The Intergovernmental Panel on Climate Change (IPCC) calls for urgent and bold mitigation and adaptation actions to seize the narrow but rapidly disappearing window of opportunities to secure a livable future for all. While governments and the public sector in general have so far been leading the adaptation efforts, the adaptation gap is expected to widen in some of the most vulnerable countries, such as in the Asia and Pacific region, who are among the most vulnerable to the impacts of climate change.

To effectively address the adaptation gap, particularly during the post-COVID-19 era when public finance is under severe strain, private sector engagement in adaptation is ever more important to bridge the adaptation financing gap. In addition, the adoption of the Paris Agreement on climate change and the ensuing climate policy development as well as the compelling scientific evidence have provided the business imperative for private sector to adapt.

There are three modes for private sector to engage in adaptation: (1) as “adaptors,” taking proactive action to assess and manage material physical climate risks so that goods and services are available even in times of climate disruption; (2) as “solution providers,” supplying the technologies, services and products for building climate resilience; and (3) as “financiers,” helping fill the considerable financial gap for the implementation or facilitation of adaptation and climate resilience projects. All these three forms of private sector engagement are critically important for delivering adaptation at scale.

Development finance institutions (DFIs) are well placed to support the acceleration of private sector engagement in adaptation. In particular, DFIs, together with multilateral development banks (MDBs) and governments could: (1) strengthen upstream engagement through policy dialogue and country programming processes; (2) accelerate the development and piloting of new financing products and tools; (3) deploy technical assistance strategically; (4) leverage partnerships; and (5) further enhance internal policy and operational processes.

Objectives: This side event will discuss the roles of DFIs in supporting the scaling up of private sector engagement in adaptation. It aims to highlight key resources, instruments, and emerging opportunities, including key levers that could be applied through upstream policy engagement and analytical efforts, as well as downstream practices related to investment structuring and finance instrument deployment.