



Role of public-private partnerships in climate change adaptation

Effective action on climate adaptation will require multiple stakeholders to collaborate and pool their strengths and capabilities. **Madhura Mitra** and **Peer M. Muna** outline why public-private partnerships are crucial for adaptation action and the imperative for businesses to incorporate climate adaptation into their boardroom agenda.



As extreme weather events become more frequent and intense, and climate variability becomes starker, the impact of climate change will increase multifold, pushing humanity into 'climate hell', the UN Secretary General has warned.⁴

While mitigating climate change by reducing GHG emissions and becoming net zero by mid-century is critical, achieving these targets looks like a distant dream in the absence of ambitious global action. To secure a liveable and sustainable future for all, adaptation needs to be pursued with the same urgency as mitigation. The Paris Agreement underlines this by establishing the 'global goal on adaptation of enhancing adaptive capacity, strengthening resilience, and reducing vulnerability to climate change.' The global stock-take at COP28 in Dubai, however, noted that significant gaps in adaptation still exist across sectors and regions and will continue to grow under the current levels of implementation.⁵

The adaptation imperative in India

If left unchecked, the repercussions of climate change in India – the most populous country in the world – could be quite alarming. As per the Global Climate Risk Index 2022, India ranks seventh out of 180 countries in terms of the impacts of climate change.⁶ But what lies ahead for the country? India faces average annual losses of

USD 87 billion due to extreme weather events such as heat waves, intense cyclones, floods and droughts.⁷ Climate change can impact both the society and the economy. The World Bank estimates that about 160–200 million people will be exposed to lethal heat waves annually by 2030, with 34% of the population at risk of losing their jobs due to heat stress-related impacts.⁸

With more than 80% of India's population living in districts vulnerable to climate-induced disasters,⁹ and over 75% of India's districts¹⁰ identified as 'hotspots' for extreme climate events, adaptation is a necessity for India. India's updated Nationally Determined Contribution (NDC) recognises this and has included a target to enhance adaptation investments in sectors vulnerable to climate change, particularly agriculture, water resources, the Himalayan region, coastal regions, health, and disaster management by 2030.¹¹

Although India has invested in building a conducive policy framework for adaptation through different missions such as the National Mission on Sustainable Habitat, the National Water Mission, the National Mission for Sustaining the Himalayan Ecosystem, the National Mission for a Green India, and the National Mission for Sustainable Agriculture

under the National Action Plan on Climate Change (NAPCC), and allocated financial resources through the establishment of the National Adaptation Fund for Climate Change (NAFCC), there is a long road ahead.

The current adaptation responses are incremental and sector/geography-specific, and are not commensurate with the magnitude of the problem. India's response to increasing climate risk is driven mostly by the government and funded by public finance sources. As a result, resource constraints plague adaptation efforts given the country's huge development needs. Only 8% of the estimated requirement of INR 4.4 lakh crore per annum is being met as per the data available for 2019–20.¹² Some factors that further limit climate adaptation efforts include:

- inadequate data collection or limited data availability which could hamper understanding of climate patterns,
- technological constraints, such as lack of access to advanced monitoring systems or data processing tools, and
- limited institutional capacity, especially at the local level, which means that there may be lack of expertise or awareness to develop and implement initiatives tailored to the needs of the community.

Businesses are not immune to the effects of climate change.¹³ Climate variability and extreme weather events are reported to have impacted the financial bottom lines of leading fast-moving consumer goods (FMCG) and automobile sector companies in India in 2023.¹⁴ According to the Reserve Bank of India, climate change could cost the Indian economy 2.8% of its GDP by 2050 and around 3% to 10% of its GDP annually by 2100 in the absence of adequate mitigation policies.¹⁵ These statistics point towards the need for businesses to play a greater role in mitigation and adaptation action.

Despite the increasing interest in climate action among businesses, the needle on adaptation efforts hasn't moved. Some of the key factors that contribute to limited action on adaptation include:¹⁶

- **Perception that physical climate risk is not a risk or that it can be managed:** Such complacency can stem from a lack of direct experience with extreme climate events or a misconception that technological advancements would fully mitigate those risks.

7 State of the climate in Asia 2020 (World Meteorological Organisation, WMO)

8 World Bank

9 <https://www.worldbank.org/en/country/india/brief/advancing-climate-adaptation-building-resilience-to-climate-change-in-india>

10 <https://www.ceew.in/publications/preparing-india-for-extreme-climate-change-events-and-weather-conditions>

11 India's updated first nationally determined contribution under Paris Agreement

12 Climate change adaptation is the need of the hour

13 India's business community can help move the needle on climate change

14 Indian businesses rate climate change as top threat: Report

15 Reserve Bank of India - Report on currency and finance

16 World Economic Forum, Stockholm Environment Institute, PwC, Taking stock of business efforts

4 <https://www.theguardian.com/environment/2022/nov/07/cop27-climate-summit-un-secretary-general-antonio-guterres>

5 https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

6 https://www.germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_2.pdf





- **Emphasis on immediate reduction of emissions:** Continued efforts on the reduction of GHGs overshadow adaptation measures due to their direct cause-and-effect relationship with climate change. A recent study conducted by the Organisation for Economic Co-operation and Development (OECD) demonstrates that adaptation is not given the same priority as mitigation with adaptation investment declining by USD 4 billion (14%) in 2021 and its proportion of total climate finance falling from 34% to 27%.¹⁷
- **Difficulty in developing an investment case:** Adaptation projects require significant upfront investments while their benefits are often intangible and realised over long periods of time. Since they do not always provide direct investment benefits for the investors, adaptation projects are not the popular choice for investors.
- **Long-term planning requirements:** The long-term planning and investment needed for adaptation projects may be at odds with business cycles that prioritise tangible, short-term gains and outcomes.

Collaboration for greater action on adaptation

The level of efforts and resources needed for adaptation and the urgent need for action means that no single party – be it government, business, or civil society – can

act alone and deliver the results needed to address the climate crisis. Collective action with strong public-private collaboration should be the way forward. Businesses and other private sector organisations, including civil society organisations, should join hands with the government and public sector and all stakeholders should contribute by capitalising

on their respective strengths and capabilities. The following actions can foster collaboration among various organisations to implement climate adaptation:



Conducive policy framework: Governments can create an enabling environment which promotes actions by other stakeholder groups. They can do so by making policies, strategies and roadmaps that identify priority areas, define roles, and establish incentives for action or disincentives for non-action. They can also establish an accountability structure and monitoring and evaluation frameworks.



Knowledge dissemination: Academic and research organisations, and think tanks can contribute by gathering and disseminating knowledge on climate risk and adaptation.



Goods and services: Businesses can invest in the adaptation of their own operations as well as their value chain, including the communities and ecosystems connected to them. They can provide the goods and services needed for adaptation. They can also contribute by bringing adaptation finance or providing technical knowledge, resources and managerial capabilities. Organisations can leverage their reach as distributors, employers, sponsors, or implementors of community development programmes in different geographies.¹⁸



Adaptation finance: Multilateral development banks, philanthropies, and developed countries can be sources of adaptation finance, which can be structured as grants or blended finance instruments. They can also act as convenors of multistakeholder initiatives. Civil society organisations can implement adaptation programmes and also bring the voice of communities to the climate discourse.

Multistakeholder initiatives on climate change adaptation are already being undertaken but there is a need to scale up. For instance, the India Climate Collaborative (ICC) brings together government, businesses, philanthropic organisations, academia and civil society for designing, financing, and implementing climate solutions. According to the organisation, it is working towards scaling up solutions that employ evidence-based approaches in India to map present and future climate risks, equipping local communities with the tools and information to enhance resilience, and facilitate collaboration among diverse ecosystem actors to collectively respond to climate impacts.¹⁹

At a global level, another example of multistakeholder collaboration is that of Caribbean Climate Smart Accelerator (CCSA). In 2018, a group of 28 Caribbean Governments, alongside some of the largest global companies, financial institutions, and foundations joined hands to

launch the Accelerator. As per CCSA's website, the objective of CCSA is to fast-track public and private investment opportunities that support climate action and economic growth.²⁰ CCSA aims to engage the private sector to execute climate projects through cross-sector partnerships and other mechanisms, raise funds for blended financial facilities and work with technology developers and other accelerators on innovative climate solutions.

The way forward

There are many reasons why collaboration can be beneficial for adaptation, especially in a resource-constrained country like India. Collaboration can enable:

- greater participation and buy-in from stakeholders,
- funnelling of investments towards adaptation initiatives,
- enhanced resilience by leveraging economies of scale, and
- strengthening of policy and institutional frameworks.

As the world unites against the climate emergency, collaboration is the need of the hour and all hands are required on the deck. In India, a good place to start can be encouraging dialogue among various stakeholders in the ecosystem on the need for climate action.

Businesses can take a proactive role and initiate such discussions with each other as well as with governments and international organisations. They can also take the lead in financing and implementing initiatives to enhance the resilience of communities and ecosystems. Businesses can integrate climate risk and resilience into their corporate social responsibility initiatives. By doing this, they can build the resilience of the systems on which they depend for resources while contributing to the Paris Agreement commitments and sustainable development goals (SDGs).

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¹⁷ OECD (2023), Climate Finance Provided and Mobilised by Developed Countries in 2013-2021: Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilised Private Finance, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, <https://doi.org/10.1787/e20d2bc7-en>.

¹⁸ World Economic Forum and PwC, Accelerating Business Action on Climate Adaptation

¹⁹ India Climate Collaborative, Annual Report

²⁰ <https://www.caribbeanaccelerator.org/our-work/>