



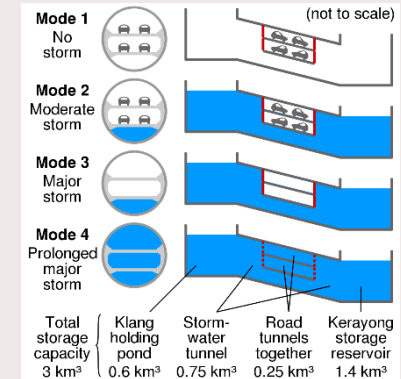
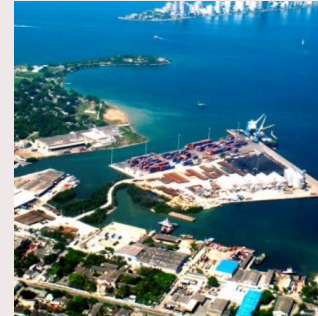
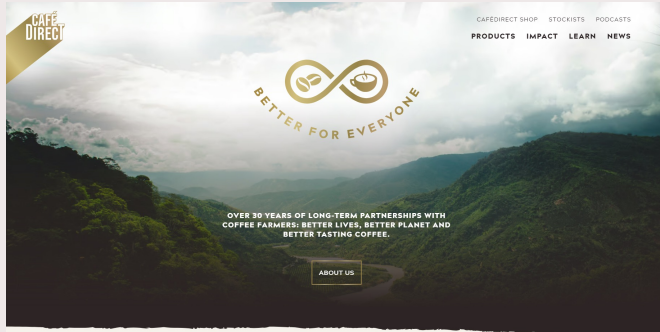
# Setting the context: how do PPPs fit within the current trends and discourses on financing adaptation

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# 15 years of engaging the private sector in adaptation

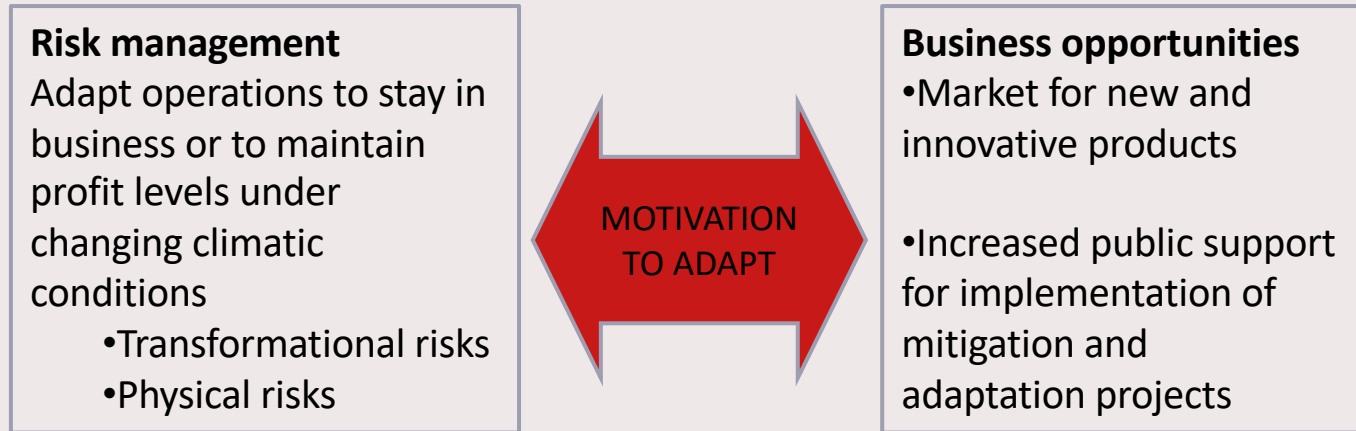
- Decision at UN climate negotiations in Copenhagen (2009) on climate finance: mobilising US\$100 billion per year by 2020, from public *and private* sources
  - ... but close to zero experience with private finance for *adaptation* at the time
  - What about accountability? Allocation? Effectiveness?



# Private sector motivation to adapt to climate change

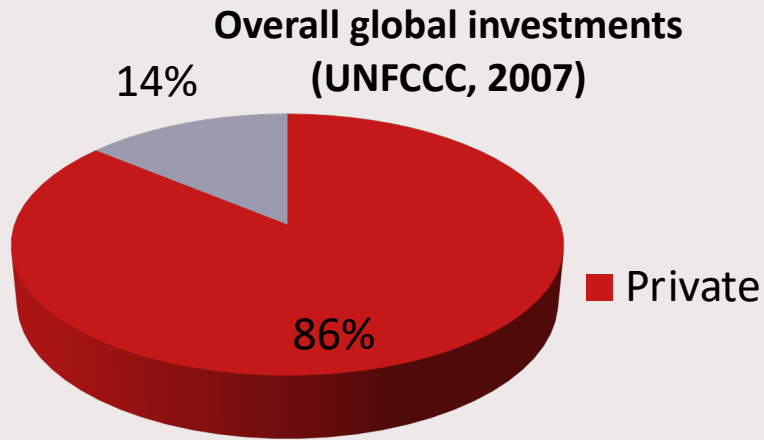
**Public sector - cost narrative:** liveable climate as a public good; Balance costs and benefits; balance economy-society-environment

**Private sector - revenue narrative:** reasonable, relatively quick and predictable returns, at acceptable risks → adaptation and mitigation mostly side-benefits





# Importance of the private sector



- In Africa, the private sector comprises almost 67% of the continent's investment, 75% of its economic output, and 90% of its formal and informal employment (AfDB 2013).
- SMEs of particular importance

# Potential benefits and functions of PPPs

1. **Leverage additional finance** to support (developing) countries with adaptation
2. **Leverage the knowledge** of different stakeholders to enhance adaptation efforts
3. Contribute to **implementation on the ground**
4. **Increase the legitimacy of adaptation interventions** by widening the participation and cooperation of multiple stakeholders locally
5. **Increase performance**, e.g by bringing in sector-specific expertise and efficient management associated with the private sector
6. **Set norms and procedures** where these are lacking internationally and nationally (standards in construction, insurance, lending, etc.)

# Risks of PPPs in adaptation

- **Adaptation Paradox:** Mobilizing partnerships has occurred systematically in the high-level and global political contexts of UN climate negotiations, but vulnerability is experienced locally, and adaptation is local
- Private investments will **gravitate to opportunities with low risk-return ratios**
- **Low knowledge on effectiveness** of private investments in adaptation.  
Adaptation is sometimes:
  - being done unconsciously
  - Being done with a narrow view of climate change risks
  - shifting vulnerability to others
- **Climate change not taken into account in significant amounts of private finance**, potentially leading to increased vulnerability in the longer term