

# Developing a model of how to bridge adaptation projects with private equity (African case study)

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# What is the International Development Research Centre?

IDRC supports research in developing countries to promote growth and development. The aim is to foster innovative, lasting local solutions that can bring choice and change to those who need it most.



## IDRC work on adaptation in Africa started in 2005 with the UK's DFID



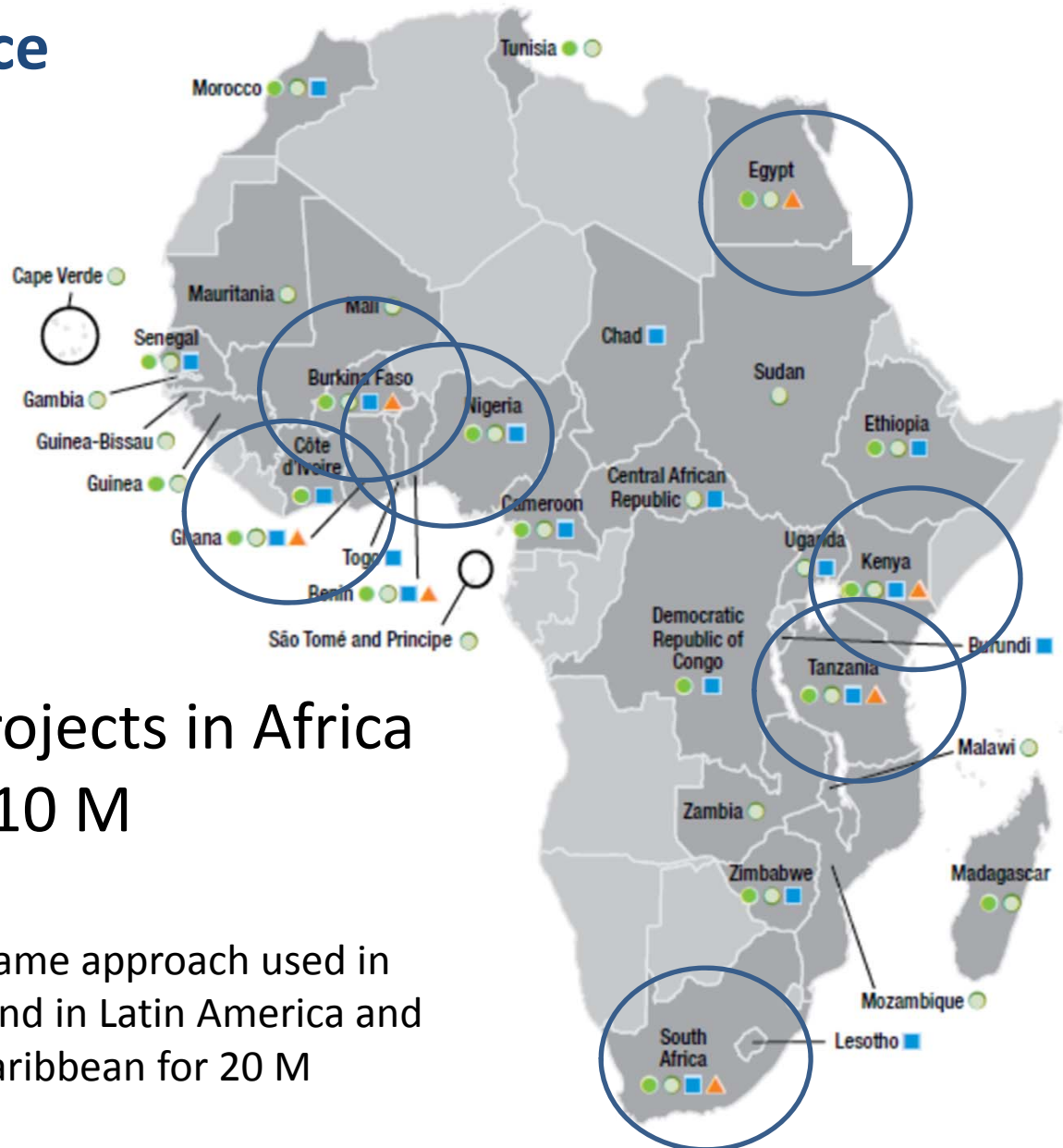
**212** African organizations gained experience in carrying out adaptation research.

**39** African organizations gained leadership experience, directing **89%** of all projects.

As of now, **90** Fellows have pursued advanced research.

**11** people associated with CCAA contributed to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

# 2010: Creation of adaptation research centres with support from the Government of Canada Fast Start Finance



7 projects in Africa  
for 10 M

And same approach used in  
Asia and in Latin America and  
the Caribbean for 20 M

## Example: Burkina Faso



Pilot tests showed that water reservoirs can:

- extend the growing season by up to six weeks
- boost the yield of key staple foods like maize and sorghum by as much as 20%.

Ministry of Water and Agriculture aiming to build 10 000 collection basins by the end of 2013.

Nearly 4 000 basins have already been built so far.

# 2012: IDRC study on Finance commissioned in collaboration with the Development Bank of South Africa



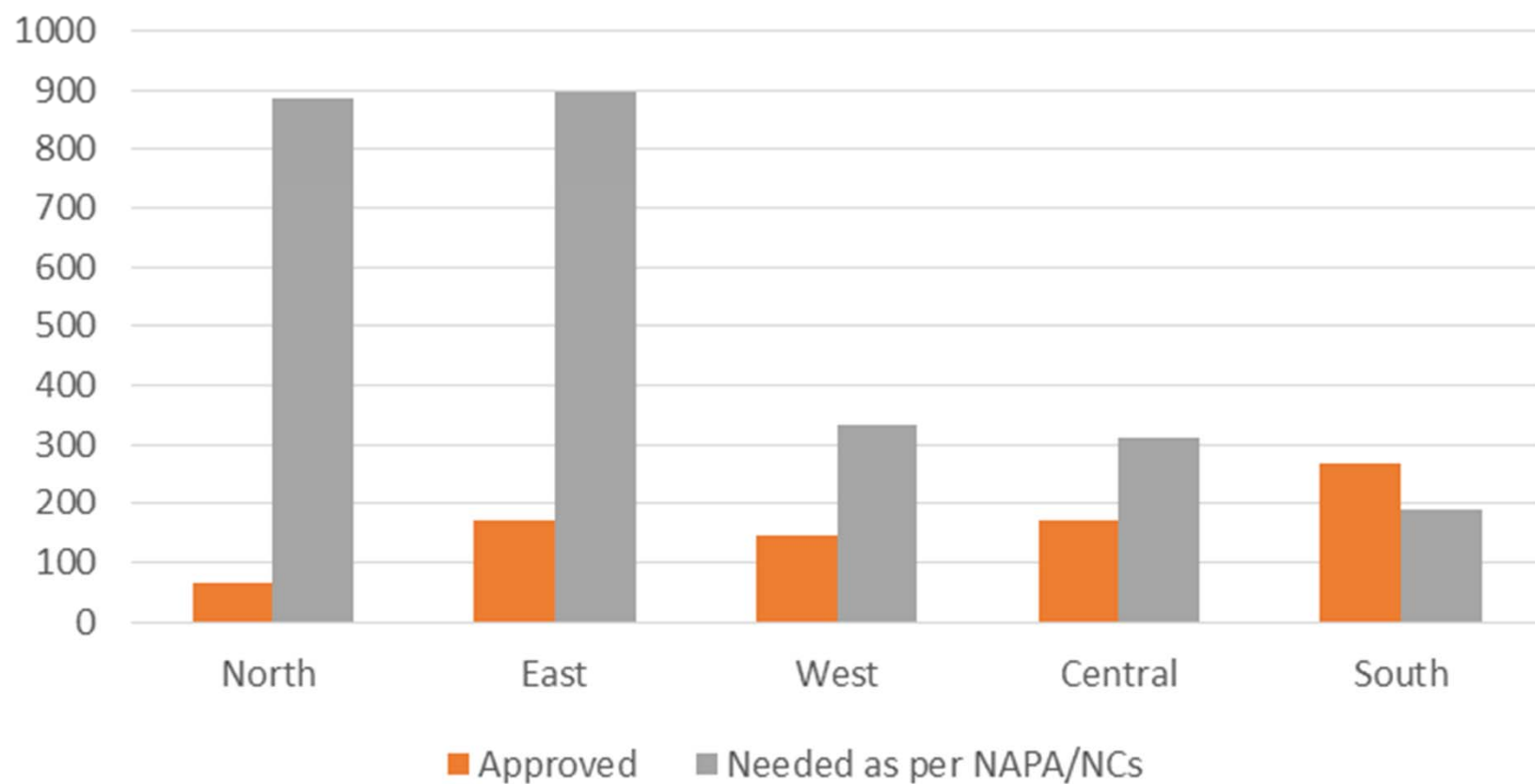
Review of NAPAs and NCs, reports, databases + 26 detailed interviews

- Finance situation by region in Africa
- Sources and criteria
- Findings on barriers related with:
  - accessing funding
  - designing projects

## **From an African project developer's point of view:**

- Multilateral climate funds appear rigid, more than for conventional development finance.
- Dedicated bilateral climate funds and programs seek climate relevance but their allocation criteria are less strict than multilateral funds.
- MDBs tend to apply standard project selection criteria. They seem to focus on project and finance structure.

## Planned and funded projects by region (US\$ M)





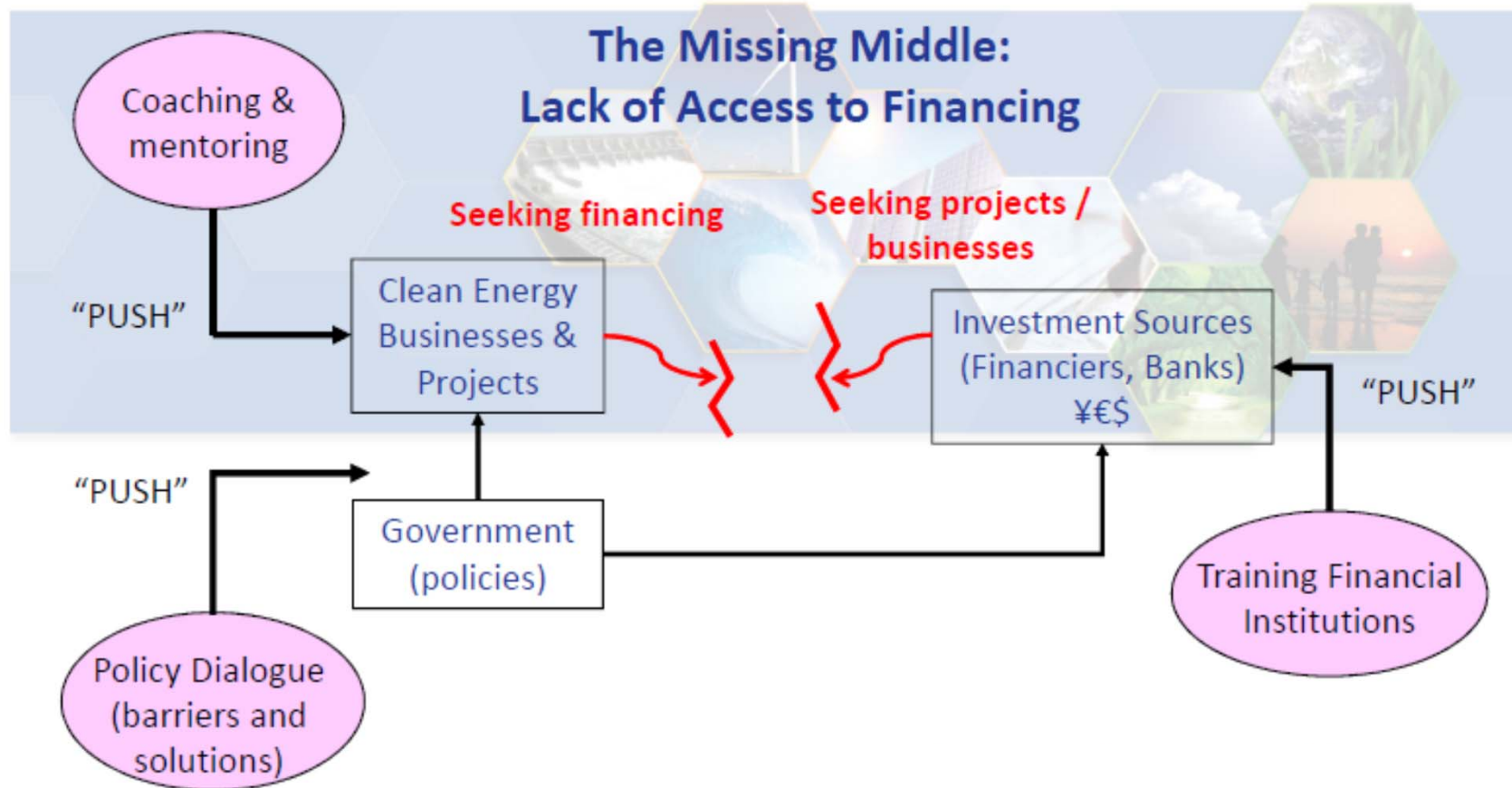
## Challenge with securing and managing funding

- Diversity and complexity of procedures, requirement and reporting can be challenging
- Incomplete country level strategies/policy to support application
- High transaction costs for small-scale activities
- Few incentives for private sector investments
- Local ownership difficult when funders require an international project manager

## Challenges with designing projects

- Lack of expertise to :
  - assess impacts of climate change and design adaptation solutions
  - assess costs of solutions
- Insufficient climate data
- Research not translating to projects

# 2013: Design of IDRC project with CTI-PFAN



**and the Frankfurt School – UNEP Collaborating Centre  
for Climate & Sustainable Energy Finance to deliver:**

- **Peer Reviewed Research Papers** on risks from a private sector perspective, measuring the impacts, and enabling conditions for private sector investment
- **Bankable adaptation projects** - 5 to 10 at maturity
- **A database of less mature projects** for potential induction to the CTI PFAN adaptation pipeline
- **Increased project development and investment capacity**

## In the meantime...

Africa Interact Research to **Policy** platform just completed new reports to include adaptation needs in policies in West Africa



African Climate Change **Fellowship** Program – Phase 3 is going ahead



Adaptation **research** by consortia has started in new collaboration with DFID



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