glacial lake outburst floods and water stress makes adaptation an immediate development priority. Pakistan's NDC 3.0 places its share of global greenhouse-gas emissions at about 1 per cent.² The National Adaptation Plan estimates adaptation

¹ "Federal Budget 2026–27: Budget in Brief," Ministry of Finance, 2026, Accessed on August 18, 2026, https://www.finance.gov.pk/budget/budget_2026_27/Budget_in_Brief.pdf

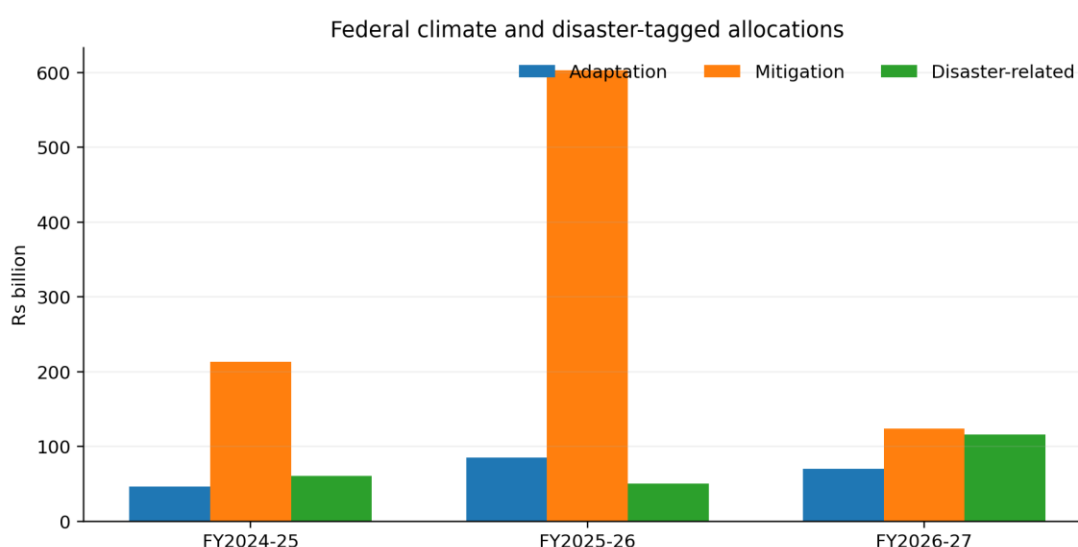
² "Pakistan NDC 3.0," United Nations Framework Convention on Climate Change (UNFCCC), September 2025, https://unfccc.int/sites/default/files/2025-09/Pakistan_NDC3.0_24%20Sep.pdf

and resilience investment needs of US\$152 billion during 2023–2030, far beyond what the federal budget alone can provide.³

The World Meteorological Organization estimates a 91 per cent chance that at least one year during 2026–2030 will temporarily exceed 1.5°C above the 1850–1900 average.⁴ This signal, growing climate pressure, although a single-year exceedance does not constitute a breach of the Paris Agreement's long-term temperature goal.

The Budget Picture: Adaptation, Mitigation and Disaster Spending

Climate-tagged allocations have fluctuated sharply. Adaptation rose from Rs46.625 billion in FY2024–25 to Rs85.435 billion in FY2025–26 before declining in FY2026–27. Mitigation reached Rs603 billion in FY2025–26 before falling sharply, while disaster-related allocations increased. These figures describe budget allocations rather than actual expenditure or resilience outcomes.



Source: Government of Pakistan, *Budget in Brief 2026-27*, Table 18. Climate figures exclude subsidies. Disaster total sums preparedness, response, recovery/rehabilitation and reconstruction.

Higher disaster allocations follow the extensive 2025 floods, but response and recovery cannot replace sustained adaptation. The Pakistan Economic Survey 2025–26 estimates flood damage at Rs822 billion, including Rs430 billion in agriculture and Rs422.6 billion in crop losses. More than four million

³ "National Adaptation Plan 2023," Ministry of Climate Change and Environmental Coordination, Accessed on August 18, 2026, https://unfccc.int/sites/default/files/resource/National_Adaptation_Plan_Pakistan.pdf

⁴ "Global Annual-to-Decadal Climate Update 2026–2030," World Meteorological Organization, May 28, 2026, <https://wmo.int/media/news/new-report-suggests-more-global-temperature-records-ahead>

people were displaced and about 6.5 million affected.⁵ Investment in drainage, floodplain management, resilient irrigation, early warning and protective infrastructure can reduce future losses and recovery costs.

The Provincial and Implementation Gap

Provincial allocations illustrate fragmented climate budgeting. Punjab earmarked Rs15.42 billion for Environment and Climate Change development in FY2026–27;⁶ Khyber Pakhtunkhwa established a Rs12 billion Disaster Risk Management Fund;⁷ and Balochistan allocated about Rs1.72 billion in regular development funding to its Provincial Disaster Management Authority.⁸ These figures cover different functions and cannot be compared as provincial adaptation totals. Common definitions are needed to assess priorities and financing gaps.

The 18th Constitutional Amendment strengthened provincial responsibility for environmental management, making federal-provincial coordination essential. Budget tagging improves visibility but does not ensure implementation. An SDPI review reports that Sindh spent Rs20.2 billion of Rs48.8 billion allocated to climate-related budgets over 16 years, a utilisation rate of about 41 per cent.⁹ This provincial finding is not a national benchmark, but highlights how weak project preparation, procurement delays, fragmented responsibilities and limited monitoring can undermine delivery.

Germanwatch Climate Risk Index 2026 ranks Pakistan 47th for extreme-weather impacts in 2024 and 15th during 1995–2024.¹⁰ The index measures observed impacts rather than underlying vulnerability; an improved annual ranking does not establish that structural climate risk has declined.

⁵ “Pakistan Economic Survey 2025–26: Climate Change,” Ministry of Finance, 2026, https://www.finance.gov.pk/survey/chapter_26/17_Climate_Change.pdf

⁶ “Rs 15.42bn Allocated for Environment, Climate Change Sector in FY2026–27,” Associated Press of Pakistan, June 16, 2026, <https://www.app.com.pk/punjab/rs-15-42b-allocated-for-environment-climate-change-sector-in-fy2026-27/>

⁷ “Citizen Budget 2026–27,” Government of Khyber Pakhtunkhwa, 2026, <https://www.finance.gkp.pk/article/citizen-budget-2026-27>

⁸ “Balochistan Assembly Passes Rs1.089tr Budget for 2026–27,” Pakistan Today, June 22, 2026, <https://www.pakistantoday.com.pk/2026/06/22/balochistan-assembly-passes-rs1089tr-budget-for-2026-27>

⁹ “Climate Budget at a Crossroads,” Sustainable Development Policy Institute, June 3, 2026, https://sdpi.org/10991/blogs_detail

¹⁰ “Climate Risk Index 2026,” Germanwatch, 2026, <https://www.germanwatch.org/sites/default/files/2025-11/CRI%2026%20full%20report.pdf>

Why the Adaptation Deficit Matters

Food security and rural livelihoods

Agriculture accounted for more than half of documented flood damage in 2025. Losses to cotton and rice weakened farm incomes, food supply and export potential. Earlier disasters reveal similar pressures: ACAPS reported that the 2024 monsoon destroyed about 58,800 acres of farmland,¹¹ while research documented severe cropland losses in Sindh during the 2022 floods.¹² Adaptation priorities include resilient seed systems, efficient irrigation, drainage, crop insurance and climate-informed extension services.

Education and public infrastructure

Repeated floods disrupt education and delay infrastructure recovery. Sindh reported 19,808 schools damaged in 2022. By March 2026, 5,465 had been taken up for reconstruction or rehabilitation, leaving more than 14,000 awaiting restoration.¹³ The 2024 monsoon damaged over 1,300 schools, including 228 destroyed; standing water left more than 450 non-functional, affecting around 230,000 students.¹⁴ Safer siting, raised plinths, drainage and education continuity plans should form part of school adaptation investment.

Health, water and poverty

During the 2022 floods, the World Health Organization reported that about 10 per cent of Pakistan's health facilities were damaged or destroyed and over eight million people needed urgent health assistance. Flooding increased risks of diarrhoeal disease, malaria and dengue.¹⁵ Resilient primary healthcare, protected water and sanitation systems, medicine reserves and disease surveillance are essential adaptation measures.

¹¹ "Pakistan: 2024 Monsoon Floods," ACAPS, October 9, 2024, https://www.acaps.org/fileadmin/Data_Product/Main_media/20241009_ACAPS_Pakistan_-_2024_Monsoon_floods.pdf

¹² Qamer et al., "Multi-Sensor Assessment of Crop Losses from the 2022 Pakistan Floods," Scientific Reports, 2023, <https://www.nature.com/articles/s41598-023-30347-y>

¹³ "Sindh School Reconstruction Review after the 2022 Floods," Dawn, March 24, 2026, <https://www.dawn.com/news/1984703>

¹⁴ "Education on Hold for 230,000 Children in Pakistan's Flood-Affected Sindh," UNICEF Pakistan, September 11, 2024, <https://www.unicef.org/pakistan/press-releases/education-hold-230000-children-pakistans-flood-affected-sindh>

¹⁵ "Impact in 2022: Pakistan," World Health Organization, 2022, <https://www.who.int/emergencies/funding/health-emergency-appeals/2022/impact-in-2022/pakistan>

The Pakistan Economic Survey 2025–26 reports that poverty rose from 21.9 per cent in 2018–19 to 28.9 per cent in 2024–25.¹⁶ Crop, housing and service losses can push households near the poverty line into prolonged hardship. Adaptation should therefore be integrated with poverty reduction and social protection.

Policy Recommendations

- **Protect adaptation funding.** The Finance Division and Ministry of Climate Change should establish a multi-year allocation linked to National Adaptation Plan priorities. Any annual reduction should require published justification explaining how resilience objectives will be met.
- **Prioritise risk reduction.** Complement disaster-response funding with preventive investment in flood protection, drainage, early warning, irrigation, schools, healthcare, water and sanitation. Report prevention expenditure alongside response and recovery allocations to assess the balance of spending.
- **Standardise federal-provincial reporting.** Adopt common climate-tagging definitions and publish allocations, releases and actual expenditure against adaptation outcomes. Comparable reporting would reveal financing gaps and under-utilisation and strengthen accountability across jurisdictions.
- **Improve transparency of climate revenues.** The budget introduces a Rs50 billion Climate Support Levy. Publish an annual statement linking this and other climate-related revenues to resilience, mitigation and disaster-risk spending, without requiring blanket earmarking.
- **Strengthen local implementation.** Create a project-preparation facility to help provinces and districts design viable adaptation projects, screen climate risks and access multilateral finance. Pilot indigenous practices such as rod-kohi or spate irrigation where appropriate, evaluating hydrological evidence before expansion.

Conclusion

The FY2026–27 budget improves the visibility of climate expenditure and expands disaster allocations yet reduces adaptation funding despite substantial resilience needs. Repeated losses in agriculture,

¹⁶ “Pakistan Economic Survey 2025–26: Social Protection,” Ministry of Finance, 2026, https://finance.gov.pk/survey/chapter_26/16_Social_Protection.pdf

education, healthcare and household welfare demonstrate the cost of delayed prevention. Budget tagging must inform investment decisions and delivery rather than remain a reporting exercise.

Protecting adaptation funding over several years, coordinating federal-provincial action and improving project execution would help preserve development gains. Transparent reporting of expenditure and outcomes is essential to determine whether climate budgets reduce exposure and future recovery costs.