



Climate Resilience Program

Advancing Transformation Adaptation to Build Resilience at Scale



Climate Risk and Adaptation: Issues

A. Increasing Climate Risk

- The climate crisis is unfolding at a **faster rate** and at a **larger scale** than previously assessed.
- Impacts are being felt across **systems** – food, water, infrastructure, urban, health and ecosystem.
- Increasing risk of experiencing **adaptation limits**.

B. Adaptation Implementation Gap

- Serious **gap** between **current levels** of adaptation (incremental) and **needs** (transformational).
- Most adaptation interventions are **short-term** and do not address the **root causes of vulnerability** (e.g., gender gaps)
- **Private sector** faces challenges in engaging in adaptation.

C. Adaptation Finance Gap

- Climate **adaptation** finance falls far short in quantity and quality and remains largely **project-focused** with challenges to **access**.
- **Private sector** financing for adaptation remains limited.

Bringing Adaptation to Scale and with Urgency: Needs (1/2)

A. Build on Country and CIF/MDB Experiences

- Pursue **comprehensive risk management** through investments in (i) **adaptation**; and (ii) **residual risk management**.
- Use country **adaptation planning processes** to identify adaptation investments needed in **priority systems** focusing on **impacts**.
- Move **beyond climate proofing** of projects to pursue activities (i) with the **shared objective of adaptation and development (Type 2)** and (ii) with the **primary objective of adaptation (Type 3)**.

MDB Typology of Adaptation Activities

Type 1: Adapted Activities – adaptation is not the primary objective	Type 2: Activities with Shared Objective of Adaptation and Development	Type 3: Activities Enabling Adaptation – Adaptation is the primary objective
Example: Climate Proofing of Roads	Example: Adaptive Social Protection	Example: Drought Risk Management
Example: Climate Proofing of Water Supply Infrastructure	Example: Sustainability linked loans/bonds with industry that targets adaptation as part of corporate governance at system level	Example: Climate Resilient Seed Production

Bringing Adaptation to Scale and with Urgency: Needs (2/2)

B. Pursue Transformational Approaches to Finance Adaptation

- Identify and finance **strategic, sequenced and targeted investments** in a programmatic manner.
- Address **barriers** to unlock opportunities for adaptation (public/private) thereby strengthening the **climate finance architecture**.
- Use of different **financing modalities** (e.g., results-based payments and policy-based lending) for adaptation outcomes.
- **Concessional finance** to cover up-front cost of transformational adaptation and de-risk catalytic private sector investments.

Climate Resilience Program (CRP): Concept Proposal

Component 1: Undertake Climate Resilience Diagnostics and Investment Planning for Impact (Beyond CIF)

- Undertake climate risk and opportunities analytics in partnership with national institutions (*e.g., multi-hazard assessments*)
- Develop adaptation investment strategy (*e.g., metrics for adaptation to guide mobilization of resources*)
- Integrate adaptation investment plans into country investment systems (*e.g., adaptation in public investment management processes*)
- Develop national climate adaptation M+E systems (*e.g., systems to track progress in implement National Adaptation Plans*)

Component 2: Finance Investments that Enable Adaptation

- Undertake project preparation (*e.g., project preparation facilities for the private sector*)
- Finance priority adaptation investments (*e.g., dedicated investments in coastal resilience, climate resilience and health systems*)
- Provide grants for pro-poor resilience, women-led resilience, new technology (*e.g., grants for women-led resilient MSMEs*)
- Strengthen institutional capacity building (*e.g., strengthen capacity of local institutions on adaptation*)

Component 3: Build Country Systems to Manage Residual Risk

- Support investments to manage residual risk (*e.g., investments in end-to-end early warning systems*)
- Strengthen policy environment for residual risk management (*e.g., policy to link internal migration with social protection*)
- Implement disaster risk financing solutions (*e.g., investments in agriculture insurance*)
- Engage private sector in residual risk management (*e.g., business continuity planning for MSMEs*)



Climate Resilience Program: Value Addition (1/2)

A. Support Developing Countries to Adopt an Integrated and Programmatic Approach for Adaptation

- Demonstrate an **integrated approach** that supports countries in advancing adaptation and managing residual climate risk, i.e., across the **full spectrum of activities that build resilience**.
- Enables countries to utilize the **upstream support** through the CRP to strengthen capacity for mobilizing financing beyond CIF and MDBs and through other climate funds for achieving resilience impacts.
- Provide countries with **predictable concessional finance** from MDBs for **investments that enable adaptation** and thereby help overcome barriers, close the financing gap, and cover higher up-front costs.
- Provides a platform to **engage private sector** thereby mobilizing the private sector **capacity, technology and finance**.

Climate Resilience Program: Value Addition (2/2)

B. Help Strengthen the Global Climate Finance Architecture for Adaptation

- Demonstrate **programmatic approach** for advancing adaptation and **bringing coherence** among different climate funds.
- Scale up adaptation finance by **influencing, leveraging and aligning MDB pipelines** to adaptation needs identified by countries.
- Demonstrate use of **innovative financing modalities** for adaptation. (e.g., Policy-based lending, Sustainability linked loans/bonds)
- Demonstrate use of concessional financing for **developing new standards and measurements** to attract private sector financing and thereby **aligning wider financial flows** to adaptation.

Climate Resilience Program: Advantages of a CIF-led Program (1/2)

A. Builds on Progress Made in Adaptation Since PPCR

- MDB's improved understanding of **climate risk, limits to adaptation, and shocks** (e.g., COVID-19).
- Progress in adaptation planning in developing countries through **National Adaptation Plans**.
- Operationalization of **global climate funds** and COP 27 decision on establishing loss and damage fund.
- Increased **commitments and actions of MDBs** on adaptation and improved categorization of adaptation activities.

PPCR	CRP
SPCRs were prepared by countries as basis for CIF funding	Support wider adaptation investment strategies that can serve as basis for countries to access CIF and other climate funds
Supported Type 1, 2 and 3 Activities	Moving beyond climate proofing (Type 1) by supporting only Type 2 and 3 Activities
Included elements of Components 1 and 2	Strengthened approach for components 1 and 2; and new Component 3 to build country systems to manage residual risks
Supported limited private sector projects	Stronger focus on private sector and use flexible financial products/instruments
Large focus on infrastructure resilience	Increased focus on resilience in social sectors
Focus on gender mainstreaming	Increased emphasis on gender transformative approaches and broader social inclusion and intersectionality agenda

Climate Resilience Program: Advantages of a CIF-led Program (2/2)

B. Able to Catalyze Scaled-up Support for Adaptation

- Demonstrate **frontier solutions/approaches** in adaptation with focus on impacts.
- Facilitate **partnership among MDBs** and leverage **collective capacity** in scaling up adaptation.
- Contribute to **implementation of MDB reforms** and **strengthening wider global climate finance architecture** for adaptation.
- Fill a **critical gap in CIF** as a dedicated program on adaptation that will encourage investment in adaptation at the scale, volume of adaptation finance, and urgency that is needed.

Summary: Climate Resilience Program Will Respond to:



Findings of IPCC AR6

The climate crisis is unfolding at a **faster pace** and a **larger scale**, requiring building resilience at scale and with urgency.



Gaps in Adaptation Implementation

Need to go **beyond incremental** actions and **facilitate transformation**.



Gaps in Adaptation Financing and Financial Architecture

Need to move beyond projects and **align wider financing flows towards adaptation** and resilience.



COP26



COP 26 and 27 Decision

Calls for adopting a **transformational approach to adaptation**.

CIF



CLIMATE INVESTMENT FUNDS

Investing in the future

