


Private Sector Engagement in Climate Change Adaptation

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One of the most crucial challenges in coming decades is to stabilise the impacts of global climate change. Ecosystems and human communities are currently being affected by the changing climate, mainly the marginalised people living in developing regions. To tackle the adverse impacts of climate change, there is an emerging global interest in the planning, financing and implementation of adaptation to climate change. Substantial financial investments are required both from the public and private sources to transition the global economy to a low carbon path, reduce the level of greenhouse gas concentrations, and build the resilience of vulnerable regions to climate change. Yet, to date, this discussion has primarily focused on the role of public finance, and relatively little attention has been paid to the involvement of private sector to address the risks and opportunities from climate change.

It is difficult to find reliable and comparable data on climate finance, since different organisations report climate investment data in different ways; but if we look at the trends of private sector investments in Bangladesh, so far, these are concentrated on mitigation projects, particularly on renewable energy and energy efficiency related projects. Private sectors have specific competencies to make a unique contribution to climate change adaptation, through resilient infrastructure, promoting innovative and climate-friendly technologies, development and implementation of improved information systems and services that are vital to resilience. While we focus on the significance and benefit of private sector engagement to address the adverse impacts of climate change, a study published by IFC (2010) revealed that, the issue of climate change is perceived to be either an insignificance or at best an extension of their Corporate Social Responsibility (CSR) for 99 per cent of the corporate in Bangladesh. Tackling the impacts of climate change and achieving low carbon growth and development will be a vital challenge for the international community. The question is why the private sectors are disengaged from the battle against climate change and how to engage them in supporting climate adaptation. Lack of capacity to evaluate projects, and technical knowledge is one of the main constraints in private sector engagement in climate change projects. Another important issue is the “long term and short term perspectives”. Private sectors, such as, financial institutions want to achieve high returns quickly from investment in high-risk developing countries, and are interested in financing for relatively short periods, as a result, private sectors have little interest in investigating climate change projects which is typically longer tenure. In order to get them onboard to fight against climate change impacts, government and experts should come forward

to increase the capacity of private sectors to manage climate change projects and encourage the market for the provision of resilience-oriented goods and services. Climate change is likely to have a negative impact on businesses with a range of risks, which may significantly affect their business competitiveness, operations, and profits. Experts can play a role in motivating private sector through evidence-based knowledge generation which would be a major driver of climate actions by businesses. Dissemination of successful and commercially viable investments and initiatives by other corporate bodies might be another potential instrument to motivate the private sectors. Besides scoping of potential future investment opportunities in adaptation in water resources, agriculture and environmental services are important to motivate private sector. According to a study by Climate Investment Funds (2016), the current public finance levels fall short of present-day climate adaptation costs and this gap is likely to grow in the coming days. The issue of climate finance needs to be integral to both public and private sector policy-making at all levels and in all areas. A good coordination mechanism between public and private sector is needed. It is essential to ensure greater involvement of the private sector to prepare for both the challenges and opportunities of climate change. Relatively few companies have yet considered the impact of climate change on their existing activities in Bangladesh. Policies should also encourage engaging the private sector in identifying climate change risks, adaptation needs and response measures.

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