

**Twelfth meeting of the Adaptation Committee
Bonn, Germany, 19-22 September 2017**

Advancing the engagement of the private sector in adaptation

Initial draft report on a survey and literature review undertaken by the secretariat

Recommended action by the Adaptation Committee

The Adaptation Committee (AC) may wish to consider the information contained in this note and its addenda and agree on possible next steps.

1. Introduction

1. As reflected in its flexible 2016-2018 workplan, the AC agreed to advance the engagement of the private sector and to prepare a map of actors. The mapping is to serve as a basis to advancing the AC's efforts in this area and to identify next steps regarding private sector engagement, building on the Nairobi work programme's Private Sector Initiative, including towards achieving the objective of providing guidance on ways to enhance support, including finance, technology and capacity-building, for the process to formulate and implement national adaptation plans (NAPs). As a follow up to this work the AC agreed to convene, in 2018, a workshop to foster greater contribution of the private sector to the process to formulate and implement NAPs, including examples of involvement so far.
2. Based on the concept note presented at AC11, this initial draft report presents the key findings from a review of relevant literature together with a survey of private sector actors (sections 2 and 3, with the full draft literature review and report of the survey contained in documents AC/2017/17/Add. 1 and 2), along with possible next steps (section 4). A mapping of private, public and civil society actors involved in adaptation from local to global is included here as context in figure 1 (Meister Consultants Group, 2013)¹

¹ Meister Consultants Group, Inc. 2013. *Resilience in Action: Lessons from Public-Private Collaborations Around the World*. Available at https://cdkn.org/wp-content/uploads/2013/08/MCG_ResilienceinActionReportweb.pdf.

Figure 1. Mapping of private, public and civil society actors involved in adaptation

	PUBLIC SECTOR	PRIVATE SECTOR		CIVIL SOCIETY
GLOBAL	International Development Agencies	Multinational Companies	Industry Associations	International Non-Profits
REGIONAL	Regional Collaborations			Domestic NGOs
NATIONAL	National Governments	National Companies		
SUB-NATIONAL	Provincial Governments	Small & Medium-Sized Enterprises	Cooperatives	Local & Regional Non-Profits
LOCAL	Local Governments			

2. Key findings from the literature review

3. The literature reviewed thus far showed that there is an obvious need for the private sector to be engaged with adaptation, and that this is relatively well understood, that the private sector is engaged with adaptation in a wide range of ways, but that there are many opportunities to stimulate further action and enhance and better coordinate current and future action. Key areas for action identified relate to:

- Provision of more, clearer and targeted information, including data, indicators and metrics, on climate impacts and approaches for action, including risk-based approaches;
- Opportunities for coherently building confidence, collaborating and learning among private sector actors, and with other relevant actors including but not limited to governments and the scientific community, including through public-private partnerships regulation, development of strategies and plans, and climate risk disclosure;
- Efforts to advance learning and collaboration on enhancing adaptation market, finance and insurance aspects and arrangements to enable effective adaptation; and
- The need for closer private sector engagement with national adaptation planning processes, including the process to formulate and implement NAPs.

4. Certain sectors and types of private sector organisations (such as infrastructure, health and agricultural sectors and micro, small and medium enterprises) may benefit from more focussed help, given that they may be providing vital services to society, that their resilience and sustainability directly contributes to that of communities, that they may be situated in areas that are most vulnerable to climate impacts, especially those in developing countries, and that they offer millions of people livelihoods.

3. Key findings from the survey

5. Towards further understanding and mapping private sector actors and their involvement in adaptation relevant activities, the secretariat undertook a survey, which was open from 14 July 2017 – 9 August 2017 to private sector actors, including networks.

6. There was a total of 208 survey responses from private sector entities. Among respondents, the majority represented small and medium sized enterprises (SMEs) (34 per cent), followed by

multinational companies (20 per cent), industry associations (18 per cent), national companies (16 per cent), microenterprises (9 per cent), and cooperatives (3 per cent). Survey respondents reported operating in various regions, including Sub-Saharan Africa (20 per cent), Europe and Central Asia (17 per cent), Latin America and the Caribbean (17 per cent), North America (15 per cent), South Asia (10 per cent), East Asia and Pacific (9 per cent), and North Africa and Middle East (6 per cent) (multiple responses were allowed). Eighteen per cent of respondents (n=38) reported operating in all regions. Sectors with the highest representation were agriculture, forestry and fisheries (40 per cent), followed by energy (27 per cent), professional services (25 per cent), and water (17 per cent) (multiple responses were allowed).

7. Respondents were most concerned about climate risks relating to impacts on natural resources on which their business relies, followed by disruptions to infrastructure and changes in policy and regulation.

8. Forty per cent of respondents reported that their company had a strategy or plan in place to deal with climate-related risks, with 33 per cent reporting that their companies did not currently, but were planning to develop one. More than half of national companies (60 per cent) reported that they already had a plan, while 50 per cent of multinational companies and 37 per cent of SMEs reported the same. Compared to these other groups, microenterprises demonstrated a lower involvement with the development of climate strategies, with only 28 per cent reporting having an existing strategy or plan.

9. To take action to adapt to the impacts of climate change, the majority of respondents noted that they were engaging with business associations and/or networks, interacting with government and/or civil society, and interacting with other business about climate change, resilience, and/or sustainability. About one-third (31 per cent) of respondents reported that their companies were actively investing in building resilience and/or climate-proofing their businesses at this time. Other actions by companies included including climate change in the company's risk management policy, and strengthening duty of care policies and standard operating procedures for staff travelling for work.

10. When asked about what actions their companies are taking to assist their clients in adapting to the impacts of climate change, 52 per cent responded that they were providing adaptation services and technologies. Of companies reporting their provision of adaptation services, a large fraction were SMEs (39 per cent) followed by multinational companies (21 per cent) and industry associations (15 per cent).

11. Respondents saw that the biggest opportunities relating to climate change were related to business development (e.g., market growth and new markets) (56 per cent), followed by the opportunity to develop new products, technologies, and services (51 per cent) and to expand existing ones (47 per cent).

12. The most commonly cited challenges companies reported they face in reducing climate risks and making use of opportunities, were lack of awareness/knowledge around climate change impacts and risks (51 per cent), limited financial capacity to address risks (49 per cent), as well as policies and regulations that hinder adaptation (47 per cent), and the difficulty of demonstrating the return-on-investment (47 per cent) of actions. Other cited challenges included:

- a) Operating in an industry that is sceptical of climate change;
- b) General resistance of a specific industry to paradigm change required for adaptation (e.g., farmers in agricultural sector);
- c) Seasonality of businesses which cannot amortize extra costs within a fixed season without pricing their services too high;

- d) Receiving client buy-in to integrate climate change considerations into produces and services;
- e) Finding time to integrate climate change considerations into business.

13. To facilitate more adaptation activities, better address climate risks and make the most of climate-related opportunities, respondents indicated that their companies need more economic and financial incentives (65 per cent), data and information (including risk analyses) (56 per cent), as well as regulatory/legal frameworks and policies that support the adoption of climate risk reduction actions (54 per cent). Other requirements that were noted include:

- a) Experts who can translate climate data and science into information relevant for end-users;
- b) Financial mechanisms, such as public-private partnerships for large scale projects; and,
- c) Creative communication to mobilize businesses to address adaptation.

4. Next steps

14. Based on the findings presented here, the AC may wish to consider the following next steps:

- a) Develop themes for the 2018 workshop on private sector engagement on adaptation:
 - i) Focussing on the policy-level, including consideration of enabling environments, climate risk disclosure, persistent barriers and opportunities for collaboration, including through public-private partnerships, and national adaptation planning processes, including the process to formulate and implement NAPs;
 - ii) Focussing on the MSME level, including sharing of knowledge and targeted information on market opportunities, risk management and value chain approaches and the provision of support;
- b) Request interested AC members and observes, in particular from the private sector, in collaboration with the secretariat, to prepare for the 2018 meeting on fostering greater contribution of the private sector to adaptation;
- c) Further advance the draft literature review, possibly in collaboration with experts on private sector engagement with adaptation, as input to the 2018 workshop.