

## Sixteenth meeting of the Adaptation Committee Bonn, Germany, 9 to 12 September 2019

### Draft recommendations on private sector engagement in adaptation

#### Recommended action by the Adaptation Committee

The Adaptation Committee (AC), at its 16<sup>th</sup> meeting, will be invited to reflect on the draft recommendations on private sector engagement in adaptation. Following revisions and agreement, the AC may wish to include the recommendations in its annual report to the Conference of the Parties.

### 1. Introduction and background

1. In its flexible 2016-2018 workplan, the Adaptation Committee (AC) agreed to advance activities on the engagement of the private sector. This included building on the Nairobi work programme's Private Sector Initiative and working 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).
2. As agreed at AC11, a mapping of actors was undertaken, entailing the preparation of a review of relevant literature,<sup>1</sup> together with an open survey of private sector adaptation action and motivations.<sup>2</sup> Reports on these activities, as well as an overview report presenting key findings as well as possible next steps were considered at AC12.
3. As a follow-up to this work, the AC convened a workshop in 2018, to advance activities on the engagement of the private sector, and foster greater contribution of the private sector, including examples of involvement so far.
4. The workshop on *Fostering engagement of the agri-food sector in resilience to climate change*<sup>3</sup> took place in Geneva, Switzerland from 29-31 October 2018. It was organized jointly by the International Trade Centre (ITC) and the UNFCCC secretariat, under the guidance of the AC, and with support from the Governments of Germany and Japan as well as the European Union. The findings of the workshop were captured in a workshop report.<sup>4</sup> The AC, at its 15<sup>th</sup> meeting, considered the report and agreed to finalize the recommendations derived from the report at its 16<sup>th</sup> meeting.
5. In its flexible 2019-2021 workplan, the AC agreed to strengthen engagement with the private sector on mobilizing financial resources for adaptation action.<sup>5</sup> As part of the workplan, the AC conducted the 2019 Adaptation Forum on *Engagement of the private sector in adaptation planning processes, including NAPs: Challenges and opportunities*, during the Korea Global Adaptation Week on 10 April in Songdo, Korea.<sup>6</sup> The outcomes of the Forum were captured in an informal report.<sup>7</sup>

<sup>1</sup> AC/2017/17/Add.1, available at <https://goo.gl/IDcsbV>.

<sup>2</sup> AC/2017/17/Add.2, available at <https://goo.gl/ncDF5y>.

<sup>3</sup> Programme available at [http://bit.ly/PSW\\_Programme](http://bit.ly/PSW_Programme)

<sup>4</sup> Available at <https://unfccc.int/documents/199180>

<sup>5</sup> Available at <https://unfccc.int/documents/194673>

<sup>6</sup> Available at <https://unfccc.int/event/2019-adaptation-forum-by-the-adaptation-committee-engagement-of-the-private-sector-in-adaptation>

<sup>7</sup> Available at <https://spark.adobe.com/page/uRPq8eTsdD8nM/>

6. In addition, the 2019 Technical Expert Meeting on Adaptation on *Adaptation Finance, including the private sector* took place on 25-26 June 2019.<sup>8</sup> The technical paper is not yet available, but the outcomes, as related to the private sector, are captured in the recommendations below.

## 2. Draft recommendations

7. The COP may wish to emphasize:
- a) That mitigating risks through adaptation to climate change is at the core of a business's interests, noting that risks include transition risks and physical risks and should be addressed in a proactive manner and that policies and regulation can incentivize companies to invest in adaptation, and can unlock finance for adaptation for vulnerable groups and sectors;
  - b) The existence of opportunities for the private sector, in particularly micro, small and medium-sized enterprises to develop bankable project pipelines that would enable access to finance from public and private sector sources;
  - c) The need for meaningful and inclusive stakeholder engagement, including women, youth and poor and vulnerable communities, with a view to putting people at the centre of adaptation and resilience building efforts.
8. The COP may also wish to invite Parties to make full use of opportunities to enhance adaptive capacity, strengthen resilience and reduce vulnerability through engaging with the private sector, and to:
- a) Strengthen their engagement with the private sector in their adaptation efforts, including in the formulation and implementation of national adaptation plans through, inter alia, a private sector engagement strategy;
  - b) Establish institutional arrangements, e.g. within the national adaptation plan interagency committees, to facilitate dialogue among national and sub-national decision makers, ministries governing relevant sectors, private enterprises, business organizations and private financiers;
  - c) Provide accurate and reliable information and data, build capacity and communicate in a business-tailored and sector-specific way with a view to supporting the private sector to better understand and articulate the impact of climate change on their business models, as well as to identify new business opportunities;
  - d) Better illustrate and communicate the business case for adaptation, in particular for MSMEs, through compelling narratives, relevant data, and other key information sources and communication vehicles. Make use of intermediaries, such as business organizations or chambers of commerce, as multipliers, as these organizations have better access to individual businesses and an overview of their constituents' needs.
  - e) Consider focused investments in capacity building, infrastructure, and technology as a priority, as investment in these areas can catalyse widespread adaptation action among the private sector, particularly in developing countries; for the agri-food sector, increased public sector action, investments and financing are also necessary, as payment solutions and financial products currently on offer from the private sector are presently insufficient for meeting the needs;
9. The COP may wish to encourage the Green Climate Fund to increase the awareness among private sector in developing countries of support available for private investment in adaptation through it concessional financial instruments that de-risk investments and grants for technical assistance, and to invite Parties to assist in awareness raising.

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<sup>8</sup> More information available at <http://tep-a.org/>