

# Toolkit for Engaging the Private Sector in National Adaptation Plans (NAPs)

Supplement to the UNFCCC  
Technical Guidelines for the  
NAP Process



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# **Toolkit for Engaging the Private Sector in National Adaptation Plans (NAPs)**

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Technical Guidelines for the  
NAP Process

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## **ABOUT THE NAP GLOBAL NETWORK**

The NAP Global Network was created in 2014 to support developing countries in advancing their NAP processes and help accelerate adaptation efforts around the world. To achieve this, the Network facilitates sustained South–South peer learning and exchange, supports national-level action on NAP development and implementation, and enhances bilateral support for adaptation and climate-sensitive sectors through donor coordination. Financial support for the Network has been provided by Austria, Canada, Germany, and the United States. The Secretariat is hosted by the International Institute for Sustainable Development. For more information, visit [www.napglobalnetwork.org](http://www.napglobalnetwork.org).

## **ABOUT THE ADAPTATION COMMITTEE**

The Adaptation Committee (AC) was established in 2010, as part of the Cancun Adaptation Framework, to promote the implementation of adaptation actions. The AC provides technical guidance and support to the Parties, and shares relevant information, knowledge, experience, and good practices. It has a role in promoting synergy and strengthening engagement with national, regional and international organizations, centres, and networks. It provides information and recommendations for consideration by the Conference of the Parties on enhancing the implementation of adaptation actions, including through engaging with the private sector. More information about the AC is available at <https://unfccc.int/Adaptation-Committee>.

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This toolkit is issued solely for public information purposes, including any references the Convention, the Kyoto Protocol, and the Paris Agreement, and any relevant decisions with respect thereto. No liability is assumed for the accuracy or uses of information provided. As a technical publication, the exact language used should not be understood to change or reinterpret anything contained in these relevant decisions referenced above. For purposes of clarity, in particular, the concise term “NAP process” is applied throughout the document instead of the phrase “process to formulate and implement national adaptation plans” contained in Decision 1/CP.16 and subsequent decisions. As contained in the decisions, the “NAP process” was established to enable least-developed country parties to formulate and implement National Adaptation Plans (NAPs), building upon their experience in preparing and implementing national adaptation programs of action. It is a means of identifying medium- and long-term adaptation needs and developing and implementing strategies and programs to address those needs. Please note that, by following this approach, this publication neither aims to reinterpret any existing decision under the UNFCCC, nor does it intend to preempt any potential future decisions on this issue.

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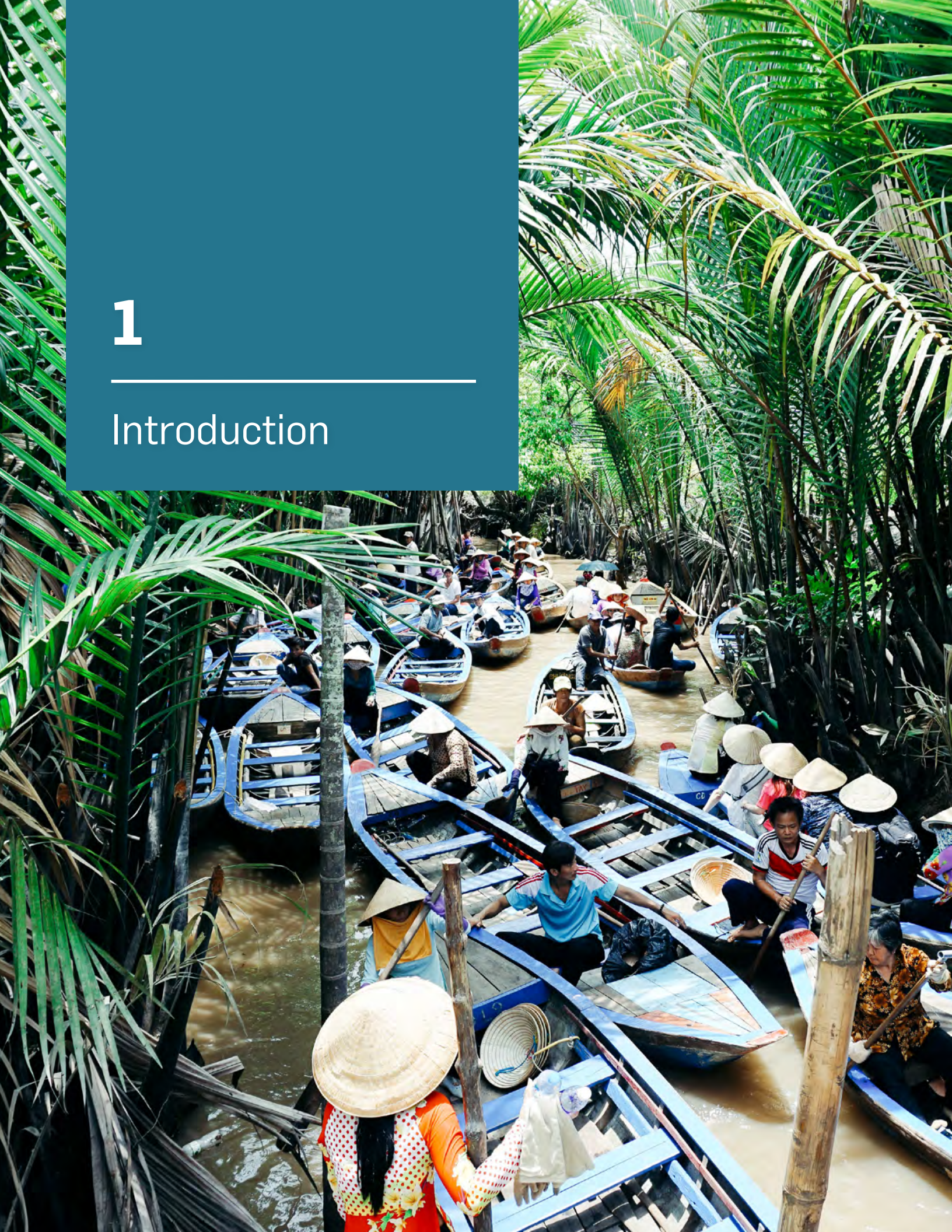
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# Acronyms

<b>EPA</b>	Environmental Protection Agency
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>LEG</b>	Least Developed Countries Expert Group
<b>M&amp;E</b>	monitoring and evaluation
<b>MSME</b>	micro, small and medium-sized enterprise
<b>NAP</b>	National Adaptation Plan
<b>NDC</b>	Nationally Determined Contribution
<b>ODI</b>	Overseas Development Institute
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PPP</b>	public–private partnerships
<b>SDG</b>	Sustainable Development Goal
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosure
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>UNEP FI</b>	United Nations Environment Programme Finance Initiative
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change

# 1

## Introduction





## 1.1 What Is the Toolkit?

This toolkit is designed to support country efforts to develop strategies to systematically engage private sector actors in their National Adaptation Plan (NAP) process, as appropriate. This includes engaging them in all phases of the NAP process, as outlined in the *Technical Guidelines for the NAP Process*, developed in 2012 by the Least Developed Countries Expert Group (LEG) of the United Nations Framework Convention on Climate Change (UNFCCC, 2012).

As climate change science has made clear, human activities are already causing significant levels of global warming. In their 2018 special report, *Global warming of 1.5°C*, the Intergovernmental Panel on Climate Change (IPCC) estimated that global warming is likely to reach 1.5°C above pre-industrial levels between 2030 and 2052 if current trends continue (IPCC, 2018). The impacts of this level of warming would be widespread and often severe across countries and ecosystems, underscoring the critical and pressing need for increased action to reduce global greenhouse gas emissions. At the same time, and with many impacts already being felt and now locked in for the foreseeable future, there is a similar urgency for households, communities, and countries to adapt to increasing temperatures, changing rainfall patterns, rising sea levels, and more frequent and intense weather events.

Established under the Cancun Adaptation Framework, the NAP process provides a means for governments to identify their medium- and long-term adaptation needs and to develop subsequent strategies and programs to address them (UNFCCC, 2019a). Included in this are processes whereby countries assess their climate vulnerabilities and mainstream climate risks and adaptation actions into their broader development plans and processes. Though the NAP process remains a government-led and country-owned process, an effective NAP process is inclusive, participatory, and should involve a variety of stakeholder groups, including the private sector.

This toolkit aims to help governments develop strategies for the effective engagement of private sector actors in the NAP process. It is intended as a guiding document and is not prescriptive; what works in one context may not work in another, and, as such, users should adopt those methods and approaches most relevant to their national or local realities. Users should also exercise discretion on which aspects of their NAP process would benefit from private sector engagement (such as consultations on prioritizing and financing adaptation actions) and those areas where private sector engagement is not necessary (such as discussions around integrating adaptation into ministerial budgets).

It is hoped that by engaging the private sector in adaptation planning, implementation, monitoring, and evaluation, governments will strengthen their response to the impacts of climate change and further build the resilience of their population.

## 1.2 Who Is the Toolkit for?

This toolkit was written for government teams leading their domestic NAP process. It can be used by these teams across the NAP process; however, it is best to involve and engage private sectors in the early stages of adaptation action—especially the planning phases—in order to ensure the meaningful and continued engagement of these actors throughout later stages. The long-term engagement of these actors is much more likely when they feel their voices, interests, and needs are reflected in the country's adaptation plans.

In many countries, the NAP process is coordinated by national ministries responsible for the climate and the environment. However, in developing countries, an effective NAP process requires support and involvement from a broad range of ministries and agencies, including those responsible for finance and development planning, as well as for climate-sensitive sectors such as agriculture, fisheries, water, and health (Hammill & Price-Kelly, 2015). As such, this toolkit is intended to be of use for all national actors involved in engaging the private sector in national adaptation planning efforts. And while subnational governments are not the primary audience for this toolkit, a number of the approaches may also be relevant for engaging the private sector in subnational adaptation planning processes.

## 1.3 How Do You Use the Toolkit?

The toolkit is designed to guide a NAP team through the development and implementation of a private sector engagement strategy so that private sector actors can act as stakeholders in the planning, implementation, monitoring, and evaluation phases of the NAP process.

As a supplement to the UNFCCC's *Technical Guidelines for the NAP Process*, the toolkit follows the same general structure. It guides governments through the four elements, or steps, that will be followed in the development of a private sector strategy and the sub-steps required for each. These four elements of the NAP process are drawn from the LEG Technical Guidelines:

- Element A: Lay the groundwork and address gaps
- Element B: Preparatory elements
- Element C: Implementation strategies
- Element D: Reporting, monitoring and review

Advancing through the different steps set out in this toolkit will depend on the human and financial resources available to the government.

## 1.4 Who Developed the Toolkit?

This toolkit was prepared by the International Institute for Sustainable Development, which hosts the NAP Global Network Secretariat, and the Adaptation Committee of the UNFCCC. It also greatly benefited from the input of experts at Winrock International and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The toolkit is built upon the UNFCCC's LEG *Technical Guidelines for the NAP Process* (2012) and builds on the NAP Global Network's report, *Engaging the Private Sector in National Adaptation Planning Processes* (Crawford & Church, 2019). It was developed through extensive research and consultation with private sector actors and experts in the field, as well as through examining preliminary experiences in the development of national strategies for engaging the private sector in the NAP process.

### Box 1. The NAP process

Adaptation planning is essential in order to prepare communities and ecosystems for the impacts of climate change. Through adaptation planning, stakeholders can gain an understanding of the range of climate risks and opportunities they are faced with and can decide on a course of action to respond to these factors to reduce their overall vulnerability to climate change (Adaptation Committee, 2019b; PROVIA, 2013).

This toolkit focuses on the NAP process. Under the UNFCCC, the process to formulate and implement NAPs was established under the Cancun Adaptation Framework in 2010 (UNFCCC, 2010) as a means of identifying medium- and long-term adaptation needs and developing and implementing strategies and programs to address those needs. Its importance is reiterated in the 2015 Paris Agreement (UNFCCC, 2015).

The objectives of the NAP process are to reduce vulnerability to climate change and facilitate the integration of climate change in national development planning across all sectors and levels of governance (UNFCCC, 2012). Following the guiding principles set out for the process, it is a continuous, progressive, and iterative process that is coordinated with national sustainable development objectives, plans, policies, and programs. It is country-driven; gender-sensitive; participatory; fully transparent; considers vulnerable groups, communities, and ecosystems; and is guided by the best available science and Indigenous and Traditional Knowledge (UNFCCC, 2012). The NAP process is a critical vehicle for driving adaptation investments and ensuring that they are used effectively and targeted where they are needed most.

The LEG's *Technical Guidelines for the NAP Process* (UNFCCC, 2012) recommend four stages of the NAP process to plan, implement, monitor, and evaluate adaptation:

- Element A: Lay the groundwork and address gaps
- Element B: Preparatory elements
- Element C. Implementation strategies
- Element D. Reporting, monitoring and review

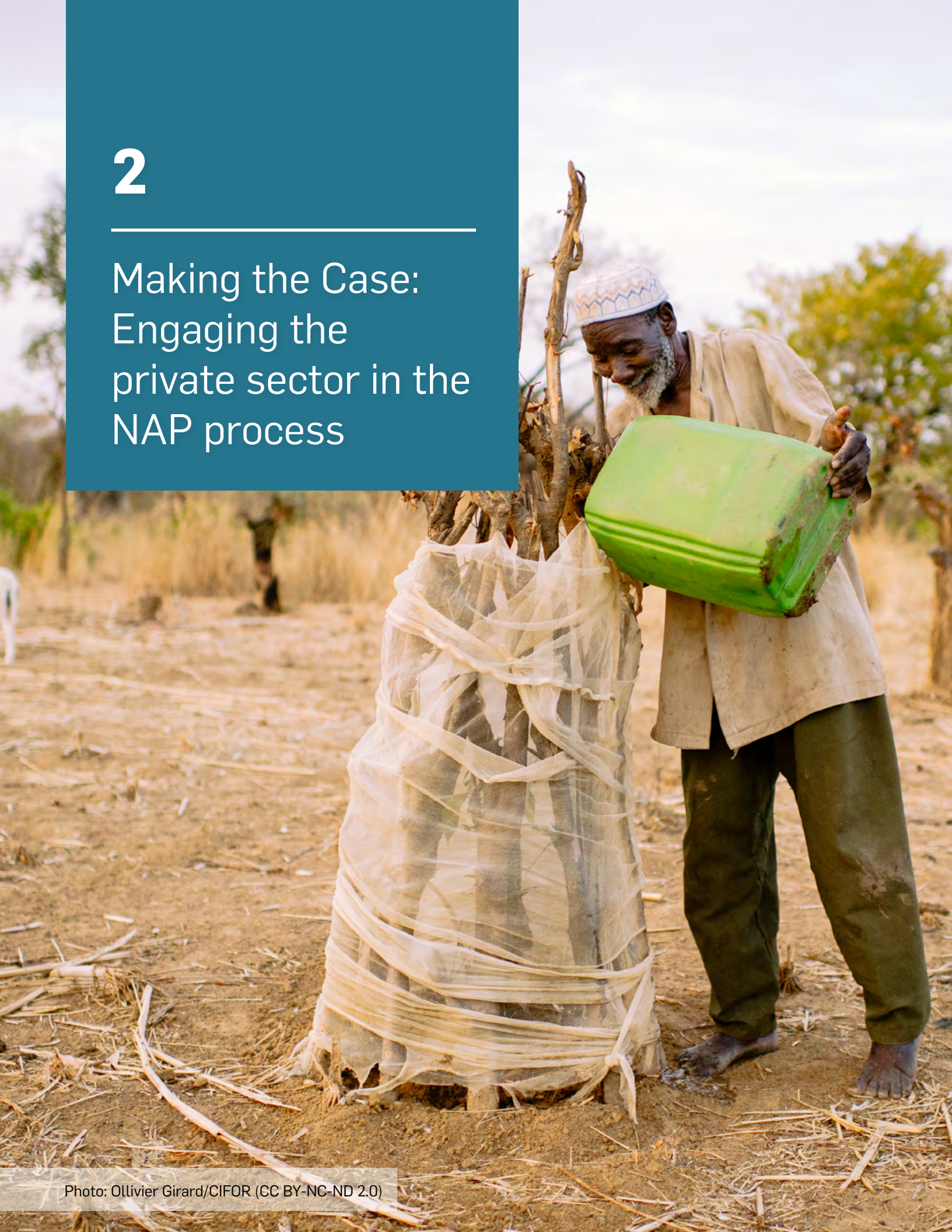
This toolkit will refer to the LEG Technical Guidelines throughout, offering support for how to engage the private sector during each of the four stages of the NAP process.

A number of supplementary guidance notes have been developed by United Nations and non-United Nations actors on specific topics related to national adaptation planning, including the guidance note *Engaging the Private Sector in National Adaptation Planning Processes* published by the NAP Global Network Secretariat (Crawford & Church, 2019). Additional resources and toolkits can be found in Section 4.

# 2

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## Making the Case: Engaging the private sector in the NAP process



Because the meaningful engagement of the private sector will be crucial to the overall success of the NAP process in many countries, it should be considered at the early stages of the process when possible. This section first outlines why the NAP process would benefit from private sector participation and then explores the business case for private sector actors to engage in the NAP process.

Private sector actors are diverse and multi-faceted, and, as such, they have a variety of motivations for engaging in climate change adaptation. For some, adaptation action may be motivated by the search for profit and new markets or by the desire to reduce business risks; for others, it may be in response to policies, regulations, or signals from investors. Different actors will have different risk and capacity profiles that affect their willingness and ability to invest their own funds in developing new markets or tools that support climate adaptation (United Nations Environment Programme Finance Initiative [UNEP FI] et al., 2016).

Private sector actors differ in size (micro, small, medium, and large) and sectors.<sup>1</sup> They can include large, publicly listed companies; micro, small, and medium-sized enterprises (MSMEs); private financiers and investors; insurance companies; and private foundations. This report divides the private sector into two general groups: private enterprises and private financiers (Crawford & Church, 2019). Private enterprises are non-state, commercial companies that will provide the products and services to build climate resilience to support NAP priorities and that invest in enhancing the resilience of their operations and supply chains. Private financiers provide direct financing to private enterprises for their adaptation actions and can support government interventions through public–private partnerships (Crawford & Church, 2019). This financing can include private equity funds, sovereign debt funds, hedge funds, angel investors, and social enterprise investors.

#### **FEATURED RESOURCES: Making the Business Case**

##### ***Climate Expert***

The Climate Expert tool provides a four-step approach and working materials to companies—especially MSMEs—to analyze and assess climate change risks and opportunities for their businesses. It was developed by [GIZ](#) (n.d.).

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<sup>1</sup> In this toolkit, the term “sector” on its own refers to policy sectors (e.g., agriculture, transportation, fisheries, water, tourism, forestry, health, etc.) rather than the division of government and non-government actors (e.g., public sector versus private sector).

**[The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience](#)**

This [Caring for Climate](#) report presents the business case for businesses to implement adaptation activities that contribute to the Sustainable Development Goals and societal resilience (United Nations Global Impact, 2015).

**[Advancing the Engagement of the Private Sector in Adaptation](#)**

This literature review from the [Adaptation Committee](#) (2017) of the UNFCCC provides a useful overview of how private sector actors can be better engaged in adaptation.

## 2.1 Why Should Governments Engage the Private Sector in the NAP Process?

### **A) PRIVATE SECTOR ACTORS CAN BE A SOURCE OF FINANCE FOR ADAPTATION OPTIONS.**

Under a 2°C warming scenario, investment requirements for climate change adaptation in developing countries are expected to reach between USD 140 billion and USD 300 billion per year by 2030 (UNEP FI et al., 2016). These costs, while already significant, are only expected to increase under higher warming scenarios. Faced with constrained budgets and the rising cost of adaptation, national governments often cannot bear these costs alone (Fayolle et al., 2019). Gaps in this financing can come from a number of alternative sources, including international climate funds, bilateral donors, and the private sector.

Within the private sector, adaptation investments can come from both private enterprises, as they invest in their operations and supply chains, and private financiers, including private commercial banks, microfinance institutions, insurance companies, institutional investors, private equity and venture capital investors, private foundations, and charities (Parry et al., 2017). Private financiers can directly finance adaptation options by funding adaptation programs for private enterprises and by supporting government interventions through public–private partnerships (Crawford & Church, 2019). In many cases, the private sector is uniquely positioned to take on these investments, given their speed of delivery and relative flexibility with financial instruments (Fayolle et al., 2019; Crawford & Church, 2019). Given the scale of the project, transaction costs, the capital required, any associated risks, and objectives, a wide range of financial instruments can be employed, including micro-loans, corporate loans, corporate bonds, project finance, venture capital, and other equity instruments (UNEP FI et al., 2016).

### **FEATURED RESOURCES: Adaptation Finance**

#### ***Opportunities and Options for Adaptation Finance, Including in Relation to the Private Sector***

This technical paper by the secretariat of the [UNFCCC](#) (2019b) offers an overview of the global adaptation finance landscape, the link between adaptation planning and finance, the impacts of adaptation finance, and the role that the private sector can play in financing adaptation.

### **B) PRIVATE SECTOR ACTORS CAN IMPLEMENT ADAPTATION OPTIONS.**

It is important when engaging private sector actors that they are not only considered as a source of funding but also as valuable implementing bodies for adaptation options and priorities. Private sector enterprises can invest in increasing the resilience of their operations and of their supply chains to climate risks. A farming operation, for example, might install an irrigation system that increases the efficiency of water use, or a manufacturer might invest in coastal defences to reduce the vulnerability of ports to storm surges. They can also design, provide, and use new products or services that help individuals and communities better adapt and increase their resilience, such as seeds for climate-resilient crops, equipment for early-warning systems, and smartphone applications for the better distribution and documentation of climate information.

MSMEs will be particularly important in the proliferation and implementation of adaptation options identified in the NAP process; they account for approximately 90% of all businesses in developing countries, and many of them operate in climate-dependent sectors like fisheries, water, and agriculture (Crawford & Church, 2019; Schaer & Kuruppu, 2018). While challenging, government teams should try to involve MSMEs in the early stages of the NAP process. Engaging them through business multipliers or associations may be the most efficient and effective means of ensuring that they are key actors during the implementation phase of the NAP process.

### **FEATURED RESOURCES: The Role of MSMEs in Implementing Adaptation**

#### ***Private-Sector Action in Adaptation: Perspectives on the Role of Micro, Small and Medium Size Enterprises***

This volume from the [Technical University of Denmark](#) and the [UNEP](#) explores different perspectives regarding the role of MSMEs in developing countries, their efforts to minimize the negative effects of climate change on their enterprises, and how they can identify business opportunities in adaptation implementation (Schaer & Kuruppu, 2018).



***[Business Unusual: Why the Climate is Changing the Rules for our Cities and SMEs](#)***

Developed by the [UNEP FI](#) (2015), this report outlines the pivotal role that the insurance industry can play in working with SMEs and cities to build climate resilience.

***[Fostering Engagement of the Agri-Food Sector in Resilience to Climate Change](#)***

This workshop report from the UNFCCC's [Adaptation Committee](#) (2019a) underscores the vital importance of engaging the private sector in adaptation efforts and explores the business case for adaptation in the agri-food sector.

**C) IN MANY CASES, PRIVATE SECTOR ACTORS ARE ALREADY WORKING ON ADAPTATION EFFORTS.**

Many private sector actors are already actively involved or investing in adaptation action, though they may not be reporting it as such. A company's efforts in corporate social responsibility, sustainability, resilience, or climate change—to name a few—could all potentially serve the goals of adaptation. The principal objective of Heineken's Project Grow in Jamaica, for example, is to replace its imports of corn syrup with a more climate-resilient, locally grown cassava starch. This makes business sense but also reduces the climate vulnerability of its local beer, Red Stripe, and of the farmers that produce it (Heineken N.V., 2018). Under the program, activities involved training farmers on sustainable cultivation methods, promoting the use of high-yielding and drought-tolerant cassava crops, and providing technical assistance to local communities (Jamaica Observer, 2017). While this project was not developed as part of Jamaica's NAP process, it nevertheless serves some of its strategic priorities in promoting adaptation in the agricultural sector.

Government teams should seek to engage private sector actors in the NAP process so that the ongoing efforts of businesses to increase resilience are aligned with national adaptation goals and strategies. Enhanced action on adaptation—as set out by the LEG Technical Guidelines—should not result in the duplication of efforts undertaken in-country (UNFCCC, 2012). It is therefore in the interests of government teams to coordinate with private sector actors who are already engaged in adaptation to ensure there is minimal repetition of efforts and confirm instead that these actions are supported and leveraged for the overall goals of the NAP process.

### **FEATURED RESOURCES: Ongoing Private Sector Engagement in Climate Change Adaptation**

#### **[Private Sector Engagement in Adaptation to Climate Change: Approaches to Managing Climate Risks](#)**

From the [Organisation for Economic Co-operation and Development](#) (OECD, 2011), this working paper examines the private sector's progress in climate change adaptation by drawing information from 16 case studies from a range of industries. It provides insights into the companies' awareness of climate risk and vulnerabilities as well as their implementation of adaptation measures to address them.

#### **[UNFCCC: Private Sector Initiative \(PSI\) database](#)**

Developed under the [Private Sector Initiative](#) of the UNFCCC (n.d.), this online database provides good practices and profitable climate change adaptation case studies being undertaken by private companies from a wide range of sectors and regions.

## **D) EFFECTIVE STAKEHOLDER PARTICIPATION IS CENTRAL TO THE NAP PROCESS.**

The involvement of the private sector is imperative to the overall success and sustainability of the NAP process, aligning with the overarching guiding principles and goals of enhanced adaptation action as set out by the Conference of the Parties to the UNFCCC. At the 17th session of the Conference of the Parties, it was agreed that adaptation processes follow a country-driven, gender-sensitive, participatory, and fully transparent approach (UNFCCC, 2012).

In order for the NAP process to be fully participatory, it must involve all relevant stakeholders in the planning, implementation, and monitoring and evaluation (M&E) of the adaptation options and priorities. The private sector should be included as one of these stakeholders, given their importance in providing livelihoods, creating goods and services that support adaptation, and financing—either directly or indirectly—adaptation actions. In developing countries alone, the private sector accounts for approximately 60% of the gross domestic product, 80% of capital flows, and 90% of jobs (OECD, 2015). As such, the private sector consists of key stakeholders that must be engaged in the process.

Not to be neglected, as well, are women-led and women-focused businesses—an often underserved segment of the private sector. Their inclusion not only contributes to the gender-sensitive mandate of the NAP process, but evidence also demonstrates that their participation can deliver co-benefits across a variety of sectors, including food, economic security, and health (International Union for Conservation of Nature, 2015).

## 2.2 Why Should the Private Sector Engage in the NAP Process?

### **A) ENGAGEMENT CAN SUPPORT THE MANAGEMENT OF CLIMATE RISKS.**

Climate change can pose a number of risks to the longevity and success of business operators and operations, particularly to those actors working in climate-dependent sectors like agriculture. Physical risks can include the damages to capital assets incurred during extreme weather events, including floods and extreme storms, as well as slower-onset events like drought, rising temperatures, and increasingly unreliable rainfall patterns (Crishna Morgado & Lasfargues, 2017). Rio Tinto's Diavik Diamond Mine in Northern Canada, for example, typically used an "ice highway"—built over permafrost, frozen rivers, and lakes—to transport equipment and outputs to and from the mine site (Sussman & Freed, 2008). In 2006, the highway was closed early due to warmer temperatures; as a result, the company had to airlift their product off-site at considerable additional expense (Sussman & Freed, 2008). These physical risks apply not just to private enterprises but to private financiers as well, who face portfolio risks as climate change negatively impacts the assets, revenues, costs, and property values of their borrowers or investments (Fayolle et al., 2019). In addition to physical risks, companies face transitional risks (those arising from policy and regulatory changes as governments begin to act on climate change) and liability risks (for high emitters made to compensate in the future for today's emissions) (Crishna Morgado & Lasfargues, 2017).

As such, the private sector may choose to engage in climate change adaptation action in order to manage and reduce these climate risks and related costs. In Rwanda, for example, heavy rainfalls, increasing temperatures, floods, and landslides all pose a risk to the country's agricultural sector, and to tea crops in particular (GIZ, 2019). To overcome these risks, the Rwandan tea company Sowarthé has integrated adaptation interventions into their tea cultivation, including water retention measures and soil conservation systems. These measures were conducted as a means to secure the sustainability of the company as it operates within an increasingly vulnerable environment due to the adverse impacts of climate change.

Though the management of climate risks may require additional investments and funding, it serves to protect a business from potential future losses. Common actions undertaken by private sector actors to manage climate risks in their supply chain include investing in climate-resilient infrastructure, considering climate impacts in procurement decisions, and integrating climate change into business plans (Crawford & Church, 2019). That said, it should be recognized that it is often difficult for companies—MSMEs in particular—to prioritize investments in adaptation; often, these companies have a limited understanding of climate change, have few financial and human resources to assess and respond to climate risks, and prioritize short-term issues and profit

maximization goals rather than longer-term investments in risk reduction (Crawford & Church, 2019). Nevertheless, efforts should be made to communicate the business case for adaptation investments and to support private sector actors in making these decisions.

**FEATURED RESOURCES: Climate Change Adaptation to Manage Risks and Increase Resilience**

**[Business and Climate Change Adaptation: Toward Resilient Companies and Communities](#)**

This [Caring for Climate](#) report, by the United Nations Global Compact and UNEP (2015), identifies 10 case studies from companies that are actively responding to climate change risks and leveraging relevant opportunities.

**[Companies and Climate Resilience: Mobilizing the Power of the Private Sector to Address Climate Risks](#)**

This working paper from the [Red Cross Red Crescent Climate Centre](#) articulates the importance of climate risks as a shared global challenge representing significant material risks to MSMEs. It identifies opportunities for business preparedness activities for SMEs and to mobilize the comparative advantage of the private sector to support climate-resilient, low-carbon development (Cameron et al., 2019).

**B) ADAPTATION CAN PRESENT NEW OPPORTUNITIES FOR PRODUCTS AND SERVICES.**

While climate change poses significant risks to private sector operations and supply chains, it also presents a business opportunity for financiers and enterprises to invest in and create new products and services designed to help communities adapt to climate change and increase their resilience. Already, there is considerable optimism from the private sector on the opportunities presented by climate change: the Carbon Disclosure Project found that 225 of the world's 500 largest companies agreed that climate change could generate trillions of dollars (USD) in new business opportunities across the fields of both mitigation and adaptation (Mufson, 2019). Moreover, cost-effective adaptation was ranked as one of the top new opportunities for businesses in the *Global Opportunity Report 2015* (DNV GL Sustainia & United Nations Global Compact, 2015). The report also listed early-warning and forecasting services, as well as investments in resilience, as key business opportunities to address the increased risk of extreme weather events linked to climate change.

By engaging in the NAP process, the private sector may be able to identify new products and services needed for effective adaptation action and turn these opportunities into profitable new

lines of business. New products could include climate-resilient seeds, water-efficient irrigation technologies, back-up power generation systems, equipment for early-warning systems, and climate-proofing add-ons in the construction of new houses and infrastructure (DNV GL Sustainia & United Nations Global Compact, 2017; Sanderson, 2017). In Zimbabwe, for example, a local beer company in the Chiredzi district has started to produce beer using locally grown, climate-resilient red sorghum in place of barley malt (Crawford & Church, 2019). New services might cover agricultural extension programs to farmers, flood control and site drainage services, and weather and climate analytics (Crawford & Church, 2019; Sanderson, 2017). Actors that create and invest in these new goods and services may gain an edge over their competitors.

### **FEATURED RESOURCES: New Products and Services for Climate Change Adaptation**

#### ***The Roles of the Private Sector in Climate Change Adaptation: An Introduction***

This introduction report from [adelphi](#) (2019) demonstrates that companies of all sizes and industries can play a role in and for adaptation, by adapting to climate change, financing climate adaptation, and supporting others through products and services for resilience.

### **C) ACTION ON ADAPTATION CAN DEMONSTRATE AN ACTOR'S GENUINE CONCERN FOR THE ENVIRONMENT WHILE STRENGTHENING REPUTATION AND BRAND VALUE.**

In 2019, consulting company Deloitte conducted a survey of 600 business decision-makers in the United States, asking their motivations for engaging in resource management and climate change programs. While the desire to cut costs remained the main motivation for engagement, the second-highest motivation was because respondents felt it was the “right thing to do” (Motyka et al., 2019). Participating in climate change programs can publicly demonstrate a business’s genuine concern for the environment, strengthening a company’s reputation and its brand value. Certification schemes that promote action on climate change may, for example, help to strengthen the reputation of a company in the eyes of the public. The Rainforest Alliance, for example, certifies businesses that meet certain environmental and social standards, many of which directly contribute to adaptation and the NAP process.<sup>2</sup>

Increasingly, a failure to respond to climate change and the environment can even be a reputational risk to businesses. For brands built around an ethos of environmental stewardship and responsibility, the risks can be particularly high. Lindblad Expeditions, a leader in responsible

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<sup>2</sup> For example, under the Rainforest Alliance’s agricultural certification guiding principles, effective planning and management systems, improved livelihoods, and sustainable cattle production all contribute to the central tenets of adaptation in the agricultural sector (Rainforest Alliance, 2019).

tourism, has stated recently that it would offset 100% of its carbon footprint by investing in renewable energy and reforestation efforts elsewhere (Mufson, 2019). The American clothing company Patagonia, which sells outdoor clothing, has pledged 1% of all of its sales to the preservation and restoration of the natural environment (Patagonia, 2019). Though a great number of these efforts target mitigation, many have either direct or indirect benefits for adaptation as well. By engaging in the broader NAP process, private sector actors can send a signal to the public, as part of their ongoing environmental efforts, that they are committed to playing a role in national action on climate change adaptation.

#### **D) COMPLIANCE WITH REGULATIONS, LAWS, AND INVESTOR PREFERENCES MAY NECESSITATE ACTION ON ADAPTATION.**

Finally, private sector actors may engage in climate change adaptation to comply with government regulations or investor interests. National policies and laws may require that companies respond to the adaptation challenge. Article 173 of France's Energy Law, for example, requires that publicly traded financial and non-financial organizations operating in the country disclose their exposure to climate risk (Crawford & Church, 2019). In the EU more broadly, the Institutions for Occupational Retirement Provision Directive (2016/2341) mandated that registered pension funds consider climate matters in their investment and risk decisions (Crawford & Church, 2019). In doing so, these actors may engage in adaptation to avoid the identified risks.

Government regulations may also inspire adaptation action within the private sector, even if the action is not necessarily mandated by law. The 2008 UK Climate Change Act required the creation of an Adaptation Sub-Committee within the government to advise and assess progress on climate resilience (Committee on Climate Change, n.d.). Though not directly tied to the private sector, this legislation sends a signal that the government is prioritizing climate change adaptation, which may subsequently motivate private sector actors to strengthen the degree to which they consider and address climate risks. These types of regulations and laws are more common in developed countries, though private sector actors in developing countries may also choose to adhere to them in anticipation of changes in domestic legislation (Crawford & Church, 2019).

In the absence of government regulations, private sector actors may choose to reduce their vulnerabilities to comply with investor interests and signals. In increasing cases, investors and insurance companies are encouraging their clients to demonstrate how they are adapting to climate change—in order to avoid any potential losses and mitigate climate-related risks along the supply chain. Some investors are even working to provide more tools and resources for companies to strengthen their disclosure efforts. The Task Force on Climate-Related Financial Disclosure (TCFD), for example, has begun to develop recommendations and resources for voluntary climate-related financial disclosures (TCFD, 2019). As outlined by TCFD, if companies have access to enhanced tools for climate-data collection, they will be better able to evaluate their own risks,

and investors, subsequently, can make more informed decisions about where and how to allocate capital (TCFD, 2019).

Finally, private sector actors may choose to engage in climate change adaptation interventions in an effort to comply with emerging trends from the legal community. Though the majority of climate litigation pertains to mitigation, there is an increasing number of cases concerned with adaptation. Some plaintiffs in the United States, for example, are seeking relief for injuries “arising from an alleged failure to anticipate and address foreseeable consequences of climate change” (Grantham Research Institute on Climate Change and the Environment, 2018). In Pakistan, a farmer sued the national government for failing to implement its adaptation plan, stating that the delay in implementation was a threat to human rights (Sabin Center for Climate Change Law, 2019). The case was resolved when the court ordered the government to create a Climate Change Commission to monitor implementation (Sabin Center for Climate Change Law, 2019). Given the growing improvements in data relating to climate projections and impacts, it is expected that litigation regarding the failure to adapt will increase significantly.

# 3

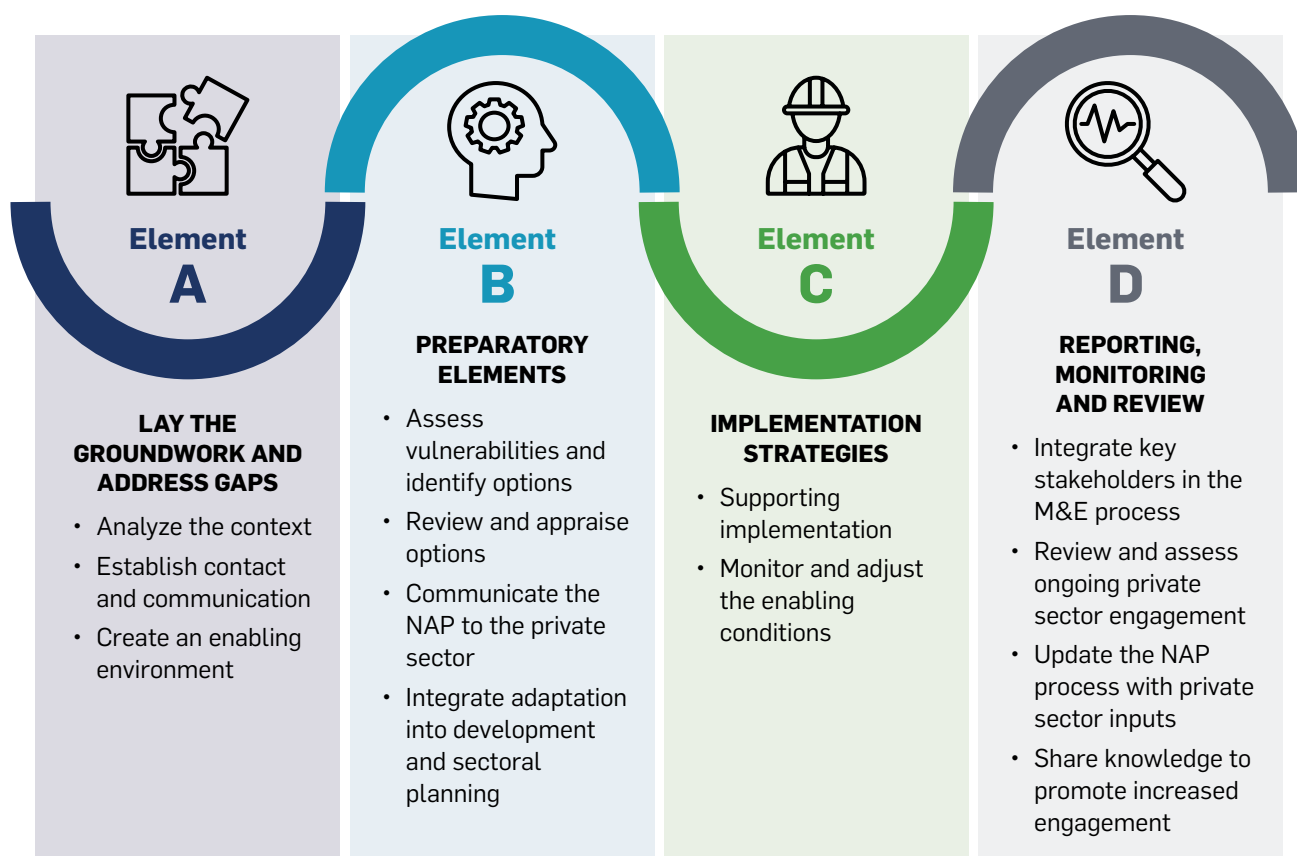
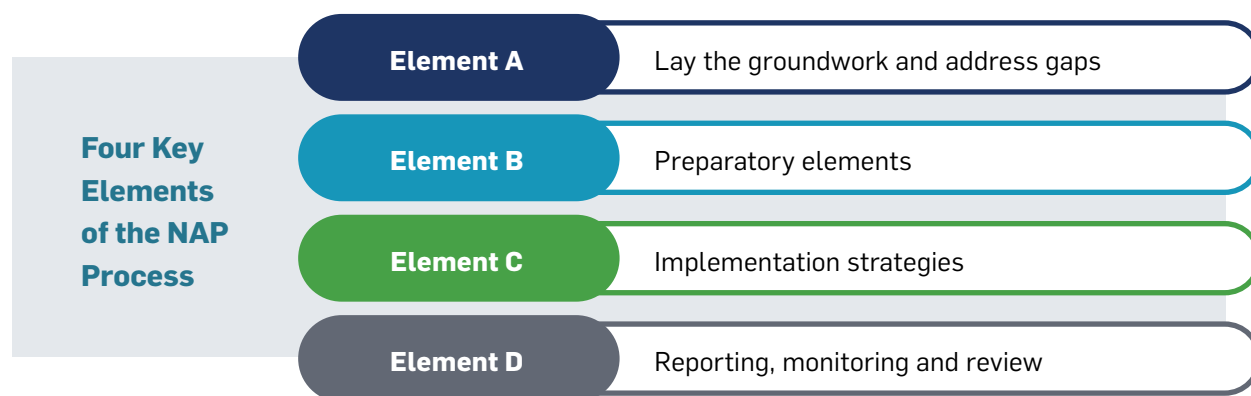
## Engaging the Private Sector: Key steps

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This toolkit is organized around the four key elements of the NAP process, as outlined in the UNFCCC's LEG Technical Guidelines. Based on research, case studies, expert consultations, and practical experience in the development of private sector engagement strategies, the following sections offer guidance for NAP teams on how to go about bringing private sector actors into the NAP process in a meaningful way. The guidance is not meant to be prescriptive; country contexts will dictate the extent to which private sector stakeholders can and should be involved in the planning, implementation, and monitoring of what is first and foremost a country-driven and owned process.



## 3.1 Element A: Lay the groundwork and address gaps

The first element of the NAP process, as outlined in the LEG Technical Guidelines, involves laying the groundwork for the work ahead: initiating and launching the NAP process; taking stock of climate information availability, needs, and gaps; addressing capacity gaps; and assessing development needs and climate vulnerabilities (UNFCCC, 2012). With this strong foundation in place, countries—and the government staff and partners driving the NAP process—will set themselves up for success.

The private sector can be an active partner during this phase. At this stage, the government can start to understand their needs and potential role in the process and begin to establish relationships with those key private sector actors that can effectively support adaptation in priority sectors. The first step will be to develop, among the NAP team, a strong understanding of the context.



**Element  
A**

**LAY THE GROUNDWORK AND ADDRESS GAPS**

- Analyze the context
- Establish contact and communication
- Create an enabling environment

### 3.1.1 Analyze the Context

Before proceeding with the development of a private sector engagement strategy, the government will have to understand the context in which engagement would happen and how this impacts the decision of whether or not to proceed with the development of a strategy. It cannot be assumed that engaging the private sector in the NAP process will work in every context with every government.

In order to proceed with the context analysis, the government will have to establish a small team to undertake the work. This typically involves the NAP team itself, usually housed with the ministry responsible for climate change and the environment, but could also extend outside of that ministry to other ministries, departments, or agencies dealing with key priority sectors and regularly interfacing with private sector actors (such as agriculture, infrastructure, tourism, planning, or finance). The team can be as formal or informal as required. If the government thinks

that a formal task force on private sector engagement in the NAP process is required, for example, with set roles, responsibilities, and reporting requirements, it can establish one according to its own internal processes. The private sector itself can also provide valuable inputs into this initial step of context analysis, and they should be integrated into the process as appropriate due to their knowledge of their own vulnerabilities, of relevant laws and policies, and of their existing work on and understanding of climate change. Engaging them early in the process can also serve to raise their awareness of the NAP process.

The context analysis team will focus on understanding three key areas: the climate context, the private sector context, and the legal and policy context. Information may already be readily available in some of these areas; the climate context, for example, may already have been analyzed in the country's latest National Communication to the UNFCCC, while the private sector may already be well understood by the Ministry of Economic Planning. Nevertheless, bringing these three areas together into an overarching picture of climate change and the private sector is a useful first step toward deciding whether or not to engage with businesses and financiers, and if so, to what extent they will be involved in the NAP. Efforts should be made by the team to collect information that is gender-disaggregated, ensuring that, in each of these contexts, any gender differences in opportunities or capacities are understood and can be integrated into later stages of the NAP process.

Specifically, each context analysis should include the following elements. They can be developed through desk-based research if resources are limited; however, the team is likely to get a deeper understanding of the context if the analyses are undertaken in a workshop setting with the input and perspectives of a variety of relevant stakeholders.

### **CLIMATE CONTEXT:**

As described in the LEG Technical Guidelines, a key aspect of laying the groundwork for the NAP process is to undertake a stocktaking exercise in which the NAP team identifies available information on climate change impacts, vulnerability, and adaptation. Having an inventory of the kinds of climate data and information that the government has and that is available for sharing with the private sector, the sources of that information and any climate information gaps that exist will be useful as the government seeks to establish the enabling conditions required for private sector engagement. Significant gaps in climate information—particularly the type of information deemed useful by business—will have to be addressed, either internally or with the support of external partners (i.e., non-governmental organizations, civil service organizations, or bilateral donors). With regard to climate change forecasts, the government should aim to provide this information at time scales that align with the business planning cycles of key economic sectors. Crop agriculture, for example, will likely operate at a shorter time scale than infrastructure or large-scale mining.

### **PRIVATE SECTOR CONTEXT:**

The research team should also conduct a preliminary analysis of the country's private sector in order to understand which actors—domestic enterprises, multinational companies, financiers, investors, business associations—are operating in the national economy, particularly in those sectors deemed a priority for the NAP process. This will require that the NAP team has a strong understanding of the economic context, including key sectors and their importance to the country's economy.

A stakeholder mapping exercise will help the NAP team identify those enterprises and financiers working in priority sectors, understand what they do and what they are already doing on climate change adaptation, and make a case for why they should engage in adaptation planning. It will also allow the team to begin collecting cases and examples of private sector adaptation support and action, which can be helpful for eventually crowding in private sector action on adaptation priorities. Special attention should be paid to MSMEs during this mapping exercise. These smaller companies make up a significant proportion of the private sector in most developing countries and engaging them in adaptation will be challenging, often requiring governments to engage with business associations or multipliers (such as a Chamber of Commerce or an Association of Smallholder Farmers) as a first entry point. It must also be recognized that many MSMEs operate in informal sectors of the economy, compounding the difficulties in engaging with them, though not eliminating the need for doing so. Additional attention should be paid to women-led or women-focused businesses during this mapping exercise, making a note of their relative representation and opportunities for increased engagement.

#### **TOOL BOX**

See **Annex 1** for a template for two different versions of the stakeholder mapping exercises.

### **LEGAL AND POLICY CONTEXT:**

Finally, the NAP team should analyze the legal and policy context governing private sector engagement in climate change, including any existing institutional arrangements that do or could promote such engagement. This analysis would include a review of domestic laws, regulations, and policies relevant to climate change adaptation; a country's international commitments to adaptation action; national development plans and priorities to ensure alignment; and the legislative cycle, so that, should an engagement strategy be developed, it can be presented to policy and funding committees.

In bringing together the three context analyses, the NAP team will start to have a better idea of the challenges and opportunities faced by the private sector—climatic, economic, legislative—and of what can be done to address these challenges and capitalize on opportunities, as well as what factors need to be in place to engage them in adaptation action. The team can also use the mapping exercise as an opportunity to prioritize and select private sector actors for engagement, by sector and actor. As with the context analysis, this exercise is best conducted with the input and perspectives of a broader group of stakeholders than those represented on the NAP team, if resources are available. Prioritization criteria can be developed by the NAP team and are likely context-specific; however, potential criteria could include:

- The sector's identified level of vulnerability to climate change.
- The sector's importance to the national economy: it makes the most sense to try to engage actors operating in those sectors deemed a top priority for national adaptation.
- The nature of the private sector in the prioritized sector. If state-owned enterprises dominate a priority sector (water, for example), it may be best to focus elsewhere.
- The assessed interest and influence of identified stakeholders in the NAP process, including the stakeholder's potential contribution to the successful achievement of the country's adaptation goals.
- Any identified risks associated with the government engaging with a particular actor.

The analyses will also allow the NAP team to develop a vision for private sector engagement in the NAP process, aligned with national and sectoral development priorities, policies, and plans. Developing a vision for engagement will help the team define public and private actors' objectives and envisaged outcomes of engaging the private sector in the adaptation planning process. The same objectives and outcomes may not apply across all stakeholders; distinctions may need to be made in defining these across the various actors and sectors identified above. But having a clear idea of their vision, objectives, and outcomes for private sector engagement will help as they begin to reach out to these stakeholders.

### 3.1.2 Establish Contact and Communication

The NAP team must now prepare to establish contact and build relationships with the private sector stakeholders prioritized following the context analyses. This will involve reaching out to these actors while striving to ensure that a balanced representation of different climate-vulnerable sectors is maintained. Outreach to relevant actors—including domestic enterprises, financiers, multinational corporations, and MSMEs—is often best done through business associations, cooperatives, or chambers. These institutions are often a more efficient way of reaching a broad audience with knowledge products, climate information, or training. Once imparted to them, these

associations can, in turn and through internal processes, transfer this information and knowledge on to their members. If a country's mining sector, for example, is prioritized for engagement in the NAP due to the sector's significant impacts on domestic water and energy resources, the NAP team may engage key players through the Chamber of Mines, as an easier and more cost-effective means of reaching these often geographically dispersed stakeholders than speaking to each of them individually. The NAP team should ensure that they look beyond their own networks when reaching out to private sector stakeholders and draw on the networks of colleagues in the ministries, departments, and agencies responsible for key vulnerable sectors.

Early communication with private sector stakeholders should focus on informing these actors of the NAP process (what it entails, how it is envisioned for the country) and of the business case for investing in adaptation (see Crawford & Church, 2019). Eventually, these channels will be used to communicate how the private sector can become involved in the NAP process, how it can invest in adaptation, and the enabling conditions that should encourage and facilitate these investments. As such, approaching communications in a strategic way will be important at the outset, and the NAP team should consider a few key approaches and factors before proceeding:

- **Be strategic:** Set clear and measurable communications objectives, develop key messages to be conveyed to the private sector, and think about the most effective channels for reaching the private sector audience. The private sector is, of course, not homogeneous, and different communications strategies (objectives, messages, channels) may have to be developed for different audiences and sectors. For example, the NAP team will engage with commercial banks and agricultural MSMEs in different ways.
- **Speak the language of the private sector:** The NAP team should ensure that they use clear terminology and familiar concepts when speaking with the private sector. The complex terminologies of climate science and policy-making are unlikely to gain much traction with this audience when compared to messaging around risk and return. Language may also have to be tailored to the sector with which you are engaging (i.e., agriculture, tourism, infrastructure). Stick to language that is clear, concise, and relevant.
- **Identify points of leverage:** An understanding of the private sector context will help the NAP team to identify the key points of leverage that exist within a given private sector stakeholder or group and translate this into a value proposition for investments in adaptation. It requires an understanding of the needs and capacities of key private sector actors, as well as existing barriers to investment. This will help to answer the question of why the private sector should be a part of the NAP process and what the government can or will do to help the private sector build its climate resilience objectives.

## **FEATURED RESOURCES: Strategic Communications**

### ***Strategic Communications for National Adaptation Plan (NAP) Processes***

This overview brief from the [NAP Global Network](#) introduces the topic of strategic communications to support NAP processes (Ledwell, 2018).

### 3.1.3 Create an Enabling Environment

With a solid understanding of the context in place and communications established with private sector actors prioritized for engagement, the NAP team should begin to establish the enabling conditions that can encourage and facilitate private sector engagement in the NAP process. Four key enabling conditions should be considered: information sharing, financing, institutional arrangements, and capacity building. Ensuring these enabling conditions are in place is a significant task and will require a considerable amount of time, resources, and political will. The following summaries are taken from guidance developed by the NAP Global Network (Crawford & Church, 2019); more detail can be found in that document.

#### **INFORMATION SHARING:**

As often the first barrier to entry cited by private sector actors, this condition is related to three main informational barriers to their engagement in adaptation: understanding the need to adapt to climate change, understanding the changes that are being adapted to, and understanding how best to adapt. Governments will play an important role in generating information on current and expected trends on climate change—including temperature, precipitation, extreme weather events, and, where nationally relevant, sea-level rise and glacial retreat—and sharing it with a broad range of stakeholders, including the private sector. This information can then be used as the foundation for adaptation planning. Should information gaps exist at the national level, the NAP team can work with development partners, businesses, and civil society to close them. The team can also publicize and promote best practices in adaptation action, promote peer learning and crowding in, and highlight lessons learned from past adaptation actions and programs, whether good or bad. As mentioned, climate information and data, as well as information on climate vulnerability, risks, and adaptation options, should be communicated strategically and in a way that makes a clear business case for investments in adaptation and involvement in the NAP process. This could include making it clear to private sector actors that climate change will fundamentally alter the economy and that there could be significant risks to inaction, while also stressing that opportunities may emerge as a result of climate change.

## **FINANCING:**

The NAP team should work to understand whether private sector actors have access to financing to pay for adaptation actions and whether this financing is available in the right form and at the right scale. If markets are not encouraging the private sector to invest in adaptation actions, public intervention may be required. Governments can also use financial incentives to motivate private sector actors to invest in new products or markets that support adaptation and meet NAP priorities: tax breaks; risk guarantees; government procurement contracts that help to secure demand for new climate-resilient products and services; and favourable conditions set by export credit agencies to encourage investments in climate change adaptation. Mechanisms like taxes, levies, fees, and royalties can also be used to generate government revenues in support of climate risk assessments, extension services, and start-up or seed financing for new products and services. Exploring ways of de-risking investments—particularly for large-scale infrastructure investments that support the NAP's priority areas—will also help to make these investments attractive to private investment.

### **FEATURED RESOURCES: Financing Mechanisms**

#### ***Innovative Financing for Development: Scalable Business Models that Produce Economic, Social, and Environmental Outcomes***

This report from the [Global Development Incubator](#) (2014) highlights innovative financing mechanisms for development and demonstrates how these mechanisms can align with the strategic objectives of members of the private sector, including multinational corporations, financial institutions, and private foundations.

#### ***Financing National Adaptation Plan (NAP) Processes: Contributing to the Achievement of Nationally Determined Contribution (NDC) Adaptation Goals***

This guidance note from the [NAP Global Network](#) seeks to support countries in determining how to secure the financing for their NAP processes. It presents a range of potential sources of finance, appropriate for different phases of the NAP process (Parry et al., 2017).

#### ***The Green Climate Fund's Private Sector Facility***

The mission of the Green Climate Fund's Private Sector Facility is to engage with both local and global private sector actors to support climate change mitigation and adaptation projects in developing countries.



## **INSTITUTIONAL ARRANGEMENTS:**

The NAP team and broader government should also work to ensure that the legal and policy framework and institutional arrangements support investment in adaptation and facilitate dialogue among national and subnational decision-makers, private enterprises, and private financiers, as possible and appropriate. This will require working across relevant ministries (particularly finance, environment, and planning), departments, and agencies. Governments must work to get appropriate institutional arrangements right at the outset of the NAP process and maintain them through all three phases of the NAP. This could include involving private sector representatives in the NAP's oversight committee, or—harkening back to the strategic communications—establishing structures that ensure open communication between this committee and the private sector. This will help to ensure that the private sector is involved in NAP process decision-making and that channels of communication through which governments can raise awareness of and interest in the NAP are open. A legal, policy, and regulatory framework should also be in place that is conducive to businesses engaging in adaptation measures. This includes stability in domestic laws, policies, and regulations that will influence adaptation investment decisions and ensuring that existing policies, incentives, and regulations do not promote maladaptation. Regulatory and policy measures could include offering fast-tracked permitting for adaptation-focused activities or requiring or encouraging the disclosure of climate risks among companies and investors. In Peru, Brazil, and Colombia, for example, governments are exploring ways of making climate change adaptation measures a binding requirement for public investment projects (see GIZ's [IPACC II project](#)).

## **CAPACITY BUILDING:**

Private sector actors may lack the technical capacities needed to participate in the NAP process, specifically to understand and use climate data and information and to integrate climate risk management into standard business operations. They may need additional skills building in the use of techniques, technologies, and equipment needed to adapt or capacities to develop the business models needed to commercialize adaptation products and services. Private sector actors may not understand how to implement business strategies that can reduce their exposure to climate risk or may need help in identifying and seeking out appropriate financing for adaptation investments. For private financiers, it may be about understanding how to integrate climate risks into investment portfolios and financing products and to better quantify and track the adaptation returns on investments. With support from development partners, business service providers focusing on adaptation, labour unions, and international actors like the World Business Council on Sustainable Development, governments should work to strengthen these capacities in order to create an environment in which businesses and financiers are able to understand and act on current and forecasted climate change information. The [Climate Expert](#) tool provides a good example of how

to build the capacities of companies to analyze climate risks and opportunities and how to respond with the development of adaptation strategies.

### **Box 2. Considering gender when engaging the private sector**

During this stage of creating an enabling environment, it is vital that gender considerations be incorporated into the process. The parties to the UNFCCC have agreed that the NAP process should be gender-responsive. Women—and by extension, women-led private sector entities—often face restricted land rights, a lack of access to financial resources, limited training opportunities, and reduced influence in political decision-making (International Union for Conservation of Nature, 2015). As such, they may not be able to access the efforts made by the NAP team to improve the private sector's enabling environment. Neglecting gender considerations at this core stage of the process may therefore serve to reinforce existing gender disparities and inequality. A gender-sensitive NAP process will work to overcome these barriers to ensure equitable and inclusive adaptation programming and benefits. The NAP Global Network, the LEG and the Adaptation Committee under the UNFCCC have developed a [toolkit](#) for integrating gender-responsiveness into NAP formulation and implementation.

Regarding financing, for example, many women in developing countries have restricted access to land or credit and therefore may experience increased difficulties in securing financing to engage in adaptation efforts. Government-led financial mechanisms and investments should be designed to help overcome these obstacles by increasing women's access to resources and enabling them to scale up their business activities (United Nations Development Programme [UNDP], 2011). This might be accomplished by implementing tax incentives to support gender equality in the private sector or issuing credits for investing in women-led businesses (UNDP, 2011). Focusing efforts on improving land rights and tenure for women could also expand their ability to access additional climate financing (Wedeman & Petruney, 2018).

## FEATURED RESOURCES: Overcoming the Barriers to Private Sector Engagement

### **Engaging the Private Sector in Financing Adaptation to Climate Change: Learning From Practice**

This paper, released by the [Action on Climate Today \(ACT\)](#) program and co-authored by [Acclimatise](#), presents a comprehensive framework for identifying the key enabling factors for private sector actors to invest in climate change adaptation, signalling approaches that public policy-makers and donors can take to engage the private sector (Fayolle et al., 2019).

### **Adapting From the Ground Up: Enabling Small Businesses in Developing Countries to Adapt to Climate Change**

This report from the [UNDP](#) highlights the challenges faced by small businesses in developing countries to adapt to climate change, including access to information and finance, technical capacity, and policy. It proposes interventions from public policy-makers that can address these barriers and support vulnerable businesses (Dougherty-Choux et al., 2015).

## 3.2 Element B: Preparatory elements

The second element of the NAP process, as outlined in the LEG Technical Guidelines, involves analyzing current climate and future climate change scenarios; assessing climate vulnerabilities and identifying adaptation options; reviewing and appraising adaptation options; communicating the NAP; and integrating climate adaptation into development and sectoral planning processes (UNFCCC, 2012).

With strong relationships now established with key private sector actors, including business associations, cooperatives, unions, and chambers, the NAP team can work to integrate the voices and views of these actors—alongside those of communities, civil society, and other key groups—into the adaptation planning process.

It may be useful at this stage in the NAP process to establish or enhance (if already existing) a public-private working group and dialogue mechanism with prioritized private sector actors. This can then be used to engage with these potential partners on everything from simple information sharing to the design, financing, and implementation of adaptation activities. The group should include banks and financial institutions from the start, in addition to business associations, chambers of commerce, unions, and representatives from civil society. Members can also help the government with the language of engagement.

Governments will dictate the approach they take to the NAP process. As a country-owned and driven process, the form of the NAP process is not dictated from outside. For some countries, it may make sense to take a more sectoral approach to the NAP by integrating adaptation considerations into sectoral planning and policy-making, and having priority sectors help define adaptation priorities. For other countries, a more nationally driven approach may be more relevant, where the NAP team identifies national adaptation priorities and then works to promote uptake of these priorities within sector-specific strategies and action plans (Price-Kelly & Hammill, 2015). It is important, of course, throughout this process to ensure that NAP processes involve all levels of governance (local to national); that they are gender-responsive; and that they are aligned with other key policy processes, including the country's Nationally Determined Contribution (NDC) under the Paris Agreement, the Sustainable Development Goals, and the Sendai Framework for Disaster Risk Reduction.



### Element B

#### **PREPARATORY ELEMENTS**

- Assess vulnerabilities and identify options
- Review and appraise options
- Communicate the NAP to the private sector
- Integrate adaptation into development and sectoral planning

### 3.2.1 Assess Vulnerabilities and Identify Options

The first step of this element of the NAP process is to analyze current climate conditions and future climate scenarios. The private sector may contribute to this process. The private sector might play an active role in the generation, dissemination, and understanding of climate information. The government may want to explore opportunities for collaboration on climate data and information, should a collaboration fill an identified gap in the government's data coverage with high-quality information.

When assessing climate vulnerabilities and adaptation options, it will be important to ensure that the perspectives of private sector stakeholders are reflected in the analysis, particularly at the sectoral level. Given their understanding of their operations, their competitors, their supply chains, and their staff, many are likely to have an in-depth understanding of where vulnerabilities to climate change impacts do or could lie, as well as what this could mean for local or national employment and economic stability. Integrating these views into vulnerability analyses will be

crucial. It is important to incorporate a gender perspective into this analysis: identifying who has access to and control over resources, who is vulnerable, and which activities might ensure more equitable benefits (Wedeman & Petruney, 2018). Private sector entities that are women-led or women-focused may be able to provide additional information in this regard.

Similarly, private sector actors should be involved in a government's initial attempts to identify possible adaptation options that respond to climate impacts and vulnerabilities. Involving private businesses and financiers in the development of such options can provide a reality check on what activities outside of full government control are feasible and fundable, while also planting the seed for future investments in adaptation and possible collaborations on public-private partnerships (PPPs). This can be done quite usefully at the sectoral level through the development of a bankable list of costed-out adaptation activities that address key sources of climate vulnerability or respond to emerging business opportunities. Developing this list with a broad range of stakeholders, including the private sector, will help to ensure that the transition from planning to implementation is grounded in the realities of the local, sectoral, and national contexts.

#### **FEATURED RESOURCES: Vulnerability and Risk Assessments for the Private Sector**

##### **CCORAL: Caribbean Climate Online Risk and Adaptation Tool**

This Caribbean-focused tool was designed to help regional organizations make climate-resilient decisions for their business. It was funded by the [UK Department for International Development](#) and the [Climate & Development Knowledge Network](#) (Caribbean Community Climate Change Centre, n.d.).

##### **Climate Expert**

The Climate Expert tool provides a four-step approach and working materials to companies—and especially MSMEs—to analyze and assess climate change risks and opportunities for their businesses. It was developed by the [GIZ](#) (n.d.).

##### **UKCIP risk framework**

This risk, uncertainty, and decision-making framework was created by [UKCIP](#) (n.d.) and provides a step-by-step process to support businesses in identifying and assessing what adaptation measures are most appropriate for their organization.

### 3.2.2 Review and Appraise Options

This step of the NAP process aims to select priority adaptation actions based on their contribution to socioeconomic development, as well as their expected costs, effectiveness, and efficiency

(UNFCCC, 2012). Through their involvement in the NAP process, private sector actors can help the NAP team ascertain the costs and benefits of implementing adaptation options, understand how these options can be implemented, and identify possible co-benefits between the adaptation action and broader socioeconomic development.

An approach for appraising the value of individual adaptation actions is outlined in detail in the LEG Technical Guidelines (see Step B.3). Integrating private sector actors into the evaluation of such actions through a more formal public–private dialogue mechanism, as described above or in more informal ways (such as through a workshop), will help the NAP team more fully understand the costs, technical feasibility, co-benefits, probable effectiveness, and achievability of proposed options.

### 3.2.3 Communicate the NAP to the Private Sector

Once the adaptation actions to be undertaken have been compiled in an aggregated NAP, the NAP team will need to communicate the plan to key target audiences, as well as to the general public more broadly. Guidance for developing strategic communications for the NAP process can be found in the LEG Technical Guidelines, as well as in other sources (see, for example, Ledwell, 2018).

The private sector can act as both a receiver and broadcaster of information on the NAP process. For the former, the NAP team will need to revisit and build on its early communications with these stakeholders, described above in Section 3.1.2. This includes thinking about (NAP Global Network, 2020b):

#### **OBJECTIVES:**

Is the NAP team trying to raise awareness of the NAP process among private sector actors? Make the business case for investments in adaptation? Promote the crowding in of private investment in adaptation, following the lead of an adaptation champion?

#### **AUDIENCE:**

The NAP team should have a clear idea of those private sector actors that they need to engage in order to advance the NAP process. These could include large corporations, unions, business associations, the Chamber of Commerce, or small business owners.

#### **MESSAGING:**

Messages will likely have to be tailored to match the needs, values, interests, and motivations of the prioritized private sector audiences. Messaging should, in turn, be conveyed through the most appropriate communication channel(s) for that audience.

Beyond their role as a target audience for communications on the NAP, private sector actors can also serve as an important ally to the government in raising awareness around adaptation and the NAP process more specifically. The NAP team should work to identify and cultivate private sector champions on adaptation and work with them to share stories of success and failure that make the business case for adaptation, helping to promote crowding in from other industry players (Crawford & Church, 2019). Doing so need not be solely altruistic—there can be significant reputational benefits for those private sector actors that meaningfully support adaptation action and resilience building.

The media, including print, radio, television and online, will be key collaborators here and should be engaged accordingly.

### 3.2.4 Integrate Adaptation Into Development and Sectoral Planning

Fundamental to the NAP process, this step involves integrating climate change adaptation into national and subnational development planning processes (UNFCCC, 2012). This process will be driven by the government but would be strengthened by the input of a variety of stakeholders, including the private sector. Guidance for integrating adaptation into development planning is again provided in the LEG Technical Guidelines (Step B.5), which outlines some of the opportunities and challenges of working with stakeholders from business, industry, and small-scale farmers and fishers. Opportunities include recognizing the private sector as a major source of knowledge and investment, in order to focus on resource efficiency and sustainable consumption and production, and to make use of their knowledge of climate change adaptation issues at the grassroots level.

#### FEATURED RESOURCES: Alignment

##### **[The Role of the NAP Process in Translating NDC Adaptation Goals Into Action](#)**

This report from [GIZ](#) (2017) aims to provide guidance to national policy-makers on how to link the NAP process with the NDCs.


##### **[NDC-NAP Alignment](#)**

This webpage from the [NAP Global Network](#) (2020a) provides resources on how NDC-NAP alignment can advance climate-resilient development.

## 3.3 Element C: Implementation strategies

The third element of the NAP process, as set out by the LEG Technical Guidelines, is focused on the design of implementation strategies. Implementation strategies involve prioritizing climate change adaptation in national planning; developing a long-term, national adaptation implementation strategy; enhancing capacity for planning and implementing adaptation; and promoting coordination and synergy with other multilateral environmental agreements (UNFCCC, 2012).

Ideally, private sector actors should have already been engaged during Elements A and B to ensure collective ownership over the NAP process and to foster continued engagement throughout Elements C and D. However, this phase of the NAP process may present an opportunity for NAP teams to engage new private sector actors who were not previously involved in the earlier stages.



**Element  
C**

**IMPLEMENTATION STRATEGIES**

- Supporting implementation
- Monitor and adjust the enabling conditions

### 3.3.1 Supporting Implementation

During the implementation phase, the government teams working on the NAP process can use a number of entry points to support private sector engagement in adaptation action.

#### **IDENTIFY OPPORTUNITIES FOR PRIVATE SECTOR ACTORS TO CLIMATE-PROOF THEIR BUSINESS OPERATIONS, SUPPLY CHAINS, AND INVESTMENT PORTFOLIOS.**

The risks that climate change poses to business operations, employees, supply chains, and investment portfolios are great: heatwaves can threaten staff; drought can ruin crops; floods and landslides can damage offices and links to markets. For private sector actors, a strong business case can be made for investing in climate change adaptation in order to climate-proof operations and protect employees and suppliers. Companies like Danone and Mars, for example, rely on a secure supply of cocoa, palm oil, mint, and vanilla for their products, and the adverse impacts of climate change—including floods, droughts, and rainfall variability—threaten the stability of these



crops and subsequently the livelihoods of the farmers that produce them. Through the Livelihoods Fund for Family Farming in Madagascar, a number of companies (including Danone, Mars, Firmenich, and Veolia) are supporting efforts to adopt sustainable agriculture practices in the area, including by taking action to mitigate climate risks across the supply chains of rice, vanilla, and cocoa (Livelihoods Funds, 2018).

Efforts by the government to help businesses identify climate risks to their supply chains and operations, and the opportunities to overcome these risks, will help to encourage private sector action on adaptation. This may include the government providing access to and training on risk assessment tools, bringing private sector actors together to discuss shared risks and opportunities, and distributing knowledge products on expected climate projections and impacts.

Still, private sector actors may be hesitant to invest in climate change adaptation, due to perceptions that the risks of investing in adaptation are too high or that the returns on investment are too uncertain; this is particularly the case in many developing countries and with MSMEs. To address this, governments can propose incentives for investment or incentives for local financial actors to develop financial products to encourage such investment (see, for example, Crawford and Church, 2019).

### **IDENTIFY OPPORTUNITIES FOR PRIVATE SECTOR ACTORS TO DEVELOP AND DISTRIBUTE CLIMATE-RESILIENT GOODS AND SERVICES.**

Climate change may present private sector actors with opportunities to enter new markets or to develop and distribute new goods and services that respond to the local threats posed by climate change. Through these opportunities, companies can both make a profit and help communities and ecosystems adjust to current and future impacts of climate change (Crawford & Church, 2019). Examples of climate-resilient goods include climate-resilient seeds, water-efficient irrigation systems, equipment for early-warning systems, and telemedicine technologies to respond to the predicted increase in infectious diseases due to climate change. New services could include climate and weather modelling or a seed company offering agricultural extension services to climate-affected farmers (UNEP FI et al., 2016).

Governments in the implementation strategies element of the NAP process may consider identifying some of these climate-resilient goods and services and communicating these needs to the private sector, which may result in increased investment. They may also survey members of the private sector to better understand which climate-resilient goods, services, and practices are already in place but not yet aligned with the aims of the NAP process.

### **IDENTIFY OPPORTUNITIES FOR PRIVATE SECTOR ACTORS TO PROVIDE DIRECT FINANCING FOR PRIVATE ADAPTATION ACTIONS.**

Private financiers have an important role to play as a source of direct financing to private enterprises for adaptation action. They can also support a government's adaptation interventions through PPPs, which are typically used for large-scale projects like dams and roads. As they move from planning to implementation, NAP teams should explore ways of encouraging or accessing private financing for adaptation where appropriate. Emphasis should be placed on those private financing mechanisms that are designed to be accessed by both men and women and that do not exacerbate existing patterns of inequity or inequality (International Union for Conservation of Nature, 2015).

Private financiers—including private commercial banks, institutional investors, microfinance institutions, insurance companies, and private foundations—may provide financing directly to enterprises to undertake adaptation actions. Alternatively, PPPs are a potential approach to supporting the implementation of adaptation actions. PPPs are best suited for large-scale projects in which either the government or private sector party would not be able to proceed alone, as PPPs allow the investment requirements and risks to be shared between partners.

### **ENCOURAGE ENTERPRISES TO INCREASE THEIR BUDGETS FOR INCREASING COMPANY RESILIENCE.**

Another source of financing for adaptation is for enterprises to allocate or increase their internal budgets for investing in their own resilience. Governments can consider fiscal instruments or policies that encourage enterprises to invest in building their resilience; this includes fast-tracking permitting for adaptation actions, for example, or tax breaks for investments in resilience building.

### **INTEGRATE ADAPTATION AND NAP CONSIDERATIONS INTO PUBLIC TENDERS.**

Mainstreaming adaptation and NAP considerations into public tenders can help ensure that climate risks are addressed in government procurement and in new construction and land development projects. If appropriate, governments can consider developing such a policy and ensure that government staff are capacitated to review submissions.

### **ENCOURAGE ENTERPRISES TO REPLICATE AND EXPAND UPON PILOT ADAPTATION PROJECTS.**

Private sector actors may also be hesitant to invest in adaptation if their understanding of adaptation options is incomplete or insufficient, or if there is no conclusive proof of concept or evidence that the adaptation intervention is effective. NAP teams should work to communicate examples of pilot projects that have been tested and have shown positive results in an effort to encourage private sector actors to try the adaptation action and (eventually) scale it up.

### 3.3.2 Monitor and Adjust the Enabling Conditions

Throughout the implementation phase, the NAP team should be analyzing what is and is not working in terms of their efforts to create the enabling conditions needed for the private sector to engage in national adaptation planning. NAP teams can encourage the private sector's active engagement in implementation through the following entry points to monitor and adjust key enabling conditions.

#### **DISSEMINATE NEW OR UPDATED CLIMATE INFORMATION.**

Accurate, reliable climate information is the foundation for adaptation planning. By communicating climate and vulnerability information to the private sector using accessible language, governments can build trust with private enterprises and financiers, and demonstrate the rationale for engaging in the implementation of adaptation priorities identified through the NAP process. NAP teams should make efforts to communicate new and updated climate information to the private sector, filling in information and data gaps. They can also work with the private sector, where appropriate, to generate such information. Private sector stakeholders may generate high-quality information on climatic conditions that can support national efforts at adaptation and that they are willing to share.

#### **ENCOURAGE PEER LEARNING AND EXCHANGE.**

Sharing experiences, lessons and examples of adaptation action between private sector actors can inspire action and disseminate good practices. Governments may convene these peer learning and exchange opportunities when budget and capacity allows but should also consider partnering with chambers of commerce or other business multipliers to create committees or learning events focused on promoting adaptation. Business multipliers play an important support role in encouraging adaptation among their members.

#### **STRENGTHEN CAPACITIES TO IDENTIFY, DESIGN, IMPLEMENT, AND MONITOR ADAPTATION ACTIVITIES.**

There are many capacities that enterprises and financiers need in order to be able to contribute to effective adaptation action (e.g., capacities to undertake climate risk and vulnerability assessments; capacities to understand and use climate data and information; capacities to use techniques, technologies, and equipment that support adaptation, such as conservation agriculture practices; or capacities to create business models they need in order to commercialize adaptation products and services). Governments can help private enterprises and private financiers identify partners—whether governmental, donor, or non-governmental—to support capacity-building efforts, which might include training programs, outreach programs, and, in some cases, the publication of context-specific guidance. Governments should, in particular, think about which business multipliers they could engage to build their members' capacities on adaptation.

### **SUPPORT KEY BUSINESS MULTIPLIERS.**

Business multipliers, such as chambers of commerce and business associations, play a crucial role in supporting smaller enterprises in developed countries but are often absent in developing country contexts (Crawford & Church, 2019). Governments should involve business multipliers in the NAP process where they exist and provide them with the assistance they need to engage their members; in their absence, MSMEs may require targeted support for engaging in adaptation (Dougherty-Choux et al., 2015). As noted above, business multipliers may be able to support peer learning and exchange among their members, as well as capacity building on adaptation, and be a channel for sharing success stories and lessons from their members' work on adaptation.

### **PROVIDE BROADER UPDATES ON NAP IMPLEMENTATION AND ITS EVOLUTION OVER TIME.**

Dialogue and communication with private sector representatives on progress in the NAP process will help to ensure their continuous engagement. As adaptation actions are implemented, the private sector engagement strategy should include a plan for how to keep these stakeholders up-to-date on adaptation planning and implementation, as well as on the results of adaptation interventions.

## **3.4 Element D: Reporting, monitoring and review**

As outlined by the LEG Technical Guidelines, the fourth element of the NAP process pertains to reporting, monitoring, and reviewing. This step helps to ensure that the NAP process continues to be an iterative process, with lessons learned continuously integrated into the planning and implementation of adaptation actions over time. Steps of this element include monitoring the NAP process, reviewing the NAP process to assess progress and gaps, iteratively updating the NAP process, conducting outreach on the NAP process, and reporting on its progress and effectiveness (UNFCCC, 2012).

The private sector should be engaged throughout the M&E of the NAP process. Moreover, if the private sector is not engaged in the development or preliminary implementation phases of the NAP process, this fourth element presents a vital opportunity to address this gap and involve them moving forward.



**Element  
D**

**REPORTING, MONITORING AND REVIEW**

- Integrate key stakeholders in the M&E process
- Review and assess ongoing private sector engagement
- Update the NAP process with private sector inputs
- Share knowledge to promote increased engagement

### 3.4.1 Integrate Key Stakeholders in the M&E Process

The NAP process must be a continuous, progressive, and iterative process (see Box 1 for more details) (UNFCCC, 2012). As such, effective M&E is an essential component of the NAP process and ensures that any successes continue, that the duplication of efforts is avoided, and that potential gaps in implementation are addressed. In effect, M&E processes determine if and how adaptation interventions reduce vulnerability to the impacts of climate change and if these interventions have improved a community or country's capacity to prepare against these impacts (Ospina, 2018).

As part of the NAP process, NAP teams may choose to develop an M&E strategy. The involvement of relevant stakeholders—including the private sector—in the design of this strategy is paramount. By engaging a wide set of stakeholders in its design, NAP teams can foster collaboration and promote a sense of collective ownership of the strategy (Ospina, 2018). In pursuit of an M&E strategy in the Philippines, for example, the Climate Change Commission mandated an advisory board of policy and technical experts, which included members from the private sector (Hammill & Dekens, 2014). The early involvement of the private sector in the process will encourage continued engagement in the delivery of the M&E strategy.

Meaningful M&E systems involve the collection of climate-related data, as it relates to identified adaptation indicators. By establishing these indicators, NAP teams can quantify progress on the NAP process. Data pertaining to water storage or water availability per capita, for example, might be considered relevant measures and indicators for the water sector. Just as there is no "one size fits all" approach to M&E, however, it is important to note that the selected adaptation indicators will differ from context to context (Hammill & Dekens, 2014). Relevant data regarding these indicators can be either quantitative or qualitative and can be collected through a wide variety of mechanisms, including community surveys, satellite imagery, geographic information systems, and document reviews. Particular attention should also be paid to the collection of gender- and age-disaggregated data.

Private sector actors can often provide valuable data in relation to these identified indicators. In the design of the Kenyan M&E system for the NAP process, for example, a number of indicators were identified to quantify resilience in the food and security sector, for example, the amount of agricultural land under irrigation systems and the number of livestock deaths due to drought (Mutimba et al., 2019). For both, the private sector—and especially small-scale farmers and pastoralists—can play a pivotal role in supplying this data. In developing an M&E strategy or plan, it is important that NAP teams consider potential data contributions from the private sector.

Private sector actors can support data collection efforts by sharing or selling their climate data, reporting on their adaptation and sustainability outcomes, and disclosing climate-related risks in their supply chains (Crawford & Church, 2019). Reporting on positive outcomes for adaptation interventions can result in reputational benefits for the business. In fact, companies may already be doing so as part of their obligations to investors or environmental certification schemes. However, companies may still be hesitant to disclose any failures or risks in their supply chain, as it could jeopardize future investments. As such, it is imperative that the NAP team seek to find ways to protect companies and minimize the burden of their engagement in adaptation action (Crawford & Church, 2019).

Significant resources are required to collect and manage data for M&E. To engage in M&E processes, private sector actors may need to develop additional skills, engage in training for capacity building, acquire new or updated information and technology services, or increase their financial and time commitments. To address these financial, technical, and capacity gaps, NAP teams should set priorities about the most important data to gather and communicate these priorities to members of the private sector. Further, NAP teams should work to develop guidance, templates, and tools, describing how the private sector can support government M&E systems (Ospina, 2018). These templates should be easily available and accessible. Civil society and development organizations can also be drawn upon to bolster private sector capacities.

### 3.4.2 Review and Assess Ongoing Private Sector Engagement

As NAP teams embark on efforts to engage the private sector, it will be essential to review and assess their effectiveness. In effect, M&E processes should also seek to quantify and qualify private sector participation in the NAP process and, in so doing, identify relevant success stories or gaps in engagement. This assessment should ask some or all of the following questions.

#### **HOW HAS THE PRIVATE SECTOR BEEN ENGAGED IN THE DEVELOPMENT OR IMPLEMENTATION OF THE NAP PROCESS?**

Primarily, it is important to ask whether or not the private sector has been engaged—and if so, how. This will ensure that the NAP process is not duplicating efforts and is instead building off of existing success. Subsets of this question may seek to identify when private sector actors were

brought on board, through which institutional mechanisms, and whether or not their engagement remained consistent throughout subsequent phases of the NAP process.

### **WHICH PRIVATE SECTOR ACTORS HAVE BEEN ENGAGED? WHICH HAVE NOT?**

In answering this question, it may be useful to understand the representation of engaged private sector actors. This may include assessing whether engagement efforts have brought in both private financiers and enterprises, from ranging scales, sizes, and sectors. It may also identify private sector champions that have proven successful—or unsuccessful—at crowding in other actors. Finally, it may also include applying a gender-lens to the private sector actors involved and identifying women-led or women-focused private sector entities, or the lack thereof.

### **WHICH MECHANISMS OR METHODS HAVE PROVEN MOST EFFECTIVE IN ENGAGING THE PRIVATE SECTOR? WHICH HAVE NOT?**

Understanding which institutional arrangements, information-sharing tools, financial mechanisms, and opportunities for capacity building have brought in members of the private sector, and which have not, will be essential information to feed back into the implementation of the NAP process. For example, reviewing institutional arrangements—including the NAP oversight committees or working groups—may identify additional areas to foster dialogue. An assessment of information-sharing tools might identify successful communication channels for reaching the most relevant audiences. A cost-benefit analysis of incentives to increase private sector engagement—including tax breaks and risk guarantees—may be applicable to assess the value-added of ongoing financial mechanisms. And finally, reviews and updates of any government-issued training or knowledge products to increase private sector capacity should occur on an ongoing basis.

### **HOW HAS THE ENGAGEMENT OF THE PRIVATE SECTOR—OR THE LACK THEREOF—INFLUENCED LOCAL, REGIONAL, OR NATIONAL CLIMATE VULNERABILITY?**

Finally, it is important to not only ask if and how private sector actors have been engaged, but whether or not that engagement has bolstered the overall aims of the NAP process to reduce vulnerability and enhance resilience.

In addition to the above questions, NAP teams may want to get an understanding of private sector adaptation activities that have not been coordinated or aligned with the NAP process. Private sector actors, for example, may independently embark on corporate social responsibility schemes or environmental and sustainability standards—both of which can serve adaptation goals, though may not be labelled as such. Questions regarding how to align these ongoing efforts undertaken by the private sector with the NAP process—and vice versa—may also be appropriate to consider.

By answering these questions, NAP teams can gauge a better understanding of their private sector engagement efforts and be able to incorporate any lessons learned or best practices identified from the analysis into the next stages of the NAP process.

#### TOOL BOX

See **Annex 2** for a questionnaire to assess and evaluate private sector engagement in the NAP process.

### 3.4.3 Update the NAP Process With Private Sector Inputs

After collecting and assessing data relating to adaptation indicators, it is essential that any lessons learned or feedback be incorporated into the NAP process. This reiterates the importance of flexibility in the development and implementation of the NAP process. The NAP process should be updated with private sector support and participation. This is especially vital if the private sector was not involved in the early development phases, and it will serve to set a precedent for future engagement. Private sector inputs can be accessed from internal or external validation workshops of NAP updates, surveys, and questionnaires, or by soliciting feedback from private sector representatives on NAP-related working groups, oversight committees, or dialogue platforms.

### 3.4.4 Share Knowledge to Promote Increased Engagement

Comprehensive M&E systems can ensure that the NAP process iteratively builds in opportunities for feedback and improvement. It is also important, however, that the findings from these M&E processes are communicated to relevant stakeholders, including the private sector. Communicating these findings and results can contribute to the sustained involvement of previously engaged private sector actors and facilitate the “crowding in” of new actors.

Articulating the business case for private sector engagement can be a challenge. Private sector actors may be hesitant to participate in adaptation interventions if the associated risks and benefits are unknown or poorly understood, if returns on investment are uncertain, or if the adaptation options themselves are unclear (Crawford & Church, 2019). Private sector actors may also be waiting to draw on the findings from a pilot adaptation intervention before investing in a project (Hammill & Dekens, 2014). The data that is collected and assessed as part of M&E processes, however, can often serve to address some of the above information gaps. Private sector actors can use the data collected and pilot project results to build the business case for engaging in the NAP process.

In addition to generating interest from new private sector actors, NAP teams should seek to report outcomes to businesses and companies that have already participated in the NAP process. Doing so can generate reputational benefits for the private sector actors who have been involved, encouraging them to sustain their engagements. Reporting NAP process successes can also



provide engaged actors with the information they need to justify next-level buy-in or increased investments. NAP teams should be conscious of the value and reach of varied communication channels in order to disseminate these findings. Visualization techniques and jargon-free language may also be beneficial in this exercise.

#### **FEATURED RESOURCES: Monitoring and Evaluation**

##### ***sNAPshot: Monitoring and Evaluation in the NAP Process: Opportunities, Challenges and Emerging Solutions***

This overview brief from the [NAP Global Network](#) explores approaches that different countries have taken to their M&E NAP process, highlighting existing opportunities, challenges, and solutions (Ospina, 2018).

##### ***Developing National Adaptation Monitoring and Evaluation Systems: A Guidebook***

The guidebook, aimed at decision-makers and technical advisors, offers support regarding the design, operationalization, and use of M&E systems for NAP processes. It was developed by [GIZ](#) and the [NAP Global Network](#) (Price-Kelly et al., 2018).

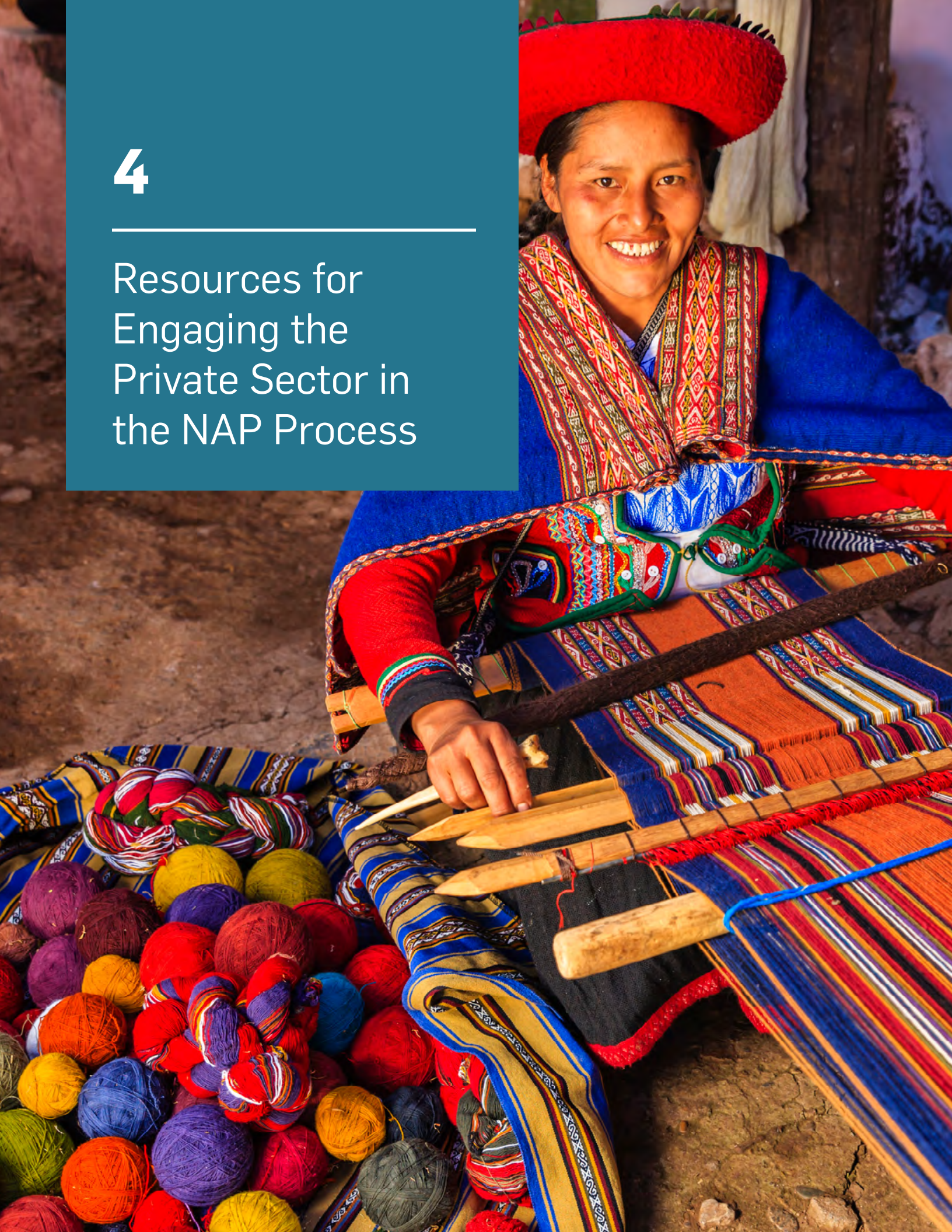
##### ***Repository of Adaptation Indicators: Real Case Examples From National Monitoring and Evaluation Systems***

This repository, developed by [GIZ](#) and the [NAP Global Network](#) (2014), provides examples of adaptation indicators pertaining to climate parameters, climate change impacts, adaptation actions, and adaptation results.

# 4

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## Resources for Engaging the Private Sector in the NAP Process



This section provides links to additional resources on the private sector and climate change adaptation that may be useful to countries in undertaking their NAP processes.

## General Resources on the Private Sector and Climate Change Adaptation

### **[Business and Climate Change Adaptation: Toward Resilient Companies and Communities](#)**

This [Caring for Climate](#) report by the United Nations Global Compact and UNEP identifies 10 case studies from companies that are actively responding to climate change risks and leveraging relevant opportunities.

### **[Companies and Climate Resilience: Mobilizing the Power of the Private Sector to Address Climate Risks](#)**

This working paper from the [Red Cross Red Crescent Climate Centre](#) articulates the importance of climate risks as a shared global challenge representing significant material risks to MSMEs. It identifies opportunities for business preparedness activities for MSMEs and opportunities to mobilize the comparative advantage of the private sector to support climate-resilient, low-carbon development.

### **[Demystifying Adaptation Finance for the Private Sector](#)**

Presented by [UNEP FI](#), this study demonstrates the role that the private sector can play in overcoming the adverse impacts of climate change and highlights the importance of national and international public actors in catalyzing this engagement.

### **[Engaging the Private Sector for Green Growth and Climate Action: An Overview of Development Co-Operation Efforts](#)**

This paper, developed by the [OECD](#), provides an overview of private sector engagement approaches to programs on green growth and climate change. It highlights some of the challenges and lessons learned, including the need for the private sector to take on a wider range of issues and the need to align private sector approaches with national contexts.

### **[Engaging the Private Sector in Financing Adaptation to Climate Change: Learning From Practice](#)**

This paper, released by the [Action on Climate Today \(ACT\)](#) program and co-authored by [Acclimatise](#), presents a comprehensive framework for identifying the key enabling factors for private sector actors to invest in climate change adaptation, signalling approaches that public policy-makers and donors can take to engage the private sector.

### **[Engaging the Private Sector in Green Infrastructure Development and Financing: A Pathway Toward Building Urban Climate Resilience](#)**

This [U.S. Agency for International Development](#) report outlines and analyzes mechanisms to engage the private sector in the promotion and integration of green infrastructure in order to improve a city's overall resilience.

### **[Engaging the Private Sector in National Adaptation Planning Processes](#)**

From the [NAP Global Network](#), this guidance note provides information and analysis for governments and their partners on how to engage the private sector in the NAP process. The note includes ongoing case studies and best practices, as well as recommendations to policy-makers and practitioners.

### **[Financing National Adaptation Plan \(NAP\) Process: Contributing to the Achievement of Nationally Determined Contribution \(NDC\) Adaptation Goals](#)**

This guidance note from the [NAP Global Network](#) seeks to support countries in determining how to secure the financing for their NAP processes. It presents a range of potential sources of finance appropriate for different phases of the NAP process.

### **[Innovative Financing for Development: Scalable Business Models that Produce Economic, Social, and Environmental Outcomes](#)**

This report from the [Global Development Incubator](#) highlights innovative financing mechanisms for development and demonstrates how these mechanisms can align with the strategic objectives of members of the private sector, including multinational corporations, financial institutions, and private foundations.

### **[Options for Increased Private Sector Participation in Resilience Investment: Focus on Agriculture](#)**

This [World Bank Group](#) report analyzes the challenges of attracting private capital to financing resilience and adaptation projects and identifies blended finance solutions with a focus on the agriculture sector.

### **[Private Sector Engagement in Adaptation to Climate Change](#)**

From the [OECD](#), this working paper examines the private sector's progress in climate change adaptation, by drawing information from 16 case studies from a range of industries. It provides insights into the companies' awareness of climate risk and vulnerabilities as well as their implementation of adaptation measures to address them.

**[Private Sector Investment in Climate Adaptation in Developing Countries: Landscape, Lessons Learned and Future Opportunities](#)**

Developed by the [Climate Investments Funds](#), this analysis presents lessons and best practices of private sector adaptation in developing countries, with a focus on the activities of multilateral development banks.

**[The Business Case for Responsible Corporate Adaptation: Strengthening Private Sector and Community Resilience](#)**

This [Caring for Climate](#) report presents the business case for businesses to implement adaptation activities that contribute to the SDGs and societal resilience.

**[The Roles of the Private Sector in Climate Change Adaptation: An Introduction](#)**

This introduction report from [adelphi](#) demonstrates that companies of all sizes and industries can play a role in and for adaptation, by adapting to climate change, financing climate adaptation, and supporting others through products and services for resilience.

**[UNDP: Engaging the Private Sector](#)**

This online tool, developed by UNDP's [Climate Change Adaptation](#) program, provides an introduction to private sector engagement in climate change adaptation, presents the “3C's” framework (convening, catalyzing, and capitalizing) and offers resources on barriers, best practices, and interventions.

**[UNFCCC: Private Sector Initiative \(PSI\) database](#)**

Developed under the [Private Sector Initiative](#) of the UNFCCC, this online database provides good practices and profitable climate change adaptation case studies being undertaken by private companies from a wide range of sectors and regions.

**[When Does Private Finance Count as Climate Finance? Accounting for Private Contributions Toward International Pledges](#)**

This discussion brief from the [Stockholm Environment Institute](#) examines the different types of private financial flows for climate-related activities and assesses their suitability for being counted toward the Copenhagen Accord.

## Country and Region-Specific Resources

### AFRICA

#### **[Baseline Study on Climate Change Impacts on the Private Sector in Rwanda](#)**

This case study, developed by [adelphi](#), assesses and identifies economic sectors that are both relevant to the Rwandan economy and affected by climate change. The purpose is to then use this information to develop capacity-building activities in the private sector on climate change adaptation.

#### **[Safeguarding the Resilience of West African Coasts to Climate Change: The Role for the Private Sector](#)**

From the [World Bank Group](#), this document proposes challenges to the private sector in safeguarding the West African coasts from climate change; it also identifies potential solutions and best practices.

### ASIA

#### **[Climate Resilience and the Role of the Private Sector in Thailand: Case Studies on Building Resilience and Adaptive Capacity](#)**

This report, from the [Business for Social Responsibility](#) and supported by the [Rockefeller Foundation](#), presents the important role that the private sector plays in building adaptive capacity, focusing on Thailand.

#### **[Japan's Private Climate Finance Support: Mobilising Private Sector Engagement in Climate Change Compatible Development](#)**

This background note, prepared by [Overseas Development Institute](#) (ODI), reviews the interventions by Japanese actors to mobilize private sector activity in climate finance.

### EUROPE

#### **[Germany's Private Climate Finance Support: Mobilising Private Sector Engagement in Climate Change Compatible Development](#)**

This background note, prepared by [ODI](#), reviews the interventions by German actors to mobilize private sector activity in climate finance.

**[The UK's Private Climate Finance Support: Mobilising Private Sector Engagement in Climate Change Compatible Development](#)**

This background note, prepared by [ODI](#), reviews the interventions by actors in the United Kingdom to mobilize private sector activity in climate finance.

**NORTH AMERICA**

**[The United States' Private Climate Finance Support: Mobilising Private Sector Engagement in Climate Change Compatible Development](#)**

This background note, prepared by [ODI](#), reviews the interventions by actors in the United States to mobilize private sector activity in climate finance.

**AUSTRALIA**

**[Building the Business Case for Climate Change Adaptation: Lessons from Coastal Australia](#)**

Published by the [National Climate Change Adaptation Research Facility](#), this study explores how coastal organizations in Australia used a business-case approach to adapt to climate change.

**Resources on the Role of MSMEs in Climate Change Adaptation**

**[Adapting From the Ground Up: Enabling Small Businesses in Developing Countries to Adapt to Climate Change](#)**

This [UNDP](#) report highlights the challenges faced by small businesses in developing countries to adapt to climate change, including access to information and finance, technical capacity, and policy. It proposes interventions from public policy-makers that can address these barriers and support vulnerable businesses.

**[Business Unusual: Why the Climate is Changing the Rules for our Cities and SMEs](#)**

Developed by the [UNEP FI](#), this report outlines the pivotal role that the insurance industry can play in working with MSMEs and cities to build climate resilience.

### **[Private-Sector Action in Adaptation: Perspectives on the Role of Micro, Small and Medium Size Enterprises](#)**

This volume from the [Technical University of Denmark](#) and [UNEP](#) explores different perspectives on how to enable MSMEs in developing countries, minimize the negative effects of climate change on their enterprises, and identify business opportunities.

## **Tools for Businesses to Identify Vulnerabilities and Adaptation Options**

### **[BACLIAT Vulnerability Assessment](#)**

Developed by [UKCIP](#), the BACLIAT vulnerability assessment is a workshop-based process to help businesses consider the potential impacts of future climate change on their organization.

### **[CCORAL: Caribbean Climate Online Risk and Adaptation Tool](#)**

This Caribbean-focused tool was designed to help regional organizations make climate-resilient decisions for their business. It was funded by the [UK Department for International Development](#) and the [Climate & Development Knowledge Network](#).

### **[Climate Expert](#)**

The Climate Expert tool provides a four-step approach and working materials to companies—and especially MSMEs—to analyze and assess climate change risks and opportunities for their businesses. It was developed by the [GIZ](#) (n.d.).

### **[LCLIP: Local Climate Impacts Profile](#)**

The LCLIP is a tool designed by [UKCIP](#) to help organizations assess their exposure to weather. It can be used as a standalone tool or as part of a risk-based framework.

### **[UKCIP Risk Framework](#)**

This risk, uncertainty, and decision-making framework was created by [UKCIP](#) and provides a step-by-step process to support businesses in identifying and assessing what adaptation measures are most appropriate for their organization.



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# Annex 1. Mapping Private Sector Stakeholders: Two approaches

## Example 1a. Interest–Influence Grid

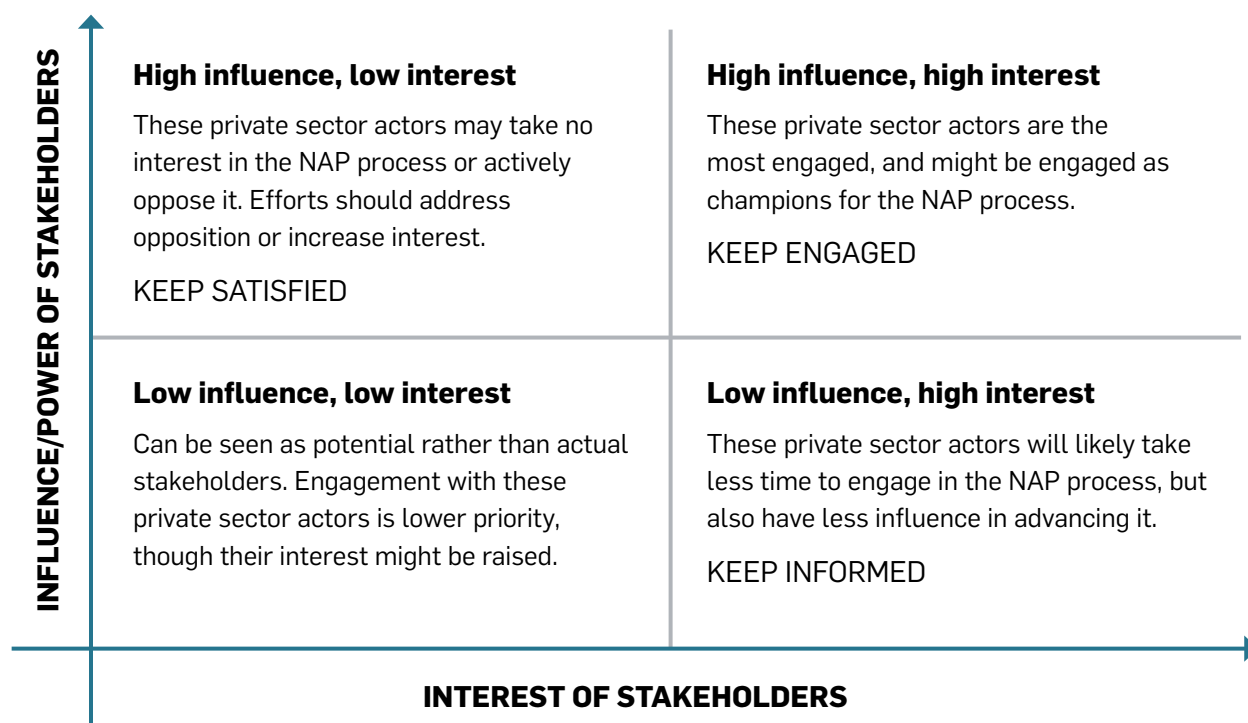
Ghana's Environmental Protection Agency (EPA) used an interest-influence grid methodology for stakeholder mapping in developing *Ghana's Private Sector Engagement Strategy for the National Adaptation Plan* in 2019. This approach helped them prioritize sectors and stakeholders for engagement.

Drawing on a literature review of Ghana's existing climate change vulnerability assessments and policies, as well as drawing on information collected from previous engagement with public and private sector stakeholders, the EPA assessed the following factors for each private sector actor:

- **Interest.** This reflects a private sector stakeholder's demonstrated interest in an adaptation action or its potential to be impacted by the adaptation action.
- **Influence.** This represents the private sector actor's potential to have a significant impact in the success of a country's ability to achieve its goals in the NAP process, whether positive or negative. These may include "business multipliers," such as business associations or a chamber of commerce, or may include the largest firms in an oligarchic or monopolistic market. It can also include those that can encourage the crowding in of other private sector actors.

Having identified a list of key private sector stakeholders, including state-owned enterprises, the NAP team can work to place each stakeholder within the grid, with their placement corresponding to the combination of their perceived interest and influence. Those actors identified as high influence, high interest should be prioritized for engagement.

**Figure A1. Stakeholder Influence–Interest Grid**



Source: Adapted from Overseas Development Institute (n.d.); Ackermann & Eden (2011).

## Example 1b. Mapping Private Sector Stakeholders: Enterprises and financiers

The NAP Global Network developed the below exercise as part of a larger self-assessment used during a global peer learning event in July 2019 that focused on engaging private sector actors in NAP processes.

### INSTRUCTIONS

List as many private sector actors as possible who may be called upon to engage in the NAP process in your specific country context. Be as specific as you can (e.g., company names, financier groups, etc.). Use different coloured pens to differentiate between:

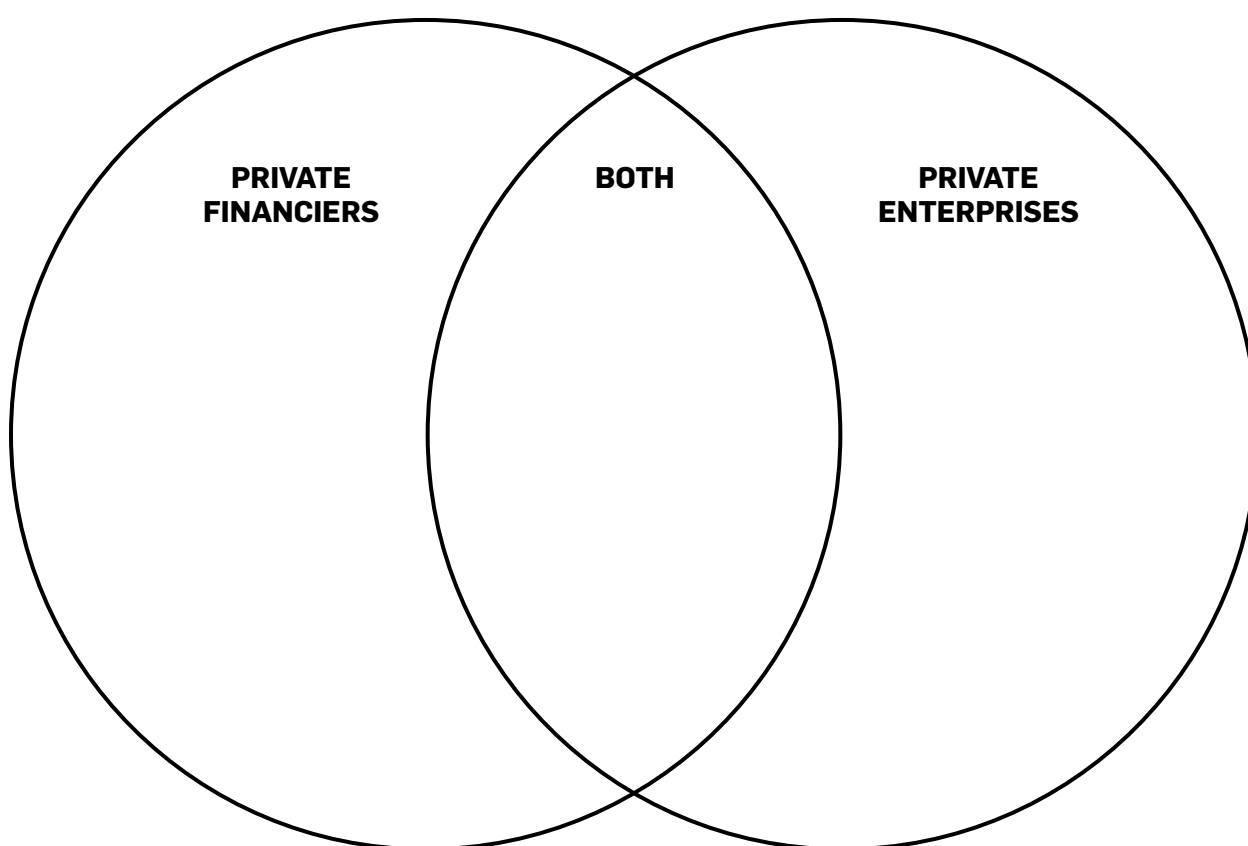
**BLUE:** Actors that have already been engaged in the NAP process.

**RED:** Actors that could be engaged in the future.



Please also consider **how** they could be engaged.

- If they could be a potential private financier of an adaptation option or activity, place them in the “Private Financiers” circle (e.g., commercial banks, microfinance institutions, insurance companies, institutional investors, private foundations, charities, etc.).
- If they could be a potential implementer of an adaptation option or activity, place them in the “Private Enterprises” circle (e.g., multinational companies, small and medium-sized enterprises, farmers organizations, etc.)
- If they could be categorized as both, place them in the area where the circles overlap.



## Annex 2. Questionnaire to Assess and Evaluate Private Sector Engagement in the NAP Process

The following is meant as a prompt for NAP teams to identify successes and gaps in ongoing private sector engagement efforts. These worksheets interrogate private sector engagement, asking:

- **Who** has been engaged?
- **When** were they engaged?
- **How** were they engaged?
- What were the subsequent **impacts** of this engagement on reducing climate change vulnerability?

In answering these questions, NAP teams can begin to quantify and qualify private sector participation in the NAP process.

The first step is identifying **who** has already been engaged and understanding what sectors and scales of actors they represent. Once the list is complete, identify gaps in engagement. For example, do all of the engaged private sector actors come from the same sector? Are they all financiers? In the shaded section below, highlight prospective actors that may help to address these gaps.

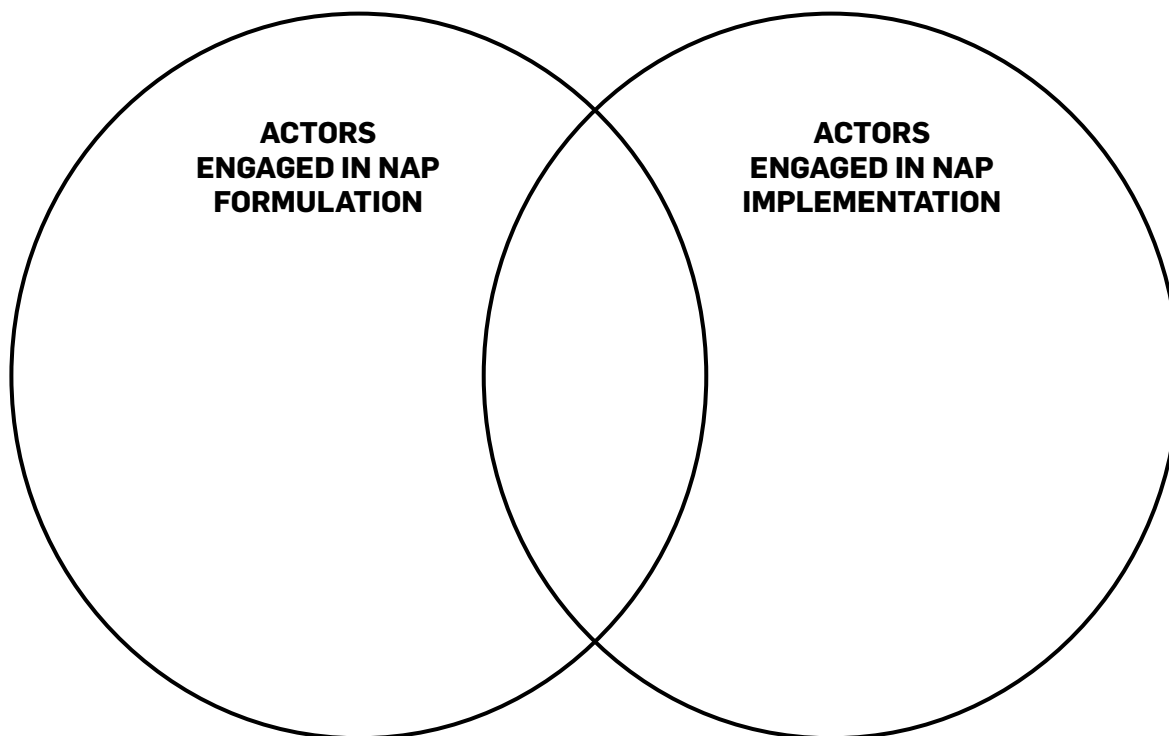
Who has been engaged?					
Name of private sector actor	Are they an enterprise or financier?	What sectors do they represent? (e.g. tourism, agriculture, forestry)	What scale do they operate at? (e.g. micro, small, medium, large)	Are they a women-led or women-focused entity?	Are they a champion in the private sector? Could they crowd in other private sector actors?
Actors to be engaged					

The next step involves understanding **when** the private sector actors were engaged. Were they brought in during the formulation of the NAP or during its implementation? If they were involved in its formulation, did they continue engaging in subsequent implementation?

### When were they engaged?

Document the actors listed above into the following Venn diagram, demonstrating when they were brought into the NAP process.

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Were any actors lost between the formulation and implementation phases? How might they be re-engaged? Are there any opportunities to engage actors involved in implementation in efforts to update the NAP, based on the results of monitoring and evaluation? Answer in the box below.

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The third step involves asking how private sector actors were engaged. Were they brought on using any specific institutional arrangements? Were they made aware of the NAP process through information sharing? Did they benefit from any financing mechanisms put in place as part of the NAP process? What about capacity-building programs and workshops? For each of the listed actors in the previous table, describe how they were engaged in the NAP process.

How were they engaged?					
Name of private sector actor	What institutional arrangements were used to engage the actor?	What information-sharing actions were used to engage the actor?	What financing mechanisms were used to engage the actor?	What capacity-building programs were used to engage the actor?	Other considerations:

Which of the aforementioned actions could be further enhanced to engage more private sector actors? Answer in the box below.

The final step involves asking what were the subsequent **impacts** of private sector engagement in the NAP process, in terms of strengthening adaptation to climate change. Using the table below, list the impacts of each private sector actor's engagement in the NAP process. If possible, point to quantifiable data (e.g. 300 smallholder farmers were trained on climate smart agricultural best practices).

What were the impacts of private sector engagement on reducing climate change vulnerability?	
Name of private sector actor	Impact

Other considerations:	
Have private sector actors embarked on other adaptation-related activities that have not been aligned with the NAP process? Corporate social responsibility schemes or environmental sustainability efforts may contribute to adaptation goals but may not have been coordinated with the NAP process. Is there a way to align these efforts?	
Adaptation activity	Is there an opportunity to align this activity with the NAP process?





**NAP  
Global  
Network**



**United Nations  
Climate Change**

**Coordinating Climate-Resilient  
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