



# Finance in Common

The first global summit of all Public Development Banks

**PARIS**

**12  
November  
2020**

**ACCELERATING  
INVESTMENT IN  
CLIMATE ADAPTATION  
AND RESILIENCE**



# ACCELERATING INVESTMENT IN CLIMATE ADAPTATION AND RESILIENCE

## THE WAY FORWARD:

Greater collaboration and enhanced action are required to make faster progress on resilient infrastructure and agriculture; the provision of resilient financial products, including insurance and resilience bonds; support to strengthen private sector capabilities for integrating climate adaptation and resiliency into their business strategies and the development of domestic markets for the business solutions and services that will be increasingly required over time to increase adaptation and build resilience to climate change.

Policy makers and providers of Technical Assistance (TA) and investment grants need to be more effectively connected to DFIs, MDBs and private investors, particularly to increase the resilience of development financed investments and to increase financing for local innovation and business solutions provided by SMEs. To ensure this happens, we recognise the need for greater public and private collaboration.

We therefore commit to work together to develop a range of initiatives that result in:

- 1. Enhanced understanding and capacities to implement common approaches to accelerate investment in A&R, including:**
  - common definitions of adaptation and resilience investments and reporting;
  - standardised approaches and capacities for collecting data, understanding risks, and measuring impact;
  - best practice in corporate incentives and regulatory frameworks for climate resilience and adaptation mainstreaming.
- 2. Deeper collaboration for enhanced private finance mobilisation and domestic market creation for A&R solutions, including:**
  - through increasing coordination of grant and TA providers;
  - increased engagement with private investors, to test and develop investable A&R solutions;
  - public-private initiatives for new blended finance instruments that can mobilise new sources of capital.
- 3. Enhanced efforts for a climate-resilient recovery to COVID-19, including:**
  - Commitment to first do no harm, for example, avoiding physical climate risks within COVID-recovery investments;
  - Seeking triple wins for health, inclusive economic growth and climate resilience through programs and interventions;
  - Supporting developing countries to build forward towards more resilient and inclusive growth pathways, through a focus on A&R solutions markets and job creation.

**We will use the Climate Adaptation Summit in January 2021 and the run up to COP26 in November 2021 as significant milestones to develop these initiatives and increase our collective ambition.**

## **SIGNED BY**

- **Agence Française de Développement (AFD)**
- **CDC Group (CDC UK)**
- **Foreign, Commonwealth & Development Office (FCDO)**
- **FMO (the Netherlands Development Finance Company)**
- **Global Center on Adaptation (GCA)**
- **PROPARCO (Promotion et Participation pour la Coopération économique)**



## **Background**

### **THE CHALLENGE:**

Countries are already experiencing the impacts of climate change, with both more frequent extreme weather events, as well as the slow onset of more chronic impacts due to changes in temperature and weather patterns. However, there's a clear gap between the international financial flows being tracked for adaptation and resilience (\$30bn annually by CPI in 2018) and the estimated needs of up to \$300bn annually by 2030 (UNEP 2016). At the same time, OECD reporting shows limited mobilisation of private finance for adaptation and resilience.

Adaptation solutions vary widely in light of the unique context of a community, business, organization, country or region. There is no 'one-size-fits-all-solution'. Adaptation measures need to be identified, designed and implemented in the local context and at the asset level.

However, in most countries the capabilities and markets for adaptation and resilient investments, products or services are nascent and a number of market barriers exist for increasing private sector investment. Among these include data constraints, and a lack of robust regulatory frameworks which encourage businesses and individuals to identify and invest in resilience solutions, thereby contributing to market creation. This latter element is crucial when addressing adaptation and resilience, given the strong public good element of resilience interventions.

The COVID-19 pandemic has further demonstrated the vulnerability of economies. As Governments look to rebuild their economies, investing in adaptation offers an excellent means of managing the compound threat of health and climate shocks, delivering leading returns for economies and societies. The Global Commission on Adaptation's flagship report "Adapt Now" found that investing in adaptation offers benefit:cost ratios of almost 5:1.

Integrating climate risk and resiliency into the design of infrastructure assets and creating incentives for private sector businesses and markets to support local needs will be crucial to building back better in a way that increases resiliency to future external shocks at a time of constrained fiscal space and intense competition for scarce public resources.

## **BUILDING ON PREVIOUS INITIATIVES:**

The Call for Action on A&R launched at the UN Climate Action Summit in 2019 highlighted the need to act now to support the most vulnerable; put climate risk at the heart of decision making; and urgently increase the availability of climate finance. In support of these aims, a number of initiatives were launched, including the Risk-Informed Early Action Partnership (REAP) which aims to transform global capacity to act early against climate extremes and disasters, and the Coalition for Climate Resilient Investment (CCRI), a private-sector led initiative which seeks to develop the tools for investors to integrate physical climate risks into decision making.

Founded in 2018, the Global Center on Adaptation (GCA) acts as Solutions Broker and is focused on building resilience to climate change, working to support, develop and implement adaptation initiatives on a global scale. The GCA, also one of the managing partners for the Global Commission on Adaptation, is leading work with the Government of Netherlands on a new Adaptation Action Agenda, to be launched at the Climate Adaptation Summit in 2021. The GCA has also recently launched regional hubs in China, Africa and South Asia, where it will be scaling up efforts on the ground on these high level initiatives over the coming decade.

Recent initiatives demonstrate the importance of wider public-private collaboration, and the particular role of public financed activities for accelerating private sector adaptation in A&R. While adaptation and resilience requires local action, this needs to deliver systemic change at the local level and through aggregation and standardisation of investment activities, accelerate private investment at scale. Both public and private sector actors have important roles to play in building the ecosystem and markets to help scale private investment in Adaptation and Resilience.





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