

Climate Adaptation and the Private Sector



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Introduction

- **Aim** - to consider private sector adaptation within the wider context; approaches so far with some related limitations.

- engagement challenge for Development sector



- **Rationale** – to inform approaches to securing private sector participation for adaptation within development funding and goals.

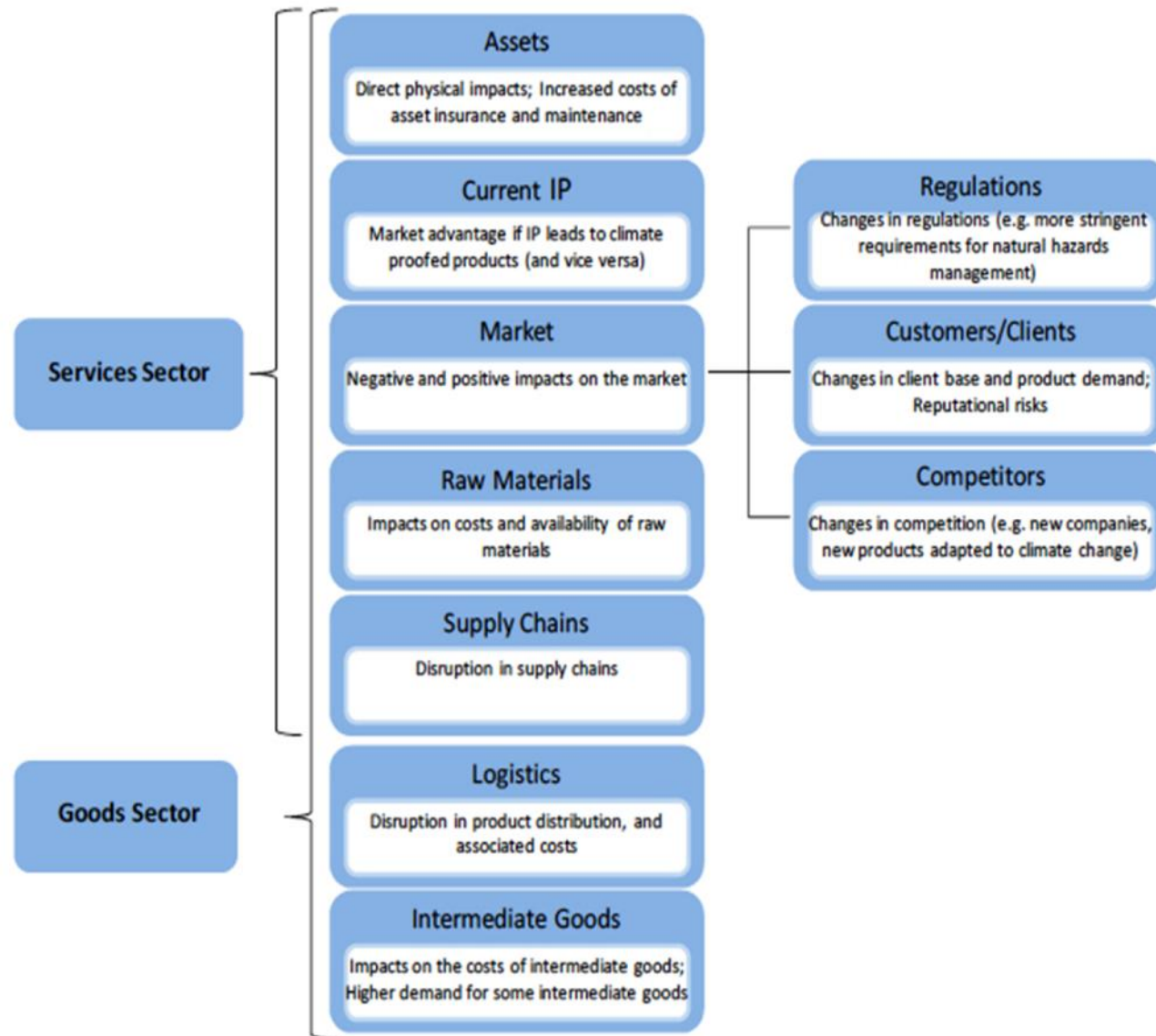


Impact and response



flickr.com/photos/kingbobb86

Figure 1. Illustrative framework of business components and possible climate change impacts



Context



CLIMATE
SCIENCE



POLICY
GAP

UNCERTAINTY



Risk

- Risk awareness
- Risk assessment
- Risk management
- Cost v. benefit analysis
- Shareholder value
- Corporate reporting timeframes
- Taxation



Adaptation Options

- Prevent losses
- Tolerate losses
- Spread / share losses
- Change activity or location



Mitigation



Engagement challenge

- Wider interest that corporations adapt – funding prosperity.
- Focus on the benefits or opportunities of adaptation, mutual gains. Additional costs resisted.
- Align adaptation with corporate drivers and objectives –finding common ground, shared goals and language.
- Systemic thinking. Strategic planning. **REISLIENCE = STATE**
- Adaptation is not the leverage point.
- Leadership role for the development community – value, longevity and resilience. Operationalized best practice. Equity.
- ‘Rich and Stupid’ – they need help to stop making bad decisions. (language)
- Join the policy / research / government / business / academic knowledge networks.





Thank you

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Table 1. Potential sectoral climate change risks

Goods producing sectors	Manufacturers	Physical risks – Disruption to operations due to extreme weather events; Damage to infrastructure; Restrictions to production due to rising temperature, variations in water quality and in water availability
	Agriculture and mining businesses	Physical risks – Extreme weather events increase physical risks to business operations; Risk of overflow of storage due to increased rainfall; Resource extraction could be limited by sea level and water availability Supply chain and raw material risks – Water scarcity affects production Product demand risks – Changes in quality, quantity and type of agricultural products Logistics risks - Risks to the transport corridors and transport hubs from where raw materials are processed and exported
Goods and services providing sectors	Retailers and distributors	Physical risks – Damage to products during transportation due to extreme events Supply chain and raw material risks – Interruption, inefficiency or delays in supply chain; Difficulties with water scarcity and increased fuel prices Reputational risks – Decrease in product quality affecting reputation and consumers' satisfaction
	Transportation	Physical risks – Extreme weather events causing delays, supply disruptions and losses of goods; Access to transport routes affected by flooding, permafrost thawing and mass movements, subsidence due to drought
	Utilities	Physical risks – Disruptions of supply due to flooding or extreme events; Business interruption due to extreme weather Supply chain and raw materials risks – Reduced output due to water scarcity impacting hydropower and power plants using a thermal plant cooling system Product demand risks – Demand effects due to temperature changes Regulatory risks – Increasing pressure to conserve water in water scarce areas
Services providing sectors	Financial businesses	Financial risks – Risks in investment portfolio where investments are made in areas with climate vulnerabilities; Increased risk of customer default
	Information businesses	Physical risks – Disruptions of operations due to extreme weather events; Difficulties in transportation
	Real estate businesses	Physical risks – Delays and disruptions in construction projects; Damage to buildings and drainage problems; Additional costs due to temperature changes increasing cooling loads Regulatory risks – Changes in building and design requirements Financial risks – Loss of value due to climate change impacts
	Other service businesses	Product demand risks – Tourism industry affected in its infrastructure and by changes in tourism demands caused by different climatic conditions

