

Private Sector Participation in Climate Change Adaptation

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The recently released working group reports of Intergovernmental Panel on Climate Change (IPCC) have reiterated that Climate Change has become number one threat to the human civilization on planet earth. In its first Assessment Report (AR1) in 1990 the IPCC, the most prestigious and leading global scientist group on Climate Change depicted climate change as a threat to the future of the world and stressed on the importance of curbing greenhouse gases or climate change mitigation. In 1995 with its AR2, IPCC stressed that climate change impacts are already there and along with mitigation actions we need to adapt to the impacts. After less than a decade the experts involved in climate change actions are now discussing about “loss and damage (L&D)”; how to tackle the life and property damages due to climate change. This shows the entire world has a very limited time to come up with a solution.

It is accepted that the governments, civil society and the private sector are the main three pillars in development and hence should involve in tackling climate change challenges too. But in general notion is private sector has a role to play in mitigating climate change rather than adaptation. The private sector core businesses must necessarily to be profit making and therefore, mitigation aspects including

Renewable Energy initiatives are being seen as the interest areas of private sector. Adaptation actions are considered mainly as a sector in which the government and civil society organizations should be involved. Even if there is an involvement it was seen under the corporate social responsibility (CSR) lenses rather than core business aspects. In fact number of private sector players including top multinational conglomerates has diverted their CSR strategies towards community based adaptation. However, recent research, deliberations and initiatives in some parts of the world shows that climate change adaptation can be in the core businesses as well. Technically, climate change adaptation should be mainstreamed into development process and therefore, it should be mainstreamed to private sector initiatives as well. Looking at adaptation at macro level beyond community based aspects would enable meaningful engagement of private sector.

There are number of examples available globally on effective private sector engagement in climate change adaptation beyond CSR work. Since the climate change affects the customers and their consumer patterns the private sector it is imperative that the private sector need to adjust where adaptation actions required.

When the core business of a private sector is a highly climate vulnerable sector, the adaptation actions are naturally come out within business strategies. For example the agribusiness or plantation companies have no other option but to adapt to the changing climates using different strategies. Coffee, tea, banana and cotton plantation industries provide most of these examples. The other example is private sector engagement in risk mitigation aspects for adaptation. This is earlier limited through financial instruments such as insurance but now it has expanded boundaries. Construction companies are now increasingly concern on disaster impacts and want to go for resilient infrastructure. The new construction standards are being developed by some private institutions which emphasis adaptation and advocating for it. Innovative private institutions have seen climate change adaptation as a business opportunity. The changing consumer and client behaviour with climate change impacts have been foreseen by those companies and new products have been introduced. Water purification systems, flood resistant

Equipment and material have been introduced by different companies which are indeed required in the overall adaptation process.

Recognizing private sector as a stakeholder in climate change adaptation is very important. As long as it is being kept distal will not help for this process. Creating conducive environment to make private sector to be engaged actively in climate adaptation is important. International institutions such as UNFCCC, governments and financial institutions such as IFC, World Bank are working towards this in terms of policies, standards, plans and guidelines. Since Climate Change is a challenge to all actors across the world and all societies, facilitating private sector participation in adaptation actions is important. However, ensuring the right balance of profit making and non-profit actions also need to be in place to ensure inter and intra generational equity.