



Climate Adaptation Finance: The Unavoidable Opportunity

IFC Climate

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Industry Context

Extreme climate-related events, such as droughts and floods, and gradual shifts in climatic conditions, such as rising sea levels and average temperatures, are affecting people, economies, and ecosystems worldwide. This urges businesses, investors, and financial institutions to address the associated risks and steer capital toward adaptation and resilience-building solutions.

Developing countries urgently need better adaptation strategies and an estimated [US\\$310-365 billion per year](#) by 2035 to do so. However, only [\\$65 billion was tracked in 2023](#), which means that adaptation finance flows must significantly scale up to meet these needs. Adaptation and resilience is a trillion dollar market opportunity that can reduce future costs while delivering social, economic, and environmental benefits. Despite this, 98% of tracked adaptation finance is dominated by public actors, highlighting the need for private sector engagement. While many adaptation investments are public goods, much remains to be done to expand private sector participation in adaptation finance. Governments and multilateral development institutions can play a key role in unlocking private capital for adaptation.

IFC's Climate Adaptation Finance at a Glance (July 2024-June 2025)



\$558 million

Committed to Adaptation Projects



\$3-7 billion

Total Capital Mobilized

IFC Strategy and Portfolio

IFC is focused on expanding bankable opportunities that help municipalities, state-owned enterprises, and private sector clients safeguard assets from climate shocks and make people, economies and nature more resilient.

IFC's adaptation finance efforts focus on the following strategies:

- Working with clients to identify, assess, and manage climate-related physical risks to which they are vulnerable, and helping them manage the impacts on their operations, their finances, and their communities.
- Advancing industry strategies to mobilize adaptation finance across key sectors, including water, cities, agribusiness, and financial institutions, addressing both climate proofing needs and delivering climate solutions for infrastructure, corporates, funds, and financial intermediaries.
- Pioneering financial instruments, standards, and tools to drive private sector investment and entrepreneurship in climate resilience.
- Offering climate advisory services, working with clients to manage physical climate risks across their assets, operations, and portfolios, and developing solutions that support adaptation and resilience goals through analytics, capacity building, pre-investment, and investment support.

RESILIENT BUILDINGS, RESILIENT CITIES, RESILIENT COMMUNITIES

Building Resilience Index (BRI) is a web-based tool that makes it easy for real estate sector stakeholders, including construction developers, financial institutions, insurers, and governments, to assess, improve, and disclose the climate resilience of structures and properties.

- **Assess:** BRI helps clients identify applicable natural hazards and vulnerabilities based on the location and design of their building across four main hazard categories: water, wind, fire, and seismic activity.

- **Mitigate:** Based on the results of the assessment, clients receive a list of mitigation measures for enhancing the physical integrity and operational continuity of their building against applicable natural hazards.
- **Disclose:** By using a standardized letter grade rating system, BRI helps clients accurately convey the resilience of their building assets to the relevant parties, especially to change to banks, investors and insurers.

Project Examples

ADAPTATION SOLUTIONS



SUSTAINABILITY-LINKED-LOAN TO A BRAZILIAN WATER UTILITY

In Brazil, IFC partnered with SABESP, one of the largest water and sanitation companies in the world, to invest \$200 million in water and sanitation infrastructure along the Tietê River in São Paulo. The project is expected to increase river and water supply resilience to droughts, improve operational energy efficiency, lower emissions, and reduce water pollution, benefiting over 360,000 people.



RENEWABLE ENERGY

The Distributed Access with Renewable Energy Scale Up (DARES) Platform is a joint WBG initiative to accelerate distributed renewable energy solutions in Sub-Saharan Africa. It enhances energy resilience for communities and MSMEs in countries with highly climate-vulnerable grids, such as Nigeria. Launched in December 2024, DARES supports The World Bank Group's mission of providing reliable energy to 300 million African people by 2030.



INNOVATION

Pula Advisors, an insurance technology company that designs and implements agricultural index insurance solutions covering climate perils for smallholder farmers in Africa. IFC investment aims to scale up access to Pula's index insurance solution in Kenya, Zambia, Uganda, and Nigeria.

CLIMATE PROOFING



BUILDING RESILIENCE INDEX, A GLOBAL SOLUTION FOR REAL ESTATE

Among BRI's many clients, Vinte, a leading Mexican affordable housing developer, has leveraged the tool across 15 housing developments to enhance resilience measures and protect residents from the expected increase in extreme weather events.



SUSTAINABLE COOLING, A CROSS-SECTOR EFFORT TO SCALE UP INVESTMENT

IFC is working to grow private sector investment in sustainable cooling with a strategy that addresses cooling-intensive sectors through modes of engagement, including technical assistance, de-risking investments, and scaling up finance. Cooling as a response to chronic increases in temperatures due to climate change is estimated to be a \$600 billion annual market by 2050. For example, IFC helped mobilize \$300 million for India's Brookfield REIT, helping the real estate company reach 40% energy efficiency for its properties through [EDGE](#) and [BRI](#) - largely by addressing cooling as 40-50% of its energy and utility bills footprint - and planning for a significant temperature increase in India.



CLIMATE-SMART AGRICULTURE

IFC financed Companhia Melhoramentos Norte do Paraná, a Brazilian sugar and ethanol company that manages approximately 90,000 hectares of sugarcane fields and operates three mills. The company is implementing climate-smart agriculture practices, such as (i) optimized sugarcane mix to increase plague resistance, (ii) use of organic fertilizers and biological pest control combined with traditional agri inputs, (iii) precision fertirrigation (irrigation with vinasse), and (vi) satellite images analysis to monitor growth, pests, hazards such as flooding, and harvest. Through this investment, they are procuring Bonsucro certification for the Vale do Parana Mill and its sugarcane production, which requires clients to abide by certain thresholds with regards to major sustainability considerations, including the use of water. Implementing these climate-smart practices will improve water efficiency, strengthen soil health, and contribute enhancing the resilience of the company's operations. Additionally, by increasing bioenergy production through the use of bagasse—a by-product of sugarcane—the company will help diversify the national energy mix away from drought-affected hydropower, supporting broader system resilience.