But. There is a gap in what we know regarding both adaptation and the private sector. The tracked expenditure for adaptation is 5% of the total. Which is accurate given the tracking methodology for the mostly public funds but cannot be right given all the effort that is not tracked, even just in the public sector (quangos, local government, national budgets, etc.). And the expenditure in the public sector is limited to what is considered a project where the climate element can be identified, which sometimes doesn’t include the total value of projects that improve resilience and adaptive capacity, as well as all of the bonds, equity, insurance and other mechanisms.

Combine these two gaps together:

We have only an inkling of the size of the market for climate resilience finance in the private sector. Adaptation is not tracked very well across all public sources and private investment in climate resilience products and services is not reported.

CPI is well aware of the gap in their report. “This is as much of a measurement issue as it is a data issue, as private investment in adaptation is certainly much larger than is reported,” says Padraig Oliver, one of the authors of Landscape 2017. “As the public sector steps up action and new blended investment vehicles are established, we hope to see more data coming through on at least mobilized private finance for adaptation and resilience.”

So, what do we know?

Tom Downing and Carmen Lacambra lead the pioneering Private Markets for Climate Resilience project. “There are hundreds of solutions available,” says Tom. Carmen adds, “A real gap is finance that reaches small enterprises that are most vulnerable to climate change and to which commercial credit lines currently available are not providing for their needs”

The Private Markets for Climate Resilience project was established by the PROADAPT program in the Inter-American Development Bank in collaboration with the Nordic Development Fund. The PROADAPT team that set up the project was led by Steve Wilson, who observed, “The private sector has a keen interest in protecting their assets, coping with climate variability and seeking new opportunities in the global shift to a resilient, low-carbon world. However, much of their investment in resilience is hard to track—in plain sight but hiding in the multiple purposes of their business management.”

Find out more!

Come to the COP23 side-panel in Bonn sponsored by the IDB and the PROADAPT program, together with Mitsubishi UFJ Morgan Stanley Securities of Japan, for a stock-take by leading experts and finance managers.

Download the CPI report, Global Landscape of Climate Finance 2017, here.

Follow the LinkedIn group: Private Markets for Climate Resilience. This project will be reporting its market appraisal for agriculture and transport in six countries in the coming months.

Contact Tom Downing or Carmen Lacambra for more information on the project results. Go to Svante Pearson, coordinator of the PROADAPT Program at the IDB, and Leena Klossner at the Nordic Development Fund, the main funders of the private markets work.

LANDSCAPE OF CLIMATE FINANCE IN 2015/2016

Climate Policy Initiative (CPI) released its Global Landscape of Climate Finance report last week. The average annual total climate finance is $410 Billion for 2015-2016. Make no mistake, this is a lot of funding and the work of CPI in producing these numbers is superlative.

What is the Value of Climate Resilience Products and Services in the Private Sector?

The answer, no one knows!