

Proposed MDB Partnership for Adaptation and Resilience Investment

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01. The challenge

A major gap remains in preparing **bankable adaptation projects**, contributing to a large and persistent **shortfall in adaptation finance**.

Barriers in preparing investment-ready adaptation projects:

- i. climate risk **data** and knowledge gap;
- ii. lack of quality bankable adaptation **pipelines**;
- iii. challenges in making the **business case**;
- iv. lack of common **standards** for project structuring and results **metrics**; and
- v. in relation to the enabling environment; a lack of **policy** coherence and limited **institutional capacity**.

Global literature identifies:

Inadequate project pipelines and a lack of investable adaptation projects are major blocks. (*UNEP Adaptation Gap Reports*)

“Adaptation projects can be complex to structure” and “need in-depth project preparation support to get to market”. (*WBG. 2021, Enabling Private Investment in Climate Adaptation and Resilience*)

“Lack of bankable project pipelines for adaptation is a significant barrier to investment”. (*OECD, 2023, Scaling up Adaptation Finance in Developing Countries: Challenges and Opportunities for International Providers, Green Finance and Investment.*)

02. The partnership concept

- An MDB-led **delivery model** building on our collective experience that ultimately aims to develop the key actions needed to **scale up adaptation finance**. It will support public and private clients to identify, prepare, and structure investment-ready adaptation projects.
- The partnership aims to **transform** fragmented adaptation efforts into a coordinated approach that converts risk insights into investable pipelines, bankable projects, and measurable resilience outcomes.

The Partnership has 3 core functions:

1. System Level Risk and Results Analytics

A shared evidence base for better investment, stronger standards, more coordinated MDB action and greater knowledge built across the market.

2. Adaptation Pipeline Generation

Stronger country- and client-led pipelines, better financier coordination and more programmatic mobilisation of adaptation finance.

3. Adaptation Project Preparation

Coordinated MDB support that helps turn adaptation project concepts into financeable investments.

Cross-cutting enabling environment: knowledge and capacity building; adaptation outcomes and impact metrics; and policy and regulation.

Better data → Better pipelines → Investable projects → More finance → Measurable outcomes → Scaled replication → Knowledge enhanced

03. Why an MDB Partnership?

The value of working and leading as a system

An MDB-led coalition would strengthen the collective impact of MDB adaptation finance by creating a more coordinated, consistent and investable approach across the full adaptation investment chain.

- **Scale:** enabling MDBs to use their collective adaptation finance commitments (\$42 billion of annual adaptation financing for low-and middle-income countries by 2030) to unlock additional public and private investment.
- **Impact:** connecting risk analytics, project preparation, financial structuring and outcome assessment so that adaptation investments are better designed, financed and delivered, while also being replicable and building knowledge.
- **Complementarity:** leveraging MDBs' different regional mandates, sector expertise, public/private sector focus and financial instruments.
- **Amplification:** building on and linking with existing MDB initiatives to coordinate and amplify them through a structured approach.
- **Clarity:** aligning approaches, principles and methodologies to create clarity and consistency for clients, technical partners and investors, and making it easier to structure projects.
- **Leadership:** MDBs' have system-wide roles, as providers of finance, standard-setters, and long-term partners to governments and clients, that can help shape adaptation markets and crowd in capital.
- **Comprehensive:** creating value by connecting the full investment chain, not just strengthening individual pieces.

