




# FINANCING ADAPTATION

## 2024 PREPARE Snapshot Series


Through the President’s Emergency Plan for Adaptation and Resilience (PREPARE), U.S. government departments and agencies are unlocking additional public and private resources that are critical for achieving the scale of financing needed to implement adaptation actions and increase resilience in developing countries. The U.S. Agency for International Development (USAID), the U.S. Department of State, the U.S. Department of Commerce, the U.S. International Development Finance Corporation (DFC), and the U.S. Trade and Development Agency (USTDA) are mobilizing adaptation finance through corporate engagement, blended finance, and investment in small and medium-sized enterprises.

**Recent analysis** by the Boston Consulting Group illuminates the business case for adaptation:



Every dollar a company invests in adaptation and resilience yields **\$2 to \$15 in financial benefits** from avoided losses in revenue and cost savings.

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Investors see the demand for adaptation solutions. The estimated future revenues of the companies providing adaptation solutions can be worth an average of **nine times their current revenue**, and in some cases, as much as 77 times.

The U.S. government is mobilizing resources through four lines of effort: catalyzing corporate adaptation action and resilient supply chains; promoting U.S. industry adaptation solutions; using blended finance for adaptation; and investing in adaptation enterprises.

### CATALYZING CORPORATE ADAPTATION ACTION AND RESILIENT SUPPLY CHAINS

The PREPARE Call to Action to the Private Sector galvanizes corporate-led adaptation action to improve climate resilience for consumers and communities experiencing climate impacts in developing countries. Ten leading companies responded when the call was launched in 2022. In 2023, that number more than tripled to 31 companies and other partners. Today, there are more than 34 that have responded to the Call to Action. Taken together, these responses have an estimated value of over \$3 billion that will help advance climate resilience in partner countries. Their actions include expansion of climate information and early warning systems, introduction of new financial products and services, innovations for climate-smart water systems, and paradigm-shifting insurance solutions.

**Aon** is working with the African Development Bank to support the expansion of crop insurance coverage across Africa, reducing risks for farmers facing recurrent drought and farmers who are transitioning to regenerative agricultural practices. Aon uses emerging technologies from innovative companies such as Amini, an African satellite and AI data provider, to expand crop insurance coverage to small-scale producers. These producers serve as the first mile of global and regional food supply chains.

**Arup** is refreshing its City Resilience Index (CRI) to understand how the landscape of urban shocks and stresses has evolved in the context of increasingly urgent climate shocks, including extreme heat and flooding. Arup is also applying two digital tools that identify urban hotspots (**UHeat**) and flooding scenarios (**Terrain**) in cities in India.

**Visa** is partnering with Oxfam America to create a mobile-based payment solution infrastructure to digitize humanitarian payments that help families, individuals, and businesses protect themselves and their assets in the face of climate impacts. This work combines data-driven insights from Visa



with Oxfam’s record of predictive modeling to help provide advance warning of major disasters and trigger fast and secure payments to families, individuals, and small businesses in affected communities.

## PROMOTING U.S. INDUSTRY ADAPTATION SOLUTIONS

PREPARE is helping to create jobs and strengthen the U.S. economy by identifying opportunities for U.S.-based companies to deploy adaptation solutions internationally. Since 2022, the U.S. Department of Commerce’s International Trade Administration (ITA) has assisted over 2,000 U.S. firms in promoting climate adaptation and resilience solutions to international partners. Alongside USTDA, ITA held its first Climate Adaptation and Resilience Industry Roundtable to solicit feedback on how the U.S. government can support industry in promoting its goods and services abroad. In El Salvador, Jamaica, and other partner countries, USTDA’s grant-based assistance helps mobilize climate finance to deploy adaptation solutions and other sustainable infrastructure in emerging economies while creating jobs and supporting U.S. exports of technology and services.

## USING BLENDED FINANCE FOR ADAPTATION

To help address barriers to private investment in climate adaptation, USAID, the State Department, and the DFC launched the PREPARE Adaptation Finance Window to provide catalytic grant funding and other financing tools that de-risk the development and scaling of private sector-led adaptation approaches in emerging markets. This Window is expected to mobilize over \$1 billion in adaptation finance, including \$517 million by 2027 and an additional \$500 million by 2030. The Window has already provided grants to Floodbase, Willis Towers Watson, Blue Marble, OKO, and Accubo to support the expansion of promising approaches such as parametric insurance for drought, flooding,

“Investments in building climate resilience into [companies]’ own operations and their supply chains are paying off. It’s not just climate advocates, it’s business people who are now making this case... The possibilities for innovation in the private sector in the adaptation space are infinite. Creating everything from seeds that can still grow in extended drought, to pavements that can absorb excess water to prevent flood and flood damage.”

– USAID Administrator Samantha Power, “The End of Climate Shocks,” Johns Hopkins University, January 2024

and hurricanes, and the use of permeable pavement to manage flooding. It is currently deploying a second round of financing to support the launch of innovative investment funds that will deliver significant adaptation outcomes in developing countries.

## INVESTING IN ADAPTATION ENTERPRISES

Small and medium-sized enterprises are critical to a thriving economy and play an important role in innovating adaptation solutions. However, these technologies are often only tested and available in developed economies, not in the communities that most need access to them. To accelerate technology transfer, the State Department is supporting a technical assistance facility under a first-of-its-kind climate resilience-focused growth equity fund, known as CRAFT. Through this facility, PREPARE has supported the deployment of a new hydropanel technology from an Arizona-based company that produces clean drinking water from sunlight and air. Working in partnership with the Ministry of Education in Vanuatu and a utility company in Tonga, CRAFT’s technical assistance facility is helping establish a locally-based, pay-per-liter service in freshwater-scarce communities so that they do not have to rely on imported drinking water.



In October 2023, USTDA’s U.S.-Africa Climate Innovation Week brought African leaders and decision makers to the United States to explore innovative infrastructure solutions for their climate resilience and adaptation priorities. The photograph was taken during the delegation’s visit to Ochsner Health in New Orleans to learn about emergency preparedness and management.