

BUSINESS FOR THE CLIMATE PLATFORM

FRAMEWORK TO ELABORATE BUSINESS AGENDAS FOR ADAPTION TO CLIMATE CHANGE

Framework Proposition

As a result of a discussion held on June 26th, 2013, at the Latin American Forum on Climate Change Adaptation, in Sao Paulo, Brazil, this document aims at **presenting a framework proposition to support companies in the elaboration of a strategy to adapt to climate change.** The path through the three key Framework steps (please refer to Figure 1), therefore, helps companies to handle risks, increase their resilience, and leverage market opportunities, while strengthening partnerships and developing cooperation relationships with other players, such as governments, businesses, communities, and trade associations, also subject to climate change challenges. Thus, actions are taken in a systematic and cyclic way, according to the business reality and the socio-environmental strategy adopted by the company.

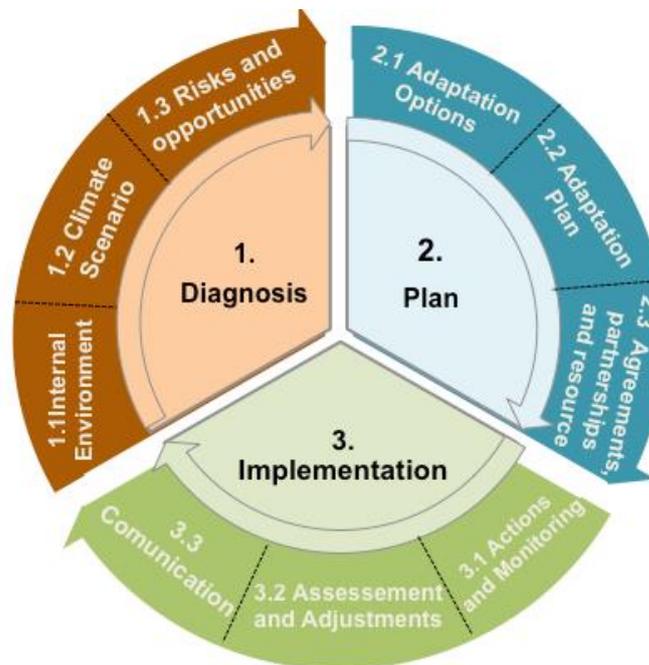


Figure 1 - Framework: A Path to Elaborate Business Agendas for Adaption to Climate Change.

As general guidelines, it is important to consider that, in addition to the consistent design of a strategy, so that risks are effectively managed and opportunities exploited, reducing costs and enhancing benefits, you must:

- Access and understand the risks associated to current climatic variations and extremes and how the scenario may change in the coming years.
- Introduce adaptation measures in the broader risk management and the company's strategic plan in order to be considered, for example, to predict investments in asset maintenance.
- Strengthen the flexibility of organizational systems and ensure that any long-term investment is resilient to climate change.
- Understand and act on adaptation as a continuous development process, incorporating the learnings from the experience of each cycle, innovations and the growing understanding of climate risks.
- Review external aspects of the environment, which may adversely or positively affect the ability of the company to adapt.

1. Diagnosis | Tool's Steps 1.1 to 1.3

This step focuses on accessing business internal (organizational pillars and culture, processes, capabilities, resources and restrictions) and external elements (climate events, trends, regulations, other players and their actions), mapping and prioritizing climate risks and opportunities that are applicable to the organization. The steps and outcomes expected for this step are described below.

1.1 Internal Environment | Tool's Step 1.1

- Delimitation of the objectives and scope of the project ([Table 1.1.1](#)).

Questions for reflection:

- What is the company's current motivation to respond to climate change? How may it change in the future?
- What elements are considered to define the scope for developing the adaptation strategy?
- What are the barriers to the learning process in the organization? What are the paths to new planning cycles be fed by this experience?
- What data and climate information are needed for decision making in adaptation by the company? What sources of this information are already available?
- Is there a clear leadership for adaptation agenda in the company? What skills and knowledge are demanded in the working group that will be involved in the strategy?

- Which of the company policies and processes are directly related to the adaptation agenda?
- There are the programs or projects in the company that monitor the external environment, such as public policy, socioeconomic indicators, etc.?
- Map and engage leaders in each area or business unit to form a multidisciplinary team. This workgroup will be in charge of coordinating the business agenda for adaptation, engaging other internal and external players, assigning tasks and ensuring they will be executed (Table 1.1.2).
- Engage high-level managers to have their support in the elaboration and deployment of the agenda (Engagement Toolkit).
- Hold seminars and internal meetings to raise awareness and offer training on the subject matter. The training approach may differ for: (i) leaders, (ii) technical personnel, and (iii) professionals who run risk analysis so they can also include climate risks in their regular assessments in their own areas (Engagement Toolkit).
- Revisit organizational strategy pillars and culture, which will guide how the targets will be determined to elaborate your business adaptation plan and decision-making guidelines.
- Map the motivations and barriers for the development of the adaptation strategy (Diagram 1.1.1).
- Identify intersections in the risk management and climate opportunities process with different organizational policies and processes.
- Collect data on risk management, vulnerability and adaptation to climate change under the sector (focused on the company's core business) and regional perspectives, in order to trace the relationship between the adaptation issue and the business.

Expected Outcomes:

- Defined and engaged workgroup.
- Defined scope, aims and guidelines for the decision-making process.

1.2 Climate Analysis | Tool's Steps 1.2(A) and 1.2(B)

- Identification, together with the risk management, logistics, operations, human resources and finance, of past impacts and current weather events for business.
- Systematization of weather events, their consequences, possible losses and costs for the company and any other related information; even if not applicable at this stage, the information may be relevant for the next steps.

- Establishment of technical partnerships or hire of specialized service for design of specific future climate scenarios for the regions in which the company operates or identification of studies and reports that present the required scenarios or approximate to the scope.
- Assess models and/or potential climate, socio-economic and environmental scenarios related to the scope, and choose one or more scenarios (Table 1.1.2).
- Map potential partners that may be exposed to the same challenges or have capabilities, skills and resources that are complementary to the business.

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Expected Outcomes:

- History of weather events impacts for the company registered ([Table 1.2.1](#)) and overview of the company's relationship with the climate: first evidences of business vulnerability (considering the scope chosen for the project).
- Choose climate scenario(s) coherent to the business reality and make sure workgroups, leaders and partners involved understand those scenarios.
- Contact and share with those mapped players, including trade associations, the academia and government bodies to start the dialogue.

1.3 Map and Prioritize Risks and Opportunities | [Tool's Steps 1.3\(A\) and 1.3\(B\)](#)

- Mobilize professionals and teams with expertise in the topics covered and who have experience with risk assessment and/or hire external resources externally, if necessary.
- Make an extensive list of direct and indirect risks, in the following categories: physical and operational, regulatory and legal, financial, market and reputational risks. Make a list of opportunities, including new markets, products and services, development and implementation of new technologies, cost reduction and operational efficiency ([Table 1.3.1](#)).
- Define and apply criteria (based on decision-making guidelines set in step 1.1) for prioritizing risks and opportunities, ensuring that reality and the regional and local needs are considered in this exercise ([Spreadsheet Support_Criteria](#)).
- Prioritize risks considering the analysis of the likelihood of each impact and the effect of their consequences: using a scale, scores can be assigned to the likelihood of each risk and to their consequence and severity. Multiplication of these two different scores will generate a ranking for the risks. Existing measures should be taken into account ([Table 1.3.5](#)).
- Prioritize opportunities considering uncertainties related to each one of them, their feasibility and expectations on the return on the investment ([Table 1.3.5](#)).

Expected Outcomes:

- Map and prioritize key risks and opportunities for the scope of the work.

2. Adaptation Plan | [Tool's Steps 2.1 to 2.3](#)

Elaboration of an action plan in response to key risks and opportunities should determine main actions and investments on material for communication with collaborators and stakeholders, deadlines, targets, responsibilities and a defined schedule. The following steps and outcomes are expected:

2.1 Identify and select adaptation options | [Tool's Step 2.1](#)

- Reinforce engagement of workgroups and leaders through meetings and seminars, making it clear about their relevance, targets, expected outcomes and the obstacles that should be jointly overcome, structuring a group of collaborators who are engaged to develop the adaptation plan (**Engagement Toolkit**).
- Revisit the map of potential partners, in order to identify which ones are subject to the same risks and opportunities and establish partnerships for the adaptation actions.
- Invite stakeholders to participate in this step, including local government, NGOs and surrounding communities, which will enable identification of actions and investments that can generate mutual benefits and alignment of business strategies and public sector plans for adaptation.
- Make a comprehensive list of possible strategies to mitigate risks and develop opportunities (**Table 2.1.1**).
- Identify the organization strengths and weaknesses when it comes to responding to risks and opportunities.
- Prioritize adaptation actions for significant impacts according to the criteria established and decision-making guidelines as defined in Step 1.1. Collect data, along with the workgroups, that will inform the dimension and will guide the adaptation plan (**Table 2.1.1**):
 - Resources available for implementation
 - Other possible resources
 - Deadlines and urgency of risk mitigation and response to impacts
 - Obstacles for deployment
 - Possible incentives for individual and organizational performance in order to deploy the plan
- Possible short-term positive and negative consequences. Assess investments needed on the short-, medium- and long-term for the adaptation options considered (**Spreadsheet Support cost analysis**).

Questions for reflection:

- Were there debate and agreement on:
 - objectives and goals of the plan; and
 - criteria for the selection of response options?
- Do the people involved in the selection of adaptation options have a mandate and the expertise to make that decision?

Expected Outcomes:

- Key adaptation measures to be implemented (**Table 2.1.1**).

2.2 Elaboration of the Adaptation Plan | Tool's Step 2.2

- Define adaptation measures and their corresponding concrete actions from the adaptation options gathered and selected in Step 2.1.

Questions for reflection:

- All the employees and areas with significant contributions are somehow involved in developing the plan? Someone else in management and directory positions in the company should be notified or consulted at this time?
- Are there are other action plans of the company to which this plan should be linked or that should at least be considered in this process?

Expected Outcomes:

- Adaptation plan with key adaptation actions and the following correlated definitions established: targets, indicators, responsibilities, incentives and acknowledgments, partners for the deployment, schedule and governance structure for deployment, monitoring and assessment (Table 2.2.1).

2.3 Agreements, Partnerships and Resources | Tool's Step 2.3

- Map of relevant stakeholders for the implementation of the company's adaptation strategy and identification of their interests, level of influence and importance (Table 2.3.1).
- Plan the approach to these stakeholders (Table 2.3.2).
- Establish both public and private agreements and partnerships to perform the actions.
- Determine resources needed for the projects, especially the ones that are more urgent.

Expected Outcomes:

- Agreements, partnerships and resources available to implement the action plan.

3. Implement the Adaptation Plan | Tool's Steps 3.1 a 3.3

3.1 Actions and Monitoring | Tool's Step 3.1

- Monitor the implementation of adaptation actions described in the plan and their respective deadlines.
- Registry the status of every action and, if necessary, new time setting with the record of the reasons for the change (Table 3.1.1).

Questions for reflection:

- Do the objectives of the adaptation plan keep making sense and are they clear?
- Are the monitored Indicators assertive, do they reflect if the actions are being implemented as planned and reaching their goals?
- Is the monitoring frequency adequate, are the intervals sufficient to advance the actions and brief enough to allow adjustments to be made in time?
- How the intangible gains can be accessed?
- Are there missing data and information for monitoring and evaluation the adaptation plan? What sources could be sought for the next cycle?
- What other areas and actors could be involved in the monitoring and evaluation process of the adaptation plan?
- What are the lessons learned and improvements to be taken to the next cycles and projects?

Expected Outcomes:

- Adaptation plan implementation as adherent as possible to the planned.
- Reports of adaptation action monitoring.

3.2 Assessment and Adjustments | Tool's Step 3.2

- Revise incentive and acknowledgment mechanisms based on what was proposed and agreed in the workgroups, with the organization leaders and managers.
- Collaboratively revision of the adaptation plan based on an update of climate models and scenarios, and risks and opportunities mapping.
- Evaluation of the results of the adaptation plan, therefore, the effectiveness of the adopted adaptation measures; identification of external pressures and internal elements that contributed to this performance; and survey of possible adjustments in adaptation measures and the plan as a whole (Table 3.2.1).
- Reflection on how the agenda of adaptation is internalized and integrated the company, based on "Change Management Matrix" (Matrix 3.2.1):

MOBILIZATION	INTEREST	DESIRE	ACTION
Adaptation Culture	Clear and Shared View	Resource Capability	Action and Performance
<ul style="list-style-type: none"> · Adaptation cycle and strategy as part of the organizations / perennial structure operation · Regular reviews · Community actively involved 	<ul style="list-style-type: none"> · High level of engagement and support from main local / regional actors. · Contributions from main actors along the whole elaboration and implementation process. 	<ul style="list-style-type: none"> · (Human, financial and informational) resources assigned to planning and implementation. · Resources allocated to ensure the adaptation cycle continuity. 	<ul style="list-style-type: none"> · Actions being transversally implemented and incorporated into the planning of main local actors. · Progress monitoring and reporting
<ul style="list-style-type: none"> · Adaptation principles and strategies agreed and communicated to main local / regional actors. 	<ul style="list-style-type: none"> · Representatives of main local actors involved in the planning process · Local actors and partners who can contribute. 	<ul style="list-style-type: none"> · Key actors engaged in plans and actions · Identified and mobilized human, financial and informational resources. 	<ul style="list-style-type: none"> · Broad engagement of key actors. · Low-cost measures or measures with no additional cost being implemented
<ul style="list-style-type: none"> · Identified and engaged main local organizations. · Adaptation strategy and plan in progress with participation of local actors. 	<ul style="list-style-type: none"> · Identified key and support actors to design and implement the adaptation strategy and plan. 	<ul style="list-style-type: none"> · Identified local actors with potential coordination / leadership role. · Diagnosed need for training and development 	<ul style="list-style-type: none"> · Started actions in a project, as part of the implementation plan. · Implemented measures with no additional cost
<ul style="list-style-type: none"> · No adaptation strategy or plan. · Not considering adaptation in the planning of local policies and investments. · Lack of expertise on adaptation. 	<ul style="list-style-type: none"> · No communication with actors and no information about the adaptation agenda. · The organization that leads the project acts in an isolated manner. · General mistrust. 	<ul style="list-style-type: none"> · No resources identified. Risk of not implementing the adaptation plan. · No plan for engagement and communication. 	<ul style="list-style-type: none"> · No action implemented (or action limited to the management of impacts and obstacles).

Source: *Managing Change, Our Southwest*, <http://www.oursouthwest.com/SusBus/mggchange.html>

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Expected Outcomes:

- Results of adaptation plan registered and available for communication.
- Adaptation strategy reconsidered and new elements and improved if necessary.
- Plan to adapt with adjustments for the next cycle.

3.3 Communication | Tool's Step 3.3

- Definition content to be communicated to every relevant public (internal and external), when and how (in what format and channel) (Table 3.3.1).
- Effectively and broadly communicate the process, and determine channels through which collaborators can help. Also, there should be communication channels with surrounding communities, public bodies, NGOs and other stakeholders.
- Document the case to share with other organizations, trade associations and public institutions in general; the format used in case studies can reduce risks associated with organizational communications when they announce their adaptation actions.

Expected Outcomes:

- Communication materials targeted at stakeholders, partners and other audiences.