



POLICY RECOMMENDATIONS FOR
**MORE PUBLIC
AND PRIVATE
INVESTMENTS
IN CLIMATE
ADAPTATION**

In DanChurchAid's (DCA) work, we continuously experience and document how climate change affects the most vulnerable populations. The evidence is clear: changes in the climate are causing significant disruptions and have severe socio-economic repercussions. While the global spotlight remains on a commitment to reduce emissions, we must recognize that irreversible effects necessitate adaptation at scale. Despite the rise in private sector investments, most climate finance is going towards mitigation and more finance must be channeled towards adaptation.

Businesses bear a significant responsibility in investing in adaptation to climate change. Although legislation is increasingly demanding businesses to integrate climate adaptation measures into their operations, the pace of actions remains insufficient.

To change this, we must forge new connections between climate finance and local-level adaption: We need to engage the private sector more in multistakeholder partnerships and promote blended public and private finance in more sustainable and scalable business models.

At DCA, we have great experiences of working alongside the private sector. Experience tells us, that while private sector is essential to establish markets, NGOs can help gear investments towards high-risk areas, de-risk business opportunities and at the same time ensure that those most affected are at the forefront of the adaptation efforts.

We do that by identifying local untapped potential while promoting inclusive and socially and environmentally responsible value chains in line with international standards and expectations. In our experience, adaption at a large scale may as well happen to be a result of the aggregation of small-scale adaptation practices than large single investments.

Based on our experience we believe climate adaption efforts should follow 7 recommendations:



7 policy recommendations for more public and private investment in climate adaptation



INVEST IN GREEN BLENDED FINANCE, BY MIXING PRIVATE CAPITAL WITH GRANTS

- Private investments add efficiency and dynamism to adaptation projects, while grants or other instruments (e.g. guarantees, concessional debt, etc.) provide a safety net
- Mixed partnership also helps in sharing risks, making it more appealing for private investors to get involved
- Public funds aimed at unlocking private investments must be allocated fairly and transparently



FACILITATE MULTISTAKEHOLDER PARTNERSHIPS

- Support resource pooling and policy-action coalitions among diverse actors and promote equitable decision-making and empower marginalized groups
- NGOs can help gear investments towards high-risk areas and help de-risk business opportunities
- NGO's have extensive local knowledge and networks



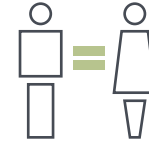
ENGAGE LOCALLY, TRANSPARENTLY AND ACCOUNTABLY

- Avoid top-down decision making and engage local communities to co-design adaptation actions
- Processes of designing, financing and delivering investments should be transparent and accountable
- Engagement not only enhances the understanding of climate change risks among locals but also enhances investment security by boosting local ownership



TARGET SCALABLE SMALLHOLDER FARMERS AND PROMOTE AGROECOLOGY

- Mobilize blended finance to support smallholder farmers implementation of adaptation practices
- Prioritize adaptation action that also deliver on biodiversity conservation and restoration, and climate mitigation co-benefits
- Work with non-financial actors such as digital service providers, agri-tech and agri-business companies, cooperatives and agro-service providers
- Aggregation of smallholder farmers may result in large scale solutions



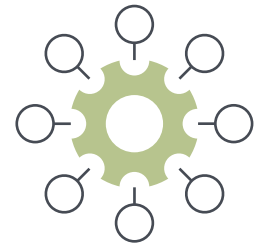
ENABLE GENDER EQUALITY

- Transform institutions and norms constraining participation of women
- Design according to specific needs, vulnerabilities and needs of women
- Promote women in leadership
- Support modalities that makes funds more accessible for women such as local revolving fund systems, savings groups, climate insurance programs, and cooperatives



MAKE INVESTMENTS RIGHTS-BASED

- Conduct thorough human rights due diligence to ensure accountability and promote equitable outcomes
- Results frameworks should reflect a commitment and measure progress towards equitable outcomes that advance the enjoyment of human rights



INVEST IN RESEARCH, DATA AND KNOWLEDGE SHARING

- Reduce knowledge gaps and invest in up-to-date climate information to incentivize private sector engagement
- Allocate resources to data collection, research, and analysis to inform project design and avoid unintended maladaptive outcomes