CAIP Newsletter
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# The Climate Change Adaptation Investment Planning (CAIP) Newsletter

A quarterly newsletter spotlighting global efforts in climate adaptation investment planning. This and subsequent issues of the newsletter will showcase success stories and progress from countries working to scale up implementation of adaptation investments. It will also provide information about past and upcoming publication releases and events related to climate adaptation investment planning. This issue features insights and outcomes from the Second Climate Adaptation Investment Planning Forum.



## CAIP Forum 2025 in Brief: Transforming Adaptation Investment from Plans to Action

The CAIP Forum 2025 brought together nearly 300 participants from 23 ADB developing member countries and 36 partner institutions. Held on 3–4 September in Manila, the Philippines, the second annual gathering of the CAIP community served as a dynamic platform to accelerate implementation of adaptation efforts across Asia and the Pacific.

This year's forum focused on the shift from planning to investment implementation, highlighting how countries are translating national adaptation strategies into bankable investment packages and exploring how public and private sectors can drive climate resilience. Participants exchanged experiences, tools, and methodologies for risk-informed investment planning, while identifying key enabling factors and priorities for scaling up adaptation finance. These discussions aimed to inform regional and global processes that are addressing the urgent need for climate resilience.

The forum offered insightful contributions from countries and partners on scaling up adaptation investment efforts. On the first day, participants engaged in an interactive "Adaptation Marketplace" and took part in deep-dive sessions exploring risk-informed development pathways in agriculture, water, and finance. Discussions then examined how to prioritize investments through public investment management, project preparation, and economic and financial analysis, and the day concluded with a networking reception.

The second day began with lightning talks highlighting funding and financing opportunities for adaptation, followed by panel discussions on mobilizing public and private investment. Spotlight sessions on implementing CAIP across diverse contexts—including subnational settings, Small Island Developing States, mountain ecosystems, market economies, and through private sector engagement followed. The day wrapped up with a roundtable discussion to reflect on key takeaways and the experiences of a wide range of stakeholders.

We invite you to explore the full Forum agenda and highlights here.



## Why Adaptation Investment Planning Matters Now

The CAIP Forum 2025 delivered a clear message: climate adaptation is no longer a technical exercise—it is a strategic necessity. As climate risks intensify across Asia and the Pacific, countries are under pressure to move from planning to implementation. Yet financing remains a major bottleneck, with adaptation investments still not reaching the scale or speed required to protect development gains and build resilience.

The CAIP process offers a practical pathway forward. Developed with strong support from ministries of finance and embedded in national planning frameworks, CAIP helps countries to integrate climate risk into decision-making, prioritize investments, and apply financial and economic analysis to identify suitable financing structures. It enables the development of investment packages that combine revenue-generating and non-revenue-generating actions, articulate system-level change, and demonstrate the economic and financial benefits of adaptation.

The process is also helping countries align with global climate finance efforts, including the New Collective Quantified Goal (NCQG), G7 and G20 initiatives, country climate platforms, and national adaptation planning processes. Early implementation has revealed three key success factors: (i) adopting programmatic approaches backed by strong national capacity, (ii) mainstreaming climate policy through public financial management systems, and (iii) ensuring diversified and predictable financing—including the mobilization of domestic resources and private sector engagement. Together, these elements are enabling countries to transform climate risk into bankable investment opportunities and laying the groundwork for long-term resilience.



CAIP is now being applied in 13 countries, spanning national-level planning in Bhutan and Bangladesh, subnational planning in Cambodia, Nepal, Lao PDR, and Timor-Leste, and sector schemes in Armenia, Indonesia, Mongolia, Palau, and the Philippines, and broader adaptation investment planning in India and Sri Lanka.

## Insights from Forum Discussions

### Climate Risk-Informed Adaptation Investments

Participants explored how climate risk assessments are being used to guide adaptation investments across agriculture, water, and financial systems. The discussions highlighted practical innovations, persistent challenges, and emerging best practices.

Countries like Cambodia and Nepal are using climate modeling and scenario analysis to inform investment decision-making in agriculture by assessing risks and economic impacts. Cambodia's approach links climate hazards to productivity losses and investment needs, while Nepal is piloting climate-smart interventions in rice and mango value chains.

Another example from the Philippines showed how localized climate data is being used to develop bankable projects—particularly in agriculture—by quantifying value chain losses and identifying investment opportunities to mobilize private finance.

The Food and Agriculture Organization of the United Nations shared its drought resilience framework, emphasizing policy alignment, cost-benefit analysis for prioritizing investments, and blended finance. The framework offers a structured way to transform slow-onset events like drought into investable opportunities, even amid data gaps. Tools like the Climate Risk Observatory developed by IPE Global are

helping cities and data-scarce regions conduct *hypergranular risk assessments*—highly detailed, localized analyses of climate risks that go beyond national or regional averages. The Bangladesh Delta Plan 2100 meta model was highlighted as a good practice in integrated, participatory planning. Developed jointly by research institutions in Bangladesh and the Netherlands, the model quantifies climate impacts and supports policy trade-offs.

Participants stressed the need to make tools easy to use by connecting them to existing plans, training local teams, and using local data. They also emphasized that uncertainty in climate projections and economic modeling must not paralyze action.



One important takeaway was that national averages can hide how climate change affects vulnerable communities the most, showing the need for more detailed, disaggregated data and analysis.

## Financing Adaptation Through Climate-Responsive Public Investment Systems

During the CAIP Forum 2025, government officials, development partners, and technical experts shared practical strategies for embedding climate risk into public investment systems and ensuring that adaptation is not just planned—but financed and delivered.

Bangladesh and Pakistan have developed climate budget tagging systems that track adaptation spending across ministries. Bangladesh's integration of its National Adaptation Plan (NAP) with broader development strategies, supported by the Bangladesh Climate Trust Fund, is helping to mainstream climate investments. Pakistan's approach enhances transparency and accountability by mapping public expenditures across adaptation, mitigation, and enabling actions.

Armenia and Pakistan shared how they are integrating climate risk assessments into public investment management and financial regulation. For instance, Armenia is using scenario analysis and stress testing to quantify fiscal risks and inform budget planning. Pakistan's central bank is developing climate-specific risk assessment guidelines and stress testing tools for commercial banks.

The Philippines is also advancing climate-responsive investment planning. With climate resilience embedded in its development plan and investment programming, the country is now updating its tagging guidelines to align with the implementation of its new NAP and Nationally Determined Contribution.

The United Nations Environment Programme Finance Initiative (UNEP FI) highlighted the growing use of granular climate risk assessments across financial institutions in Asia and the Pacific, driven by regulatory shifts and the need to translate climate data into actionable financial insights. ADB emphasized that climate risk must be treated as a cross-cutting priority in public financial management, supporting countries through budget tagging, policy reforms, and technical assistance.

Panelists discussed key challenges—including limited fiscal space, legal and data gaps, and slow uptake of new guidelines—and stressed the importance of collaboration between ministries of finance, central banks, and the private sector. To move from pilots to



institutional ownership enabling frameworks, capacity building and phased implementation are essential.

## From Project Preparation to Risk-Informed Investment

A key theme discussed was the critical role of blended finance and project preparation facilities (PPFs) in translating climate risk assessments into bankable adaptation investments.

PPFs were highlighted as essential mechanisms for advancing climate adaptation investments, particularly in contexts where capacity and financing gaps persist. Panelists emphasized how PPFs support countries in translating climate risk assessments into bankable projects, citing examples from East Malaysia and Singapore that demonstrate innovative funding models. However, keeping these facilities running after initial donor support ends is a challenge, which is why there is growing interest in using revolving funds and charging fees based on project costs.

Blended finance was presented as a complementary strategy to PPFs, especially for mobilizing private sector engagement in adaptation. Discussions focused on aligning incentives, sharing risks, and showing the long-term value of resilient infrastructure to attract investment. Case studies illustrated how sustainability-linked loans and climate-integrated lending to small and medium-sized enterprises (SMEs) can bridge public and private interests. Participants stressed that scaling adaptation finance requires not only technical tools and funding models, but also institutional coordination and local capacity to prepare and deliver impactful projects.

The Forum also explored how economic and financial analysis can support better decision-making. Scenario testing, cost-benefit analysis, and the identification of “no regret” investments were highlighted as essential tools. Work by the International Centre for Integrated Mountain Development in the Hindu Kush Himalaya region showed how community-based early warning systems for flood and natural spring revival projects can deliver strong economic and social returns.

In addition, participants discussed how insurance and credit ratings are increasingly shaping climate risk management in vulnerable countries. While insurance can help transfer risk, it struggles to cover frequent, large-scale disasters, making affordability and sustainability major concerns. At the same time, integrating climate risks into financial assessments may lead to credit downgrades, raising borrowing costs for countries already under pressure. To address these challenges, UNEP and partners are piloting blended finance solutions like the V20 Sustainable Insurance Facility, aiming to support small businesses and promote long-term resilience through better risk-sharing and institutional reform.

Concerns remain about increased borrowing costs, but the consensus was clear: transparency and proactive adaptation measures are the best path forward. Participants also called to strengthen institutional capacity, improve access to localized data, and develop sustainable funding models.



## Funding and Financing for Adaptation Investments

The CAIP Forum spotlighted a critical gap in global climate finance: adaptation receives less than 5% of total climate finance, and only 8% in Asia and the Pacific. Most of this support is focused on disaster response rather than building long-term resilience.

To help address this imbalance, experts from the Climate Policy Initiative, UNDP, UNEP FI, and Pengwern Associates shared strategies for shifting the paradigm. Climate Policy Initiative data highlighted the disproportionately small share of adaptation within the $1.9 trillion global climate finance landscape. UNDP emphasized

the role of climate budget tagging as a tool to integrate climate priorities into public financial systems, thereby helping to mobilize more resources for adaptation. Meanwhile, UNEP FI and Pengwern Associates underscored the importance of engaging the private sector and leveraging blended finance models to scale up adaptation finance.

Country experiences offered practical insights. Pakistan institutionalized climate budget tagging after the 2022 floods, while Indonesia is leveraging tagging to issue green bonds and mobilize investment in climate-smart agriculture. The Climate Investment Funds and ADB showed how tailored instruments and policy reforms are helping countries access global climate funds and attract private capital.

Private sector innovations also featured prominently. Gobi Cashmere in Mongolia and BRAC Bank in Bangladesh are linking finance to climate resilience metrics, supported by regulatory frameworks and disclosure standards. Boston Consulting Group outlined scalable business models, and the Asian Infrastructure Investment Bank stressed the need for market access and project aggregation.

The session ended with a strong push to scale up emerging models, involve SMEs, improve adaptation finance tracking systems, and lower barriers to investment. Adaptation finance is gaining momentum—but scaling it effectively and equitably remains the next frontier.





## Linking CAIP to Global Processes

As countries move forward with climate adaptation investment planning, efforts to align national strategies with global processes are increasingly critical. Participants explored how the CAIP process can be reinforced through international climate finance frameworks, multilateral development bank instructments, and global policy roadmaps.

Bangladesh and Sri Lanka presented strong examples of country-led coordination. Bangladesh's Climate Development Partnership brings together ministries, development partners, and civil society to manage climate finance, while Sri Lanka's decentralized planning model uses provincial consultations to develop investment briefs aligned with global frameworks.

Development partners emphasized the role of NAPs as entry points for translating climate priorities into bankable projects. Initiatives like UNDP's G7 Adaptation Accelerator Hub and ADB's CAIP process are helping countries to identify viable investments and access blended finance.

The Baku to Belem roadmap was highlighted as a key global initiative, aiming to triple vertical climate fund outflows and set a new $300 billion goal by 2035. However, panelists acknowledged that most of the estimated $3 trillion needed for climate investment will have to come from diverse sources, underscoring the need for reform and innovation of multilateral development banks.

ADB and other multilateral development banks, along with climate funds like the Green Climate Fund, should respond with innovative financial instruments—including guarantees —as they remain an underutilized tool for unlocking private investment in adaptation.

The session wrapped up with a clear message: successful adaptation planning must be grounded in national priorities while staying connected to global frameworks and fostering meaningful international collaboration.

## Enabling Environments for Scaling Up Adaptation

As the CAIP Forum 2025 entered its final stretch, the roundtable on enabling adaptation investments brought together country representatives, development partners, and technical experts to reflect on the barriers, opportunities, and practical steps needed to move from strategy to implementation. The session synthesized insights from other sessions and offered a space for collective reflection and peer exchange.

A recent review of NAPs by the International Institute for Sustainable Development and the National Adaptation Plan Global Network revealed persistent barriers to accessing adaptation finance, including limited awareness, complex procedures, and challenges in translating priorities into bankable projects, among others. These issues—echoed throughout the CAIP Forum—highlight the need to make NAPs more investment-oriented, with clearer cost estimates, investment strategies, and robust tracking systems. The Organisation for Economic Co-operation and Development reinforced these findings, drawing from the South African G20 report and the Climate Adaptation Investment Framework (CAIF), which align with the CAIP process and emphasize six key policy areas for unlocking adaptation investment: strategic planning, regulatory alignment, insurance and risk transfer, public finance, sustainable finance, and private sector support.

Country representatives from across Asia and the Pacific shared their strategies and priority actions. Armenia, the Maldives, Bhutan, and the Philippines emphasized the integration of adaptation into national development plans, with the Maldives focusing on mapping climate risk and Bhutan on aligning medium and long-term planning. India and Bangladesh discussed approaches to mobilize and diversify finance, including blended instruments and direct funding to the private sector. Mongolia, Nepal, and the Marshall Islands highlighted the importance of improving data systems and monitoring frameworks, while Cambodia, Indonesia, and Lao PDR highlighted their sector and programmatic approaches to investment planning.

Coordination and partnerships were recurring themes. Tuvalu, Palau, and Timor-Leste stressed the need for stronger collaboration among ministries, development partners, and the private sector, particularly in small island and atoll nations. Development partners acknowledged that their frameworks can sometimes hinder implementation and committed to streamlining processes, de-risking investments, and supporting country ownership.

The session concluded with a clear message: the transition from planning to implementation requires more than financing—it demands coherence, capacity, and commitment. Robust policy frameworks, enabling environments for private investment, and targeted support for data and analytics are essential to unlock the full potential of adaptation finance.



## Closing Reflections and Next Steps

The CAIP Forum concluded with a strong sense of momentum and shared purpose. Through 2 days of intense discussion, participants explored how to move from planning to implementation in climate adaptation investment. The closing session emphasized that adaptation must be treated as a strategic investment, supported by robust project pipelines, sound policy frameworks, and effective financing mechanisms.

Organizers highlighted the importance of country leadership, cross-sector coordination, and regional collaboration. The forum's convening power was evident, with representatives from ministries, development partners, civil society, and the private sector engaging in meaningful exchanges—many for the first time. Participants were encouraged to maintain this momentum and continue building partnerships beyond the forum.

A short video compilation captured the diversity of voices and ideas shared throughout the event. Speakers stressed the need to understand both the scale and distribution of adaptation benefits, improve project screening and capacity building, and ensure that public investments are aligned with resilience outcomes.

Science and technology were recognized as essential for designing robust interventions and identifying appropriate adaptation solutions. The role of policy in enabling private investment was also underscored, with blended finance and public-private intersections described as key to closing the adaptation gap.

Looking ahead, countries will refine their investment pipelines, strengthen coordination, and mobilize both domestic and international resources. Development partners must support this journey with flexible, long-term financing and technical assistance. The key topics and discussions covered during this forum were taken forward to the 30th United Nations Climate Change Conference (COP30) in Belem and will be featured in the 3rd issue of the newsletter.



## Voices from the Forum

CAIP 2025 highlights video: https://adb.eventsair.com/caip2025/gallery

## Resources and Links

Links to presentations and recordings: Climate Adaptation Investment Planning



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If you have any questions or would like to contribute to future editions of the CAIP newsletter, please feel free to contact us at mhernandez@iisd.org or caipteam@adb.org.

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