



# STIMULATING BUSINESSES TO SUPPLY CLIMATE RESILIENT GOODS AND SERVICES IN ACP COUNTRIES



**Client:** The EU Investment Climate Reform Facility, 2022



**Sectors:** Agriculture, Water, Climate Change



**Service:** Investment Advisory

African, Caribbean and Pacific (ACP) countries are some of most vulnerable to climate change. Given pressure on public resources, there is an urgent need to stimulate business activity into areas highly disrupted by climate change - food production, water and the natural environment, infrastructure, and disaster risk management. The Investment Climate Reform Facility (ICR) supports organisations in ACP countries to create better conditions for businesses to thrive. The Symmetry team wrote a series of papers and held webinars addressing the topic of 'enabling the business environment to attract climate smart investment across Africa, Caribbean and Pacific countries'. This explored the use of different blended financial instruments to de-risk investment into the agriculture and water sectors. Our reports highlighted a number of key recommendations for ACP countries.

## Recommendations

- Translate climate adaptation priorities and plans (e.g. National Adaptation Plans) into financing strategies. This requires developing adaptation targets, pathways, and technologies, assessing adaptation costs and financing required, as well as matching different sources of finance.
- Support the development of a pipeline of high-quality, investable, climate adaptation projects. This requires the sharing of climate information and targeted outreach and awareness raising to companies; establishing incubators and accelerators to stimulate early-stage private sector engagement; and providing dedicated Project Preparation Facilities to support companies to become investment ready.
- Adoption of more risk-tolerant financial instruments (such as climate insurance, resilience bonds etc) and blended finance vehicles - using development finance strategically - to mobilise commercial finance. National and regional development banks must play a pivotal role to provide concessional capital.

It is also recognised that progress toward accomplishing these actions will need to be in tandem with efforts to strengthen the overall business investment climate in ACP countries.