

Preliminary mapping study

CAPACITY-BUILDING NEEDS AND GAPS IN THE PRIVATE SECTOR

To implement the Paris Agreement
goals in the Latin American and
Caribbean Region (LAC)



Capacity-building Needs and Gaps in the Private Sector to Implement the Paris Agreement Goals in the Latin American and Caribbean Region (LAC)

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I. Background

Companies investing in the SDGs can be made more profitable and sustainable in both the medium- and long-term, with the private sector playing an integral part in mobilizing resources and mechanisms to implement the 2030 Agenda in Latin America and the Caribbean (LAC), according to participants at the Business Forum for the SDGs in LAC 2019¹. The Forum was organized by the UN Economic Commission for Latin America and the Caribbean (ECLAC) and the UN Global Compact, on 22 April 2019, in Santiago, Chile. During the event, ECLAC Executive Secretary Alicia Bárcena cited difficulties in financing the 2030 Agenda in LAC given that it is a middle-income region. She urged more private sector actors to play an active role in achieving the SDGs, and called for “changing the conversation” between governments, the private sector and civil society.

For the private sector, capacity-building related to climate change has become increasingly important for the implementation of the Paris Agreement. Capacity-building is a fundamental precondition in fostering enhanced and sustained coordination efforts amongst all stakeholders. The Paris Agreement also calls for greater involvement of the private sector. Furthermore, the global Report on Adaptation (2019) calls for greater incentives for the private sector to collaborate with governmental entities in investing more broadly in resilient infrastructure.

¹ <https://sdg.iisd.org/news/lac-forum-highlights-need-for-private-sector-to-help-implement-sdgs/>

During the Capacity-building Knowledge to Action Day , organized by the PCCB, UNFCCC secretariat , IDRC and other partners² , held during LAC regional climate week, August 2019, participants highlighted that local academia and research organizations actors in LAC are important stakeholders and could play a key role in building and retaining capacities at the national level, and that they could also be a key partner for the private sector to engage with in order to increase their own capacities to support climate action, and in turn help scaling up and/or transmit those capacities to other private and public actors in collaboration with national and local government authorities.

Building on these findings, IDRC and UNFCCC agreed to join forces to undertake a preliminary study to map out what type of capacity-building is required by the private sector to help address the capacity-building needs and gaps experienced by LAC countries in the implementation of the Paris Agreement, particularly regarding adaptation and resilience to climate change.

II. Scope and approach

Capacity-building can be understood as the “process of developing and strengthening the skills, instincts, abilities, processes and resources that organizations and communities need to survive, adapt, and thrive in a fast-changing world”. This preliminary mapping study is intended to be a first step in responding to a growing demand for the private sector to be better prepared to play a more active role when engaging in climate action.

Studies assessing the capacity-building needs of the private sector to better engage in climate action have not been performed in the LAC region to date. This work is therefore a first attempt towards a much-needed thorough and detailed assessment of capacity-building needs and gaps of the private sector, the “demand”, and the capacity-building “offer” available from academia and research organizations. The ultimate objective of the research is to formulate a proposed set of actions for enhancing the capacities and ability of the private sector to engage in climate action and to build mutually benefitting partnerships between academic and research organizations, the private sector, and government authorities based on the premise of developing and retaining capacities of national actors to enhance climate action.

This preliminary study was conducted using a combination of literature review and a small survey with a sample of 45 private sector participants. Using the data, this research aimed to gain a sense of areas the private sector considers to be the most important when building capacities in the first instance, depending on different productive sectors. It was clear from this preliminary study that a larger sample, both in terms of sample size and geographic distribution, (is required and that survey questions need to build on the information collected and collated in this preliminary study, and in certain cases, customized to generate robust, reliable and representative information. Further details on the responses to the further survey can be found in Annex 1 and 2

III. Findings

The main findings show that climate change still has not been fully incorporated by major economic sectors in the LAC region, particularly those most vulnerable to the effects of climate change. This confirms what has repeatedly been observed all over the world; that most businesses recognize the current and future impacts that climate change could pose to

² <https://unfccc.int/pccb/capacity-building-knowledge-to-action-days-in-regional-climate-weeks>

their operations, yet very few have engaged in action or even supplementary activities to increase awareness among specific communities and the broader public (UNEP, 2011). This can result in a misalignment of adaptation priorities between the private sector and government policies.

As the impacts of climate change become more apparent, private companies in the LAC region have increased their efforts to become more responsive to climate change, in many cases without even fully realizing it. However, unlike mitigation, adaptation actions have been less evident, mainly due to the lack of standardized mechanisms allowing for clear identification, categorization and measurement of climate related risks.

Regarding mitigation, adaptation and resilience actions, more than half of the survey respondents highlighted the need to integrate climate change actions into companies' everyday activities. Proper management of climate change variables is integral to business sustainability and should be permanently incorporated into business strategies, with an emphasis on dynamic adaptation actions and mitigation plans for the medium and long-term. One example would be determining carbon and water footprints and measures for energy efficiency.

Identifying demands for new knowledge, capacity requirements and for the development of financial instruments and mechanisms for adaptation and mitigation projects was also highlighted as an area of importance, as well as the benefits of fostering collaboration and synergies between the private sector and research centers.

This mapping study also contributed to addressing critical questions, such as:

i. How will/does global warming and climate change affect private sector operations their clients and local communities?

The survey indicated that private sector stakeholders have high sensitivity to extreme events connected to climate change; particularly those related to infrastructure damage, increased insurance costs, forest fires and water scarcity. But these were not recognized as part of an adaptation and resilience agenda. There is a need for better climate change risk management training courses, further development of financial instruments and robust, transparent climate change policies and governance in LAC countries; as well as understanding the cost of those impacts in their respective investments, particularly in the real estate sector.

Survey respondents highlighted the demand for knowledge to understand, for example, patterns related to reductions in crop yields and increased water scarcity. Both these topics are cross-cutting issues covering a wide range of technical and professional disciplines and they require training to enhance private sector understanding on adaptation and resilience practices. In particular, small and medium size enterprises should be better supported. For that, effective translation of adaptation practices is critical in reducing economic losses that will impact farmers and small businesses, including the development of crop and livestock insurance and water conservation funds. The effective translation of technical knowledge must be highlighted and addressed in any capacity-building actions to be undertaken.

There is a need for better interaction between public and private sector, to foster sustainable development and climate change action, as well as long-term environmental planning by building public-private alliances for joint climate action initiatives. In the absence of clear, well-defined government guidelines and policies, there is a high chance that the private sector

will mis-co-ordinate its climate actions at a broader, more effective level, particularly those relating to adaptation actions and increasing climate resilience.

Furthermore, the accurate identification of capacity-building needs which deal with the impacts of climate change, such as adaptation, requires more detailed mapping and characterization of private sector presence than that performed for this preliminary study.

ii. What should academic institutions and research centers offer to develop and/or strengthen capacities for greater climate action?

This mapping study recognizes that education is a critical factor in leveraging climate change ambition. Considering the cross-cutting nature of climate change and sustainability, it is necessary to develop climate change related skills, capacities and knowledge in the curriculum of courses related to environmental issues, and also to courses that are not directly linked to such issues. This will help to inform a wide range of sectors on the cross-cutting nature of climate change issues.

The survey also found that current educational programs in the LAC region still delineate the concepts of sustainability and climate change only to specialized courses and environmental degrees; there is still much to do in leveraging partnerships between the private sector and research centers. Regulations and incentives would clearly foster cooperation and engagement among governments, private sector actors and academia, positively contributing to the advancement of the goals established in the Paris Agreement.

There is also a need to strengthen capacities with regards to digitalization, innovative agricultural techniques, water management and energy reconversion. Accordingly, a set of related actions could include increased financial support for innovation projects, development of cross-cutting climate change approaches in professional degrees, and high-level dissemination of climate change-related impacts across economic sectors.

In the LAC region, topics such as climate change finance, environmental regulations and disaster management have not been fully covered by research centers and academia, meaning that the skills required to communicate the implications of climate change to audiences of varying educational levels and information needs require strengthening. This is particularly the case regarding the development of financial instruments and mechanisms to implement adaptation and mitigation projects.

This may represent an opportunity for education centers to offer those topics in their curricula and to better align with the needs expressed through the NDCs submitted by LAC countries. A recent report from the Global Reporting Initiative GRI (2019), highlights the need to include clear targets for private business contributions to climate action in general and particularly with NDC implementation.

To summarize, the private sector has not yet been identified as a target audience for capacity-building on climate change and there does not seem to be any established initiatives to address this issue, which could indicate that this is an area that merits further analysis with the aim of proposing strategies and approaches to promote greater participation and collaboration with the private sector when it comes to capacity-building activities in the context of climate action.

This study envisages that capacity-building lessons on successful public/private partnerships, such as those seen when responding to natural disasters, are areas that could also be explored.

The findings also underline the need to better incorporate capacity-building considerations in the following areas:

- a. Piloting and demonstrating approaches which integrate climate risk and resilience into development policies and business planning;
- b. Scaling up and leveraging climate-resilient investments, through the development and deployment of financial instruments and mechanisms;
- c. Enabling learning-by-doing and peer to peer exchanges at the local, national and regional level, including through south-south cooperation modalities.

The findings from this preliminary mapping study provide some elements of reflection including the recognition that there is still much room for greater engagement of the private sector, particularly as regards adaptation and resilience.

The figure below presents the major recommendations from the preliminary mapping study.

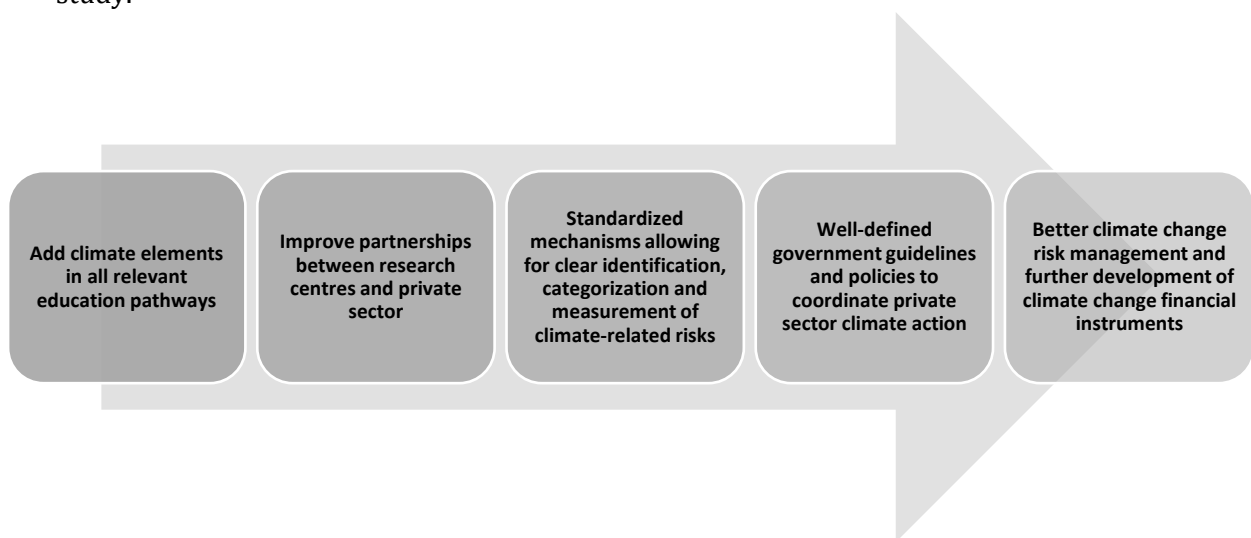


Figure 1: Key recommendations from this preliminary mapping study

IV. Next steps

The lessons learned from this preliminary mapping study will form the basis of the design and scope for the next phase of this work for LAC, and more importantly will also help initiate similar exercises in other regions, specifically Africa, and Asia and Pacific regions.

The experiences gained will be used to develop a more thorough analytical framework, which should provide insights and recommendations for the development of concrete strategies to:

- Improve private sector capacity to contribute to stronger climate ambition particularly with regards to enhancing resilience in collaboration with academia and research organizations, principally through NDCs and NAPs
- Harness potential platforms to engage private sector in capacity-building initiatives for climate action at different levels.
- Promote greater coordination and coherence of capacity-building actions undertaken by cooperation agencies, governments, private sector associations, academia, research organizations, government officials and other interested national and international stakeholders.

References

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GRI and CDP 2019, Daniel Petrovic and Jennie Gleed. [Policy recommendations on the role of the private sector reporting NDCs. 9pps Financed by the Government of Sweden](#)

Annexes

Annex 1: Survey Questions

Question in the Survey

Identification questions:

- **Question 1:** Which sector/sectors do you represent?
- **Question 7:** Please, indicate your country.

Identification of climate change knowledge and skills among private sector participants:

- **Question 2:** Do you know the meaning and implications of "climate change adaptation" and "climate change mitigation" in your respective sector/sectors?

Identification of climate change skills/knowledge/capacities that the private sector participant considers should be strengthened in their sectors:

- **Question 3:** If your preceding answer was affirmative, which of the following subjects do you consider that need to be strengthened through better information/capacitation/learning in your respective sector/company/association?
- **Question 4:** The following climate change consequences (18 consequences were mentioned) are potential impacts that could affect economic sectors. Please mark those you consider are not being properly addressed within your sector, due to lack of skills/knowledge/capacities.
- **Question 5:** Do you think there are still some climate change-related effects that have not been properly addressed in your sector due to lack of capacities/knowledge? Which one(s)?

Identification of climate change capacities/supports/regulation that need to be strengthened in their countries:

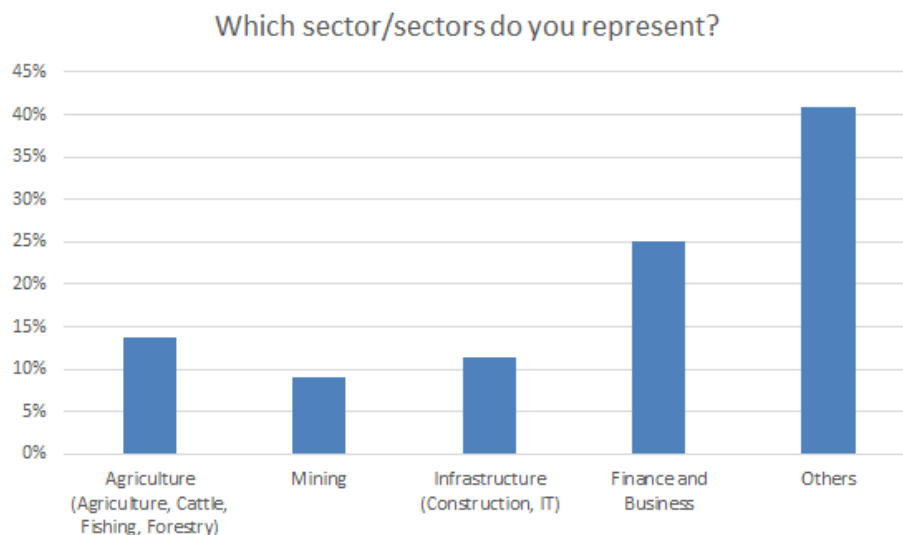
- **Question 6:** What actions do you consider are necessary to be developed in your country to properly address the climate change effects identified in the preceding question?

Annex 2: Survey Results

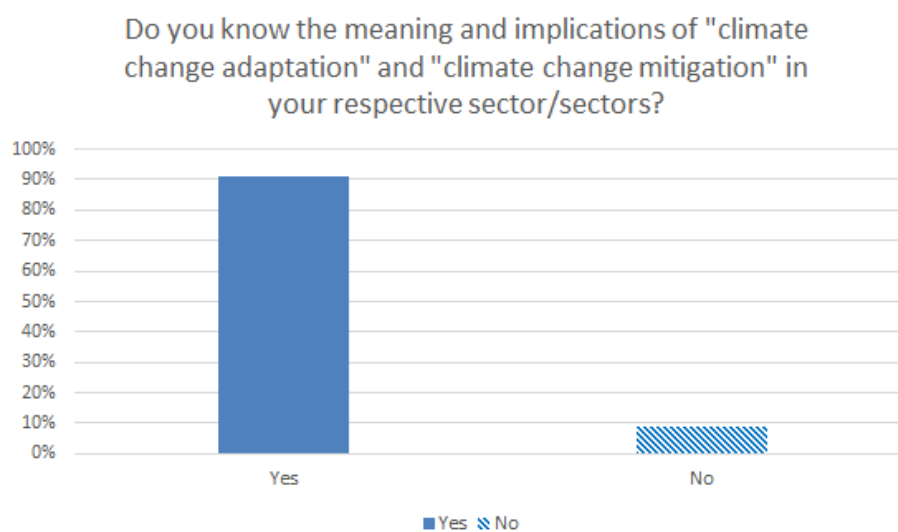
Identification of participants: sectors and countries

Countries	N° of participants	(%)
Chile	21	48%
Brazil	4	9%
Costa Rica	7	16%
Colombia	2	5%
Argentina	4	9%
México	3	7%
Peru	2	5%
Grenada	1	2%
Total	44	100%

Private sector survey participants



Private sector awareness of climate change "adaptation" and "mitigation" concepts



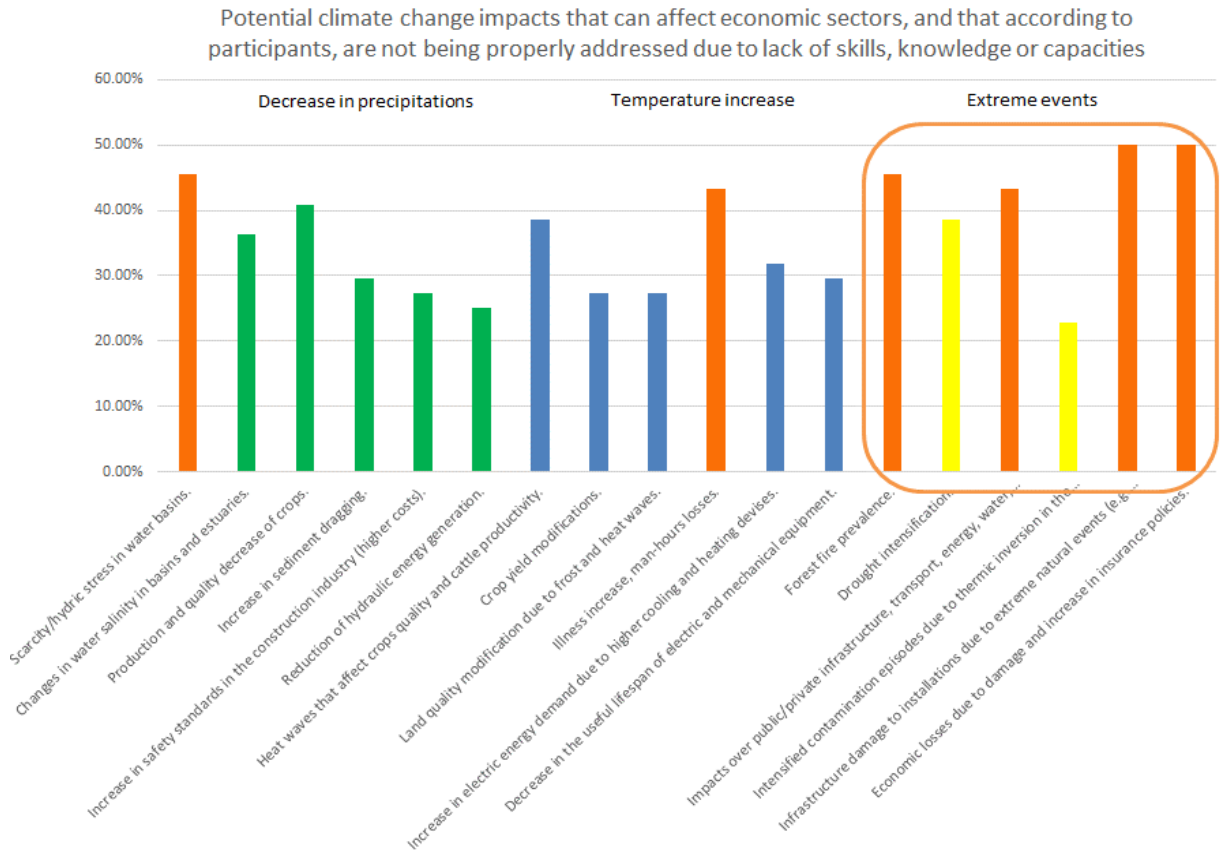
Subjects that private sector participants consider need to be strengthened.

Selected options	Total	(%)
Climate change strategies integrated to daily company actions.	28	64%
Adaptation climate change actions.	26	59%
Climate change Plans/Politics (Carbon footprint, Energy Efficiency, Water footprint).	25	57%
Mitigation regulatory compliance of GHG (for example CO ₂ , CH ₄ , N ₂ O).	13	30%
Participant who answered	44	
Participants who did not answer	0	

Potential climate change impacts indicated as not properly addressed by the private sector

Selected options	Responses		
	(%)	Total	
Scarcity/hydric stress in water basins.	45%	20	Decrease in precipitations
Decrease in crops production and quality.	41%	18	
Changes in water salinity in basins and estuaries.	36%	16	
Increase in sediment dragging.	30%	13	
Increase in safety standards in the construction industry (higher costs).	27%	12	
Reduction of hydraulic energy generation.	25%	11	
Illness increase, man-hours losses.	43%	19	Temperature increase
Heat waves that affect crops quality and cattle productivity.	39%	17	
Increase in electric energy demand due to higher cooling and heating devises.	32%	14	
Decrease in the useful lifespan of electric and mechanical equipment.	30%	13	
Crop yield modifications.	27%	12	
Land quality modification due to frost and heat waves.	27%	12	
Infrastructure damage to installations due to extreme natural events (i.e. floods, hurricanes, typhoons, etc.)	50%	22	Extreme events
Economic losses due to damage and increase in insurance policies.	50%	22	
Forest fire prevalence.	45%	20	
Impacts over public/private infrastructure, transport, energy, water, communications and IT.	43%	19	
Drought intensification.	39%	17	
Intensified contamination episodes due to thermic inversion in the athmosphere.	23%	10	
Participant who answered		43	
Participants who did not answer		1	

Climate change impacts that according to participants' perspectives are not being properly addressed in their sectors





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