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# Supporting Planning and Financing for Climate Adaptation Climate Economic Analysis for Development, Investment, and Resilience (CEADIR) Activity

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ADAPTATION COMMUNITY MEETING HOSTED BY ATLAS

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## About CEADIR

- USAID-funded, \$20.1 million ceiling
- Helps governments, the private sector, and civil society make the business and economic case for climate change mitigation and adaptation action
- Mobilizes access to public and private finance in adaptation, clean energy, and sustainable landscapes to scale up low-carbon, climate resilient development



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# CEADIR Support for Clean Energy

- El Salvador, Central America, and Mexico Regional Mission (ECAM) support to increase commercial bank financing
- Mexico energy efficiency and carbon policy assessment
- Renewable energy reverse auctions analysis in six countries
- Regional Development Mission for Asia (RDMA) workshops on private financing opportunities
- Support to increase clean energy lending in eight west African countries
- Expanding small-scale off-grid renewable energy in Ghana, Rwanda, and Uganda

2018 Denver forum for U.S. suppliers of utility-scale renewable energy and smart grid technologies

March 7, 2019 webinar for U.S. suppliers of smart grid and minigrid products and services in Africa

March 12, 2019 forum for U.S. suppliers of smart grid technologies

# CEADIR Support for Sustainable Landscapes

- Assessment of rural road development impacts and rehabilitation in tropics
- RDMA workshops on private sector financing opportunities and constraints for sustainable landscapes
- Assessment of environmental and economic impacts of large-scale hydroelectric power in tropics
- Cost-benefit analysis of more sustainable production practices for cacao in Ghana
- Cost-benefit analysis of pasture management and improved production practices for beef cattle, poultry, and ruminants in Ethiopia
- Indonesia cost-benefit analysis on mangrove restoration and conservation valuation analysis

# CEADIR Adaptation Highlights

- Developed public private partnerships for four Indian cities in partnership with nine private companies
- Conducted climate finance training in Peru, Senegal, and Madagascar
- Prepared adaptation portfolios for agriculture, health, fisheries and aquaculture in Peru
- Trained local teams in Madagascar to integrate climate considerations into their biodiversity and livelihood programs and explored options for accessing climate finance
- Trained Senegalese stakeholders in setting adaptation goals, developing priority adaptation actions, and assessing climate finance readiness
- Trained 300+ stakeholders in climate change adaptation and had 300+ participants in adaptation-focused knowledge sharing events

# Selected CEADIR Adaptation Activities



Climate finance and private sector opportunities for adaptation, biodiversity, and livelihoods in Madagascar



Developing public-private partnerships for disaster risk reduction in four Indian cities



Support for national adaptation financing in Senegal

## Other CEADIR Adaptation Activities

- Bangladesh Climate Finance Situation Analysis
  - Explored modalities for achieving a functional institutional arrangement for managing climate finance
- USAID/Mozambique training on Economics and Planning for Climate Adaptation
- Lead coordinating author of international chapter of National Climate Assessment
- Shared lessons learned through four NAP Global Network events and nine other knowledge exchange platforms
- Climate Finance Assessment
  - Identified high-priority adaptation investment opportunities

# Opportunities to Scale Adaptation Finance

	ENABLING ENVIRONMENT	INFORMATION AND CAPACITY DEVELOPMENT	FINANCIAL INSTRUMENTS AND MARKETS
ADAPTATION	<ul style="list-style-type: none"><li>• Align adaptation financing with strategies, plans, and targets</li><li>• Improve policies and incentives</li><li>• Support PPPs</li></ul>	<ul style="list-style-type: none"><li>• Increase adaptation finance readiness</li><li>• Increase capacity for adaptation investment design, implementation, and M&amp;E</li><li>• Increase willingness and capacity of FIs to finance</li><li>• Improve quality, accessibility, and use of climate information</li></ul>	<ul style="list-style-type: none"><li>• Provide technical assistance or grants for pre-investment work</li><li>• Support investment funds and credit lines</li><li>• Support insurance mechanisms</li></ul>

# Climate Finance and Private Sector Engagement for Adaptation, Biodiversity, and Livelihoods in Madagascar



- Cyclones, sea level rise, droughts and floods
  - Threaten Madagascar's rich biodiversity
  - Damage natural resource base for livelihoods
- USAID/Madagascar-funded Conservation and Communities Project
  - **Hay Tao** focuses on tools and knowledge in support of decentralized community-driven conservation
  - **Mikajy** supports local communities to sustainably manage and benefit from their natural resources



Perennially muddy river from hillside deforestation in Madagascar.

Source: Abt Associates

# Challenges to Governance in Madagascar

- Coordination among different actors on design and implementation of climate policy
  - Policy design is top-down
  - Scarce mechanisms to bring local activities to scale or sustain
- Insufficient institutional and legal frameworks to plan and implement adaptation at local level
- Unclear roles and responsibilities for coordination and implementation

# Challenges in Private Sector Engagement and Finance in Madagascar

- Basic awareness of climate impacts within private sector but little understanding of magnitude of impacts
- Non-climate stressors (corruption and theft) are serious challenge for private sector at present
- Adaptation self-financed by private sector
  - not coordinated with government activities or priorities
- Limited understanding of international funds and other public funding sources
- Impact investment may be hindered by a difficult enabling environment and limited social impact enterprises
- Access to finance with appropriate terms is one limitation to private sector investment in adaptation measures, alongside:
  - Uncertainty of climate impacts
  - Insufficient knowledge of cost and benefits of adaptation
  - Inadequate business models for adaptation investment

# CEADIR Support: Training (with USAID/W participation)

- Training of trainers for USAID Hay Tao and Mikajy staff and government partners in:
  - Climate vulnerability assessment, adaptation planning, and private sector engagement methods
  - Integrating climate into biodiversity and livelihood activities, plans, and strategies
- Trainees then led climate adaptation and value chains workshop in Antalaha with CEADIR and USAID participation
  - Engaged local private sector using value-chain approach (vanilla and cloves, ecotourism, fisheries, and livestock)
  - Trainees planning replication of training without CEADIR involvement

# CEADIR Support: Climate Finance Workshop (with USAID/W Participation)

- Participants included USAID Hay Tao and Mikajy staff, and representatives from USAID mission, local NGOs, and government
- Financial terms and instruments
- Public sector climate funds
- Options for mobilizing public and private climate finance relevant to adaptation and sustainable landscapes
- Examples of tested or scaled options
- Reducing Emissions from Deforestation and Degradation of Forests and conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+)

# CEADIR Follow-up Support for Climate Financing in Madagascar

- Explore potential financing sources interested in supporting financial sustainability of Hay Tao and Mikajy activities
  - Conservation impact investors
  - Local private sector representatives
- This will include identifying
  - Various sources of finance and their funding criteria
  - Key messages for financing applications
  - Ways of engaging with private investors and funders
  - Likely barriers
- Advise activities on international public sector funding sources that offer best prospects and priorities for approaching them

# Developing Public-Private Partnerships for Disaster Risk Reduction in Four Indian Cities



- In 2016, USAID/India awarded \$2.5 million to the United Nations Development Programme (UNDP)
  - “Developing Resilient Cities through Risk Reduction to Disaster and Climate Change”
  - Grants help municipalities cover costs of risk reduction investments
  - Vijayawada, Visakhapatnam, Cuttack, Navi Mumbai
- Favorable enabling environment for PPPs
  - India’s 2013 Companies Act mandated corporate social responsibility (CSR) contributions
  - 2 percent of average net profits to initiatives with social benefits



In 2013, flash flooding washed away a road in northern India. *Source: AFP PHOTO/INDIAN ARMY*

# Challenges to Developing Public-Private Partnerships

- Limited understanding of disaster risk reduction options and benefits
- Local governments have limited resources or expertise to design DRR investments
- Public sector should provide incentives for private sector to commit time and resources
  - Many options for investing CSR funds
  - More private sector interest in PPPs that are highly visible to the public and bring favorable publicity
  - Understanding private partners' CSR planning cycles is key

# CEADIR Support for Public-Private Partnerships in India

- Partnered with The Energy and Resources Institute (TERI) in Delhi
- Coordinated with UNDP to engage municipal leaders to identify DRR needs and potential private sector investments
- Developed and presented potential DRR PPPs and investment options to private companies
- Helped secure commitments for private company contributions
  - Funding and procurement of goods and services
  - GIS mapping and analysis
  - Use of private land
  - Logistics support

# Proposed Public-Private Partnerships by City (I)

## Visakhapatnam

- Health Information System
- Integrating Emergency Health Services into City Operations Center
- Mapping Critical Community Facilities
- Enhancing Resilience of Critical Community Facilities
- Information, Education, and Communication (IEC)

## Cuttack

- Decentralized Municipal Solid Waste Management

# Proposed Public-Private Partnerships by City (II)

## Vijayawada

- Mapping Critical Community Facilities
- Information, Education, and Communication (IEC)
- Building Resilience to Heat Stress: City Level
- Building Resilience to Heat Stress: Individual Level

## Navi Mumbai

- Under development by UNDP

# Support for National Adaptation Financing in Senegal



- The Government of Senegal has adopted a sectoral approach to NAP development
- In 2016, Senegal completed fisheries sector NAP to address climate impacts on coastal ecosystems and fisheries economies
- In 2018, USAID/Senegal requested CEADIR support for adaptation financing planning



# Challenges to Adaptation Financing in Senegal

- Many countries' national adaptation planning processes have not integrated financing planning early in the process
  - Difficult to set priorities for adaptation actions
  - Limited ability to diversify financing for adaptation
- Many adaptation staff do not have training or experience in adaptation financing
  - A finance building blocks framework proved useful
    - Enabling environment
    - Capacity and information
    - Financing mechanisms and instruments

# CEADIR Support for Adaptation Financing in Senegal

- Delivered three-day training on climate adaptation financing for fisheries and agriculture sectors
- Collaborated with USAID-funded Collaborative Management for a Sustainable Fisheries Future (COMFISH Plus) Activity

# CEADIR Senegal Adaptation Financing Training

- Workshop content
  - Adaptation financing principles
  - International models of adaptation financing strategies
  - Identification of sector adaptation goals and objectives
  - Development of priority adaptation actions
  - Identification of potential financing sources
  - Assessment of strengths and limitations affecting ability to access adaptation financing

## Outcomes of Senegal Adaptation Financing Training (I)

- Participants from fisheries, agriculture, natural resources, financing, economic development, research institutions
- Fisheries working groups identified and described priority adaptation actions
  - Objectives, executing entity, timelines, benefits, preliminary budgets, and potential financing sources
- Agriculture working group discussed climate vulnerabilities and adaptation objectives

# Outcomes of Senegal Adaptation Financing Training (II)

Building Blocks	Strengths	Limitations	Potential actions
Enabling environment	<ul style="list-style-type: none"> <li>Political stability</li> <li>Existing framework for adaptation</li> <li>Favorable tax incentives</li> </ul>	<ul style="list-style-type: none"> <li>Climate change not a priority in national budget</li> <li>Little involvement of private sector in financing adaptation</li> </ul>	<ul style="list-style-type: none"> <li>Create permanent framework for PPPs</li> <li>Involve investment promotion agency</li> </ul>
Capacity and information	<ul style="list-style-type: none"> <li>Existing institutional framework for managing climate information and coordinating climate change initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient number of institutions accredited with multilateral funders</li> <li>Limited adaptation project development capacity</li> </ul>	<ul style="list-style-type: none"> <li>Build knowledge of mechanisms, procedures, criteria of climate funds</li> <li>Develop a climate finance preparation program</li> </ul>
Financing mechanism and instruments	<ul style="list-style-type: none"> <li>Dedicated agency to facilitate access to credit</li> <li>Multiple national funds that could be used for adaptation investments</li> </ul>	<ul style="list-style-type: none"> <li>Weak command of procedures for accessing climate finance</li> <li>Weak guarantees for adaptation investments</li> </ul>	

# Lessons Learned

- Many countries have insufficient capacity to prepare successful proposals for international climate funds without external assistance
  - Procedures and requirements are complicated, slow, and costly
- Financing should be addressed earlier and throughout process
- Private sector engagement vital for adaptation planning, financing, and implementation
  - Few countries have adequately involved private sector
- Requirements for CSR contributions can pave way for adaptation PPPs, but public sector must incentivize private sector to prioritize adaptation investments
- Insufficient attention generally given to sustainability of adaptation investments and scaling up after pilot phase
- Strong whole-of-government commitment necessary for sustaining capacity and engagement throughout adaptation planning processes

## CEADIR Adaptation Team

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For more information and contacts go to:  
[www.climatelinks.com/projects/ceadir](http://www.climatelinks.com/projects/ceadir)