



UNLOCKING PRIVATE INVESTMENTS IN ADAPTATION

31st MARCH 2023, 9:00 – 11:00am CET

[Opening at 8:30am CET with refreshments]

DanChurchAid Headquarters, COPENHAGEN

A roundtable dialogue organized by the Danish Ministry of Foreign Affairs, DanChurchAid, the Confederation of Danish Industries and the Global Center on Adaptation

THE GLOBAL CLIMATE CRISIS

The year 2022 has seen record-breaking extreme weather globally, with mighty floods, vast wildfires, enduring heatwaves, and drought on every continent. Climate change poses risks to health, ecosystems, agriculture, infrastructure, cities, economies and societies overall. Nevertheless, with wars and pandemics being fought, the nature-born catastrophes that flash across our screens still struggle to make the political and public impact they merit.

Climate impacts not only take a huge toll in terms of human suffering, they also have major consequences for businesses, financial institutions and financial markets. Floods, droughts, heatwaves and more extreme storms are damaging assets, disrupting supply chains, reducing productivity, threatening worker wellbeing and safety, among many other consequences. If increased costs and reduced revenues affect cash flow and company performance, unfavorable expected rates of return for investors may affect international investment attractiveness and reduce the flow of investment into countries perceived as high-risk.

Some regions, countries and communities are on the frontline of this climate emergency. The impacts of climate change in vulnerable countries amplify the impact of existing inequities and each new resulting, compounding crisis. As the Global Center on Adaptation - GCA's State and Trends in Adaptation 2021 report (STA21) showed, several African sub-regions are at risk of approaching habitability limits, while compounding crises cause acute food insecurities driven by escalating fuel costs and supply shortages. The 2022 DanChurchAid Report on Private Investments in Adaptation (DanChurchAid 2022) highlights that 500 million smallholder farmers and their families and communities, who contribute over 30% of global food production, are among the hardest affected.

Climate adaptation at scale is imperative to confronting this multi-faceted crisis. It is a crucial strategy to minimize loss and damage from climate change impacts on livelihoods, while building resilience in the long run. When implemented effectively, adaptation generates significant opportunities for productivity, economic benefits, employment and poverty reduction, thus contributing to stable economies in the long term. Among other benefits, investing more in adapting to climate change can trigger a transformation towards sustainable food production that will enhance biodiversity, improve livelihoods and reduce the impact on the environment (DanChurchAid 2022).

If we have a remaining hope of achieving the goal of limiting global warming to 1.5 C by 2030 it must be aided and matched by massive scaling up of adaptation to the climate change that is happening here and now. Adaptation to climate change is urgently needed to reduce its impact on people, businesses and assets.

A BLUEPRINT FOR ADAPTATION ACTION

Despite increasing costs associated with delayed action, climate adaptation faces a serious and urgent shortfall in funding, particularly in the most vulnerable countries. For example, new analysis from GCA in Africa in its STA22, suggests that current annual spending on adaptation across all of the continent is \$11.4 billion. This amount falls far short of the actual adaptation needs, which require additional funding of at least \$41.3 billion each year. In addition, tracked adaptation finance mostly comes from just one sector: multilateral development finance institutions (53 percent). While working to dramatically increase the flow of adaptation finance, it is essential to mobilize other sources of financing.

GCA's activities under its Africa Adaptation Acceleration Program (AAP) are proving that investing in adaptation is not only urgently needed, but it is the economically smartest thing to do, because it yields impressive

returns. For example, evidence shows that investing 1 dollar in climate-smart crops in most African countries can see between 2 and 14 dollars in benefits. And every dollar invested in resilient infrastructure yields four dollars in return. Frontrunners among Africa-based businesses capitalize on resilience and adaptation action, which not only helps them to manage climate risks but also positively impacts their productivity and profitability. The DanChurchAid 2022 report outlines the challenges and opportunities for the private sector to invest in adaptation initiatives, with a focus on viable investments that bring about benefits for the most vulnerable countries.

To incentivize a wide range of potential actors, it is necessary to build an enabling environment for adaptation investment and deploy innovative instruments to unlock finance at scale towards adaptation, such as blended finance. Given the scale of the challenge, successful adaptation and resilience efforts will need the meaningful engagement of the private sector.

UNLOCKING PRIVATE INVESTMENTS IN ADAPTATION

The Danish Ministry of Foreign Affairs, DanChurchAid, the Confederation of Danish Industries and the Global Center on Adaptation are convening Danish partners for a roundtable dialogue to present the business case for adaptation investments and inspire private sector in Denmark to invest in adaptation in the most vulnerable countries to climate change.

Based on the findings of GCA's STA21-22 reports and DanChurchAid 2022 report, the objectives of this roundtable dialogue are to:

- Unpack the needs, challenges and opportunities that underpin the shortfall in private investment in climate adaptation.
- Showcase and discuss viable solutions and opportunities for scaling up private adaptation financing.
- Inspire the private sector in Denmark to invest in adaptation globally, with a focus on most vulnerable countries.

APPROACH AND PROGRAM

The Roundtable Dialogue on **Unlocking Private Investments in Adaptation** is a two-hour event held at the DanChurchAid head office in Copenhagen. The event should inspire, and through a constructive approach encourage participating companies and organizations, to engage in private investments in adaptation including through multistakeholder partnerships. Challenges and risks related to investments in adaptation may be brought up. However, focus will be on opportunities, and how to best address challenges and reduce risks. The

potential of blended finance and multistakeholder partnerships (including private, public and civil society actors) will be explored and promoted, with particular focus on opportunities to leverage the unique capacities and expertise of different actors and risk-sharing mechanisms.

The dialogue is designed as an interactive discussion among decision makers, private sector leaders, experts, policy-makers and civil society, guided by the following framing questions:

- How can we target adaptation and/or mainstream resilience into investment decision-making? Where are the key bottlenecks?
- What key innovative finance instruments have potential for scaling? What are the key challenges?
- What role can private sector and businesses play to promote climate adaptation finance on the ground and mobilize private capital?

The event will be chaired by Birgitte Qvist-Sørensen, General Secretary, DanChurchAid and it will feature keynote remarks from the convening organizations, followed by a roundtable dialogue on private investments in adaptation. This roundtable dialogue will bring together public and private sector leaders to discuss opportunities and innovative solutions to deliver private investments in adaptation finance.

Agenda

Mingle and coffee (8.30-9.00)

Welcome remarks by the Moderator (Mette Vibe Utzon) (9.00-9.05)

- The moderator informs about possibility for online contributions
- The moderator informs about streaming (GDPR)

Opening Keynotes (9.05-9.25)

- Birgitte Qvist-Sørensen, Secretary general of DanChurchAid
- Dan Jørgensen, Minister for Development Cooperation and Global Climate Policy, Denmark
- Prof. Dr. Patrick V. Verkooijen, CEO, GCA
- Thomas Bustrup, Deputy CEO, Confederation of Danish Industry

Reactions (9.25-9.40): The moderator welcome two remarks from the audience, and the four keynote speakers are invited to make a brief response.

Roundtable

- Moderator: introductory remarks (9.40-9.45)

Framing presentations (9.45-10.15)

- GCA: Financial Instruments for Adaptation
- Andrea Voigt, Head of Global Public Affairs, Danfoss Climate Solutions
- Peter Damgaard Jensen, former CEO of PKA and

former member of the Global Commission on Adaptation

- Gitte Dyrhagen Husager, Head of Programme, Advocacy and Learning, DanChurchAid
- Representative from IFU (No presentation)

Dialogue (10.15-10.55)

Facilitated by the moderator

Summary and Conclusion by Roundtable Dialogue Moderator (10.55-11.00)