PUBLIC

PROJECT PROPOSAL FOR SMALL GRANTS FACILITY

Multiple regions; Market for Climate Resilience in Latin America, Africa and Asia, EUR 0.5 million

PROJECT SUMMARY

Sector:	CRS code 43010 Multisector aid Rio Markers: adaptation 2, mitigation 1
Partner Countries:	Multiple regions (pilot countries one each in Africa, Asia and Latin America)
Previous NDF support:	n/a
Partner Agency:	IDB/MIF
Mode of Financing:	Joint co-financing
Relevance for NDF Strategy 2014-2015	The project will generate and disseminate knowledge on new opportunities related to climate resilience with special focus on the private sector, and is well aligned with NDF Strategy 2014-2015.
Climate Change Screening:	The entire project aims at building climate resilience and thus meets NDF's screening criteria on adaptation.
Status:	The project builds on the PROADAPT[1] concept and can start immediately.
Project Period:	Project duration will be 1.5 years.
Cost Estimate and Financing Plan:	Total cost will be EUR 800,000 with EUR 500,000 coming from NDF and the rest from the PROADAPT budget of MIF. EUR 25,000 will be reserved for NDF's own execution to facilitate the participation of other regional banks. The IDB budget amount will be disbursed after signing of the agreement.
Project Objective(s):	The objective of this project is to (i) assess, for the first time, the local demand and supply of a range of private climate resilience solutions in selected sectors, (ii) to identify promising business models and opportunities related to the demand for climate resilience solutions, and (iii) to develop a replicable methodology that can be applied in other countries, thereby forming the basis of a private

[1] A joint effort by NDF and MIF to identify and test business opportunities for SMEs resulting from climate change.

	sector market monitor for climate resilience products, services and innovative business models.
Project Description:	This knowledge project will be comprised of the following components: – Awareness raising and knowledge dissemination, development and application of climate risk methodologies, – Identification of demand and supply for climate resilient products and services, – Mapping of market innovations, business models and related opportunities, and – Final report and climate resilience monitoring methodology.
Description of NDF Components:	Given that IDB is confined to funding activities only in its member countries in Latin America and the Caribbean, the NDF funding will be concentrated on activities in Africa and Asia, in addition to general support to the project.
Gender Marker:	1 = significant policy objective; women are potential beneficiaries of the opportunities created for businesses, their value chains, social networks and households.
Implementation Arrangements:	MIF will bear the responsibility for implementation of the project with assistance of consultants and in close cooperation with NDF and other regional development banks.
Procurement:	Most probably one consultancy contract will be needed for conducting the tasks and organising the knowledge dissemination events. IDB's procurement rules will be followed. NDF may acquire additional consulting services using NDF's own procurement practices.
Nordic Interest:	This activity will generate market intelligence of interest to Nordic companies, and may facilitate Nordic business opportunities and partnerships in the regions studied. Nordic policy makers and aid agencies can also benefit from a new framing of private sector climate resilience and its role in helping developing countries to better adapt to climate change, while generating economic and social benefits for local stakeholders.
NDF's Added Value and Comparative Advantage:	NDF's partnership and involvement in this project offers clear value added and comparative advantage. First, because the MIF is part of a regional development bank, it cannot

fund a project that includes target countries outside of Latin America and the Caribbean. Thanks to NDF's participation the project can be expanded to cover other regions as well. Secondly, NDF's financial and intellectual commitment to new innovative models for responding to climate change in developing countries makes NDF an ideal partner for this project.

Recommendation for Management resolution:

Management approved grant financing of up to EUR 0.5 million to the project Market for Climate Resilience in Latin America, Africa and Asia.

Helsinki, 24 June 2015

Hannu Eerola
Country Program Manager

Approval of grant financing of up to EUR 0.5 million to the project Market for Climate Resilience in Latin America, Africa and Asia.

Helsinki, 26 June 2015

Pasi Hellman
Managing Director

PROJECT SUMMARY

This project, "The Market for Climate Resilience in Latin America, Africa and Asia," builds on the PROADAPT concept piloted by NDF and the Multilateral Investment Fund (MIF) of the IDB Group. This project will support an assessment of the market for climate resilience in two key sectors in three large developing countries, one each in Latin America, Africa and Asia, respectively. In addition, three NDF priority countries, one from each respective region, will be included as reference countries in this assessment. This assessment will generate learning and disseminate knowledge regarding the market for products and services that build climate resilience in these countries and related business opportunities. A main outcome of this project will be the identification of a replicable methodology for estimating key aspects of the market for climate resilience in other countries, with special application in NDF target countries and client countries of the MIF.

The activities under this project will form the foundation for an eventual private climate resilience monitor that, inter alia: (i) provides information and knowledge for private and public stakeholders on the growing global market in climate resilience solutions, (ii) highlights innovative products, services, processes and business models that might be replicated and thereby contribute to the critical need for greater climate resilience, (iii) provides more robust analytics to inform public adaptation policies, including the potential for public-private partnerships in climate resilience, (iv) identifies innovative enterprises that are attractive candidates for equity investment, leverage or targeted technical assistance, and that will (v) identify and disseminate emerging investment, business and financing opportunities in projects related to climate resilience.

NDF's participation makes possible that other regions are included in the survey and other major regional banks will be invited to participate in project monitoring, results dissemination and scaling-up.

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ABBREVIATIONS

FI	Financial Institution
GCF	Green Climate Fund
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
MIF	Multilateral Investment Fund
MSME	Micro-, Small and Medium Sized Enterprise
NCF	Nordic Climate Facility
PPP	Public-private partnership

1. INTRODUCTION AND PROJECT BACKGROUND

Nordic Development Fund (NDF) and the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) have joined forces on several development initiatives in Latin America and the Caribbean. In Nicaragua, the NDF and the MIF have partnered on the promotion of a viable market for biogas among smallholder farmers, as well as on a regional programme for promoting green products through microfinance, "EcoMicro." "PROADAPT" is a regional NDF-MIF Facility that focuses on building climate resilience in small and medium sized firms and helping smaller firms to identify and capitalize on business opportunities related to climate resilience. PROADAPT will also raise awareness of climate risks in selected sectors and help to develop new tools, business models and market knowledge needed to help Micro-, Small and Medium Sized Enterprises (MSMEs), anchor firms and value chains to become more climate-resilient and capitalise on new business opportunities.

This project, "The Market for Climate Resilience in Latin America, Africa and Asia," falls under the umbrella of the PROADAPT Facility. This project will support an assessment of the market for climate resilience in two key sectors in three large developing countries, one each in Latin America, Africa and Asia, respectively. In addition three NDF partner countries, one in each respective region, will be included as reference countries in the assessment. This assessment will generate learning and disseminate knowledge regarding the market for products and services that build climate resilience in these countries and related opportunities. A main outcome of this project will be the identification of a replicable methodology for estimating key aspects of the market for climate resilience in other countries, with special application in NDF target countries and client countries of MIF.

2. RELEVANCE AND RATIONALE

2.1. Project Relevance

Businesses, value chains, households and public entities are everywhere vulnerable to a growing array of climate risks. Climate risks arise as a result of climate variability caused primarily by the human emission of greenhouse gases. These risks include floods, drought, extreme winds, heat waves, sea level rise, invasive pests, wildfires and other risks driven by anthropogenic climate variability. Extreme weather events receive the most attention, but longer-term, incremental climatic changes are as serious and costly, particularly with respect to food and water security. Climate variability is now a global threat-multiplier facing private and public assets that challenges water, food and energy security, human settlements, health, and livelihoods. The conceptual frameworks and mechanisms by which private and public actors frame these risks and act to protect their assets, livelihoods and operational continuity from these threats is part of the process by which people build climate resilience.

In contrast to mitigation, most specific actions to improve climate adaptation and build resilience takes place within local markets where there is a supply and demand or products and services that protect assets from climate risks. However, none of these private transactions are accounted for under labels such as "climate resilience" or "climate adaptation". Nor do public authorities collect data on private adaptation activities. Moreover, companies, private investors and lenders do not use climate-related terminology to account for the sale and purchase of products or services that build climate resilience, such as water-efficient irrigation technologies, back-up generators, storm resilient building materials, water harvesting services,

flood control, insulation against heat, early warning systems and climate information, flood and heat resistant housing among many other products and services.

Consequently, much of the market activity related to climate risks remains "hidden in plain sight." Why does this oversight matter? There are several reasons. First, the hidden nature of private climate solutions impedes effective policymaking and perpetuates the myth that the private sector is too short sighted, uninterested or has done little in the way of climate adaptation. From this perspective, the private sector is a source of potential climate finance that must be mobilised and directed, rather than as a wellspring of climate resilience solutions.

Secondly, the private sector is a fount of innovation in the area of climate resilience, designing and selling solutions that protect assets from climate risks. Much can be learned from this private pool of resilience solutions that can in turn support and strengthen the global response to climate change – while also generating economic opportunity and social benefits.

Third, shedding light on private climate resilience solutions will help private actors to better understand that climate variability is the "new normal," and that weather or natural disaster models may be insufficient for framing the demand for resilience solutions.

Moreover, an understanding of the benefit of resilience will better inform business decisions regarding climate risk transfer schemes such as insurance. Currently, insurance against climate risks in vulnerable sectors is prohibitively costly, unavailable or likely to disappear without strong public participation. For the great majority of smaller businesses in developing countries, insurance against climate risks is not a viable option. The common conflation of weather and flood insurance with climate resilience can further confuse matters. In much the same way that health insurance (albeit important) does not guarantee good health or substitute for healthy habits, weather or flood insurance is no substitute for practical, proactive measures to build climate resilience that protect assets from climate risks. At the end of the day, building climate resilience represents the best form of "insurance" for many enterprises, entities and communities.

Fourth, a methodology focused on the climate resilience market can highlight firms that offer innovative resilience solutions and that are prime are candidates for investments, leverage, partnership or targeted assistance. Fifth, this exercise can inform and facilitate new kinds of public-private partnerships (PPP) that build climate resilience programs across the globe.

In summary, climate risks drive a large and growing demand for private climate resilience solutions. While much work has focused on the need for climate resilience, far less has examined the supply of products and services that build resilience and foster operational continuity. Today many resilience solutions come from businesses, large and small, that provide a wide range of products and services to buyers in numerous sectors across the globe.

2.2. Relevance to NDF's Mandate and Strategy

NDF has defined three broad clusters or areas as eligible for NDF support: (i) Infrastructure (energy, transport, urban development and water management, climate vulnerability/resilience); (ii) Natural resources (water resources management, sustainable land use and forestry, and coastal zone management; and (iii) Climate change related capacity building.

Subsequent experience and lessons learned have strengthened the emphasis for NDF strategy over the period of 2014-15, on (i) systematically sharpening the role of private sector development, and in increasing the leverage of private sector funding and investments in NDF

operations, and on (ii) new value-adding and innovative types of NDF support to climate change activities. In addition, the NDF mandate and strategy emphasise the need for a strong link between operations and knowledge management, with particular interest in knowledge related to climate change considerations in the work of the multilateral financing institution, and on innovative private financing instruments for tackling climate change.

This project is aligned with the NDF mandate and strategy. It meets NDF's multiple screening criteria for adaptation projects. It is focused on the key role, heretofore unmapped, played by private actors in the provision of products and services needed to protect public and private assets from climate risks. This project will apply a new framing and methodology that generates key knowledge about the market for private sector climate resilience and related opportunities for investment and business models. This will highlight areas for private capacity building, policy dialogue, and business, investment and financing opportunities.

3. THE PROPOSED PROJECT

3.1. Objectives

The objectives of this project are to (i) frame and estimate, for the first time, the local demand and supply of a range of private climate resilience solutions in selected sectors, and (ii) to identify promising business models and opportunities related to the demand for climate resilience solutions, and (iii) to develop a replicable methodology that can be applied in other countries, thereby forming the basis of a private sector market monitor for climate resilience products, services and innovative business models.

3.2. Project Activities/Outputs

This knowledge project, *The Market for Climate Resilience in Latin America, Africa and Asia,* will be comprised of the following activities and associated outputs:

I. Awareness raising and knowledge dissemination

This activity comprehends a set of actions aimed at raising the awareness of this project and publicising its activities and findings among key stakeholders in the three target countries. NDF countries in each region will participate in selected activities of this market assessment in order to foster learning and to apply lessons learnt.

Outputs: (i) A comprehensive strategy paper that defines an awareness-raising, publicity and knowledge dissemination plan for this project, including the identification of partners in major media, academia and research organisations, and among private, public and civil society stakeholders, (ii) Project launch and consultative meetings with key national stakeholders in areas related to resilience in each target country, and (iii) Consultations with leading stakeholders in multilateral organisations, major climate finance institutions including Green Climate Fund (GCF), and international private sector associations, universities and research institutes.

II. Development and application of climate risk methodologies

This activity will develop a methodology for conceptually framing, measuring and/or estimating the climate risks facing two vulnerable, priority sectors in each of the three countries. The three countries to be selected should be major economies in their continent and have active private sector participation. Three NDF partner countries with similar characteristics shall be selected as reference and observer countries.

Outputs: Technical paper(s) that, inter alia: (i) distinguish climate risk as distinct from the risk concepts employed in models of disaster risk management, disaster risk reduction, weather risk models, among others, (ii) map the climate vulnerabilities of asset classes in the two priority sectors in each country to specific climate risks, (iii) estimate the future economic costs of climate risks, under business as usual, for these two sectors under one or more climate scenarios, and (iv) that estimate the potential economic benefits from improved resilience under the same scenarios.

III. **Identification of demand and supply for climate resilient products and services**

This activity aims to provide an overview of the market for climate resilient products/services in two selected sectors in each national market, an estimate of the economic multipliers associated with this market activity, and a demand forecast for resilient products and services in these two sectors. This activity will employ data gap analysis, collect and analyse local market data and other economic, trade, and statistical data, field visits, surveys, interviews, consultative meetings with private and public stakeholders, and other research methods as needed.

Outputs: A technical paper that, inter alia, (i) defines a representative set of "climate resilient products and services," demanded and supplied in the selected two sectors in each country, broken down by private and public sector demand; (ii) estimates the value of annual national sales of this set of products/services for each country and the economic multipliers generated by this activity; (iii) estimates the forecasted demand for these selected products over the next 5 and 10 years; and (iv) maps a representative sample of local, national and/or international suppliers of climate resilience solutions in each country, including an overview of: (a) enterprise characteristics of suppliers, such as annual enterprise sales/turnover, number of employees, ownership structure (e.g. wholly-owned, affiliate, position within national or international supply chain, etc.), national origin, original equipment manufacturer versus distributor, gender of employees, owners, managers etc., (b) estimated local design and material content of climate resilience solutions, and (c) sources of enterprise financing, among other relevant variables.

IV. **Mapping of market innovations, business models and related opportunities**

This activity will focus on innovative private sector climate resilience products, services, and business models in target countries. In addition, this activity will highlight the role of selected anchor firms and value chains, and public private partnerships in this space. This activity will require extensive data analysis, field visits, surveys, interviews and/or other research techniques.

Outputs: Technical paper(s) that identify (i) innovative private resilience solutions sold in these markets, disaggregated by local, national and international suppliers of products and services; (ii) innovative business models for climate resilience solutions in these two sectors, (iii) representative value chains and anchor firms in the provision of local climate resilience solutions; and (iv) representative public private partnerships (PPPs) in each of the three countries that contribute to private sector climate resilience in selected sectors.

V. **Financial and insurance products**

This activity will highlight the respective actions of financial institutions (FI) such as banks and other private and public regulated or non-regulated lending institutions, investors and the insurers in providing businesses, households and public entities with debt financing, financial investment, and insurance/risk transfer products. This activity will require extensive data analysis, field visits, surveys, interviews and/or other research techniques.

Outputs: Technical paper(s) that analyse and estimate, inter alia: (i) mechanisms, where they exist, by which financial institutions (FIs) analyse climate risks in credit models and loan portfolios, (ii) FI business strategies, if any, related climate variability and attendant risks, (iii) direct lending by FIs to two selected sectors that is related to climate resilience, (iv) mechanisms by which private insurers model climate risks in two sectors, and (v) the percentage of clients in two sectors covered by insurance products related to climate risks (including policies supported by public subsidies).

VI. **Policy and civil society**

This activity will provide an overview of relevant national and local policies related to private sector climate resilience in the two sectors studied, as well as a mapping of relevant activities of national, multilateral and civil society actors in private climate resilience (NGOs, community groups, foundations).

Outputs: Technical paper(s) that identify, inter alia: (i) national and/or local policies that incentivise private sector climate resilience and/or related business activity in the two sectors under study, including the use of subsidies and fiscal incentives, (ii) selected public sector, multilateral/bilateral, NGO and community-based projects and initiatives that build private sector climate resilience in the private sector and/or foster new products, services or business models, including new types of PPPs.

VII. **Final report and climate resilience monitor methodology**

This activity will provide a summary analysis of this market assessment and will outline a methodology for identifying and assessing market activity and business opportunities related to the demand for climate resilience.

Outputs: (i) A concluding analysis of this market assessment, with technical annexes, that includes, inter alia, (a) a forecast of the prospects and trends in the market for climate resilience in two sectors in each of three countries, (b) an analysis of promising climate resilience business models for delivering resilience solutions (including for financial products), (c) an overview of the market and prospects for risk transfer mechanisms in two sectors in each of three countries, including selected private and public insurance schemes, subsidies, etc., and (d) recommendations for decision makers in both the private and public sectors; and (ii) a methodology that can form the basis for an eventual private climate resilience market monitor.

3.3. NDF Components

NDF will provide EUR 500.000 toward this EUR 800,000 market assessment. Given that IDB is confined to funding activities only in its member countries in Latin America and the Caribbean, the EUR 500,000 of NDF funding will be concentrated, in addition to overall support to the project, on activities in Africa and Asia. EUR 25,000 will be reserved for NDF's own execution to promote the participation of the other regional banks in project monitoring, dissemination and scaling-up activities. The countries and the two sectors in each of the countries will be selected during the inception phase. The countries preliminarily considered are Brazil or Mexico, South Africa, and Indonesia, Malaysia, the Philippines or Thailand. As participating NDF partner countries Nicaragua, Kenya and Vietnam are considered.

3.4. Cost Estimates and Financing Plan

Total budget for this market assessment is EUR 800,000. NDF is proposed to finance EUR 500,000 leaving EUR 300,000 to be sourced from MIF's share of the existing PROADAPT

knowledge products budget. EUR 475,000 including 5% administration fee will be transferred to IDB in one instalment. EUR 25,000 will be reserved for NDF's execution. A detailed scope and budget will be prepared during the inception phase.

3.5. Nordic Interest

The project offers opportunities to Nordic-based consultants in the execution of this project. This exercise, the first of its kind, will focus on the key role played by private actors in providing products and services needed to protect public and private assets from climate risks. This activity will generate market intelligence of interest to Nordic companies, and may facilitate Nordic business opportunities and partnerships in the countries studied or elsewhere. Nordic policy makers and aid agencies can also benefit from a new framing of private sector climate resilience and its role in helping developing countries to better adapt to climate change, while generating local economic and social benefits for local stakeholders. Furthermore, the project could generate ideas for future Nordic Climate Facility (NCF) calls and may even lead to project ideas GCF support in the field of adaptation and private sector development.

3.6. NDF's Added Value and Comparative Advantage

NDF's partnership and involvement in this project offers clear value added and comparative advantage. Firstly, because the MIF is part of a regional development bank, it cannot fund a project that includes target countries outside of Latin America and the Caribbean. Consequently, NDF's global scope and commitment represent clear value added and comparative advantage by covering the costs related to Africa and Asia and facilitating the participation of other regional banks in this project. Secondly, NDF's financial and intellectual commitment to new and innovative models for responding to climate change in developing countries makes NDF an ideal partner and for this project.

There are clear synergies between this project and NDF's other activities including the development of insurance products for Africa developed together with the World Bank.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Institutional Aspects and Project Organisation

This project will be managed by the MIF, in consultation with NDF. The MIF will draft a Request for Proposal and launch a competitive search to attract the most viable proposal from an inter-disciplinary consulting team to perform the technical work on this project. The winning consulting team will be comprised of experts with extensive experience and knowledge in a selected number of competency areas, among these are: climate adaptation and resilience and related risk methodologies, relevant country and sectorial knowledge, economic, financial and statistical modelling and analysis, design and execution of field surveys and stakeholder consultation, and demonstrated capacities in publicity and media relations, including social media, and knowledge dissemination.

The consulting team will report to the MIF project team and will liaise, as necessary, with selected project stakeholders in LAC, Africa and Asia. These may include other regional development banks, multilateral institutions, public or private authorities or other entities that can be of assistance to this project. In addition to technical activities, the consulting team will assist in launch, awareness raising, knowledge dissemination meetings in each region, in coordination with the MIF and NDF. NDF will have a facilitating role in the collaboration

between the regional banks. Some preliminary discussions have already been held with the African Development Bank.

NDF will reserve a budget for own execution to promote participation of other regional banks and to secure wide dissemination of results in Africa and Asia.

4.2. Procurement and Contract Structure

The Request for Proposals will be executed according to the IDB Corporate Procurement Policy. A competitive proposal process will award a contract based on a weighted combination of factors, including management, technical factors and cost considerations. The contract shall be awarded to the bidder whose proposal conforms to the solicitation and is determined in writing to be the most advantageous to the bank taking into consideration the evaluation factors set forth in the Request for Proposals. The bank may pre-qualify a short list of consultants to ensure in advance of the competition that solicitations are extended to consultants capable of performing the required services.

NDF executed services will be procured following NDF's procurement rules.

4.3. Risk Analysis

The prime risks facing this market assessment are: (i) the possible lack of acceptance by policymakers and/or private actors of this climate risk methodology and the related identification of a market for climate resilience, (ii) potential opposition by stakeholders who own climate vulnerable assets, (iii) a rejection in whole, or in part, of this methodology and/or the project findings by stakeholders who may doubt that private actors contribute significantly to adaptation or that such contributions are socially or economically beneficial.

With respect to risk (i) above, if this exercised is perceived to be of low technical credibility by influential stakeholders, the exercise could be portrayed as a simple re-labelling of weather or natural disaster risks under the more "fashionable" label of climate resilience and related risks. This can be countered in part by support from a growing literature that underscores the role of human-induced climate variability and the need for new risk models.

With respect to risk (ii) above, owners of climate vulnerable assets may fear that the awareness of climate risks could reduce the market value of their assets, and therefore oppose this project. This risk can be mitigated in part through consultation with owner groups, and a focus on asset classes rather than on specific holdings.

With respect to risk (iii) above, public actors tend to see climate resilience as the domain of public policy, in which private actors should be advised and catalysed by public experts. Some policymakers may have difficulty accepting the idea that private actors make important contributions to adaptation. This risk can be mitigated in part through awareness raising, dialogue and inclusion of public actors in keys aspects of this project.

4.4. Monitoring and Evaluation

In addition to the MIF Monitoring and Evaluation Framework, the PROADAPT Facility is piloting an innovative Monitoring, Learning and Evaluation Platform for technical assistance projects in climate resilience. This Platform can also be adapted for the monitoring and evaluation of knowledge projects, and this will be done for this project. The supervision of this knowledge project will be undertaken by the MIF project manager, and an advisory committee that includes two members of IDB, one member of NDF, and one member each from the partner

multilateral institution in Africa and Asia. Two outside experts on climate resilience will also serve on the panel. The advisory committee will report periodically to IDB/MIF and NDF. In addition, NDF's normal monitoring practices will be followed.

5. ECONOMIC AND SOCIAL ASPECTS

5.1. Economic Justification

Most climate adaptation takes place within local markets in which there is a supply and demand for products and services that protect assets from climate risks. To date, none of this activity is labelled or accounted for in ways that identify these transactions as related to "climate resilience" or "climate adaptation". This oversight misses a wellspring of private climate resilience solutions, and the local demand and supply of these services and products generates livelihoods, incomes and business opportunities, while helping households, businesses and public entities protect their assets from climate risks. A greater understanding of market resilience will better inform economic policymakers and add a new economic dimension to national adaptation and economic policies and related planning.

5.2. Social Aspects

In general, developing countries are the most vulnerable to climate risk and the least prepared to respond to this challenge. Climate change threatens all types of assets and livelihoods, and bears disproportionately on the property and opportunities of traditionally excluded groups, such as women and youth. This project will also highlight the benefits of climate resilience for such beneficiaries, and demonstrate that building resilience can also be a business opportunity for small and micro enterprises. Moreover, this project will demonstrate that resilience offers the best option for protecting the assets of lower income beneficiaries against climate risks, particularly when risk transfer in the form of insurance is not an option for the great majority of stakeholders in the region.

6. CONCLUSION

Businesses, value chains, households and public entities are everywhere vulnerable to a growing array of climate risks. The mechanisms and conceptual frameworks by which private and public actors, households, and communities assess and frame climate risks, and the ways in which they protect their assets, livelihoods and operational continuity from these threats, form the process by which people build climate resilience. To date, much of the market activity related to the management of climate risks remains "hidden in plain sight".

The hidden nature of private climate solutions impedes effective policymaking and perpetuates the view that the private sector is as a source of finance, rather than of innovation in climate resilience solutions. Shedding light on climate resilience solutions can help to strengthen the global response to climate change, while also delivering economic and social benefits. Among these are new business models and innovative private resilience solutions that generate livelihoods in local economies.

This knowledge project under the PROADAPT umbrella is a concrete example of climate resilience building across the regions where NDF can play an instrumental enabling and facilitating role.

ANNEX 1: Logical Framework Matrix

The Market for Climate Resilience in Latin America, Africa and Asia

Overall Objective **Increase the private sector climate resilience, help identify new opportunities created by changing climate, and exchange this experience and knowledge across regions.**			
Immediate Objectives **Increase awareness of private sector climate resilience challenges and opportunities, and provide solutions and products.** **Establish a private climate resilience monitor to raise awareness on climate resilience solutions, processes and products in different regions.** **Disseminate the information across regions to encourage private sector actors to take action.**			
Purpose/Outputs	**Description**	**Indicators**	**Means of Verification**
Purpose 1: Awareness raising and knowledge dissemination Output 1.1 A comprehensive strategy paper that defines an awareness-raising, publicity and knowledge dissemination plan for this project, including the identification of partners in major media, academia and research organizations, and among private, public and civil society stakeholders. Output 1.2 Project launch and consultative meetings with key national stakeholders in areas related to resilience in each target country, and consultations with leading stakeholders in multilateral organizations and international private sector associations, universities and research institutes.	This set of activities comprehends a set of actions aimed at raising the awareness of this project and publicising its activities and findings among key stakeholders in the three target countries.	A comprehensive commonly agreeable strategy including dissemination plan Project launch event and consultative meetings organised	Consultant's report Project launch events in the selected three countries plus stakeholder consultations
Purpose 2: Develop and employ climate risk methodologies Output 2.1 Risk assessment and management Output 2.2 Vulnerability mapping Output 2.3 Economic analysis on costs of climate risks and benefits of improved climate resilience	This activity will develop a methodology for conceptually framing, measuring and/or estimating the climate risks facing two vulnerable, priority sectors in each of three countries.	Climate risk assessment for two sectors in three countries, one in each region and technical papers on risk assessment, vulnerability mapping and economic aspects prepared	Technical papers and Consultant's report
Purpose 3: Identify demand and supply for climate resilient products and services	This activity aims to provide an overview of the market for climate resilient	Technical papers prepared on climate resilient products,	Technical papers and Consultant's report

Output 3.1 Identification of climate resilient products and services broken down in private and public sector demand and supply over a certain time perspective. Output 3.2 Mapping of climate resilient solutions and their characteristics Output 3.3 Mapping of market innovations and business models	products/services/business models in two selected sectors in each national market, an estimate of the economic multipliers associated with this market activity, and a demand forecast for resilient products and services in these two sectors. This activity will employ data gap analysis, collect and analyse local market data and other economic, trade, and statistical data, field visits, surveys, interviews, consultative meetings with private and public stakeholders, and other research methods as needed.	services and business models	
Purpose 4: Identify financial and insurance products Output 4.1 Analysis of mechanisms to assess climate risks in credit models and loan portfolios, FI business strategies related climate variability and attendant risks, direct lending operations by FIs, mechanisms by which private insurers model climate risks and the percentage of clients covered by insurance products related to climate risks.	This activity will highlight the respective actions of financial institutions (banks and other private and public regulated or non-regulated lending institutions), investors and the insurers in providing businesses, households and public entities with debt financing, financial investment, and insurance/risk transfer products.	Introduction of climate resilience assessment tools in FIs' and insurers operations	Statistics of FIs' lending operations. Insurance products related to climate risks. Technical papers and Consultant's report
Purpose 5: National and local policy development Output 5.1 Identification of national and/or local policies that encourage private sector climate resilience including the use of subsidies and fiscal incentives that build private sector climate resilience and/or foster new products, services or business models, including new types of PPPs.	This activity will provide an overview of relevant national and local policies related to private sector climate resilience in the two sectors studied, as well as a mapping of relevant activities of national, multilateral and civil society actors in private climate resilience.	Policy recommendations	Overview and comparison of national policies prepared and recommendations outlined to encourage building of private sector climate resilience.
Purpose 6: Outline a climate resilience monitoring methodology Output 6.1 methodology that can form the basis for an eventual private climate resilience market monitor	This activity will provide a summary analysis of this market assessment and will outline a methodology for identifying and assessing market activity and business opportunities related to the demand for climate resilience.	A framework for monitoring climate resilience activities and exchange of information across the regions/sectors involved.	Consultant's final report Adoption of the methodology by FIs and insurance companies. Adoption of climate resilience solutions, products and business models by public and private sector actors.

ANNEX 2 – EXECUTION GANTT CHART