

CLIMATE INVESTMENT FUNDS

PPCR/SC.9/CRP.1
November 1, 2011

Meeting of the FIP Sub-Committee
Washington, D.C.
November 2, 2011

**CLIMATE CHANGE FORUM:
ENGAGING PUBLIC AND PRIVATE SECTORS' BUSINESSES**

**A PAPER PRESENTED BY MR. PATRICK KARANI,
PRIVATE SECTOR OBSERVER TO THE PPCR**

The below correspondence was received by the CIF Administrative Unit on October 26, 2011. Mr. Karani is the private sector observer to the PPCR Sub-Committee.

Dear Sir/Madam:

We hope it is not late to request your consideration for inclusion in the agenda for the forthcoming CIF sub-committee meetings in Oct-Nov 2011. Based on our experience and observation as private sector, we think we can make a contribution and add value to the CIF initiatives and processes by suggesting to share our outreach plans in developing countries as per the attached "white paper". We would appreciate feedback as well from all the sub-committees of the CIF both CTF and SPF as our proposal is cross-cutting and build on the premise that CIF is doing alot so far, but there are still some weaknesses and inadequacies in approaches to engage both the public and private sectors in resilience/adaptation and mitigation of climate change while promoting sustainable development and enhancing business operations. We are available for any clarifications or additional information if required. Indeed it is a pleasure and satisfying participating in CIF meetings. Best wishes and kind regards.

Patrick Karani

B.E.A International
P.O. Box 15953-00100 Nairobi Kenya.
www.BEAINTERNATIONAL.ORG
e-mail: info@beainternational.org
Tel: +254 715 899 237 or +254 (020)-4765265
Cellphone Office: +254-733-320-181 (Kenya)

CLIMATE CHANGE FORUM: Engaging Public and Private Sectors' Businesses

Patrick Karani
BEA International
www.BEAINTERNATIONAL.ORG

October 2011

*CARE FOR YOUR ENVIRONMENT
BEA EMPHASIZES ON CAPACITY BUILDING AND INVESTMENT STRATEGIES IN THE CONTEXT OF
DEVELOPMENT*

TABLE OF CONTENT

1 INTRODUCTION	5
1.1 CONTEXT	5
1.2 THE GOAL.....	6
1.3 METHODOLOGY.....	6
2. EXPECTED OUTPUTS	7
3. REFERENCES	8

1 Introduction

1.1 Context

It is stipulated by the Intergovernmental Panel on Climate Change (IPCC 2007) report and Stern (2007) that developing countries are some of the regions most vulnerable to climate change and will be some of the areas of the world most affected by climate change effects. In some parts of the regions, impacts are already being experienced as climate variability and natural hazards such as drought, floods, storms and land-slides threaten local economies, businesses, infrastructure and entire livelihoods of local communities in particular women in rural areas and marginalized communities of indigenous population. Developing countries' unique development challenges constrained by persistent poverty, increasing population, pollution, deteriorating ecosystem coupled with fluctuating economic growth coincides with significant environmental degradation in some areas. Climate change has the potential to exacerbate these developmental and environmental challenges.

Some of the public and private sectors in the regions have begun to develop climate change strategies and action plans to both mitigate climate change and adapt to current climate variability and future climate change (World Bank 2009). In addition, technical capabilities and institutional abilities are also being developed and strengthened to include climate change adaptation and mitigation strategies in development agendas and business plans. The challenges for business engagement remain huge, however, there are wide spread concerns about the costs of adaptation and mitigation.

The roles of the public and private sectors in climate change adaptation and mitigation are becoming more prominent, with private sector finance in particular regarded as essential to meeting adaptation and mitigation objectives. The World Bank Climate Change Investment Funds (CIF) regularly references the need for significant private sector investments in order to secure necessary resources for adaptation and mitigation both financial and non-financial. However, strategies to effectively provide incentives for these investments remain weak or inadequate. In addition, efforts to establish sustainable co-financing opportunities and effective and inclusive collaboration processes between the public and private sectors have yet to generate tangible outcomes or results.

The development of a regulatory framework to guide practical oriented actions on adaptation and mitigation has not yet attracted the necessary private sector investments. Many businesses in the regions lack clear understanding of the concepts of climate change resilience/adaptation and mitigation, which have inhibited the development of an enabling environment for practical actions. Some private sectors are extending risk management approaches to include potential climate change risks to their business operations, but few seem to identify risks that are likely to impact supply chains, stakeholders, consumers (communities in particular women in rural areas and marginalized indigenous population), and workers (Barclays 2009). So far, there is little evidence of strategic innovative solutions to building business resilience, adapting to climate change and mitigating climate change effects across the entire value chain.

1.2 The Goal

The goal of this initiative is to establish regional climate change fora that will refine and enhance our understanding of public-private sector finance for climate change resilience/adaptation and mitigation and be able to know what type of roles both the public and private sectors are playing in the field of climate change. The fora will catalyze interests and sensitize stakeholders on the benefits of engaging in climate change resilience/adaptation and mitigation.

1.3 Methodology

This initiative focuses on regions of the developing world and will examine the roles of both public and private sectors strategic responses and innovative solutions to addressing problems of climate change, resisting effects of climate change, adapting to and mitigating climate change and at the same time promoting sustainable development, economic growth and business operations. We will undertake some selected case studies and organize platforms for sharing lessons and the findings from the case studies. The case studies will provide cross-cutting issues based on geographical, low-income and emerging economies in the regions.

We will maintain a series of structured public-private sector dialogues in the regions of developing countries and provide insights into the business perspectives on climate change adaptation and mitigation needs, barriers to engagement in climate change adaptation and mitigation needs, and perceptions on on-going climate change debate, policy processes, institutional and regulatory frameworks.

We will identify and discuss business incentives that could build strong cases for public-private sector engagement in climate change adaptation and mitigation. The dialogues will involve public entities, private sector representatives from line institutions (CIF supported), key industries and sectors in the regions including and not limited to agriculture, water, environment, mines, energy, paper, forestry, transport, infrastructure, tourism, waste management, housing, manufacturing, agribusiness, health, rural community and women enterprises as well as small-medium size activities.

We shall share the results of both dialogues and fora, disseminate information through web-portals, CIF stakeholder forums, UNFCCC, Carbon exhibitions and investments forums. We shall use this opportunity to generalize state of public-private sector engagement in climate change resilience/adaptation and mitigation in developing countries and provide valuable insights into the key barriers and challenges that both public and private sectors are facing in addressing climate change resilience/adaptation and mitigation.

2. Expected Outputs

The outputs will mainly be based on the case studies, dialogues and fora that will draw from extensive participation of recognized experts, public and private sector representatives. The outputs will be formulated in the context that describes the roles of public and private sectors in climate change resilience/adaptation and mitigation. The outputs will be summarized key findings of the processes and will cover barriers, drivers, business opportunities, and information gaps necessary for harnessing and harmonizing strategic innovative solutions of the public and private sectors responses to climate change resilience/adaptation and mitigation needs in developing countries.

3. References

- Barclays Bank, Social Intelligence, 2009. Storm Shelter: Managing Climate Risks in Africa, UK Met Office
- Brohé Arnaud, Nick Eyre and Nicholas Howarth, 2009, *Carbon Markets: An International Business Guide*, Earthscan Publications, London, UK, Sterling, Virginia, USA.
- Climate Wise, The Geneva Association, MCII and UNEP Finance Initiative, Global insurance statement on Adapting to Climate Change in Developing Countries
- Government of the Republic of Kenya, 2007, *Kenya Vision 2030: A Globally Competitive and Prosperous Kenya*. Ministry of Planning and National Development and the National and Economic Social Council (NESC), Office of the President
- Government of the Republic of Kenya, 2010, *National Climate Change Response Strategy*, Government of Kenya April 2010.
- IPCC, 2007. Technical Scientific report on Impacts of Climate Change, Intergovernmental Panel on Climate Change (IPCC), Geneva, Switzerland
- Karani, P, 2010. *The Turning Point: Building Local Community Assets through Carbon Sequestration Initiatives*. Aura Books, Nairobi, Kenya
- Karani, Patrick, 2002. *Introduction to Carbon Offset Markets: Prospects and Challenges for Development in Africa*. College Publishers Limited Nairobi, Kenya
- Mathys Ted, Aaron Strong, Kelly S. Gallagher, Nick Davidson, Ravi Manghani, Mieke van der Wansen, William Moomaw, 2010. *Key Research Needs for Global Climate Change Policy*, the Center for International Environment and Resource Policy. Energy, Climate, and Innovation Program, the Fletcher School, Tuft University, June 2010.
- McNellis, Patrick, E., 2009. Foreign Investment in Developing Country Agriculture-The Emerging Role of Private Sector Finance, FAO Commodity and Trade Policy Research Working Paper No. 28
- SIDA, July 2011, Climate Change Adaptation: Engaging Business in Asia, CSR Asia
- Stern, Nicholas, 2007. *The Economics of Climate Change: The Stern Review*. The Cambridge University Press, Cambridge, UK
- UK Trade & Investment, Accessing International Markets, 2011, Adapting to an Uncertain Climate: A World of Commercial Opportunities, Economist Intelligence Unit, The Economist
- UNEP Finance Initiative and SBI (Sustainable Business Institute), Advancing Adaptation through Climate Information Services: Results of a global survey on the information requirements of the financial sector January 2011, Sponsored by the Germany Federal Ministry of Education and Research.
- World Bank, 2009, *Carbon Finance Guide for Task Team Leaders*, Coordinated by Haddy J. Sey, Written by Maryanne Grieg-Gran, Muyeye Chambwera, Barry Kantor and Thais Corral. Community Development Carbon Fund, World Bank Washington DC.