



ENHANCING PRIVATE SECTOR ENGAGEMENT IN ADAPTATION

Project Development Objective: Provide guidance to **national governments and investors** on policy instruments *and demonstration transaction/private co-finance best practice* for fostering private sector action that contributes to societal adaptation to climate change.

Component 1

Baseline Report on barriers to private sector engagement in CCA, case study examples

Component 2

5 In-Country Pilots

Blueprint for Action on enhancing private sector engagement in CCA

Component 3

Socialization and awareness-raising on Blueprint for Action

Component 1: Development of Baseline Report (Q1 2020)

Objective

Conduct a formal stock-take on the current state of knowledge on private sector investment in climate change adaptation. Summarize existing good practice case studies, assess the suitability of specific policy and economic instruments for overcoming specific adaptation challenges in given national vulnerability contexts, and seek to identify the contexts where such instruments are most likely to succeed in building climate resilience. Produce an outline for engagement to serve as strategic input for 5 incountry pilots.

Key Outputs/ Milestone Date

- 1. Baseline Report
- 2. Draft Blueprint for Action
- 3. ASA PCN on April 7th 2020

Component 2: Developing Blueprint for Action & 5 country pilot work (May 2020 – Jun 2021)

Objectives

Develop operational guidance for national governments and investors on private sector engagement in adaptation in the form of a Blueprint for Action. Implement 5 in-country pilots to test out approach outlined in draft Blueprint for Action.

Key Outputs

- 1. Draft Blueprint for Action based on baseline report findings and state-of-the-art experience in private sector adaptation financing
- 2. 5 Pilot Country Selection
- 3. In-country pilot testing (FY21)
- 4. Final Blueprint for Action integrating results from pilot work

Diagram 1: Enabling Private Sector Engagement in Adaptation (ASA)

ASA PROJECT

FOCUS

with governments,

upstream, midstream and downstream

issues for the purposes of catalyzing

private sector investment in adaptation

and resilience

investors to

WORLD BANK GROUP

policy

address

Target What is **Actors Engaged** Intervention Audience "catalyzed" under ASA Level by ASA **Upstream** Policy makers/ regulators Long-term adaptation plans (updated NAP), Finance Ministries Governments, Regulators & Investors **Climate-resilient** aligning policies planning w/resilience Planning Ministries/Units needs, adaptation investment plans Midstream National and Sub-Enabling National governments environment for private investment; capacity building **Downstream** Private Investment in Project **Developers** adaptation development support **Investors** Project Execution Guarantors (including PPPs)

Financed
Climate-Resilient
Investments

Develop a national adaptation investment plan

Facilitate the translation of longterm adaptation strategies into a national adaptation investment plan with a portfolio of both required policy measures & investments, with assessment of bankability. **Partners: FCI. NDC SF**

Project preparation support

Facilitate data sharing, knowledge and leading practices and support the identification of project investment risks and opportunities for private investors. **Partners: GIF, PPIAF**



Support to update/revise/draft longterm adaptation strategies (i.e. NAPs, NDCs, etc.) and develop robust analyses of investable initiatives. **Partners: CCG + NDC Support Facility + UNDP**

Enabling Environment & Capacity Building

Support pipeline assessment, review of public-private financing potential, and of enabling formulation conditions/incentives to incentivize market development and private sector investment, including PPP framework development & capacity-building. FCI, PPIAF, Partners: possible secondment to central ministries

Downstream transaction demonstration

Facilitate the coordination of project financing with relevant investors and support adaptation-related projects ready for investment. **Includes IFC, MIGA**

Country Selection Criteria

- 1. High vulnerability to climate impacts/hotspot area (not necessarily IDA)
- 2. Strong WBG/NDC/partner (e.g., UNDP) engagement on adaptation (for entry point upstream)
- 3. Strong country/client expression of interest, preferably from central ministries of Finance/Planning (e.g., Coalition of Finance Ministers)
- 4. Diversity of contexts and entry points: climate vulnerability, policy priorities, sectors, regions, difficult/easy investment contexts (clear rationale and pilot lesson being pursued/anticipated)
- 5. Maturity of applicable market (pre-condition)

Long List – 15 Candidate Pilot Countries

- 1. LAC: Chile/Colombia, Ecuador/Peru/Uruguay
- 2. **EAP**: Philippines/Vietnam, Indonesia
- 3. SAR: Bangladesh
- 4. Africa: Burundi, Cote d'Ivoire/Kenya/Rwanda/South Africa
- 5. MENA: Morocco