Building Financial Instruments for Climate Adaptation

Lessons from the Global Innovation Lab for Climate Finance

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CLIMATE POLICY INITIATIVE

AUTHORS

Morgan Richmond
Michelle Lee
Liam Maguire

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ABOUT CPI

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has seven offices around the world in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

CONTACT

Morgan Richmond
Morgan.Richmond@cpiglobal.org

Michelle Lee
Michelle.Lee@cpiglobal.org

Liam Maguire
Liam.Maguire@cpiglobal.org

MEDIA CONTACT

Rob Kahn
Rob.Kahn@cpiglobal.org

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EXECUTIVE SUMMARY

As the physical hazards associated with climate change grow more severe—especially for vulnerable communities—there is a pressing need to expand and enhance adaptation finance. While investments in mitigation efforts to reduce and sequester greenhouse gas emissions have gained substantial momentum from public and private actors, climate adaptation-focused financial instruments face unique challenges due to a less mature market, perceptions around the potential for returns, and the complex nature of climate risks. However, there are ample opportunities for private-sector investment in climate adaptation.

This report provides recommendations for developing effective financial instruments that meet the growing demand for adaptation finance. Its insights are intended for actors across the adaptation finance landscape—from investment managers looking to pilot funds to institutional investors seeking to place their investments in resilient assets.

Over the past decade, The Global Innovation Lab for Climate Finance (The Lab) has built a strong record in adaptation finance, gleaning many lessons from supporting pioneering instruments. As of 2023 and the end of its ninth annual cycle, the Lab had supported 68 financial instruments, 17 of which focus specifically on adaptation. Many of these adaptation-focused instruments have successfully attracted investment—collectively mobilizing over USD 1.2 billion, including USD 378 million from Lab members and observers. However, not every instrument has mobilized finance.

Raising capital for adaptation projects remains a hurdle for three key reasons: (1) High perceived risk; (2) Limited investor awareness; and (3) The nascent nature of adaptation and resilience as a mainstream investment thesis. Many adaptation-focused financial instruments struggle with issues such as a lack of qualified projects in their pipeline, challenges with impact measurement, and the difficulty of pricing climate risk into investment decisions. This report explores these challenges and highlights the importance of engaging a diverse range of investors with varying expectations of low to commercial returns. It emphasizes the need for tailored strategies that align with investor mandates while advancing the broader adaptation agenda.

The Lab has identified five key steps for structuring adaptation-focused financial instruments that deliver results:

1. Define your adaptation and resilience thesis

Crafting a successful financial instrument for adaptation requires a clear and well-aligned understanding of adaptation outcomes. Adaptation finance aims to reduce the vulnerability of human or natural systems to climate impacts by enhancing adaptive capacity and resilience. Since adaptation activities are highly specific to local contexts, implementers of adaptation-focused financial instruments must clearly articulate how their investments enhance resilience within these unique settings since what constitutes adaptation in one setting may not be applicable in another. While some instruments have targeted adaptation benefits from the outset, the Lab's support has also enabled instruments to identify additional adaptation co-benefits from mitigation activities, which broadens their potential donor and investor engagement.

2. Build your pipeline with optimal cash flows

Many of the Lab instruments that failed to operationalize struggled because of inadequate project pipelines. For an adaptation project to progress from a concept to a viable investment, it must demonstrate robust and predictable cash flows. This holds across all financial instruments but is especially critical for those focused on adaptation, which often operate in high-risk sectors like water and agriculture and face challenges related to revenue generation and pipeline stability. Instruments can integrate strategies such as diversifying project pipelines, bundling products or services, and incorporating mitigation verticals into adaptation programming to enhance project bankability and diversify the project ecosystem—improving the likelihood of success.

Leveraging technical assistance and philanthropic support can provide crucial resources for de-risking early-stage projects, building adaptation investment coalitions, and establishing demonstration projects that attract more investors. Additionally, some instruments encounter difficulties when pricing climate risk or avoided costs into their structures, due to challenges in valuing localized climate benefits and securing entities that are willing to pay for these benefits. Instrument proponents should avoid assuming that other entities will pay for adaptation benefits, as this can hinder cash flows and financial sustainability.

3. Engage strategically with funders and structure around risk and returns

Effective adaptation finance aligns financial structures with investors' risk and return appetites while incorporating climate risk assessments. By simplifying financial structures and utilizing a blended capital stack—which combines concessional capital from donors, development finance institutions, and philanthropists with commercial investments—instruments can lower costs, increase investor confidence, and streamline implementation. Concessional capital thus plays a crucial role in de-risking investments by providing technical assistance, patient capital, subsidized premiums, and favorable terms to attract a broad range of investors across the spectrum of risk.

Successful fundraising for adaptation-focused instruments involves demonstrating that such investments are both impactful and profitable. Tailoring pitches to investors and funders has proven effective in linking adaptation and resilience to a variety of investor mandates. Impact-first investors, such as DFIs and philanthropists, are frequently more receptive to adaptation finance due to their mandates' focus on social and environmental impact. These investors often understand the benefits of adaptation finance and are motivated by the potential for significant positive outcomes in vulnerable communities. For commercial investors, highlighting the tangible benefits and market potential of climate-resilient projects and financial returns can make adaptation finance more attractive.

4. Cultivate collaborations and build bridges in your environment

Adaptation projects often require collaboration with diverse stakeholders, including local financial institutions, government entities, community partners, and technical experts. By leveraging the comparative strengths of these stakeholders, adaptation-focused financial instruments can access existing networks, expertise, and resources—enhancing both effectiveness and sustainability by securing local buy-in and fostering community ownership. Nevertheless, instruments can face challenges such as competition with public sector entities responsible for utility provision and the risk of a crowded adaptation investment space if pipeline growth remains limited.

Equally important is understanding and aligning with the policy, market, and institutional stakeholder environments in the target market. Instruments should be designed to fit within existing policy frameworks and address potential barriers such as underdeveloped financial sectors. Strategic alignment with national adaptation priorities and coordination with regional institutions and banks not only enhances the viability of adaptation projects but also amplifies their impact by building resilience in line with broader climate goals.

5. Measure the impact that matters—for you, your pipeline, and your investors

Developing metrics for adaptation finance requires aligning with project-specific interventions and investor interests. The current absence of uniform evaluation metrics in adaptation projects reflects the diverse approaches to adaptation but complicates impact comparison across instruments. Instruments should focus on meeting the most relevant indicators published by donor entities, even as the sector works toward standardization. Donors are increasingly requesting quantitative metrics, which will improve the ability to assess adaptation finance consistently and accurately. However, instruments should adapt to evolving frameworks without losing sight of localized, context-specific, and decision-useful metrics essential for measuring real impacts.

ABOUT THIS REPORT

This report provides a comprehensive guide for stakeholders seeking to develop financial instruments that advance climate adaptation. Following the introduction, each of the report's five main sections is designed to facilitate navigation, deepen understanding, and offer valuable context on best practices in adaptation finance.

Section structure

1. **Overview:** Each section begins with an overview that summarizes core concepts and themes. These overviews are grounded in research and offer essential context for understanding adaptation finance
2. **Practical recommendations:** Next, readers will find a list of actionable insights for designing and implementing effective financial instruments for adaptation. These recommendations are informed by the experience and successes of the Lab's portfolio.
3. **Examples from past proponents:** To illustrate the key ideas, each section contains case studies demonstrating how previous Lab instruments have successfully applied some of the report's recommendations.

Readers should explore the sections that align most with their interests and needs. This structured approach aims to aid your navigation through the report—allowing you to draw on the insights and examples that will best support your work in advancing climate adaptation finance.

CONTENTS

INTRODUCTION AND CONTEXT

As physical climate hazards worsen due to the impacts of climate change, the need to finance adaptation and resilience efforts continues to grow. Narratives around the risks and lack of bankability of adaptation projects persist, hindering the development of adaptation and resilience as a mainstream investment thesis. To combat this challenge and scale adaptation finance, work must be done to build a compelling business case for adaptation investments that demonstrates the sector's ability to generate returns and drive impact. This report provides insights for actors across the adaptation finance landscape—from investment managers looking to pilot funds to institutional investors seeking to place their investments in resilient assets—about how to develop effective financial instruments to meet the growing demand for adaptation finance.

Adaptation finance lags behind mitigation finance, leaving a substantial investment gap that the private sector can help to close. Current estimates project that adaptation finance needs will grow in emerging markets and developing economies, reaching USD 212 billion by 2030 and USD 239 billion between 2031 and 2050. This gap is likely to continue to widen, as the number of hazard events totaling USD 1 billion in damages has steadily increased since 1985—with developing countries disproportionately experiencing the adverse material effects of climate change. With this expanded need comes growing opportunities for investment in resilience, with the global adaptation market potentially reaching USD 2 trillion by 2026.

Despite the clear need and investment opportunity, concerns around limited cash flows and the nascency of adaptation and resilience interventions as an investment thesis have made it difficult for related financial instruments to raise capital. Understanding what inhibits private investment in adaptation will help fund managers and other implementors to better design adaptation-focused financial instruments in ways that mitigate risk and temper investor anxieties.

Key concerns that increase perceived risk and complicate fundraising for adaptation and resilience investments include:

1. **Investor unfamiliarity with adaptation:** Investors often have limited experience with adaptation investments, leading them to perceive these investments are riskier.
2. **Sector-specific risks:** The sectors encompassed by adaptation investments—such as insurance, agriculture, land use, water, and SME lending—are perceived as high-risk due to the nature of their operations.
3. **Returns volatility:** A significant concern is the potential instability of returns from adaptation investments, which can be affected by volatility in commodity markets (e.g., fisheries or agriculture), sectoral structures (e.g., water), or repayment issues from borrowers.
4. **Business model risks:** Some adaptation investment business models carry structural risks, such as insurance models that encounter basis risk and depend heavily on government support.
5. **Investment time horizons:** Certain adaptation investments—including nature-based solutions and agriculture—may have delayed returns or results, posing a challenge for investors.
6. **Lack of data and information:** There is an information gap, including data on exposure to climate change risk and vulnerability mapping for specific locations, hindering informed investment decisions.
7. **Perception of a limited pipeline of bankable projects:** The absence of standardized taxonomies for adaptation leads to investor uncertainty about what constitutes adaptation, complicating resource allocation and pipeline development.

A GUIDE TO BUILDING SUCCESSFUL ADAPTATION-FOCUSED FINANCIAL INSTRUMENTS

The Global Innovation Lab for Climate Finance (The Lab) has 10 years of experience structuring adaptation investments and has learned many hard-earned lessons from supporting pioneering instruments in the space. Having supported 17 adaptation-focused financial instruments, the Lab's adaptation portfolio includes instruments that have successfully mobilized a collective USD 1.2 billion across all types of investors, including USD 378 million from Lab members and observers. The Lab has also supported instruments that have struggled to launch or proceed beyond the pilot phase. The diversity among instruments—including instrument type, implementation pathway, etc.—provides the Lab with a unique vantage point and understanding of what is effective in this space.

Reflecting on both its successes and challenges, the Lab set out to examine the key challenges that implementors and funders face in constructing financial instruments for adaptation. This report includes insights into structuring instruments and mitigating risks. It examines critical challenges such as defining adaptation and resilience, identifying cashflow-generating activities, and managing risk in highly vulnerable sectors. It also explores the effective use of concessional capital to de-risk investments, especially in challenging fundraising environments. Finally, it discusses how to build a supportive ecosystem for partners, navigate regulatory issues, and measure adaptation impacts.

FIVE TIPS FOR SUCCESS FROM A DECADE OF ADAPTATION INVESTMENTS

From the Lab's experience with instruments that have flourished—as well as those that have struggled—we offer the following five critical steps to create an effective financial instrument targeting adaptation and resilience:

1. **Define your adaptation and resilience thesis:** Develop a strong, evidence-backed narrative for why your financing approach builds climate resilience and why partners and funders should understand it as adaptation-relevant.
2. **Build your pipeline with optimal cash flows:** Determine reliable cashflows, establish a strong investment pipeline, and assess potential commercial returns to improve the bankability of your adaptation-focused financial instrument.
3. **Engage strategically with funders and structure around risk and returns:** Structure the instrument and capital stack to de-risk investments and crowd in private investors. Prepare targeted pitches to engage investors and fundraisers with a range of different motivations, from impact-first to commercial investors.
4. **Cultivate collaborations and build bridges in your environment:** Engage with partner—including local entities—on mobilizing adaptation finance. Manage the competitive environment and relationships with other financiers while working within the confines of your regulatory or enabling environment.
5. **Measure the impact that matters—for you, your pipeline, and your investors:** Respond to potentially varied requests regarding impact evaluation and overcome measurement challenges.

INSTRUMENT OVERVIEW

Our track record shows that ambitious investment in adaptation is possible

$1.2 bn

collectively mobilized across funder types for adaptation by Lab solutions

50+

public and private investors funded adaptation-relevant Lab solutions

$378 mn

from Lab members & observers catalyzed 3x more investment from additional sources

$665 mn

in private investments accounted for half of the total mobilized by Lab for adaptation

71%

capital mobilization success rate

12

Adaptation-relevant ideas succesfully secured investments

The Lab's summary portfolio statistics show that ambitious investment in adaptation is possible. Of the Lab's 17 adaptation-relevant instruments, 12 went on to mobilize capital. This paper highlights instruments that incorporate promising best practices for adaptation finance, nine of which are summarized below.

Blockchain Climate Risk Crop Insurance

Proponent: Etherisc
Sector: Sustainable agriculture
Region: Africa

Blockchain Climate Risk Crop Insurance is an automated local weather-indexed parametric crop insurance platform for smallholder farmers in sub-Saharan Africa. Policies are plugged into smart contracts on a blockchain and automatically triggered during an extreme weather event, facilitating fair, transparent, and timely payouts. This reduces farmers' transaction costs during the processing of claims.

Catalyst Fund

Proponent: BFA Global
Sector: Adaptation and resilience
Region: Africa

Catalyst Fund is an impact fund and accelerator supporting early-stage technology startups that are building a climate-resilient future in Africa. Catalyst Fund blends capital from concessional and commercial equity investors to invest USD 200,000 in selected pre-seed portfolio companies. The fund provides capital and venture-building support—including product, data, technological, operational, growth marketing, and fundraising support that is crafted based on the startups' unique needs—and will have significant reserves to make follow-on investments at Seed and Series A in selected portfolio companies.

Climate Adaptation Notes

Proponent: GFA Climate and Infrastructure and Renewable by Nature
Sector: Water
Region: Southern Africa

Climate Adaptation Notes aims to increase funding for water and wastewater adaptation projects by combining the construction financing and post-construction refinancing phases into a single instrument. Combining short-term construction financing from commercial banks with long-term post-construction refinancing allows long-term funders to leverage commercial banks' construction project expertise, mitigating project performance risk and enabling institutional investors' participation in sectors they previously viewed as too risky.

Climate Insurance-Linked Resilient Infrastructure Financing (CILRIF)

Proponent: UNCDF
Sector: Infrastructure
Region: Global

Climate Insurance-Linked Resilient Infrastructure Fund (CILRIF) is a long-term "known-price" insurance solution that incentivizes municipalities to invest in resilient infrastructure. CILRIF aims to enable cities to access affordable 10- to 20-year climate insurance with pre-arranged premiums, contingent on cities' commitment to invest in climate resiliency. CILRIF will operate a climate risk insurance facility and an infrastructure finance facility, with cities' premiums decreasing as they meet agreed resilience investment targets.

Climate Investor One

Proponent: Climate Fund Managers
Sectors: Renewable energy (Climate Investor 1), Water / WASH (Climate Investor 2)
Regions: Asia-Pacific, Africa, Latin America and the Caribbean

Climate Investor Two is Climate Fund Managers' second climate-focused blended finance initiative. While Climate Investor One (2015) focused on renewable energy, Climate Investor Two supports the private sector in developing and constructing climate-resilient infrastructure projects in emerging markets' water, sanitation, and ocean sectors—which usually do not attract private-sector interest.

Climate Resilience and Adaptation Finance & Technology Transfer Facility (CRAFT)

Proponent: The Lightsmith Group
Sectors: Adaptation and Resilience
Regions: Global

Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT) is a growth equity fund that invests in companies in developed and developing countries that have proven technologies and solutions for climate resilience and have demonstrated market demand and revenue. Along with its technical assistance (TA) facility, the fund helps companies—like weather analytics and catastrophe risk modeling services, and drought-resilient seed companies—expand into new sectors and markets.

Cooling as a Service (CaaS)

Proponent: Basel Agency for Sustainable Energy
Sector: Cooling
Region: Global

Cooling as a Service is a pay-per-service model for clean cooling systems, which eliminates upfront investment for customers, who instead pay per unit of cooling they use, incentivizing efficient consumption. Technology providers are incentivized to install and maintain the most efficient equipment possible, while finance providers have the security of owning an operating asset under a cooling-as-a-service contract with a customer.

Restoration Insurance Service Company (RISCO)

Proponent: Conservation International
Sector: Land use/AFOLU
Region: Southeast Asia

Restoration Insurance Service Company (RISCO) is a first-of-its-kind social enterprise that uses insurance premiums to help capitalize a fund for green-gray infrastructure investment in mangrove projects. RISCO aims to increase the resilience of vulnerable coastal communities across Africa, Asia, and Latin America by selling parametric insurance to individuals, municipal governments, and SMEs in coastal regions. It then invests the revenues from the sale of insurance in mangrove-positive businesses and green-gray infrastructure with the aim of reducing material climate risk and improving livelihoods.

Smallholder Resilience Ventures

Proponent: One Acre Fund
Sector: Sustainable agriculture
Region: East Africa

Smallholder Resilience Ventures (SRV) is a debt and equity fund that invests in agri-SMEs in high-value, climate-resilient crop value chains in East Africa. SRV's synchronized approach includes aggregating smallholder production via One Acre Fund's client base and rural infrastructure, deploying capital to established SMEs in the value chain with TA to de-risk investments, and launching new SMEs through a venture studio to fill market gaps.

FIVE STEPS TO STRUCTURING YOUR ADAPTATION-FOCUSED FINANCIAL INSTRUMENT

STEP 1: DEFINE YOUR ADAPTATION AND RESILIENCE THESIS

OVERVIEW

It is critical to develop a strong, evidence-backed narrative for why your financing approach builds climate resilience. When setting out to structure a financing approach, the first step we recommend is to determine how you will articulate your adaptation thesis externally to funders and partners. In defining your thesis, you will need to advance an approach to qualifying the set of projects, investments, and/or pipelines you are targeting as relevant to adaptation and resilience.

To establish adaptation relevance, instruments must consider the specifics of the local context of their targeted geographies and sectors. Developing an adaptation and resilience thesis is inherently context-dependent. Given that climate hazards vary by environment, the same activities may not qualify as adaptation across different geographies. For example, drip irrigation in a

context with high climate-related water scarcity would be clearly adaptation-relevant, while the same activity in a place absent that climate risk would not be considered adaptation. To begin articulating your adaptation thesis, consider the following basic definition set:

Adaptation and resilience-focused instruments finance technology, products, services, or other activities where:

1. The activity's end-users or beneficiaries (people, assets, systems) are in a setting with material physical climate hazards.
2. The activity itself either directly reduces the impact of material physical climate hazards by employing best efforts and available resources or indirectly reduces the impact of these hazards on other economic activities.
3. The contribution to adaptation-related outcomes, such as hazard exposure, can be defined and qualitatively and/or quantitatively measured.
4. The activity uses the best available knowledge to provide solutions that avoid causing maladaptation for the direct user or the broader system in which they operate.

Lab instruments have adopted diverse approaches to building a narrative for their climate resilience strategies, and varied approaches can be successful. The Lab has endorsed an array of financial instruments spanning various sectors and pipelines that either the Lab or the instruments themselves have identified as adaptation-focused or adaptation-relevant.

Many instruments—including Catalyst Fund, CILRIF, CRAFT, Blockchain Climate Risk Crop Insurance, and Climate Adaptation Notes—had implementing teams that explicitly noted the instrument's focus on adaptation at early stages of development. Other instruments—including Cooling as a Service, Water Financing Facility, and Climate Investor Two—did not enter the Lab as adaptation-focused instruments but later aligned their investment theses with adaptation and resilience objectives, leading the teams to subsequently build external cases for being classified as adaptation. In some cases, building out this adaptation thesis has allowed instruments to broaden the range of potential investors with whom they can engage and provide a more robust assessment of their climate impact.

About half of the total adaptation-relevant Lab instruments have taken a sophisticated approach to defining and qualifying their approach as adaptation-relevant. Different funders will have varying standards for qualifying pipelines as adaptation. Public financial institutions with an adaptation mandate are likely to have a much narrower definition of what counts as adaptation. In particular, the multilateral development banks (MDBs) have rigorous qualifications for adaptation and resilience. In their definitions, investments must prove explicit intent to reduce climate risk vulnerability, not simply provide co-benefits. Meanwhile, other investors may not prioritize whether the pipeline of an instrument is adaptation and may not hold instruments to as high a standard when seeking to evaluate their adaptation impacts.

Many Lab instruments include a focus on increasing the resilience of livelihoods as a crucial component of their impact thesis related to adaptation and resilience. For example, for some instruments, a pipeline that can improve the livelihoods of users—through job creation, increase in transport access, etc.—is framed as adaptation-relevant because it helps end-users be more resilient to a range of increasing climate risks.

PRACTICAL RECOMMENDATIONS

Informed by the experience of Lab adaptation-relevant instruments, we offer the following tips to structure your adaptation thesis:

1. **Identify your end users/beneficiaries:** List all possible end users or beneficiaries of your investment pipeline. For instance, if investing in agri-SMEs, include the agri-SMEs, farmers, value chain participants, and consumers who purchase the final products.
2. **Define your geographic boundaries**: Determine the geographic location of these end-users or beneficiaries.
3. **Identify relevant climate hazards**: Use climate information to list the climate hazards in those locations (examples in Figure 1 below). Narrow down the list of climate hazards by identifying those to which the investment is likely to be materially exposed. Suggested sources for climate information include:
    a. World Bank: Climate Change Knowledge Portal
    b. Swiss Re Catnet: Natural Hazard Atlas
    c. World Resources Institute Aqueduct: Water risk mapping
    d. Climate Central: Coastal Risk Screening Tool

Box 1: Examples of Climate Hazards

Acute climate-related hazards:

- Heat waves
- Cold waves/frost
- Wildfire
- Cyclones, hurricanes, typhoons
- Storms (blizzard, dust, sandstorms)
- Tornados
- Drought
- Heavy precipitation
- Flood
- Glacial lake outburst
- Avalanche
- Landslide
- Subsidence

Chronic physical hazards:

- Changing temperature (air, freshwater, marine water)
- Heat stress
- Temperature variability
- Permafrost thawing
- Changing wind patterns
- Changing precipitation patterns and types
- Precipitation and/or hydrological variability
- Ocean acidification
- Saline intrusion
- Sea level rise
- Water stress
- Coastal erosion
- Soil degradation
- Soil erosion
- Solifluction

Source: Technical Annex to the EU Sustainable Finance Taxonomy. Pages 28-29

4. **Analyze your interventions**: For each end user or beneficiary—and considering the identified climate hazards and impacts—note how the specific interventions financed aim to reduce climate vulnerability. For example, if investing in a tech-enabled SME that offers personalized farming advice and direct connections with buyers, explain how these services help end users become more resilient to yield variability caused by temperature shifts, rainfall changes, and droughts.
5. **Reference available resources:** There are a range of resources to inform your thinking around what qualifies as adaptation. Most notably, MDBs have produced guidance for framing this analysis, including three questions:

    - **Question 1:** Has the context of climate change vulnerability been set out?
    - **Question 2:** Is there an explicit statement of intent to reduce the identified climate change vulnerability?
    - **Question 3:** Is there a direct link between the project activities and the identified climate change vulnerabilities?

    The MDB guidance also has specific prompts that can help guide the development of answers to the prompts above, including:

    - **Define your timeframe for adaptation activities and impact**: When identifying relevant climate hazards, align the timescale of projected climate change impacts with the intended lifespan of the activities financed through the project. For activities without clear lifespans (for example, certain types of nature-based solutions or investments in operational expenses), an appropriate timescale of projected climate change impacts should be considered.
    - **Assess your end-user capacity to identify and report on adaptation activities:** After identifying end users and beneficiaries, assess which of these institutions/individuals will have sufficient capacity to identify and report on adaptation activities. Evidence of this capacity could include dedicated responsibility for climate change adaptation, a climate risk management system, the disclosure of physical climate risk, or other evidence of processes that can support the identification of physical climate risk and adaptation activities. The reporting outcomes will look different depending on your activity type, as adaptation activities range from the adoption of climate-smart agriculture practices and soil conservation to the construction of early warning systems or dams for flood management. In the absence of a reporting capacity for some or all end users/beneficiaries, you should create a plan to collect this information at a centralized level.

EXAMPLES FROM PAST INSTRUMENTS

1. COOLING AS A SERVICE: IDENTIFYING THE ADAPTATION CO-BENEFITS OF A MITIGATION ACTIVITY

The Cooling as a Service (CaaS) initiative, led by the Basel Agency for Sustainable Energy (BASE), was supported by the Lab's Sustainable Cities window in 2019 and the team entered the Lab process with a focus on emissions reduction/mitigation. In the process, the team identified significant adaptive co-benefits of improving the energy efficiency of cooling systems and shifting to cleaner refrigerants. In building their adaptation thesis, BASE cited IPCC estimates that global labor productivity will be reduced during the hottest months to 60% of present productivity by 2100 under the business-as-usual climate scenario.

CaaS's climate adaptation relevance: Focusing on the agricultural sector, where the CaaS initiative has seen rising demand for solar powered decentralized cold rooms, BASE highlighted FAO estimates suggesting that approximately 25% of food waste in underserved markets in developing countries could be eliminated by adopting refrigeration services and equipment equivalent to those available in mature/high-income economies. While these estimates were not context-specific to their implementation geography, they allowed BASE to make the argument that a financing mechanism which reduces upfront costs and barriers to clean cooling would have adaptation benefits for smallholder farmers, agricultural value chains, and commercial building cooling burdens by reducing harvest losses, minimizing food waste, and enabling a more resilient and efficient energy supply.

To support climate adaptation and resilience in the agricultural sector, BASE launched the Your Virtual Cold Chain initiative to scale CaaS for smallholder farmers. The project integrates a data-driven mobile application called Coldtivate, which allows farmers to track the shelf life of their produce and make informed decisions on when and where to sell, reducing distress sales. The app is a key component in enhancing the value of refrigeration for smallholder farmers and making cold chain services more sustainable.

2. CLIMATE RESILIENCE AND ADAPTATION FINANCE AND TECHNOLOGY TRANSFER FACILITY (CRAFT): CREATING AN ADAPTATION SOLUTIONS TAXONOMY TO EVALUATE INVESTMENTS

The Lightsmith team developed CRAFT in 2017 as the first commercial investment vehicle to focus on expanding the availability of technologies and solutions for climate adaptation and resilience. CRAFT's 500+ company pipeline includes companies providing business intelligence as well as technology-enabled services that enhance resilience in areas such as supply chain analytics, weather modeling, precision agriculture, water efficiency, distributed energy, business continuity, disaster response, infrastructure engineering, and parametric insurance that will grow faster due to the increased need for adaptation.

CRAFT's climate adaptation relevance: As CRAFT was building out its pipeline after receiving support from the Lab, the Lightsmith team went on to develop its own comprehensive Adaptation Solutions Taxonomy. This tool takes a structured approach to determining whether an SME qualifies as an "Adaptation SME" based on the type(s) of technologies, products,

and services offered and the relevant risks they address. The taxonomy outlines a process to evaluate which SMEs may require targeted support to avoid maladaptation and to adopt best environmental and social risk management practices. The framework is also non-prescriptive and broad enough to be used to assess a range of activities across separate geographies. While this has been used to support Lightsmith's portfolio beyond CRAFT's pipeline development, it serves as an example of how organizations focused on adaptation can meaningfully assess their investments and impact.

3. CLIMATE INSURANCE-LINKED RESILIENT INFRASTRUCTURE FINANCING (CILRIF): INCENTIVIZING MUNICIPAL INVESTMENT IN ADAPTATION THROUGH INSURANCE

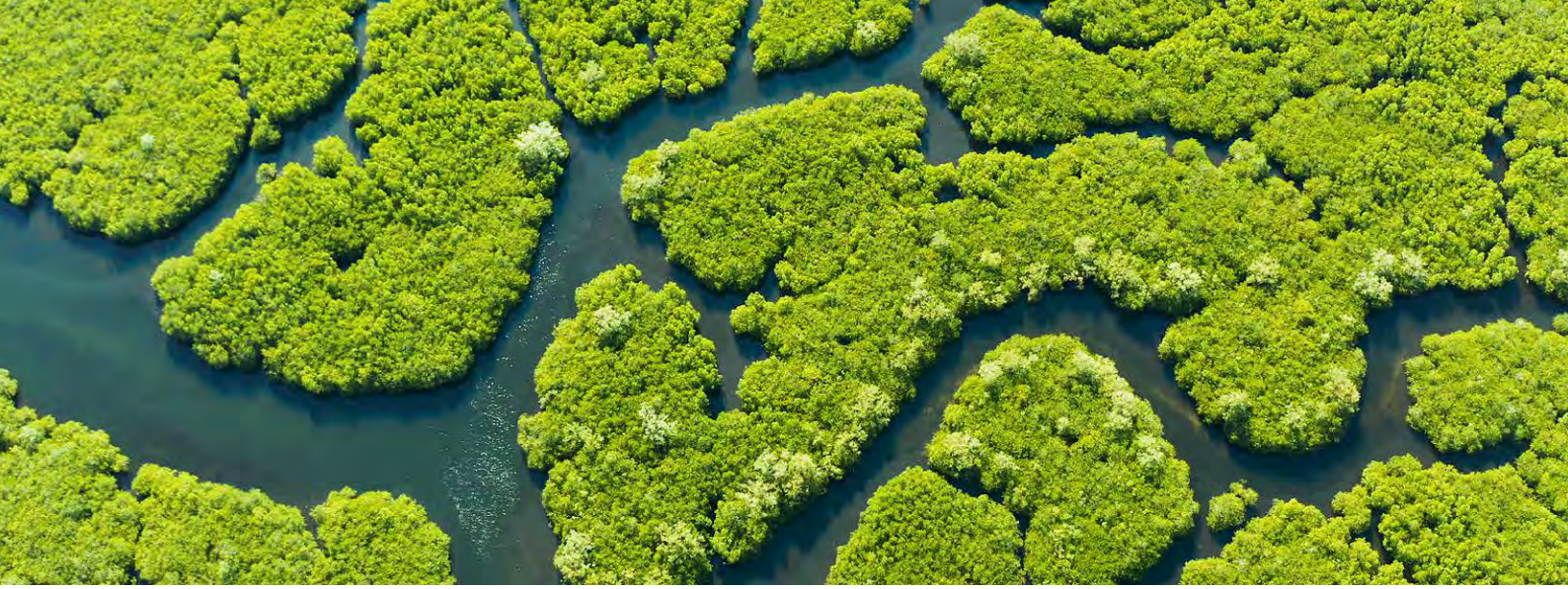
CILRIF was the first instrument to be supported by a dedicated global adaptation window through the Lab in 2022. When building its adaptation investment thesis, the team took the approach of clearly defining a set of climate risks the instrument would address in a variety of cities and then articulated how the instrument would contribute to responding to those risks and building systemic resilience.

CILRIF's climate adaptation relevance: Cities face increasing risks from extreme climate events, and those in developing markets have limited resources for pre- and post-disaster resiliency development. Climate insurance could reduce the financial burden on these municipalities, but current insurance products are not set up for the long term. Insurance premiums have continuously changed based on perceived risk and recent climate events, making the value proposition of insurance unclear. As cities lack a systems approach that links insurance premiums, financing costs, and resilience measures, it is difficult for stakeholders to identify and justify the value of climate resilience. CILRIF is a long-term insurance and financing solution that incentivizes municipalities to invest in resilient infrastructure and aims to enable cities to access affordable, long-term climate insurance with pre-arranged premiums and financing costs—contingent upon the cities' commitment to invest in climate resilience.

4. CLIMATE INVESTOR TWO: SUPPORTING CLIMATE-RESILIENT WATER INVESTMENTS

Climate Fund Managers, the fund management team behind Climate Investor Two, were supported by the Lab in 2015 as they worked to develop a prior fund—Climate Investor One. With Climate Investor Two, Climate Fund Managers found that working with public financial institutions, in particular, necessitated sophisticated articulation of the fund's adaptation thesis.

***Climate Investor Two's climate adaptation relevance*:** Climate Investor Two is a fund that supports the private sector in developing and constructing climate-resilient infrastructure projects in developing countries in the water, sanitation, and ocean sectors—areas that do not usually attract private sector interest. The targeted investments under the fund aim to reduce the effects and consequences of climate change by decreasing greenhouse gas emissions and increasing the resilience of vulnerable communities. For instance, in the water sector, Climate Investor Two helps countries undergoing, or expected to undergo, water stress to adapt to climate change by building infrastructure that sources, transports, and treats the water necessary for both municipal and industrial users.



STEP 2: BUILD YOUR PIPELINE WITH OPTIMAL CASH FLOWS

OVERVIEW

Reliable cash flows and a strong investment pipeline are essential for the bankability of an adaptation-focused financial instrument. A project becomes investable when there are predictable and robust cashflows; an instrument becomes bankable when it has a pipeline of potential investments. While this is true of all financial instruments, the burden of proof is particularly heavy for those focused on adaptation, given the widely held perception that such instruments do not generate sufficient or consistent cash flows.

Many Lab instruments that have failed to operationalize have struggled with a weak or insufficient pipeline. While it is intuitive that an insufficient pipeline leads to weak cash flows and the absence of an investment opportunity, this underscores the importance of building a strong pipeline for adaptation-focused financial instruments. Implementation teams must focus early and concertedly on pipeline origination and on verifying that investees are bankable (as defined by the instrument).

TA and philanthropic support can have a catalytic effect on investment flows by supporting the construction of a pipeline of investible adaptation opportunities. TA and philanthropy can create a proof-of-concept for the efficacy of adaptation finance by funding demonstration projects, de-risking the underwriting of new adaptation technologies and approaches, and facilitating expansion into new markets. Without demonstration projects, risk-averse consumers such as smallholders may not adopt new practices, which could potentially constrain cashflows.

As investors seek to grow adaptation and resilience as a mainstream investment thesis or an asset class, there is a need for TA to support origination and due diligence activities that benefit the entire ecosystem. Fund managers, implementors and potential investments all require TA and philanthropic support. Given the nascency of the adaptation and resilience landscape, traditional fund fees (i.e., the 2% management fee and 20% carry) are not economical to cover the costs of ecosystem building that fund managers and implementors incur. Additionally, TA to potential investments (companies and projects) in the pre-investment phase can help bolster the pipeline across the adaptation investment sector—as projects and companies will be more prepared to meet investor requirements, have more solidified business plans, etc.

Adequate sources of pipeline and the bankability of potential investees are the most critical factors for developing a pipeline of adaptation investments with robust cash flows.

1. **Pipeline origination and sourcing:** Instruments source their project pipelines from various places, including project preparation funds, accelerators, pipelines of similar funds, open calls, venture studios, and government programs. Most instruments originate pipeline from multiple sources because of the limited runway of bankable adaptation investments currently on the market. Many funds share pipelines, passing along deals that may be too late- or early-stage for their particular instrument, or going in as co-investors. Co-financing can be critical, but pipeline sharing also raises the possibility of there being too few potential deals for a growing number of investors interested in adaptation. Pipeline sourcing that relies on a government or multilateral institution may also introduce high levels of political risk if governmental priorities or program funding shift.
2. **Verifying investment entity bankability:** An entity's ability to absorb capital is crucial for the instrument's success. If the targeted entities cannot or do not want to take on investments, your adaptation-focused instrument will not succeed—regardless of market research predictions or its potential impact. Some instruments mitigate this risk by being selective in choosing which business or entity to engage. For example, instead of targeting all smallholders, Caaporã Socio Climate Benefits Fund, a 2018 Lab instrument, focused on smallholders that are already engaged in the protein value chain and receiving income from corporate off-takers, as they were considered to be more creditworthy.

Some instruments have struggled to secure cash flows when pricing climate risk or incorporating avoided costs into their structures. In these cases, instruments were designed to depend on payments from external entities for avoided costs associated with not-yet-realized adaptation benefits. This could include insurance companies expected to accept lower premiums from municipalities for increased climate resilience, or utilities that would pay instruments for their services in improving water management and conservation. Pricing risk or avoided costs can complicate an instrument's cash flow structure and may deter investors seeking simplicity. CILRIF, Monetizing Water Savings, and RISCO are three Lab instruments that have incorporated climate risk into their structures. All three have identified barriers to efficient pricing of climate risk and avoided costs:

1. **A lack of willingness to pay for climate risk:** The entity structuring the instrument is not necessarily the entity that will incur the costs of the given climate risk. This means that the organization benefiting from the instrument's adaptation action must be willing to pay for its avoided cost—i.e., one that it has not incurred yet. This can be challenging in situations where budgets are limited or if the impact of the cost is not fully understood. The organization that would benefit from cost savings—be it a government, insurance company, utility, etc.—must be willing to pay and be brought into the instrument in order to realize these potential cash flows.
2. **Pricing climate risk is complex and costly:** Accurately pricing climate risk and avoided costs is technically complex, given the localized nature of adaptation and the uncertainty of future climate scenarios. The economic value of any adaptation solution is dependent on the local context of climate risk, the value of the assets made more resilient, and other metrics to which assigning a monetary value would be challenging or inappropriate—such as deaths averted. This means that the value of the same adaptation activity, such as installing an irrigation system, may be different in India vs. the Philippines, and could even vary within one country or community. Pricing climate risk requires a large amount of historic data, which is not always robust or available within some developing countries. In addition to being

complicated, developing the models to price climate risk is expensive due to the need for insurance, actuarial, climate, financial, or mathematical modeling, as well as civil engineering or computational modeling expertise.

PRACTICAL RECOMMENDATIONS

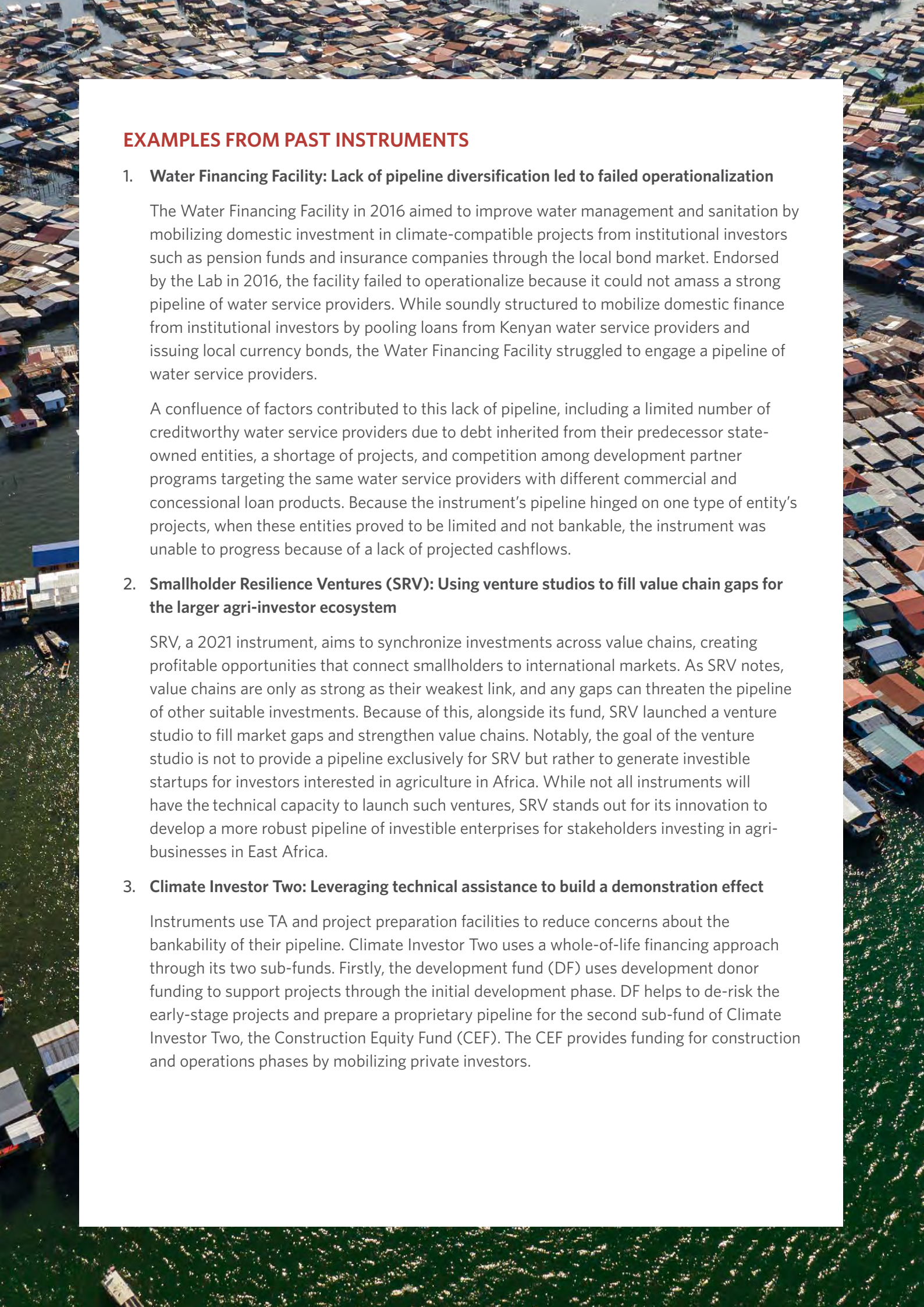
1. **Diversify your pipeline origination sources:** Pipeline diversification strategies are essential to securing adequate cash flows for adaptation-focused financial instruments and mitigating the perceived risk of their investments. A robust pipeline requires sourcing from various channels. Implementing strategies such as targeting multiple market segments, working across verticals, incorporating technology-related investments, and building global reach can help adaptation-focused financial instruments secure adequate cash flows and manage risks more effectively. Examples of strategies to diversify pipeline are shown in Table 1.

Table 1: Suggested strategies for pipeline diversification

Strategy 1: Incorporate mitigation verticals alongside your adaptation thesis.	Structuring a pipeline with combined adaptation and mitigation objectives can help instruments create a comprehensive climate thesis and reduce the sole adaptation lens perception of reduced bankability. For example, Cooling as a Service invests in clean cooling technologies that decrease emissions while also improving agricultural and health value chain resilience and reducing food waste. Other adaptation-focused instruments in the Lab portfolio explore carbon finance to diversify cashflows, whether through providing alternative sources of income for customer bases (e.g., smallholder farmers) or selling credits generated from the activities the instrument invests in (e.g., mangrove restoration).
Strategy 2: Target multiple market segments.	Several Lab adaptation-relevant instruments seek to diversify cash flows by targeting various market segments with the same financial product. RISCO's insurance product targets cities, villages, professional associations, and MSMEs. These entities' varied risk profiles and insurance needs expands the market for the instrument, reducing RISCO's reliance on any one segment for its cash flows.
Strategy 3: Where relevant, build a global remit.	Spanning multiple geographies can boost diversification, as it reduces the likelihood that all investments could be impacted by the same exogenous shock (e.g., an extreme weather event). For example, CRAFT has mitigated risk by focusing on adaptation investments in both developing and developed countries, helping to limit geographic risk and expanding the pool of potential investments. However, the context-specificity of some adaptation-focused instruments means that this is not always feasible.
Strategy 4: Incorporate a technology-related pipeline.	Technology investment verticals can have the dual benefit of high resiliency potential alongside high returns and can bolster overall portfolio cash flows, enabling funds to invest in riskier adaptation ventures. For example, one of Catalyst Fund's three verticals is fintech for climate resilience, which complements its other verticals of climate-smart essential services, and sustainable livelihoods.
Strategy 5: Crowdsource pipeline from actors upstream or downstream.	Many instruments have developed strategies and partnerships to share pipelines with other entities in their ecosystem. For example, though still challenging in practice, Climate Adaptation Notes developed a strong plan to leverage commercial banks' significant eligible pipeline as well as their due diligence expertise to assess project risk.
Strategy 6: Over-index time and resources on pipeline origination.	For implementors, it is important to not underestimate the time and resources needed to develop a strong, adaptation-focused pipeline. Catalyst Fund is intensely focused on pipeline development and investment diligence—the team is aware of the risk of a shortage of eligible investment opportunities—and has worked to review over 2,300 potential investment opportunities, funneled through a range of sources.

Strategy 7: Bundle products and services.	Bundling products and services is another way to increase demand for the proposed financial service. Etherisc's Blockchain Climate Risk Crop Insurance, bundles their service (insurance) with other services targeted at the same end user. The end user pays a single price for all the components, which the providers then split. This can smooth the deal flow for products that may have strong climate resilience potential but may have pricing challenges (such as inclusive insurance).
Strategy 8: Establish offtake agreements or multi-year contracts.	Offtake agreements and multi-year contracts are a key source of dependable pipelines and have played a hero's role in making mitigation projects bankable. These agreements can help secure consistent, long-term cashflows to projects. Offtake agreements often need to have larger transaction sizes; however, some Lab adaptation-focused instruments have considered projects to overcome this barrier. For example, the Agricultural Supply Chain Adaptation Facility sought to connect farmers and processors to wholesalers and international traders by establishing offtake agreements in the pipeline phase.
Strategy 9: Leverage tech solutions.	Tech solutions such as Artificial Intelligence (AI) and machine learning can also help to reduce pipeline risk. Climate Smart Shrimp Fund is using machine learning and AI to mitigate against risk that there is not adequate pipeline. The Climate Smart Shrimp Farm Viability tool uses machine learning and AI with earth observation data to identify and classify aquaculture systems in Indonesia and Ecuador. The web map tools analyze the potential suitability of aquaculture sites.

2. **Strengthen the bankability of investee entities:** If your potential investees cannot absorb capital, your instrument will fail. Instruments should conduct robust interviews and due diligence processes to corroborate that target entities have sufficient financial ability or are already involved in reliable value chains. Investing in dedicated pre-development funds or TA facilities can de-risk adaptation-focused financial instruments by preparing projects for investment. Specifically, TA and project preparation support can help improve business models for pipeline projects/companies and increase their ability to service debt or create profitable returns.
3. **Leverage technical assistance and philanthropy:** TA and philanthropic support are key to developing a strong pipeline. By creating a demonstration effect and enhancing new technologies, they can help expand the ecosystem of investable projects and improve the effectiveness of incoming finance flows.
4. **Be wary when pricing climate risk or avoided costs:** Proponents should not assume that other entities will be able or willing to pay for adaptation benefits and should be cautious when pricing risk or avoided costs into instrument structures. If external entities do not comply, cash flows may be restricted. If instruments have buy-in from entities willing to pay for avoided costs or realized benefits, they must also have sufficient technical capacity to support requisite data analysis to quantify localized adaptation benefits and quantify avoided costs.
5. **Take your time:** Pipeline strength is the most substantial indicator of a successful instrument. Taking the time to review pipeline sourcing and strategically plan around investment coalitions will help make your proposed instrument stronger.



EXAMPLES FROM PAST INSTRUMENTS

1. **Water Financing Facility: Lack of pipeline diversification led to failed operationalization**

   The Water Financing Facility in 2016 aimed to improve water management and sanitation by mobilizing domestic investment in climate-compatible projects from institutional investors such as pension funds and insurance companies through the local bond market. Endorsed by the Lab in 2016, the facility failed to operationalize because it could not amass a strong pipeline of water service providers. While soundly structured to mobilize domestic finance from institutional investors by pooling loans from Kenyan water service providers and issuing local currency bonds, the Water Financing Facility struggled to engage a pipeline of water service providers.

   A confluence of factors contributed to this lack of pipeline, including a limited number of creditworthy water service providers due to debt inherited from their predecessor state-owned entities, a shortage of projects, and competition among development partner programs targeting the same water service providers with different commercial and concessional loan products. Because the instrument's pipeline hinged on one type of entity's projects, when these entities proved to be limited and not bankable, the instrument was unable to progress because of a lack of projected cashflows.

2. **Smallholder Resilience Ventures (SRV): Using venture studios to fill value chain gaps for the larger agri-investor ecosystem**

   SRV, a 2021 instrument, aims to synchronize investments across value chains, creating profitable opportunities that connect smallholders to international markets. As SRV notes, value chains are only as strong as their weakest link, and any gaps can threaten the pipeline of other suitable investments. Because of this, alongside its fund, SRV launched a venture studio to fill market gaps and strengthen value chains. Notably, the goal of the venture studio is not to provide a pipeline exclusively for SRV but rather to generate investible startups for investors interested in agriculture in Africa. While not all instruments will have the technical capacity to launch such ventures, SRV stands out for its innovation to develop a more robust pipeline of investible enterprises for stakeholders investing in agri-businesses in East Africa.

3. **Climate Investor Two: Leveraging technical assistance to build a demonstration effect**

   Instruments use TA and project preparation facilities to reduce concerns about the bankability of their pipeline. Climate Investor Two uses a whole-of-life financing approach through its two sub-funds. Firstly, the development fund (DF) uses development donor funding to support projects through the initial development phase. DF helps to de-risk the early-stage projects and prepare a proprietary pipeline for the second sub-fund of Climate Investor Two, the Construction Equity Fund (CEF). The CEF provides funding for construction and operations phases by mobilizing private investors.

STEP 3: ENGAGE STRATEGICALLY WITH FUNDERS AND STRUCTURE AROUND RISK AND RETURNS

OVERVIEW

To be successful in fundraising, adaptation-focused financial instruments must make the case to investors that investing in adaptation is both impactful and profitable. Because many investors lack familiarity with the adaptation investment thesis, it is crucial for implementors to educate public and private investors on adaptation and resilience programs, the bankability of adaptation investments, and actual investment risk profiles. In engaging with investors, dynamic fundraisers will be able to define adaptation and resilience, highlight return opportunities, and dispel common misconceptions about investing in adaptation.

There is a wide range of potential investors for adaptation-focused instruments, with different incentives for engaging instruments. It is important to understand an investor's motivations. Public sector and DFI investors will be concerned about social impact, while private investors may be less driven by the prospect of delivering adaptation outcomes. Instead, they will focus on commercial returns or advancing sector interests. Some may be unaware of why adaptation finance matters, but be open to hearing its benefits. Instruments should clearly communicate the value of their products to investors with varying goals, tailoring their message to appeal to each investor's specific interests.

Instrument structuring and the strategic use of blended finance in your capital stack is key to de-risking adaptation-focused financial instruments and creating a variety of returns profiles attractive to different investor classes. The high risk associated with investing in micro-, small-, and medium-sized enterprises, agribusinesses, and adaptation itself can prevent pertinent initiatives from raising the large-scale, long-term capital that is crucial to success. Further, private funds have been hesitant to invest in adaptation businesses because of uncertainty that business models are sound. Adaptation-focused financial instruments should thus be designed in a way that mitigates common risks, particularly around cash flows.

PRACTICAL RECOMMENDATIONS

1. **Package (and re-package) your pitch:** Customize pitch materials to match specific investor priorities, such as climate, regional focus, economic development, or sector preferences.

An adaptation and resilience thesis is versatile, allowing instruments to tailor pitches to various audiences. Each instrument in the Lab portfolio spans multiple investment verticals, including regions and sectors. To match specific investor mandates, implementers should adapt materials—like slide decks and primers—by adjusting examples, refining problem statements, and highlighting key metrics to resonate with different investor mandates. For investors mainstreaming climate across mandates, adaptation can be positioned as a solution by emphasizing relevant themes while maintaining a strong climate impact thesis.

2. **Know your investors' end goals:** Doing your research to understand what is motivating your prospective investors and funders is critical. It is crucial to know what each investor you engage with is looking for and make sure your instrument aligns with their end goals.

    a. **Impact-focused investors:** When pitching to impact-first investors—e.g., government agencies, DFIs, philanthropies, and impact funds—many Lab-supported instruments have found success in foregrounding their adaptation-focused investment pitches. These investors are often more familiar with adaptation and resilience and may also have specific mandates or interests regarding adaptation and resilience. Highlighting the risk climate change poses, and the potential losses of inaction, as well as how investments will reduce those risks and enhance resilience, is key to successfully pitching to this set of investors.

    b. **Commercial investors:** Pitches to commercial investors should clearly articulate the opportunity and potential returns from investing in a climate-resilient future—be they climate-proofing livelihoods, creating a circular economy, starting a market for cooling technology, or enhancing food security through regenerative agriculture. While conversations with commercial investors on adaptation are shifting, many instrument proponents have found that leading with an adaptation-first or physical risk pitch created confusion around the definition of an adaptation venture and whether adaptation funds were simply generalist funds. This may be because commercial investors are less familiar with various adaptation metrics and definitions, and are less convinced by arguments around the dollar value of reduced exposure to climate risk that many DFIs require.

3. **Simplify your instrument structure:** Adaptation-focused financial instrument structures should be kept as simple as possible to reduce the amount of risk investors would need to take on. Adding complexity to the structure increases risk, which investors may already perceive as high. The Lab found that successful adaptation-focused instruments highlighted the risk inherent to their adaptation investment thesis and geography, rather than introducing uncertainty by using complex structures with which investors are less comfortable. From the Lab's experience, standard, tested structures such as closed-end funds have had more success. This does not mean that adaptation-focused financial instrument structures should only be simple or traditional, but rather that in cases where cash flows are less standard, more complex structuring may be needed to help overcome challenges in bankability—which may increase perceived risk.

    Standard structures are easier to operationalize due to various factors, including:

    a. **Lower costs**: Lower structuring and legal fees due to existing materials/models for standard structures, as opposed to bespoke designs, which require more resources to set up, model, and test with the market.

b. **Streamlined management:** Novel structures often require more partners and actors to implement, creating bottlenecks due to the need to build consensus and modes of collaboration.

c. **Investor comfort:** Investors are more likely to invest in standard, understood structures.

4. **Leverage concessional finance:** Identify where your instrument incurs the most risk and use concessional finance to mitigate that, whether through a blended structure, offering concessional terms to investees, or through TA and project development funds. Adaptation-focused instruments have used concessional finance in two key ways:

   a. **Blended finance structures to protect investor returns:** Lab instruments have used a variety of blended finance structures, including blended capital stacks with senior and junior tranches, first-loss facilities, and guarantees. By strategically using DFI and philanthropic funding in this way, instruments can better attract commercial and/or institutional investors.

      The capital stack and structuring approaches for adaptation-focused financial instruments are not significantly different than those for mitigation-focused instruments. Both types of instruments will choose the blended finance model that is optimal for their structure. A common structure for Lab adaptation-focused financial instruments is a multi-tranche fund with an attached TA facility. Tranches allow investors to select the risk level that they are comfortable with. Instruments often have 2-3 tranches, ranging from no return expectation to purely commercial returns. Other instruments have chosen to pursue other de-risking mechanisms, such as unfunded guarantees, which are particularly appropriate for debt instruments.

   b. **Concessional capital to de-risk investments at the investee level:** Some Lab instruments plan to use the concessional capital they receive from DFIs and donors to offer more flexible loan terms, concessional interest rates, subsidized premiums, and patient capital. This approach increases the likelihood that investments in riskier markets and sectors will generate adequate cash flows. Additionally, it contributes to the additionality and access to climate finance in target communities.

5. **Account for key barriers in your design:** Adaptation-focused financial instruments should consider key barriers in their structure, including high upfront costs, slow fundraising rounds, and high perceived risk. In addition to leveraging blended finance structures, instruments have taken several structuring approaches to overcome these barriers:

   a. **Revolving funds:** Revolving funds can recycle limited investment capital efficiently, increasing the speed of deployment as funds get repaid, and reducing the need for further fundraising rounds, assuming capital preservation.

   b. **Evergreen funds:** Some adaptation-focused financial instruments are considering evergreen structures, such as permanent capital vehicles, as an alternative to a more standard 10-year closed-end LP/GP fund. Because evergreen funds do not have an end date by which all investments must be deployed and returns or exits achieved, these structures allow investors to focus on long-term returns. This is particularly appealing for instruments operating in sectors with long time horizons for return on investment, such as nature-based solutions. Evergreen structures are attractive for implementors with strong anchor investor support; however, a key downside is that investor comfort and ability to capitalize evergreen structures may be constrained.

EXAMPLES FROM PAST INSTRUMENTS

1. **Catalyst Fund: Creating versatile marketing for investors across distinct verticals**

   Catalyst Fund, a 2023 instrument, had a broad investment thesis focused on adaptation and resilience, which included three verticals, described below. In selecting its three verticals, the fund can approach a variety of investors with different priorities, including climate adaptation, fintech, climate tech, and economic development in Africa. They created different briefing materials to bolster their pitch for each focus area within the same fund. The high-level investment thesis framing for each vertical, preparing the most relevant information to tailor engagement with a range of investor mandates, is as follows:

   - **The Catalyst Fund Fintech for Climate Resilience** thesis focuses on insurtech, emergency payments, and carbon finance solutions.
   - **The Catalyst Fund Sustainable Livelihoods** thesis focuses on startups that are building the resilience of individuals' livelihoods and incomes in the face of climate-related hazards. Its three product categories identified are: agtech and food systems, land restoration, and fishery management.
   - **The Catalyst Fund Climate-Smart Essential Services** thesis focuses on startups that are providing services that vulnerable communities need to manage climate change impacts like water scarcity, increasing temperatures, increased disease burdens, and pollution. These impacts are creating the demand for four key solution areas: water management, cooling and cold storage, healthcare, and waste management.

2. **CRAFT and Catalyst Fund financial structure: Varied equity fund structures yielding high returns**

   CRAFT was designed as an equity fund with a dual-tranche structure with junior and senior tranches, attracting similar investors to both levels and sometimes seeing the same investor invest in both tranches. These tranches would be characterized by legally and financially separate sleeves for developed and developing country investments, enabling a clear separation of risk profiles with a mix of commercial and concessional capital in the developed country sleeve. A separate TA facility was crucial for CRAFT, as it embodies the "philosophical element of the blended finance thesis," enabling them to enter new markets more quickly and engage in market development opportunities.

   On the other hand, Catalyst Fund employs a waterfall structure with three layers: two levels of concessional or catalytic finance and one commercial level. The fund combines capital and venture-building support and will have significant reserves to make follow-on investments at Seed and Series A in selected portfolio companies. Unlike typical structures, Catalyst Fund does not impose a hurdle rate or offer different returns for senior investors. Instead, all investors share in the upside, rewarding those who take on risk and strengthening the fund's commercial appeal.

   These structuring approaches enable both CRAFT and Catalyst Fund to offer investors highly commercial returns, targeting 18-20% across their entire portfolios. Still, these

instruments differ in that they target pipelines at different stages of development: Catalyst supports pre-seed small organizations, while CRAFT engages companies that are more developed.

3. **RISCO: Securing revenue flows from multiple entities**

   RISCO sells parametric insurance to municipal and village governments. Though it has built successful partnerships, negotiating these agreements often takes long and the results are variable. It was therefore essential for RISCO to have multiple revenue channels. The instrument does this by selling blue carbon credits and by providing training and low interest loans to communities to start or scale up mangrove positive businesses. In addition, the instrument, is structured to have multi-year insurance sector contracts in place across different actors, including individuals, municipal governments, and SMEs.

   Still, RISCO's proponents knew that fundraising would be a challenge because it was lending to inherently high-risk businesses in areas vulnerable to climate hazards. RISCO's capital stack was thus modified to ensure that revenues from the sale of insurance funded the junior most tranche that provided first loss capital. This lowers the downside risk for funders providing debt to RISCO. The insurance, along with the support for mangrove positive businesses leads to a virtuous cycle that can lead to increased mangrove cover, improved coastal resilience, and the financial empowerment of vulnerable communities.

STEP 4: CULTIVATE COLLABORATIONS AND BUILD BRIDGES IN YOUR ENVIRONMENT

OVERVIEW

Each adaptation-focused financial instrument exists in a unique context and ecosystem of actors. The extent to which the instrument interacts with and responds to its environment can define its success. To effectively engage within their contexts, implementers must collaborate with other actors in the ecosystem and plan around the relevant policy and market conditions.

Collaboration with partners across an instrument's environment succeeds when it spurs innovation and leverages the comparative strengths of each actor, reducing duplication and allowing the instrument to add to the overall adaptation ecosystem. Actors in the adaptation ecosystem include private developers, civil society organizations, government ministries, financial institutions, and consumers. It is important to work with these entities across the lifecycle of the instrument, and it is especially critical to engage local partners, given the localized nature of physical climate risks and adaptation solutions.

Coordinating with government and linking with local financial institutions or financial intermediaries can amplify instruments' effectiveness. Government entities can be key partners for adaptation-focused financial instruments, whether through official public-private partnerships (PPPs) or through implementation support. This is especially relevant for sectors like infrastructure and water with high government involvement. Meanwhile, local financial institutions can provide finance, purchase bonds, refinance projects, and even act as intermediaries.

It is crucial that adaptation-focused financial instruments either be designed to respond to the enabling environment of their market or select a target market with an appropriate enabling environment. The enabling environment in a country will help determine the viability of certain types of instruments. For example, instruments such as resilience or recovery bonds can best raise capital in countries with higher fiscal capacity. Where financial sector development or institutional commitment to a particular climate priority is lacking, there may be a stronger role for concessional capital from DFIs or philanthropies in instrument design.

Implementers should assess how several types of environments affect a country's readiness for adaptation finance:

1. **Policy environment:** Key elements in the policy environment include whether there is a robust National Adaptation Plan or strategy in place, regulations enforcing adaptation measures—e.g., building codes—and access to climate modeling and data. For adaptation-focused financial instruments to succeed, they must assess whether the policy environment supports essential elements such as technology, mobile money, index insurance, and domestic capital markets. This is particularly critical for emerging or controversial solutions like blockchain and carbon credits. In some cases, legal and policy barriers may hinder investments in specific sectors. For example, when legal rights related to assets like water or carbon credits are held by the government, project implementors need to secure grants, concessions, or permits accordingly. Additionally, regulation matters. A well-regulated sector can provide legitimacy and stability. However, compliance with regulatory requirements can cause delays and potential roadblocks for the projects.
2. **Market environment:** Access to international markets, the availability of developed insurance markets, access to private equity or venture capital, as well as borrowing capacity will influence instrument cash flows. Where borrowing capacity is low or access to international markets is limited, considerable concessional finance is required to crowd in private investors through project preparation grants, first-loss debt tranches, and premium support to instruments. Without this concessional support, projects may face significant delays or a lack of finance. Where markets are accessible, instruments can build private investment into their design. This is the case for the Climate Smart Shrimp Fund, which depends on private investors in Indonesian financial markets to fund its revolving debt facility alongside concessional investors.
3. **Institutional/stakeholder environment:** Institutional stakeholders play a key role in enabling climate investments at scale in emerging and developing economies. Regional and national development banks are key to pipeline coordination and financial mobilization, while accredited entities can help link instruments to global financial support. While it faced political barriers to operationalize over the long term, Climate Adaptation Notes is an example of a fund that forged a partnership between institutional investors and commercial banks. The Climate Adaptation Notes structure connected South Africa's pension funds to commercial banks through a debt capital markets platform. With institutional investors assuming some of the credit risk, commercial banks were able to offer competitive loan pricing and faced fewer liquidity challenges.

Before deciding to enter a market, instruments should not only weigh whether favorable laws, policies, and regulations exist for the solution they are funding but also for adjacent solutions. For instance, RISCO not only had to understand the legal limits on insurance premiums in the Philippines, but also whether the country had a comprehensive disaster risk reduction strategy. To manage these considerations, it is helpful to have close working relationships with the government in question. If these relationships do not yet exist, proponents should actively cultivate them.

PRACTICAL RECOMMENDATIONS

1. **Collaborate with your "competitors":** Many proponents benefited from treating what could be considered "competitors" as collaborators when building adaptation-focused financial instruments due to their shared objectives. Some key reasons cited for this collaborative spirit include:

    a. Collaboration builds ecosystems: For many instruments, similar instruments or competitors are key partners in building a network of adaptation investments. Areas of collaboration include origination, pipeline development, due diligence, co-investment, messaging the value of adaptation investment to investors and policymakers, and navigating the investment or regulatory environments. Collaboration among similar entities bolsters the case for adaptation as a mainstream investment thesis and creates opportunities for project preparation support and exits for stakeholders.

    b. While collaboration is essential to building a robust ecosystem, it also serves as a safeguard against overcrowding. As the number of adaptation-focused financial instruments grows, there is a risk of overcrowding if pipeline development does not keep pace, leading to entities competing for the same deals. This was a challenge for the Water Financing Facility, where multiple development partners targeted the same water service providers with concessional capital and grants, overconcentrating resources on a limited pool of opportunities. To mitigate such risks, collaboration helps make space for all players by diversifying efforts and broadening the scope of investment opportunities.

    c. Many "competitors" in the adaptation ecosystem are public sector: Many instrument "competitors" are public sector entities, such as public utilities that might handle water infrastructure or government agencies that offer subsidized services, insurance, or social safety nets. This may create a challenge for price discovery for insurance premiums or pay-for-service models when potential customers are used to paying a lower price. However, these same entities that traditionally provide adaptation solutions are also key implementing partners for instruments, serving as technical partners, regulators, input suppliers, or customers.

2. **Identify potential partners—especially local ones:** It is critical for instruments to have a strong understanding of key stakeholders working on similar challenges. Mapping out potential players and building a robust network is a key first step. Engaging local entities such as community boards, suppliers, and technical experts is crucial for successful adaptation-focused financial instruments, given the localized nature of climate risks and solutions. The earlier instruments can secure buy-in from local partners, the more stable their pipeline will be. This is especially true if instruments co-design their activities with stakeholder support.

Table 2: Potential partners for local engagement

Entity	Supportive role
Governments	Establish enabling policy and regulator environments; collaborate on PPP; secure buy-in and alignment with national adaptation plans
Local DFIs	Leverage local market network access to reach target entities; offer concessional capital to support instrument structure and de-risk private investment
Civil Society/Community Organizations	Ground adaptation outcomes in most salient needs of the community; establish community buy-in to strengthen pipeline and participation in instrument activities
Utilities	Utilities' tariff revenue streams can complement private finance through PPPs; infrastructure management and utility access are key to many instruments' success

3. **Understand your enabling environment and cultivate key relationships**: Proponents should identify how the policy, market, and institutional stakeholder environments will affect or can support their instrument structures. Beyond identifying what may be key hurdles or opportunities within their enabling environment, instruments should identify partners and resources to support their development.

Table 3: Key factors in enabling environment across policy, market, and stakeholder categories (GCA/CPI 2021)

Policy environment	Market environment	Institutional stakeholder environment
▪ National Adaptation Plans/strategy in place ▪ Regulations enforcing adaptation measures (e.g., building codes) ▪ Availability and capacity to analyze climate data and modeling	▪ Access to international markets ▪ Developed insurance markets ▪ Private equity/venture capital availability ▪ Situational borrowing capacity	▪ Availability of accredited entities to access climate finance ▪ Engagement of national and regional development banks ▪ Engagement of other regional institutions

4. **Don't reinvent the wheel:** To maximize resources and develop a strong adaptation ecosystem, it is important to minimize duplication. By engaging with stakeholders and joining or creating networks of organizations working in the same space, instruments can learn from the experiences of others, allowing the adaptation ecosystem to develop further and faster. Comparable instruments and partners can be useful to provide insight on how to navigate regulatory environments.

EXAMPLES FROM PAST INSTRUMENTS

1. **Etherisc's Blockchain Climate Risk Crop Insurance: Building a diverse partnership network**

   Through its blockchain climate insurance platform, Etherisc has engaged with various partners to improve the economic viability of microinsurance for smallholder farmers in Africa.

   Etherisc is currently developing a partnership for parametric agriculture insurance where it provides a tech platform and partners with local insurers, reinsurers, agronomy services, and certification organizations to effectively design and deliver insurance products targeted at smallholder farmers. The aim is to bundle the insurance product with TA and access to carbon markets, bolstering smallholder farmers' incomes and the ability to afford insurance premiums.

   Etherisc views partnerships, such as the one described, as a key enabler to increase the profitability of inclusive climate insurance products, as they allow them to better address some of the root causes that lead to low uptake of parametric insurance policies among smallholders. Etherisc has developed a complex partnership model for bundling insurance and carbon credit services.

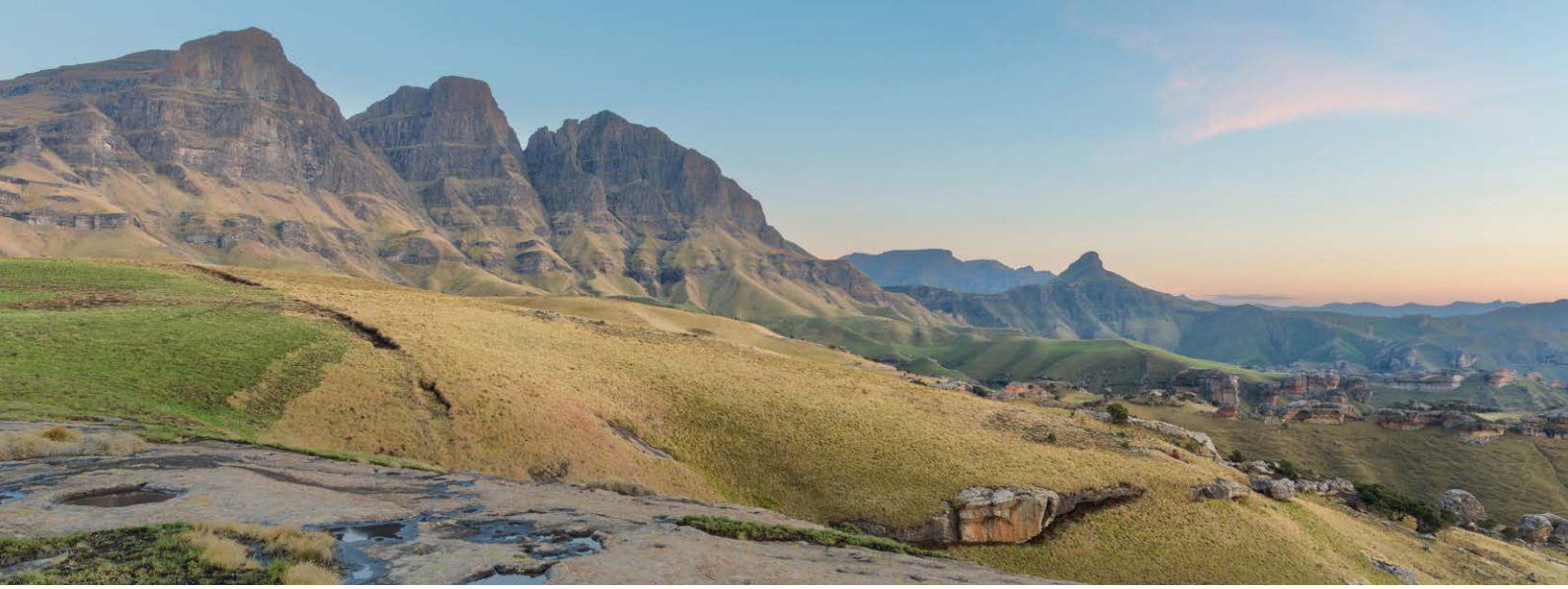
Table 4: Etherisc's partner network

Entity	Role in instrument
Africa Risk Capacity	Reinsurer
Various	Carbon credit marketplace manager
Ndugu	Smallholder farmer trainer
Various	Carbon credit certifier
AIC	Ugandan Insurer
Etherisc	Data processing on blockchain platform

2. **Caaporã Socio-Climate Benefits Fund: Designing an instrument to leverage demand created by the Brazilian policy environment**

   The Caaporã Socio-Climate Benefits Fund aims to increase forest restoration and reverse small-scale deforestation in the Amazon by creating a prototype business (NewCo) that invests in agroforestry systems in smallholding, while sharing production with smallholders and facilitating product sales.

   The instrument was designed to help smallholder farmers comply with the Brazilian Native Vegetation Protection law, which requires landowners in the Amazon region to keep 80% of their land covered in native vegetation. However, it is challenging for small and medium farmers to comply with this law. Because of this context, farmers in the Amazon have a strong incentive to participate in this instrument, bolstering the demand for NewCo's inputs and agroforestry support and smallholder interest in this instrument.



STEP 5: MEASURE THE IMPACT THAT MATTERS—FOR YOU, YOUR PIPELINE, AND YOUR INVESTORS

OVERVIEW

There is a wide range of metrics used to track adaptation impact, which is indicative of the array of approaches to adaptation and the diversity of actions in the space. This lack of standardized metrics poses challenges for comparing impact across adaptation-focused financial instruments, complicating benchmarking efforts. Instruments that effectively measure impact integrate climate risk assessment into their core functionality, demonstrating the importance of such measurements in guiding investment decisions.

Donors are increasingly seeking quantitative adaptation metrics, particularly data on physical infrastructure, to gauge the impact of climate resilience efforts. These metrics enable organizations to prioritize investments in activities with the greatest potential for impact and provide reliable, comparable data on climate-related outcomes.

While reporting the volume of capital invested in climate adaptation and resilience is important, it is insufficient on its own. It is essential to measure and report on the actual impact achieved by these investments on the ground to demonstrate tangible results. This, in turn, helps prioritize investments in activities that are most effective in addressing climate shocks and stressors. Impact measurement is most effective when it allows for flexible metrics at various levels, including individual activities, sectors, and overall portfolio risk.

PRACTICAL RECOMMENDATIONS

1. **When considering how to build an evaluation framework, begin by thinking through the following framing questions:**

    a. What kinds of requests are you receiving from potential and current funders regarding the impact of adaptation and resilience? Are there specific requirements already imposed by these funders?

b. In framing the case to end users and beneficiaries that this instrument will help build their climate resilience, what are the most important factors for them? For example, if investing in agri-SMEs, consider the key climate risks you are aiming to help those founders address and what kinds of benefits will be most appealing (e.g., reduced yield variability, increased crop production efficiency, or reduced food loss from heat).

c. What kind of data can you feasibly capture from end users and beneficiaries?

2. **Tailor your measurement approaches:** The wide range of adaptation approaches has led to diverse metrics for tracking impact. When developing an instrument, it is essential to measure the metrics that matter most to your donors and that substantiate your investment thesis while also choosing metrics that are meaningful to the companies, projects, and communities in which your instrument is investing. It is important to take an approach to impact measurement that has flexibility and is realistic in terms of what can be measured with available resources.

   To effectively tailor your approach, it is important to stay updated on the latest frameworks released by potential funding entities. For instance, UNEP-FI, a coalition of MDBs, and the EBRD have each introduced frameworks with key proposed metrics for measuring adaptation. Some of these frameworks suggest aggregate indicators—such as cubic meters of increased water availability per year, and tons of increased energy yield per year—that are useful for evaluating outcomes at both sector and portfolio levels. A "menu" approach to outcomes enables the tracking of specific metrics that may not be aggregable at the portfolio level alongside high-level metrics designed for broader aggregation.

3. **Be practical**: When building an evaluation framework, consider the data you can realistically capture from end users. This will make impact metrics both practical and reflective of the instrument's true effectiveness in building climate resilience. Measurement approaches are also most effective when the metrics captured are decision-useful, integrated into the investment process, and aligned with existing organizational measurement frameworks. However, achieving this can be challenging due to the varied objectives of public and private investors, the demand for different reporting frameworks, and the rapidly evolving perspectives on adaptation and resilience impact measurement.

4. **Manage for maladaptation:** An investment is maladaptive when it increases the vulnerability of the target community to the impacts of climate change, reduces welfare, has adverse effects on the environment (e.g., development that contributes to coastline erosion), or otherwise inhibits capacity to manage physical risk. This is critical when considering adaptation solutions that may have high emissions profiles, such as desalination plants. Instruments have taken varied approaches to maladaptation. Some, like CRAFT, take a "do-no-harm" approach and avoid such investments, while others consider offsetting. This leads to a larger question for implementors and funders on how to handle adaptation solutions that may conflict with overall mitigation goals.

EXAMPLES FROM PAST INSTRUMENTS

1. **Smallholder Resilience Ventures: Balancing rigor and actionability**

   As a subsidiary of One Acre Fund, SRV has built its impact measurement based on One Acre Fund's expertise in measuring impact for programming focused on smallholder farmers. SRV's approach relies on data reported by portfolio companies, many of which source from One Acre Fund farmers. SRV's current impact metrics include the number of farmers reached and dollar impact. Other key metrics SRV considers include job creation and farmer income on a year-to-year basis to evaluate whether income increases are stable and consistent. Regarding more rigorous climate metrics, such as soil nutrient depletion and restoration, SRV has found it logistically difficult to monitor as it requires resource-intensive and technically rigorous methods. Instead, One Acre Fund estimates this impact based on data collected elsewhere for the same intervention (e.g,, planting the same crop).

2. **Agricultural Supply Chain Adaptation Facility: Designing robust impact evaluations**

   The Agricultural Supply Chain Adaptation Facility, a 2015 Lab proponent that is no longer active, relied on data from its partner corporations' monitoring systems to supplement their own independent mid-term evaluation. However, its partner corporation may not have had adequate incentives or tools for assessing climate resilience. In designing its own evaluation, the facility considered conducting a quasi-experimental impact evaluation focused on control-group farmer outcomes using in-field data gathered by independent evaluators. The facility would monitor extra revenue or the revenues protected from potential losses on account of productivity gains achieved by investing in agricultural improvements through their funds. Given the scale of the facility—which anticipated reaching 63,000 to 420,000 farms over 15 years—it would be important to understand the impact of its investments. Still, this type of rigorous evaluation framework is resource-intensive and costly to implement and thus may be infeasible for some instruments.

KEY TAKEAWAYS FOR BUILDING AN ADAPTATION-FOCUSED INSTRUMENT

Interest in adaptation finance continues to grow. In the 2024 Lab Cycle, half of the ten selected instruments focused on adaptation, targeting a range of actors from agricultural enterprises focused on regenerative management practices in Mexico to urban food markets in Africa. This report concludes with recommendations for organizations looking to design and implement financial instruments that fund climate adaptation.

BUILD A STRONG PIPELINE AND STRUCTURE FOR INVESTOR CONFIDENCE

- **Instruments should focus on building a viable project pipeline.** Insufficient pipelines have significantly contributed to the challenges faced by some adaptation-relevant instruments. Particularly, if a government or public entity like a utility is critical for the project pipeline, there is a political risk that it may not be stable—and this can undermine your instrument. In your design, work to assess pipeline robustness and embrace innovative ways to mitigate pipeline risk, such as working with venture studios, sharing pipeline with other funds, using AI to locate projects, etc.
- **Keep your instrument's structure simple and maintain a concentrated risk profile.** Often, instruments that succeed in raising capital for adaptation activities have simple financial structures—e.g., basic equity funds, debt financing facilities, and consumer insurance.

A straightforward instrument structure can increase investor confidence around risk management in higher-risk sectors. However, if the sector or pipeline is perceived as lower risk—as with infrastructure—then there is room for innovative structuring.

- **Target a variety of investor risk appetites, ranging from capital preservation to venture capital returns.** Instruments should align with the mandates of different investors, identifying the most suitable investment opportunities for each potential funder. This will allow for DFIs to continue offering concessional capital as it advances their strategic priorities, as private firms prioritize risk mitigation and financial returns.

MEASURE AND COMMUNICATE YOUR IMPACT

- **Strengthen your metrics to effectively quantify the impact of adaptation and resilience within your instrument.** Ground your evaluation metrics in the local risk and hazard context while also leveraging existing adaptation taxonomies as valuable tools. Additionally, it is crucial for instruments to stay updated on new adaptation impact measurement standards, as this can enhance their capacity to demonstrate impact. Over time, this will contribute to a sector-wide demonstration effect supported by robust data.
- **Instruments should develop a clear adaptation thesis by carefully assessing their pipeline and the related climate risks.** Once risks are understood, instruments should focus on crafting their adaptation and investment theses to engage different investors. Some investors will be unconcerned about adaptation outcomes and will engage with an instrument because they are interested in the sector. Meanwhile, other investors—especially DFIs—will want instruments with an advanced adaptation framing. Instruments must be able to effectively engage funding entities with different end objectives.

KNOW YOUR LIMITS AND LEARN FROM WHAT WORKS

- **Proponents should be realistic in recognizing that adaptation-focused financial instruments may not always realize financial sustainability through commercial-level returns.** While adaptation-focused financial instruments can provide returns for investors, these are not always on par with those from mitigation-focused instruments. Instruments should thus focus on building a case for their financial sustainability, demonstrating a strong thesis of cash flows—commercial or not—to showcase the instrument's viability.
- **Understand the challenges associated with pricing risk into your instrument.** While valuable, pricing climate risk remains technically very complex. Lab-supported instruments have struggled to fully incorporate priced climate risk or avoided cost into cash flows. Unless an instrument can access this support, instruments should be wary of assuming other entities will pay for avoided costs in their structure.
- **When creating an instrument, draw from what has worked to date.** While they face different challenges related to project pipelines and investment bankability, the structures of successful financial instruments for adaptation mirror those of successful mitigation-focused instruments. Rather than over-complicating instrument design, focus on cultivating the key areas that can advance adaptation programs, especially investor support for TA and pipeline development.

ANNEX

RESEARCH METHODOLOGY

CPI, as the secretariat of the Global Innovation Lab for Climate Finance, undertook this study to distill learnings from past adaptation-relevant Lab instruments. Our research methodology included:

- **Desk review:** We reviewed the Lab analyses of the 17 adaptation-relevant instruments and captured existing internal learnings through informal interviews.
- **Interviews and focus groups:** We conducted interviews and focus groups with nine former Lab instruments to better understand how they structured their instruments to respond to challenges in the adaptation finance ecosystem.

INSTRUMENT OVERVIEW

Over the past decade, the Lab has endorsed 68 instruments, 17 of which were adaptation-relevant. The table below captures each one's name, approach, and proponent type. The nine instruments with an asterisk next to their names have been used throughout this report to illustrate the Lab's success and challenges in innovating adaptation finance. These instruments were selected because they made significant impact, mobilized substantial capital, or provided valuable insight on what works in the adaptation investment space:

Table 5: Adaptation-focused Lab instruments

Instrument	Approach	Proponent type
Agricultural Supply Chain Adaptation Facility	Alternative assets, debt fund	Multilateral, investment manager
Amazonia Sustainable Supply Chain Mechanism	Fund, offtake	Corporate
Blockchain Climate Risk Crop Insurance*	Credit enhancement, insurance, platform	Tech company
Caaporã Socio-Climate Benefits Fund	Alternative assets, private debt, SPV	Investment manager
Catalyst Climate Resilience Fund*	Alternative assets, private equity fund	Fund manager
Climate Adaptation Notes*	Fixed income, notes, platform	Fund manager
Climate Insurance-Linked Resilient Infrastructure Financing *	Credit enhancement, insurance	Multilateral
Climate Investor Two*	Alternative assets, private equity fund	DFI
CRAFT*	Alternative assets, private equity fund	Fund manager
Climate Smart Shrimp Fund	Alternative assets, private debt, fund	Nonprofit
Cooling as a Service*	Servitization, data tools, contract, platform	Nonprofit

Instrument	Approach	Proponent type
Monetizing Water Savings	Results-based finance, payment for ecosystem services, SPV	Nonprofit
Oasis Platform for Catastrophe and Climate Change	Platform, data tools, modeling	Company
Restoration Insurance Service Company (RISCO)*	Results-based finance, payment for eco. services	Nonprofit
Smallholder Resilience Ventures*	Alternative assets, private debt, Fund	Nonprofit
Sustainable Agriculture Finance Facility	Alternative assets, private debt, Fund	Advisory organization
Water Financing Facility	Fixed income, bonds, SPV	Advisory organization

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