Enhancing Private Sector Engagement in Adaptation
ASA
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 in-country pilots.

Key Outputs/Milestone Date

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

**Target Audience**
- Developers
- Investors
- Guarantors

**What is “catalyzed” by ASA**
- Actors Engaged under ASA
  - Policy makers/ regulators
  - Finance Ministries
  - Planning Ministries/Units
  - National and Sub-National governments

**Intervention Level**
- **Upstream**
  - Long-term adaptation plans (updated NAP), aligning policies with resilience needs, adaptation investment plans
- **Midstream**
  - Enabling environment for private investment; capacity building
- **Downstream**
  - Project development support
  - Project Execution (including PPPs)

**ASA PROJECT FOCUS**
Working with governments, policy makers, and investors to address upstream, midstream, and downstream issues for the purposes of catalyzing private sector investment in adaptation and resilience

**Financed Climate-Resilient Investments**

**WORLD BANK GROUP**
Diagram 2 - Blueprint for Action - Proposed Approach

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

2. **Develop a national adaptation investment plan**
   - Facilitate the translation of long-term 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

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

4. **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

5. **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