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. In this edition, we emphasize the urgent need to scale up financing for climate adaptation investment and explore practical pathways to mobilize investment across domestic, international, public, private, and philanthropic sources. We also highlight innovative instruments, enabling conditions, and matchmaking strategies that can help countries move from planning to implementation.

In Focus

Funding and Financing Adaptation Investments

As climate risks materialize, targeted and scaled-up adaptation investments have become an increasingly urgent need. From coastal infrastructure to climate-smart agriculture and resilient health systems, investing in adaptation is not only a moral imperative, but also a strategic one. Yet adaptation continues to receive only a fraction of global climate investment. According to the Climate Policy Initiative (CPI), adaptation investments drew just 5% of total climate finance in 2021–2022. The United Nations Environment Programme's Adaptation Gap Report 2025 echoes this concern, estimating the annual adaptation investment gap at between $310 billion and $365 billion. Despite the largest year-on-year increase in public adaptation finance since the Paris Agreement (from $22 billion in 2021 to $28 billion in 2022), current funding still meets only a small share of global needs. This gap is widening as overall development aid declines, driven by the withdrawal of US climate finance in 2025 and shifting budget priorities in several donor countries. The latest *Adaptation Gap Report* highlights the urgency of moving toward more strategic, longterm, and transformational adaptation investments, supported by stronger enabling environments and innovative financing mechanisms to help unlock adaptation investments.

Scaling Up Adaptation Investments: From Where Can the Money Come?

Adaptation requires long-term, predictable, and diverse financing. As countries move from planning to implementation of climate adaptation strategies, one of the biggest challenges remains how to secure finance for the investments needed to build resilience. This edition explores the sources available to support adaptation investments, from domestic budgets to international climate funds, the private sector, and emerging philanthropic actors.

Domestic Sources: Strengthening National Ownership

Domestic resource mobilization is one of the pillars of sustainable adaptation investment. It ensures national ownership, policy alignment, and long-term commitment. Data limitations hinder comprehensive tracking of domestic adaptation finance, but the CPI's Global Landscape of Climate Finance shows that domestic budgets are the largest source of adaptation funding in many developing countries, despite a lack of consistent climate budget tagging and challenges in tracking this funding globally.

According to Readhead et al. (2024), several promising avenues to increase domestic resource mobilization include:

- **Tax reforms:** Governments can broaden their tax base by introducing or expanding value-added taxes (VAT), taxing property and land use, and implementing environmental taxes such as carbon pricing or levies on polluting industries. The Inter-American Center of Tax Administrations reports that countries such as Viet Nam, Thailand, Mexico, Chile, the People's Republic of China, and Mauritius are implementing environmental taxes, including levies on fuel, plastic, and industrial emissions, to expand fiscal space and support Sustainable Development Goals. These revenues could also help expand domestic financing for adaptation investments and broader resilience priorities.

- **Subsidy reform:** Phasing out fossil fuel subsidies can free up significant fiscal space. According to the International Institute for Sustainable Development in 2023, India's "remove, target, and shift" strategy led to an 59% reduction in fossil fuel subsidies from 2014, freeing up substantial fiscal space for the government to redirect funds toward strategic priorities, including clean energy development or rural electrification. In this case, the released fiscal space has been channeled exclusively toward mitigation. These funds could also be used to advance adaptation efforts.

- **Improved public procurement:** Streamlining procurement processes and reducing inefficiencies can generate savings that can be redirected to climate-resilient infrastructure and services. The OECD's 2025 report Scaling Finance and Investment for Climate Adaptation developed in collaboration with the African Development Bank, emphasizes that streamlining public financial management, including procurement processes, is a key strategy for improving the efficiency of adaptation finance.

- **Domestic debt markets:** Countries can issue green bonds or climate resilience bonds to raise capital for adaptation. Nigeria recently unveiled a ₦50 billion Sovereign Green Bond, with a significant portion of the proceeds earmarked for climate-smart agriculture. Kenya has developed a Sovereign Green Bond Framework to support Sustainable Development Goals, including climate adaptation in sectors like agriculture, water, energy, and tourism. The framework

is part of Kenya's broader climate finance strategy, which includes the National Climate Change Action Plan, the Climate Change Act, and National Adaptation Plan. Kenya has also explored subnational green bonds, with ongoing assessments in counties like Kisumu, Makueni, and Nairobi.

Building Sustainable Foundations for Adaptation

Domestic resource mobilization is not only about raising funds: it is about embedding climate resilience into the core of national planning and budgeting systems. For adaptation investments to be sustainable and scalable, countries must mainstream climate change into their public financial management frameworks, ensuring that the allocation and tracking of resources reflects climate risks and priorities.

Mainstreaming adaptation in planning and budgeting

One of the most effective ways to strengthen domestic financing for adaptation is by integrating climate adaptation into national and subnational development plans, medium-term expenditure frameworks, and annual budgets. This integration can then be complemented by climate budget tagging, which classifies and tracks climate-related expenditures to improve budgeting, monitoring, and reporting.

Bangladesh and Pakistan have developed climate budget tagging systems that track adaptation spending across ministries. The Philippines is also advancing climate-responsive investment planning. With climate resilience embedded in its development plan and investment programming, the country is now updating its tagging guidelines to align with its new national adaptation plan (NAP) implementation strategy.

Managing climate fiscal risks

Adaptation planning must also consider climate-related fiscal risks, such as the economic impact of climate-related disasters and slow on-set events, rising insurance costs, and infrastructure damage. By incorporating climate risk assessments into fiscal planning, governments can better anticipate future liabilities and design risk-informed investment strategies. This includes, among others, setting aside contingency funds, investing in resilient infrastructure, and using financial instruments like catastrophe bonds or sovereign insurance pools.

Several countries are integrating climate considerations into fiscal planning to better manage climate-related risks and align public investments with long-term adaptation goals. Azerbaijan has developed tools to assess the fiscal impacts of climate change on sectors like agriculture and coastal management. Kiribati, Papua New Guinea, and Pakistan emphasize climate integration in fiscal processes. Bangladesh conducted a climate public expenditure review and established a climate fiscal framework to guide effective public finance management and incentivize climate action, as featured in the 2025 report Finance for National Adaptation Plan Processes from the NAP Global Network. Jamaica's proactive climate-risk planning under the Disaster Vulnerability Reduction Project helped strengthen critical infrastructure, such as the upgraded Myton Gully crossing, which successfully withstood the severe flooding brought by Hurricane Melissa, protecting homes, livelihoods, and essential transport routes. The hurricane also triggered a payout from Jamaica's catastrophe bond, demonstrating how forward-looking investments and sovereign risk-financing tools can provide rapid relief and reduce losses in climate-vulnerable communities.

Despite these opportunities, many countries, especially least developed countries and small island developing states, face significant constraints in expanding domestic resources for adaptation. As the NAP Global Network report highlighted, common limitations include high debt burdens, limited fiscal space, weak national financial markets, low institutional capacity, and fragmented climate governance.

International Public Sources: Under UNFCCC and Beyond

International public finance remains critical for supporting climate change adaptation, particularly for low-income and climate-vulnerable countries. Under the United Nations Framework Convention on Climate Change (UNFCCC), key funds include the Green Climate Fund (GCF), which is the largest multilateral climate fund, with over $20.15 billion approved for adaptation projects in 134 countries as of April 2026, prioritizing least developed countries, small island developing states, and African states, while supporting infrastructure, ecosystem restoration, and early warning systems. Since 2010 the Adaptation Fund has committed $1.4 billion to over 200 projects, many community-based and locally led. The Least Developed Countries Fund (LDCF) and Special Climate Change Fund, administered by the Global Environment Facility, support urgent adaptation needs in sectors such as agriculture, water, and disaster risk reduction; as of June 30, 2024, the Least Developed Countries Fund had financed 423 projects with nearly $2.1 billion in grants, while the Special Climate Change Fund had granted $393.8 million to support 101 projects.

Beyond the UNFCCC, adaptation finance is channelled through multilateral development banks (MDBs), bilateral donors, and resilience-focused programs: MDBs mobilized about $85 billion in climate finance for low- and middle-income countries in 2024, including $26 billion for adaptation, while the former Pilot Program for Climate Resilience under the Climate Investment Funds, has transitioned to the new Accelerating Resilience Investments and Innovations for Sustainable Economies (ARISE) program, which aims to embed resilience in national economic and fiscal planning and crowd in private capital through programmatic, country-led investment plans. Bilateral donors, including Germany's *Internationale Klimaschutzinitiative*, the UK's Foreign, Commonwealth and Development Office, France's *Agence Française de Développement*, and many others, continue to provide grants and technical assistance, although recent pressures on official development assistance raise concerns about future availability.

These sources are increasingly aligning with national adaptation investment plans, offering opportunities for strategic matchmaking and cofinancing.

Private Sector Finance

The private sector plays a critical role in financing adaptation, especially in areas where investments generate measurable returns or reduce operational risks. Yet, despite growing awareness of climate risks, private sector contributions to adaptation remain strikingly low.

According to Watkiss et al (2025) "tracked private sector flows for adaptation in developing countries are currently low, equivalent to around 3% of adaptation funding needs (of $320 billion/year)."
In Asia, the gap is even more pronounced. Data from CPI and the Asian Development Bank (ADB) show that private sector contributions to

adaptation in Asia and the Pacific were only $84 million in 2018–2019, just 0.2% of total climate finance in the region. This is despite Asia being one of the most climate-vulnerable regions globally, with high exposure to floods, droughts, and sea level rise.

To address this, regional coalitions such as the Asia Investor Group on Climate Change are working to engage institutional investors in climate resilience. That coalition's Physical Risk and Resilience Working Group has identified key barriers to adaptation investment, including lack of data, unclear revenue models, and limited project pipelines. Its recommendations to enhance private sector engagement in adaptation include:

- Improved climate risk disclosure to help investors assess exposure and opportunities.
- Standardized metrics and reporting frameworks for adaptation outcomes.
- Integration of adaptation into environmental, social, and governance and fiduciary standards.
- Public-private collaboration to codevelop bankable projects with blended finance structures.

Investors seek predictable cash flows, risk mitigation mechanisms, and policy stability. They emphasize the need for governments to provide enabling environments—through regulation, incentives, and technical support—to make adaptation investments viable and scalable.

Each country must understand which segment of the private sector it is targeting, identify barriers to private sector engagement in adaptation investments, and determine the most suitable approaches for these entities to invest in adaptation. Key engagement strategies include:

- Raising awareness about the opportunities for investing in adaptation.
- Using climate risk assessments to inform the selection of the most appropriate adaptation investments.
- Building the case for these investments by demonstrating how they can, not only avoid future losses, but also reduce current costs and generate revenue.
- Implementing de-risking mechanisms, such as blended finance or guarantees.
- Using fiscal policies and regulations to incentivize private sector investments.
- Establishing institutional frameworks to encourage and facilitate private sector investment in adaptation (i.e., public–private partnership frameworks).

Launched at COP30, the Fostering Investable National Planning and Implementation (FINI) for Adaptation and Resilience initiative aims to help turn countries' adaptation plans into investable projects and **build a pipeline of $1 trillion in adaptation investments by 2028, with about 20% expected to come from private sector investors** to boost climate resilience where it is most needed.

Philanthropy: A Growing Force in Adaptation Finance

Philanthropic organizations are emerging as influential players in the adaptation finance space, especially in supporting innovation, locally led action, and underserved regions. Some examples include:

- The ClimateWorks Foundation, in partnership with the Rockefeller, Laudes, Howden, and Quadrature Climate Foundations, launched the $50 million Adaptation and Resilience Fund. This initiative focuses on urban heat resilience in South Asia, Southeast Asia, and sub-Saharan Africa, supporting data systems, planning tools, and community engagement.
- Bloomberg Philanthropies has supported climate change adaptation in developing countries and least developed countries primarily through capacity building, resilience initiatives, and partnerships with global institutions. In 2025, Bloomberg donated $22 million to the UNFCCC to contribute to filling the funding gap left by the US government's withdrawal from the Paris Agreement.
- The Ford Foundation invests in climate justice, supporting Indigenous and frontline communities to lead adaptation efforts.
- The Packard Foundation and Kresge Foundation fund grassroots resilience initiatives, particularly in urban and coastal areas.

Philanthropy offers flexible, risk-tolerant capital that can complement public finance, support early-stage innovation, and build capacity in local institutions. As the adaptation finance ecosystem evolves, philanthropic actors are increasingly partnering with governments, MDBs, and civil society to scale impact.

A Wide Array of Financial Instruments to Mobilize Adaptation Investments

A range of financial instruments (and mix of instruments), from concessional loans to guarantees and blended finance mechanisms, are being deployed to mobilize capital and scale up investment in adaptation and climate resilience. These instruments help governments and development partners align public resources with countries' adaptation goals and some can also reduce risk for investors.

Some of the financial mechanisms driving adaptation investment include:

- **Technical assistance and grants:** Provide early-stage support for project design, feasibility studies, and impact measurement, improving bankability.
- **Concessional loans:** Offer below-market interest rates and/or extended repayment terms. They can make adaptation investments more attractive to private co-investors and are widely used in large-scale infrastructure and agriculture projects.
- **Guarantees:** Reduce investor risk by covering potential losses due to credit default, political instability, or currency fluctuations. They are particularly effective in infrastructure, energy, and water sectors in emerging market and developing economies.
- **Equity instruments:** Public or philanthropic capital takes early-stage equity positions to de-risk projects and attract commercial investors. They are effective in clean energy,

nature-based solutions or financing for small and medium-sized enterprises.

- **Blended finance:** Combines concessional and commercial capital to de-risk and scale investments. It works across sectors, especially where perceived risks otherwise deter private capital.

The International Institute for Sustainable Development's report *Innovative Financial Instruments for the Mobilization of Private Sector Investment in Climate Change Mitigation and Adaptation in Developing Countries* highlights that combining tools—such as credit guarantees, green bonds, pooled investment funds, and debt-for-nature or climate resilience swaps—can enhance their overall effectiveness. Strategic integration of these instruments can improve risk mitigation and attract greater private sector participation.

The NAP Global Network has developed an online inventory of innovative financial instruments for climate change adaptation.

Blended Finance for Adaptation: Catalyzing Greater Impact

Blended finance for adaptation is the strategic use of public or philanthropic capital to de-risk and attract additional private sector investment into climate adaptation and resilience investments. It helps make the investments more financially viable and appealing to private investors who otherwise might avoid them due to high risk or low immediate returns.

The CPI report *Energizing Private Capital: Innovations in Guarantee Offerings for Climate Finance*, released in January 2025, analyzes how guarantees and blended finance mechanisms can mobilize private capital for climate action, particularly in emerging market and developing economies. Among the different financing instruments, guarantees stand out for their ability to reduce investor risk and unlock significant funding—mobilizing between $5 and $10 for every $1 of public capital, particularly in infrastructure and clean energy sectors.

According to OECD DAC Blended Finance Guidance in 2023, official development finance providers mobilized $17 billion in private capital through guarantees, second only to syndicated loans, which reached $19 billion. Syndicated loans involve multiple lenders pooling resources to finance a single borrower, typically for large-scale projects, allowing risk-sharing and broader participation.

The World Bank estimates range from on average $0.8 to $4 of private capital leveraged per dollar of blended finance resources extended. The Climate Policy Initiative notes in its clean energy finance reports that blended finance typically mobilizes between $3 and $5, with some initiatives reaching as much as $7, depending on structure and risk mitigation.

Relevance of Country Platforms for Fostering Collaboration

According to the G20 Reference Framework for Effective Country Platforms, Country Platforms (CPs) are government-led, voluntary coordination mechanisms designed to align climate and development finance around national priorities. They foster collaboration among development partners based on a shared strategic vision, building on existing national plans such as national adaptation plans (NAPs) and nationally determined contributions. CPs are intended to shift climate finance from fragmented, project-based approaches toward coordinated, programmatic investment that links national priorities with the international financial system.

The GCF (2025) identifies the following core functions of CPs: translating national commitments into concrete, bankable projects; coordinating stakeholders and financiers; mobilizing finance at scale through curated project pipelines; and supporting implementation. Implementing projects conceptualized and financed through the CP mechanism. The fund is supporting the development of several country and regional platforms, including Brazil's Climate and Ecological Transformation Investment Platform (launched in 2024) and the Regional Platform for Catalyzing Resilience and Climate Action for the Caribbean, announced in 2025.

Interest in CPs is a response to a highly fragmented global climate finance architecture, characterized by numerous funds and institutions with uncoordinated requirements and high administrative burdens. With adaptation finance gaps widening and development aid under pressure, the G20, GCF, MDBs, the UNFCCC, and regional bodies are increasingly promoting CPs to improve efficiency, national ownership, and investment outcomes. A Country Platforms Hub was launched at COP30 in 2025 to support this agenda.

Existing CP models vary widely, from comprehensive climate and development platforms (e.g., Bangladesh, Brazil) to sector-based initiatives and national climate finance facilities that serve as coordinating platforms. Early examples demonstrate the potential of a CP to mobilize large-scale finance, improve project preparation, and align investments with national strategies, although most do not focus on adaptation exclusively. Table 1 summarizes the CP typology.

Effective CPs require clear mandates, strong political leadership, sustained stakeholder engagement, adequate long-term financing for the platform itself, and strong institutional capacity. They need to avoid adding unnecessary complexity, to focus on delivery, harmonize fiduciary and reporting systems, use blended finance instruments appropriately, and embed inclusive governance that reflects locally led adaptation principles (NAP Global Network, forthcoming).

Table 1: Typology of Country Platforms

Type	Scope	Examples (non-exhaustive)
Comprehensive climate and development platforms	Multisector platforms aligning mitigation and adaptation pipelines with development goals	• Bangladesh Climate and Development Platform (BCDP) • Madagascar Climate Finance Mobilization Platform • Vanuatu Adaptation and Loss and Damage Country Platform (proposed)
Thematic or sectoral platforms	Sector-focused with potential for scaling	• Colombia Socio-Ecological Transition Portfolio • Egypt Nexus of Water, Food, and Energy (NWFE) • Brazil Climate and Ecological Transformation Investment Platform (BIP)
National climate finance facilities/ Funds acting as country platforms	Domestic funds coordinating donor and national resources	• Rwanda Green Fund (FONERWA) • Benin National Fund for the Environment and Climate (FNEC) • Ethiopia Climate Resilient Green Economy (CRGE) Facility • Indonesia Climate Change Trust Fund (ICCTF) • Cambodia Climate Change Alliance (CCCA) Trust Fund

Source: NAP Global Network (forthcoming), adapted from International Institute for Environment and Development (2025).

ADB's CAIP Approach to Finance Matchmaking

A key challenge in scaling up adaptation investments is identifying not only the right sources of finance, but also the most suitable financial instruments to match the economic characteristics of each priority investment. ADB, through its CAIP process, has developed a structured approach to tackle this challenge.

At the heart of CAIP's finance matchmaking strategy is a decision tree that guides planners through four critical questions to determine the most appropriate financing mix (shown in the Decision Tree for Assessing Financing Sources and Instruments in ADB's recently released *Climate Adaptation Investment Planning: Lessons Learned* report). These questions assess whether the private sector is already investing in the activity, whether policy or regulatory changes could unlock private investment, public finance could crowd in private capital, or the activity should remain publicly financed in the medium term.

Depending on the answers, the decision tree points to tailored financing options, ranging from microfinance, equity, and bonds to technical assistance, concessional loans, guarantees, and public budget allocations. This method ensures adaptation investments are matched with financing solutions that reflect their risk-return profile, market readiness, and strategic importance.

Accelerating Climate Resilience Through Investment Matchmaking

Adaptation Investment Matchmaking Symposiums bring together national adaptation planners and climate finance providers to accelerate investment in climate resilience. These events provide a stage for countries to present their priority adaptation projects, engage directly with funders, and strengthen the investment-readiness of their portfolios. Through structured matchmaking sessions, symposiums foster collaboration, promote peer learning, and help align national adaptation priorities with the strategies of international financiers.

An Adaptation Investment Matchmaking Symposium was held in Lusaka, Zambia, on 15 August 2025, cohosted by the Government of Zambia, the NAP Global Network, and United Nations Development Programme on the eve of NAP Expo 2025. The symposium convened NAP teams and finance ministry representatives from Zambia, Ethiopia, Malawi, and Zimbabwe, alongside major climate finance and implementing institutions, including the GCF, the Adaptation Fund, International Finance Corporation, United Nations Development Programme, United Nations Environment Programme, and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (Germany's federal enterprise for international cooperation). The event, funded by Global Affairs Canada and the Government of Italy, created a dynamic space for countries to present priority adaptation investment needs and engage directly with funders.

Key themes included:

- Strengthening adaptation portfolios to attract investment.
- Enhancing regional collaboration through shared resource management.
- Promoting South-South cooperation and peer learning.
- Aligning national priorities with funder strategies.

"The GCF, together with our sister funds under the United Nations Framework Convention on Climate Change, stands ready to support developing countries in channelling catalytic climate finance toward the adaptation needs and priorities identified through their NAPs.

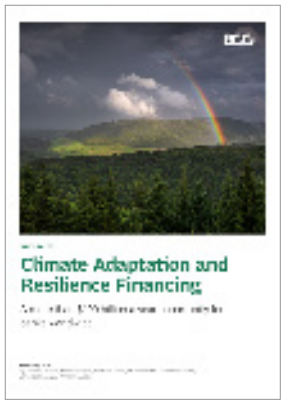
We have been honoured to work with countries, under their leadership, in achieving significant milestones through GCF's programming window and readiness support. We look forward to countries sharing their success stories with peers on how they have leveraged GCF finance to advance their NAP ambitions. With a reinforced commitment to delivering its mandate and providing services more efficiently, anchored on stronger country ownership, the Fund remains fully ready and committed to supporting this journey." — Hansol Park, Climate Policy Specialist, Global Climate Fund.

The partnerships and insights forged in Lusaka are expected to drive a new wave of locally led, regionally aligned, and globally supported climate action across southern and eastern Africa.

Publications and Resources

The April 2026 report *Climate Adaptation Investment Planning: Lesson Learned* explores how developing countries can convert their climate adaptation goals into investment-ready programs that incorporate public and private financing, generate strong economic returns, and help drive development benefits. It draws on the initial results of a five-step Climate Adaptation Investment Planning (CAIP) framework piloted in Armenia, Bhutan, Cambodia, Indonesia, Mongolia, and Nepal from 2022 to 2025. With early results showing positive economic returns, it suggests countries take a focused and iterative approach, address multiple risks at a system level, and build human and institutional capacity to help better manage current and future climate impacts.

The Institute for Energy Economics and Financial Analysis report *Scaling Adaptation Finance in Southeast Asia* examines why climate adaptation projects in Southeast Asia continue to struggle to attract capital, despite rapidly growing climate risks. It identifies key barriers such as weak project pipelines, small project scale, limited revenue models, and underdeveloped blended-finance mechanisms. The report, published in February 2026, explores practical avenues to scale investment, including adaptation-relevant bonds, taxonomies, and debt-for-nature/resilience swaps, while underscoring the role of strong national adaptation planning in crowding in finance.



Climate Adaptation and Resilience Financing, a white paper from Boston Consulting Group, positions climate adaptation and resilience as a significant near-term investment opportunity for the finance sector. It estimates global adaptation and resilience investment needs of $800 billion to $1.2 trillion a year between 2026 and 2030, with a potential $100 to $30 billion annual financing opportunity for banks. Published in February 2026, the report highlights the limits of insurance-based approaches and calls for increased financing of asset-level resilience investments, particularly in emerging markets.

With limited public capital and rising debt, the funding solution lies in dramatically increasing private capital mobilization. Green guarantees and blended finance mechanisms are key tools to make this

happen. *Energizing Private Capital: Innovations in Guarantee Offerings for Climate Finance*, a January 2025 issue brief from the Climate Policy Initiative, explores how these instruments work, the barriers to their adoption, and the innovations that are helping scale their impact. Drawing on expert consultations and case studies from leading guarantee providers, the report offers actionable insights for governments, multilateral development banks, development finance institutions, and policy advisers.

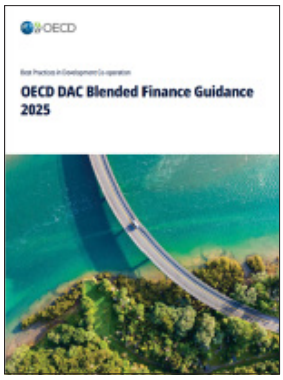
Scaling Finance and Investment for Climate Adaptation, a joint OECD and African Development Bank paper prepared for the South Africa G20 Sustainable Finance Working Group, addresses adaptation challenges and opportunities faced by the global economy, with a particular focus on Africa. Published in July 2025, the paper explores barriers to scaling up adaptation finance, provides an overview of bottlenecks and opportunities for investing in key sectors, and highlights good practices and options for scaling up adaptation finance.

Finance is a core enabler of the national adaptation plan (NAP) process. From planning to implementation, adequate and sufficient finance determines whether adaptation priorities move from paper to action. But how do NAP documents approach adaptation finance? The June 2025 report *Finance for National Adaptation Plan Processes: What Can We Learn from Countries' National Adaptation Plans?* seeks to provide insights. NAP Global Network experts Maribel Hernandez, Christian Ledwell, and Juanyu (Geneva) Yang unpack how countries are addressing adaptation finance issues throughout their NAP processes. Their analysis of 59 multisector NAP documents also highlights good practices, real-world examples, and areas for improvement to help countries secure sufficient and adequate finance for their adaptation priorities.

The Zurich Climate Resilience Alliance and Paul Watkiss Associates offer new quantitative insights into the adaptation finance needs of developing countries, broken down by sector and country groupings in *Adaptation Finance and the Private Sector: Opportunities and Challenges for Developing Countries*. The report, published in September 2025, also assesses the private sector's current contribution and explores how this may evolve by 2035. It highlights areas with strong growth potential, while also addressing the persistent structural barriers that limit private investment in adaptation. It considers the significant efforts already underway to overcome these challenges.

Mobilizing finance for climate action—including private sector investment—is essential to achieving the goals of the United Nations Framework Convention on Climate Change and the Paris Agreement. *Innovative Financial Instruments for the Mobilization of Private Sector Investment in Climate Change Mitigation and Adaptation in Developing Countries* explores eight innovative financial instruments with strong potential to attract private finance for adaptation and mitigation in developing countries and least developed countries. The October 2025 report assesses each instrument's strengths, limitations, and enabling conditions, with a focus on how public finance can be used to scale their application. Instruments include the Adaptation Benefit Mechanism; biodiversity credits; carbon taxes; carbon trading mechanisms; credit guarantees; debt-for-nature/climate resilience

swaps; pooled investment funds; and sovereign green and sustainability-linked bonds.



Since its launch in 2020, the *OECD DAC Blended Finance Guidance* has accompanied a rapidly evolving field. Blended finance has moved from innovation to mainstream, enabling collaboration between development finance providers and the private sector. However, it still faces key hurdles: limited scale, modest private capital mobilization, and fragmented, bespoke approaches lacking transparency and standardization. This edition, updated in June 2025, reflects on these challenges and offers strategic and practical guidance for policymakers and practitioners. Drawing on stakeholder insights and real-world case studies, it emphasizes the need for trust, transparency, and improved investment conditions in developing countries. See: OECD DAC Blended Finance Guidance 2025.

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#CAIP2026

3rd CLIMATE ADAPTATION INVESTMENT PLANNING **FORUM 2026**

ADB will convene the 2026 *Climate Adaptation Investment Planning (CAIP) Forum* on 15–16 September 2026. Building on CAIP forums over recent years, the Forum provides a dedicated platform for governments, development partners, financiers, and practitioners to exchange experiences and lessons on translating adaptation priorities into bankable investment pipelines.

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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 kschmidt@iisd.org or caipteam@adb.org.

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