Bridging the Gap: The Role of the Private Sector in Climate Change Adaptation

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Learning and Sharing Seminar

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Setting the Scene - Overview

- Context: Businesses solutions to global challenges and the role of the private sector in sustainable development
  - Private sector initiatives on development
  - Poverty alleviation and development
  - Pro-poor community investment strategies
- Climate change adaptation: Barriers and potential incentives for pro-active business engagement
- Bridging the gap: Challenges and opportunities

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Key considerations

- Climate change is inevitable and expected consequences will have significant impacts on business operations and the societies within which they operate
- Asia will be particularly affected by the expected effects of Climate Change and markets and societies will have to deal with potentially severe disruptions
- For the private sector, key drivers include business continuity planning and resilience for their own operations and their value chains

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“Climate Change Adaptation in South and Southeast Asia: Harnessing the Innovative Capacity of the Private Sector”

- A research project funded by the Swedish International Development Cooperation Agency (SIDA) and conducted by CSR Asia Center at AIT
- Focus countries: Thailand, Vietnam, Indonesia, the Philippines and Sri Lanka
- Approach: engagement with a wide range of businesses to learn more about:
  - Business perspectives on climate change adaptation
  - Current barriers to engagement
  - Opportunities for business to more proactively engage

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Project design

- Background research on key issues, impacts, vulnerabilities, adaptation needs, and approaches
- Identifying existing business best practice and case studies
- Business Round Tables in five countries and further engagement activities with businesses across Asia
- Key research questions:
  – Understanding business perspectives on expected impacts, vulnerabilities and adaptation needs
  – Identifying barriers to engagement
  – Identifying potential incentives and strategies for engagement
  – Assessing opportunities for strategic partnerships

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Key areas for engagement

1. Risk management and disaster risk reduction – both in own operations and through value chains – linked to business continuity planning
2. Barriers and opportunities to business planning for long term impacts on markets and access to resources
3. Business opportunities for new products and services designed to build resilience:
   – Critical infrastructure and planning
   – Products and services
   – Community investment and adaptation

Barriers to pro-active business engagement

- Opportunities for effective business contributions to development are not always understood or implemented effectively….
- … leading to limited understanding of opportunities for business opportunities to help communities adapt
- Capacity gap within businesses – as well as lacking incentives - to change "business as usual" towards responsible growth trajectories
- Business does not have a workable reference for planning:
  - The private sector heavily discounts the future
  - Climate uncertainty
  - Unclear policy options
  - Existing information not useable by business
  - Response options not clear
  - Lacking market incentives
  - Unclear business case for immediate action

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Bridging the gap: Incentives and opportunities

- Meeting information needs and effective collaboration on generating information that is useable for business planning
- More effective engagement with business in focused Forums and international, national, and local policy and planning processes
- Improved and targeted awareness raising and capacity building efforts, including sector and locality specific efforts
- Tangible demonstration projects, and in depth case studies
- Improving partnership opportunities to incentivize collaborative approaches to adaptation through PPPs
- Development partnerships and improved community investment strategies
- Regulatory opportunities through, for example, stock exchange requirements and legislation on planning and risk assessment
- Developing policies to drive market mechanisms like consumer behaviour through improved awareness

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Some key challenges

- For many businesses it is entirely rational not to engage with climate change adaptation
- We cannot expect the private sector to do anything if the private sector does not know what to do
- There is an urgent need for improved information that the private sector can use and for capacity building
- There needs to be a business case for adaptation either through regulation or incentives – what is the best policy?

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Thank you

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