CAIP Newsletter
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The Climate Change Adaptation Investment Planning (CAIP) Newsletter

A quarterly newsletter spotlighting global efforts in climate adaptation investment planning. This and subsequent issues of the newsletter will showcase success stories and progress from countries working to scale up implementation of adaptation investments.

Welcome to the inaugural CAIP Newsletter. It will also provide information about past and upcoming publication releases and events related to climate adaptation investment planning. This issue delves into the different approaches that countries can employ to identify, prioritize, and secure sufficient financing for adaptation investments needed to accelerate the implementation of their national and sector adaptation priorities.

In Focus

Mobilizing Adaptation Investments

Different approaches for transitioning from planning to investing in adaptation

With climate change affecting communities, ecosystems, and economies worldwide, the urgency for countries to implement their adaptation priorities is growing. However, mobilizing financing for adaptation investments remains a significant challenge. Since National Adaptation Plans (NAPs), Nationally Determined Contributions (NDCs), and other climate policies and plans are typically not sufficiently investment-oriented, climate change adaptation investment planning emerges as a crucial complementary strategy. This approach helps countries transition from planning to implementation by prioritizing adaptation investments and mobilizing the necessary and appropriate financing for investments that can deal effectively with the escalating and increasingly severe impacts of a changing climate.

Various organizations have developed important initiatives to support countries in moving toward investment in adaptation. Of note:

- The Climate Smart Agriculture Investment Planning (CSAIP) approach was created by the World Bank (WB) in 2018 to help countries mobilize finance for climate-smart agriculture investments. The CSAIPs outline specific actions for governments to promote climate-smart agriculture, focusing on identifying investment opportunities and designing and implementing policies. Twelve countries have developed CSAIPs, and four more are currently under development.

- Since 2022, the Asian Development Bank has initiated its Climate Adaptation Investment Planning (CAIP) program, which helps its developing member countries to strategically bridge adaptation planning and financing, prioritize critical adaptation investments, integrate both into national fiscal planning processes, and go through a "finance match-making" process to identify the appropriate source of financing. The ADB CAIP program is being implemented in 14 developing member countries.

- The Physical Climate Risk Appraisal Methodology (PCRAM), convened since 2023 by the Institutional Investors Group on Climate Change (IIGCC), is an open-source, multidisciplinary approach to assessing and managing physical climate risks on critical real assets investments (e.g., infrastructure). The PCRAM assesses loss and damage from acute and chronic hazards as well as the potential impacts of physical climate risks on revenue. It undertakes cost-benefit projections and credit quality simulations, linking back to investors revenues and asset value. The PCRAM methodology has been piloted in eight real world case studies, while the PCRAM 2.0 report—including the four latest case studies[1] and methodological improvements—were out for public consultation at the London Climate Action Week 2025.

- Introduced in 2024, Organisation for Economic Co-operation and Development's (OECD) Climate Adaptation Investment Framework (CAIF) helps countries develop an enabling environment for unlocking investment in adaptation to build climate resilience. The framework includes examples of good practice and a set of diagnostic questions to guide governments in identifying priority actions for enabling adaptation investment mobilization. The CAIF framework will be piloted in three or four countries in 2025–2026.

- The forthcoming **Adaptation Finance Strategy Guideline** from UNDP focuses on developing inclusive financing strategy for adaptation investments outlined in a country's NAP and NDC—anchored by illustrative examples and highlighting the value of sectoral approaches. The guideline is not limited to any specific type of fund and aims to help countries navigate differences in investment readiness in different sectors.

Other boarder frameworks also contribute to mobilize finance for adaptation:

- The Integrated National Financing Framework (INFF) approach, which was launched by the United Nations Department of Economic and Social Affairs (UNDESA) in 2021, aims to strengthen financial planning and mobilize resources for sustainable development. Its main output is operational financing strategies helping to leverage finance for sustainable development. As of today, 86 countries have used the INFF approach to develop financing strategies and implement related policies, reforms, resource mobilization efforts, and governance frameworks.

- The NDC Partnership (NDCP) and Green Climate Fund's (GCF) Climate Investment Planning and Mobilization Framework (CIPMF), launched in 2023 at COP28, is designed to help countries plan and mobilize climate finance for adaptation and mitigation in line with national development priorities. Countries can access technical and financial assistance through the GCF's Readiness and Preparatory Support Programme and the NDC Partnership's Country Engagement Process. The Framework provides practical guidance to drive coordinated and whole-of-government processes, evidence-based decisions, the strategic matching of investment needs with different sources of finance, and the strengthening of enabling environments. The Partnership launched an online platform with resources, best practices, and additional guidance to support countries in this journey. In addition, a dedicated supplement on adaptation is being developed by the Adaptation Fund, the Asian Development Bank, and the Commonwealth Secretariat.

Although these initiatives may have similar names, they differ in purpose and scope. Our goal is to clarify these differences for all readers, including policy makers, national focal agencies, development practitioners, donors, financial institutions, and other stakeholders involved in adaptation investment planning. By unraveling these differences, we aim to provide a clear understanding of the objectives, complementarities, and distinctive features of each approach. This makes it easier for readers to navigate the adaptation investment planning landscape more effectively and make informed decisions.

1 The four previous case studies included: a ~50 MW nearshore windfarm, a ~40 MW run-of-river hydropower facility, a high-speed railway, and a water reservoir.

Core Commonalities across Investment Frameworks

All these approaches aim to enhance investments and the implementation of adaptation actions by unlocking the necessary finance to translate countries' adaptation priorities into action on the ground. Of the seven highlighted above, all but the PCRAM and CAIF focus on translating different national or sector adaptation priorities into tangible and actionable investments. They often reference national adaptation policies and plans, NDCs, or national and sector development strategies as starting points for identifying priority adaptation investments.

Furthermore, all seven frameworks emphasize the importance of assessing climate risks and vulnerabilities as a foundation for identifying, prioritizing and sequencing adaptation investments. The ADB CAIP, the forthcoming UNDP guideline, the NDC Partnership/GCF CIPMF, and the WB CSAIP explicitly advocate for using high-quality data to inform evidence-based decisions for the identification and prioritization of adaptation investments.

All approaches develop comprehensive strategies to ensure the financial and economic viability of adaptation investments. Assessing the financial and economic viability of investments is essential for expanding the range of potential funding sources available for their implementation. Financially viable investments with a promising return on investment[2] are more likely to obtain funding from sources beyond grants and to attract private investors. However, some adaptation investments encompass significant public goods components, making it crucial to prioritize grants and concessional funding, especially from public sources, whether domestic or international.

Integration into national planning and budgeting systems of identified priority adaptation investments is also an essential feature in most of these frameworks to ensure their alignment with broader development goals and to help increase domestic resources for adaptation. Embedding these investments into national planning and budgeting frameworks aims at making sure that they receive the necessary support and are effectively implemented. For instance, Step 4 of the ADB CAIP approach focuses on linking priority adaptation investments with public financial management systems. This guarantees that adaptation projects are not only well-funded but also effectively managed and aligned with broader fiscal policies. This step also involves assessing adaptation investments against relevant Public Investment Management (PIM) criteria, which helps ensure these investments are efficient, effective, and sustainable, especially when domestic resources are mobilized.

Another common aspect is the finance matchmaking element and the need to mobilize diverse sources of finance. These frameworks focus on mapping existing and potential financing sources, exploring innovative financing instruments and mechanisms, and developing detailed financing strategies or plans to leverage public, private, domestic and international funds. It is an approach that ensures sufficient finance is mobilized through the most appropriate instruments and mechanisms.

Stakeholder engagement is another critical element mentioned in some these frameworks. Engaging a wide range of stakeholders, including government agencies, private sector, civil society, and international partners, appears as an essential condition for the successful design and implementation of efficient adaptation investments. In addition, these approaches emphasize capacity building to strengthen the technical and institutional abilities of countries and enabling them to effectively plan, finance, and implement adaptation measures.

2 According to a recent report from the investment bank J.P. Morgan, spending $1 in adaptation can produce a return on investment of $2 to as much as $43.

Finally, monitoring, evaluation, and reporting systems are common features across INFFs, the CIPMF and the forthcoming UNDP Adaptation Finance Strategy guideline. They aim to track progress in implementing adaptation investment packages, evaluate the impact of these investments, and ensure transparency and accountability. For instance, the CIPMF includes regular monitoring and evaluation as a key phase, highlighting its importance in assessing impact and continuously improving the mobilization and deployment of adaptation finance.

Main Differences among Approaches for Mobilizing Adaptation Investments

While these approaches all aim to enhance resilience by unlocking the investments needed to implement the countries' adaptation priorities, they achieve this in different ways. The OECD framework focuses on creating an enabling policy environment for investing in adaptation, which is also a key aspect mentioned in most of these frameworks (e.g., ADB CAIP, NDCP and GCF's CIPMF). Other approaches focus on translating national or sector priorities into actionable investments (e.g., ADB CAIP, the WB's CSAIP, the forthcoming UNDP guideline, and the NDCP and GCF's CIPMF). The core function of the IIGCC's PCRAM is to manage financial risks arising from physical climate impacts on critical infrastructure.

The areas of focus also differ. For example, the aim of the UNDESA INFFs is to secure finance for sustainable development as a whole, whereas the NDC Partnership/GCF CIPMF and the WB CSAIPs have a stronger focus on climate change, including both adaptation and mitigation, with the WB having a specific focus on supporting climate-smart agriculture. The forthcoming UNDP guideline, the OECD framework, and the ADB CAIP program focus on securing finance and investing in adaptation.

The scope of these approaches differs too. The UNDESA's INFF and OECD's CAIF operate at the national level, while the forthcoming UNDP guideline, ADB CAIP, and WB CSAIP programs have a strong sector focus. The NDC Partnership/GCF CIPMF provides a framework that can be adapted to multiple levels, based on the countries' processes and context. In contrast, the IIGCC PCRAM is designed to focus on assets alone, while considering system interdependencies.

These frameworks outline different approaches to assessing priority adaptation investments. The ADB CAIP, the NDC Partnership/GCF CIPMF, the forthcoming UNDP guideline, and the WB CSAIP employ cost-benefit analysis to evaluate the financial and economic viability of adaptation projects, as well as multicriteria analysis to appraise and prioritize the adaptation investments. The World Bank also uses probabilistic methods to assess the likelihood of various climate scenarios and their potential impacts, helping to quantify the risk-reduction benefits of adaptation investments. The IIGCC PCRAM uses materiality assessments to identify physical climate risks on critical infrastructure investments.

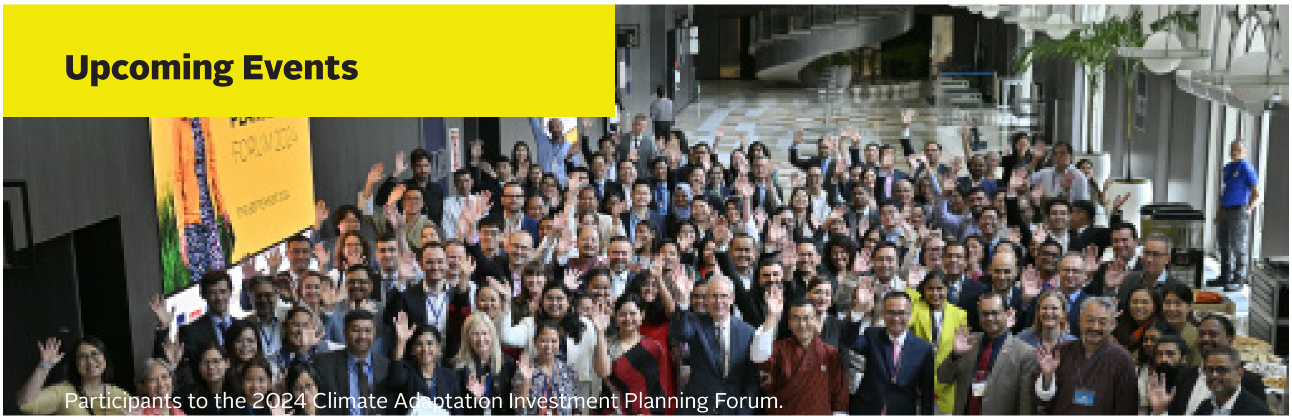
Finally, the outputs of these approaches also vary. The forthcoming UNDP guideline supports the development of financing strategies for adaptation, while the ADB and WB outputs concentrate on adaptation investment plans. The NDC Partnership/GCF CIPMF adopts a flexible approach, with outputs being defined based on the specific needs and context of the country. The IIGCC initiative focuses on climate-proofing investments.

Key differences of these approaches are summarized in the following table:

	WB CSAP	ADB CAIP	NDCP CIPMF	UNDP Forthcoming Guideline	UNDESA INFF	OECD CAIF	IIGCC PCRAM
Aim	Translating national or sector priorities into actionable investments					Creating an enabling environment	Managing financial risks arising from physical climate impacts
Focus	Adaptation and Mitigation	Adaptation	Adaptation and Mitigation	Adaptation	Sustainable Development	Adaptation	Adaptation
Scope	Sectoral focus	Sectoral focus	Multiple levels	Sectoral focus	National level	National level	Asset/system level
Outputs	Plan	Plan	Strategy/ Plan—flexible approach	Strategy	Strategy	Strategy	Climate-proofed investments

Future editions of this newsletter will cover some of these frameworks in more detail—especially lessons from applying these frameworks within different country contexts.

Upcoming Events


Participants to the 2024 Climate Adaptation Investment Planning Forum.

Asian Development Bank's Climate Adaptation Investment Planning Forum 2025 (#CAIP2025)

3–4 September 2025, Manila, Philippines

The Climate Adaptation Investment Planning (CAIP) program sets out to address key challenges facing developing countries in Asia and the Pacific. The program supports ADB's developing member countries in translating their national adaptation priorities into adaptation investment plans to make them more investment ready. Adaptation priorities outlined in country National Adaptation Plans or Nationally Determined Contributions are analyzed within and across sectors, taking a programmatic approach to strategically outline appropriate adaptation impact pathways and determine the sequencing of investments. The approach is also embedded within country medium-term planning, economic, and fiscal frameworks, with different public and private sector financial sources identified to ensure readiness in implementing investments.

Much of CAIP's work is to share knowledge between countries, including an annual forum held each year in September. The first regional CAIP forum took place on 17–18 September 2024 in Manila.

The **Climate Adaptation Investment Planning Forum 2025 (#CAIP2025)** will bring together selected developing member countries, development partners, financial institutions, private sector, and global climate funds.

The Forum will allow for participants to:

- Share experiences on climate adaptation investment planning and, in the process, to inform and influence global processes.
- Showcase tools, methodologies and case studies of different steps within the CAIP process.
- Discuss key enabling factors and priorities for operationalizing and scaling adaptation investment plans.

Publications and Resources

Understanding Climate Change Adaptation Investment Plans (CAIPs): Frequently Asked Questions. The **NAP Global Network** has recently published an article containing Frequently Asked Questions about Climate Change Adaptation Investment Planning. The FAQ about Climate Change Adaptation Investment Plans (CAIPs) covers key topics such as defining adaptation investment plans, identifying finance sources and instruments, increasing domestic resource mobilization, accessing international funds, engaging the private sector, linking CAIPs to the national adaptation planning (NAP) process, enabling factors, integrating gender and social inclusion, and differences between NAP financing strategies and adaptation investment plans.

Advancing Adaptation in NDCs 3.0. The NDC Partnership mobilized over 20 institutions, including the University of Maryland as lead academic partner, to release a report with 12 key recommendations for strengthening adaptation through Nationally Determined Contributions (NDCs). Released as countries develop NDCs 3.0 in 2025, the new report offers practical guidance for countries to set and achieve ambitious adaptation targets, while building the human, technical, and financial resources required to deliver them. The 12 recommendations build on the outcomes of the First Global Stocktake and the UAE Framework for Global Climate Resilience adopted at COP28. The recommendations offer governments a roadmap to align national efforts with international frameworks, signaling their commitment to global climate resilience. Read the full report here and the summary version here.

Coming Up Soon

OECD's Forthcoming Publications on Climate Adaptation Finance.

In the third quarter of 2025, the OECD will publish a **Compendium of Good Practices**, featuring between 20 and 30 case studies that illustrate components of the OECD Climate Adaptation Investment Framework.

In addition, the OECD, in collaboration with the African Development Bank, is preparing a report titled **"Scaling up Finance and Investment for Adaptation"** for the South Africa G20 Sustainable Finance Working Group. This will address adaptation challenges and opportunities across the global economy, with a particular focus on Africa. It will explore barriers to scaling up adaptation finance, provide an overview of bottlenecks and opportunities for investing in key sectors, and highlight good practices and options for scaling up adaptation finance. The report is expected to be released in the fourth quarter of 2025.

UNDP Adaptation Financing Strategy Guideline

UNDP's Climate Promise supports over 50 developing countries in their national adaptation planning processes, helping them mobilize resources and implement climate solutions. As of November 2024, UNDP has already assisted 38 developing countries, including 21 least developed countries and small island developing states, on advancing NAP processes. NAPs outline how countries can adapt to climate change, while Nationally Determined Contributions (NDCs) present overall climate mitigation and adaptation commitments. With 81% of NDCs having adaptation components and 75% mentioning NAPs as of September 2024, NAPs and NDCs are complementary. They enable governments to access climate finance, mobilize international support, and coordinate efforts across stakeholders to drive implementation in priority sectors.

To support developing countries in implementing their NAPs and adaptation priorities, the UNDP, through its Climate Finance Network (CFN), is a core partner of the Climate Action for Resilient Asia program. Under this initiative, with support from the United Kingdom's Foreign Commonwealth and Development Office (FCDO) and the Swedish International Development Cooperation Agency (SIDA), UNDP's CFN and adaptation teams have formulated an upcoming **Adaptation Financing Strategy Guideline**. This builds on UNDP support for risk resilience and exploring financing solutions. The guideline helps countries mobilize finance to implement climate adaptation priorities by providing a step-by-step guide for identifying financing needs and sources, and for managing financing across sectors and levels of governance. It offers practical resources to national focal agencies, financial oversight agencies, policy makers, practitioners, project developers, financial institutions, development partners, and civil society organizations. Sector specific examples demonstrate the business case for adaptation through a range of financing instruments, classifying investments by their commercial viability and noting the diversity of private sector actors that complement traditional public sector players. Of significance, the guideline also includes a section on monitoring and reporting, emphasizing the need for financing strategies to align with the enhanced transparency framework linking planning, financing, and implementation.

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If you have any questions or would like to contribute to future editions of the CAIP newsletter, please feel free to contact us at mhernandez@iisd.org or caipteam@adb.org.

ADB

IISD International Institute for Sustainable Development

NAP Global Network

Government of Ireland International Development Programme