ADDRESSING CLIMATE CHANGE IN THE DEVELOPING WORLD:

THE ROLE OF CORE COMPETENCY-ALIGNED CORPORATE SOCIAL RESPONSIBILITY IN BUILDING ADAPTIVE CAPACITY

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ABSTRACT

Given the urgent need for climate change adaptation, especially in developing countries, there is an increasingly acknowledged role for the private sector to be involved. This thesis explores one possible way in which the private sector can contribute to adaptation efforts: through alignment of companies' corporate social responsibility (CSR) initiatives with their core competencies to help build adaptive capacity. This conceptual model fits well with community-based adaptation (CBA), a model used to increase adaptive capacity at a local scale. This thesis investigates the feasibility of this concept by first considering how the CBA and CSR models can complement one another. Secondly, since this is a novel concept that is not supported by a strong literature, interviews conducted with CBA or CSR professionals and academics are analyzed. Lastly, benefits and limitations of the concept, and support systems that would be required for such a concept to be successfully implemented, are considered.

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INTRODUCTION

Regardless of the progress made to address the global challenge of climate change thus far, due to increasing emissions, climate and infrastructure inertia, inadequate international agreement and increased vulnerability to the impacts of climate change, communities around the world will need to learn how to adapt. The IPCC notes that

> Societies have a long record of managing the impacts of weather- and climate-related events. Nevertheless, additional adaptation measures will be required to reduce the adverse impacts of projected climate change and variability, regardless of the scale of mitigation undertaken over the next two to three decades. Moreover, vulnerability to climate change can be exacerbated by other stresses. These arise from, for example, current climate hazards, poverty and unequal access to resources, food insecurity, trends in economic globalisation, conflict and incidence of diseases (2007, 14).

Importantly, the countries that have contributed least to the current changes in climate – developing countries – are most vulnerable to the impacts of climate change. This is because they are more exposed to climate shocks and because they tend to have lower levels of adaptive capacity (World Bank 2010, 40). The World Development Report details this situation:

> Warming can have a big impact on both the level and growth of gross domestic product (GDP), at least in poor countries. An examination of year-to-year variations in temperature (relative to a country's average) shows that anomalously warm years reduce both the current level and subsequent growth rate of GDP in developing countries. Consecutive warm years might be expected to lead to adaptation, lessening the economic impacts of warming, yet the developing countries with more pronounced warming trends have had lower growth rates. Evidence from Sub-Saharan Africa indicates that rainfall variability, projected to increase

> substantially, also reduces GDP and increases poverty (World Bank 2010, 40).

Thus, communities in developing countries are predisposed to be vulnerable to climate change, and once they are impacted by the effects of climate change they are in an even more disadvantaged position. The ability of communities in developing countries to adapt is dependent upon breaking this cycle of vulnerability, and a key way in which this can be accomplished is through building adaptive capacity and resilience. Adaptive capacity refers to "the potential, capability, or ability of a system to adapt to climate change stimuli or their effects or impacts. Adaptive capacity greatly influences the vulnerability of communities and regions to climate change effects and hazards" (Smit and Pilifosova, n.d. 894). The concepts of vulnerability, resilience and adaptive capacity are further elaborated upon in Chapter One. Although building adaptive capacity cannot be divorced from adaptation, this more specific concept is used for the purpose of narrowing the scope of this thesis.

Building adaptive capacity is a very site-specific endeavor and is therefore well suited to Community-Based Adaptation (CBA). CBA is a model that is used by the UN and other organizations to implement community-level adaptation initiatives that are intended to enhance the capacity of communities to adapt to climate change. This model is currently being implemented on a small scale, but is rapidly gaining popularity. Chapter One also incorporates details on the UN CBA model and its limitations, which include a lack of adequate funding and a focus on specific current vulnerabilities.

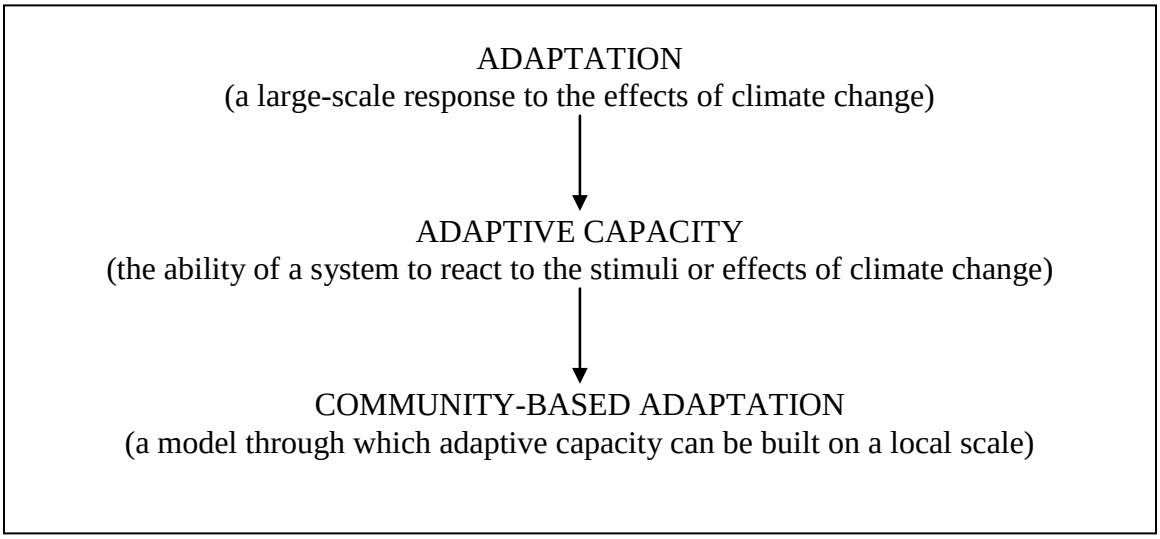

Figure 1: Representation of the relationships between adaptation, adaptive capacity, and community-based adaptation

In consideration of how adaptive capacity can be built more generally, quickly, and on a larger scale, this thesis assesses the possible contribution of the private sector towards building adaptive capacity through its community-based Corporate Social Responsibility (CSR) initiatives in developing countries. In this thesis the term "CSR" is used to mean the sustainable development types of activities that companies undertake with a percentage of their profits. These could focus on education, health, skills training, environmental protection or any initiative aimed at improving the quality of life of chosen communities. This term is not intended to apply to the activities that companies undertake as part of their legal compliance to environmental or labor laws. Nor does it refer to initiatives undertaken by companies for economic gain, even if they are above and beyond compliance and have beneficial social side-effects. Instead, it refers to activities that companies voluntarily undertake outside of their daily functioning that are socially and environmentally beneficial to a given community. Such activities are

often routed through a CSR or Corporate Sustainability department. While the term CSR is not universally accepted for such efforts, there is no single term that is applicable across disciplines and sectors. In fact, each company interprets and names their efforts that are termed CSR in this thesis in a different way.

Although there is no standardized definition for CSR, a popular definition that was proposed by Carroll in 1979 and has since been supported by theorists, empirical researchers, and incorporated into business ethics texts (Schwartz and Carroll 2003, 504) is: "economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll 1979, 500). Carroll considered economic responsibility as required to be profitable, legal compliance as required to be in good standing with the law, ethical responsibility as expected by stakeholders, and discretionary philanthropic responsibility as desirable in order for the company to be a good corporate citizen (Carroll 1991, 4-7). More recently in 2003 Carroll discussed the limitations of his original definition and the pyramid diagrammatic representation of it, and along with Mark Schwartz he developed a "three-domain approach" to CSR (Schwartz and Carroll 2003).

In the revised three-domain approach, Carroll and Schwartz define CSR as only economic, legal, and ethical responsibilities, given the considerable overlap between ethical and discretionary philanthropic activities. They explain this decision by saying, "The central reasons for this placement are that, first it is sometimes difficult to distinguish between "philanthropic" and "ethical" activities on both a theoretical and practical level and second, philanthropic activities might

simply be based on economic interests" (Schwartz and Carroll 2003, 506). In this thesis, I use the term CSR in a way that refers to this third dimension of a company's activities that are beyond economic and legal compliance, and could be considered ethical or philanthropic[1]. Such an activity could be making resources available to NGOs, employee volunteerism, public-private partnerships to support specific initiatives, or development of one-time projects or ongoing programs that address a specific social or environmental issue, for example installing rainwater harvesting in villages with inadequate water supply.

In developing countries, CSR is often aimed at the nation's general development goals. While aligning CSR with the development needs of the country makes sense at first glance, it is also the case that some development issues are covered comprehensively by CSR activities while others remain inadequately considered. Additionally, the same national development goals that are the foci of CSR efforts are also pursued by non-governmental organizations (NGOs) and the government. While these development goals are undoubtedly important they do not cover important challenges such as climate change, which may ultimately threaten any sustainable development progress.

The overlaps and gaps in CSR initiatives can be eliminated if companies' CSR activities are more aligned with their core competencies. This is salient because companies have specializations and expertise which sets them apart from NGOs and the government. Their unique competencies can be utilized to bring fresh insight and ability into local communities. While CSR that is not aligned

[1]An interesting point is that philanthropic or ethical CSR activities can become financially profitable ventures or lead the way for new regulation. This is discussed from one angle later in the thesis. However, the distinction lies in the motivation behind the activities.

with a company's core competency can still serve to build adaptive capacity, this thesis makes the case for the advantages of aligning CSR activities with companies' core competencies and the niche role that such core competency-aligned CSR can play in building the adaptive capacity of vulnerable communities. Chapter Two elaborates on these topics of CSR, core competency-aligned CSR, and its potential for adaptive capacity-building.

Thus, the first chapter highlights the important role and the limitations of the CBA model, and the second chapter considers the limitations of how CSR is typically undertaken and presents the advantages of an evolved form of CSR. These chapters serve as the building blocks for the main concept presented in this thesis: the viability of the role of core competency-aligned CSR in building adaptive capacity to support CBA projects in developing countries. Since this is a novel concept on which little research has been conducted, the third chapter is a presentation of interviews conducted with seven influential and eminent professionals and academics who were kindly willing to share their expertise and experience. This chapter explores different aspects of the role that the private sector can play in building adaptive capacity using CCA CSR through the unique lens of each interviewee and overarching themes that wove through the interviews.

Given the complexity of this issue, there is no correct or incorrect use of CSR to support CBA. There are a myriad of ways to undertake CSR, to align CSR with core competencies, and to build adaptive capacity, and this thesis is not intended to prescriptively outline how this should be undertaken. However, there

are benefits and limitations of the concept that have come to light through the research undertaken for this thesis. Chapter four ties together the material presented in the previous chapters to present these benefits and limitations, and also considers the concept within the wider perspective of what support systems would need to be in place in order for this concept to be operationalized.

This subject matter is relevant and worthwhile in light of the inevitable global need to adapt to climate change, the Millennium Development Goals which are vulnerable to climate change impacts, and the right of developing countries to grow in the coming decades. Traditional economic growth is, in itself, a determinant of adaptive capacity (Smit and Pilifosova, n.d. 895). However, this growth needs to be sustainable and resilient to climate change to ensure that the most vulnerable communities in developing nations do not suffer the brunt of climate change. "Development that is socially, economically, and environmentally sustainable is a challenge, even without global warming. Economic growth is needed, but growth alone is not enough if it does not reduce poverty and increase the equality of opportunity. And failing to safeguard the environment eventually threatens economic and social achievements" (World Bank 2010, 39).

Thus, inherent in this thesis topic is the notion of equity and consideration of how it may be facilitated through the process of building adaptive capacity while developing countries continue to grow. Ribot et al. highlight that "it is not that the risk is unknown, not that the methods for coping do not exist…rather inability to cope is due to lack of – or systematic alienation from – resources

needed to guard against these events" (IPCC, n.d.). The potential for the private sector to redistribute resources in novel ways such that they reach communities most vulnerable to the effects of climate change is therefore worthy of consideration – as are the risks and limitations involved.

One of the most salient findings of this thesis is that CSR can be the avenue through which the private sector begins to consider its role in adaptation. Many companies are already undertaking CSR initiatives, and adaptive capacity-building through CSR can be a viable first step of the journey for companies that intend to become more adaptable to climate change and enable adaptation of society at large. Ultimately, the private sector may need to reorient itself to society's adaptation needs rather than having adaptation opportunities be aligned with companies' core competencies. That being said, this thesis is written with the implicit understanding that the private sector is restricted by its purpose of profit-making, and CBA and adaptation are not the responsibility of the private sector.

The Stockholm Environment Institute (SEI) notes that historically, the private sector – especially in developing countries – has not been willing or able to engage with the impacts of climate change. SEI's webpage for a project it is undertaking on the private sector and climate change adaptation asks, "What grounds, if any, do we have for optimism regarding the role of the private sector? Has anything changed, either materially or ideologically, that suggests action where in the past there has been inaction?" (SEI, n.d.). These are extremely valid questions, and this thesis is an effort to contribute material towards answering them by assessing a conceptual model for the immediate integration of the private

sector in building adaptive capacity in developing countries through the extant channel of CSR.

CHAPTER 1

The Community-Based Adaptation Model

Community-based adaptation (CBA) is a fairly new approach to addressing climate change. The CBA model is characterized by a local scale of operations, activities aimed at strengthening the capacity of vulnerable populations to survive an increasingly unpredictable climate, awareness of local cultural values and norms, and consultation with several local stakeholders during the process (Ayers and Forsyth 2009, 24). The UN also has a CBA initiative to encourage adaptation to climate change on a local scale.

While several good arguments can be made in support of the community-based adaptation (CBA) model, there are specific reasons this model was chosen to narrow the scope of this thesis. The first is scale of operations: community-based adaptation occurs at a local scale in communities that are vulnerable to the effects of a changing climate. The second is that often CBA activities are undertaken by non-governmental organizations (NGOs) that are trusted by local people. The third reason is that the model implements adaptation according to the local development concerns of the area. These aspects of the CBA model fit well with the Corporate Social Responsibility (CSR) model, which is often implemented at a small scale and tries to meet the development needs of the country through NGO partners.

Key Concepts of the Community Based Adaptation Model: Vulnerability, Resilience and Adaptive Capacity

The community-based adaptation model is used to identify and implement activities that reduce a community's vulnerability to climate change and strengthen its capacity to adapt to climate change. Such capacity-building is important for future adaptation projects that may be implemented which rely more heavily on institutions, technology or infrastructure to succeed. This is because if specific adaptation projects are implemented in a community where the underlying factors of vulnerability and capacity have not been addressed, they are less likely to be effective (Ayers and Forsyth 2009, 25).

Thus, two concepts that are central to the CBA model are vulnerability and adaptive capacity. The vulnerability of a system is related to both its exposure to climate change and its capacity to deal with the impacts of climate change (Smith et al. 2003, 21). Some claim that because vulnerability and its causes influence outcomes so strongly, understanding the dynamics of vulnerability is as important as understanding the phenomenon of climate change (Liverman 1990 and Handmer et al. 1999 as cited by Smit and Pilifosova 2001, 894). Adaptive capacity refers to the ability of the system to be prepared for, avoid, moderate, or recover from the effects of climate change. This concept may also be considered as resilience, robustness, or flexibility, which are all characteristics of a system with high adaptive capacity (Smith et al. 2003, 22). Resilience is the term most often used to describe high levels of adaptive capacity and the two terms will be used interchangeably in this thesis.

The vulnerability of individuals and communities is determined not only by the resources upon which they depend, but also the availability and entitlement of individuals and communities to call upon these resources. “Vulnerability is therefore a socially constructed phenomenon” (Adger et al. 2003, 181), as the distribution of resources is determined by society. Although some populations are more vulnerable by virtue of their geographic location or other indicators that make them more susceptible to climate change impacts (IPCC 2007, 14), it is crucial to note that their vulnerability is continued and exacerbated by improper resource distribution. The World Bank notes that “adverse climate trends, variability, and shocks do not discriminate by income, but better-off people and communities can more successfully manage the setbacks” (2010, 42).

The more resources available to a community the greater its resilience will be. Mertz et al. explain, “If people, for example, have a secure income and a diversified food supply, they are less likely to be poor and to experience hunger. This, in turn, will often enable them to respond to stresses by allocating resources differently…in other words, they have a better capacity to adapt to stress and the degree of vulnerability determines this capacity” (2009, 746). Smit and Pilifosova examine this issue of equity in adaptive capacity very well (see “Adaptation to Climate Change in the Context of Sustainable Development and Equity” in the IPCC’s Third Annual Report). Other determinants of resilience include social capital (Burton et al. in Adger 2003, 392), flexibility and innovation of government and the private sector, the health and well-being of individuals in the community (Adger et al. 2003, 186), technology, wealth, infrastructure and equity

(Smith et al. 2003, 22). Increasing resilience by improving these determinants is critical because it is not only "an issue of sustaining capacity and options for development" (Folke et al. 2002, 13), but also an issue of environmental, social and economic security.

Aside from consideration of the factors that contribute to increased adaptive capacity, it is important to consider the form it takes. Smit and Pilifosova assert that adaptive capacity-building is a model that "is less about identifying and implementing specific climate change adaptation measures and more about strengthening an ongoing process wherein resources are available to identify vulnerabilities and employ management strategies" (Smith et al. 2003, 22). Thus we see the importance of resources not only to decrease vulnerability and increase resilience in communities, but first to ascertain and assess the existing vulnerabilities and possibilities of increasing resilience.

The Link between Sustainable Development and Adaptive Capacity

It is notable that activities that build adaptive capacity "are often regarded as synonymous with development activities and key to good development practice" (Ayers and Huq, 2008). However, while adaptation may translate into sustainable development, there is an important distinction between these two activities. Smith et al. explain that while development activities have the potential to increase adaptive capacity, it is not necessary that they will, and most often they tend not to consider adaptation to climate change (2003, 24). The authors of the World Development Report go so far as to note that not only do development

initiatives not necessarily reduce vulnerability, “they can unwittingly create new vulnerabilities or heighten existing ones” (World Bank 2010, 99). It is vital that new development carefully considers adaptive capacity because “Over the next half-century, climate change could impede achievement of the Millennium Development Goals” (IPCC 2007, 18).

The World Development Report offers two good examples of the relationship between development and adaptive capacity. In Brazil, periods of drought have been followed by significantly reduced wages for affected rural populations. It takes about five years for affected peoples’ wages to rise up to those of unaffected populations. An important aspect of these communities’ vulnerability to such climatic shocks is their limited access to credit, insurance, or collateral, which in turn reduces their options for productive investments, or leads them to choose investments with low risk and low returns to protect against future climatic shocks. A similar situation exists in rural Indian villages where poor farmers have lessened their risk to climate change “by investing in assets and technologies with low sensitivity to rainfall variation but also with low average returns, locking in patterns of inequality in the country” (World Bank 2010, 43)

The same report notes that “not all development increases resilience: growth may not happen fast enough and can create new vulnerabilities even as it reduces others. And poorly designed climate change policies could themselves become a threat to sustainable development” (World Bank 2010, 44). Thus there exists a tension between sustainable development and climate change adaptation. In some instances the efforts truly seem to be the same, yet if one does not

consider the other they can be mutually exclusive. “Climate proofing” development is also different from adaptive capacity-building, because the intention is not to build resilience against climate change but instead to make the development less vulnerable to the effects of climate change. It is not only in theory that the intention of the action plays a pivotal role in dividing these concepts; in practice the additional finances required for climate change adaptation are considered a burden by already overworked and under-funded development practitioners (Smith et al. 2003, 147).

The literature on this topic offers another reason traditional development financing is seen as inappropriate for climate change adaptation. It is that adaptation funding is not seen by developing countries as a matter of donations or aid, but as a debt of developed nations. Funding is expected to be appropriate to cover costs, but it also needs to be additional, predictable, and equitable (Müller 2009, 1). Developing countries do not want funding for climate change adaptation to be mainstreamed into development funding for fear that it will replace or lessen it.

Since climate change is the result of unsustainable development, and the notion of common but differentiated responsibility is upheld by the United Nations Framework Convention on Climate Change (UNFCCC), the responsibility of developed countries to help developing countries adapt through financing and technology transfer should be considered a responsibility additional to official development aid (Ayers and Huq, 2008). However, Ayers and Huq, among others (see Smith et al. 2003, 24; World Bank 2010, 60; and Mertz et al.

2009, 747), promote the mainstreaming of adaptation into the UNFCCC framework and the development planning process. They assert that properly integrating adaptation into development will be a slow process, requiring much "learning by doing" (Ayers and Huq, 2008).

Reducing the vulnerability of communities that have not significantly contributed to climate change is seen as a moral responsibility. Lord Nicholas Stern notes, "The poorest on the planet cannot bear the majority of the climate risk for the rest of us" (Economics of Climate Adaptation 2009, 7). At the same time, "it is ethically and politically unacceptable to deny the world's poor the opportunity to ascend the income ladder simply because the rich reached the top first" (World Bank 2010, 44). These notions come together in the concept of adaptive capacity-building: "A healthier population living in better-built houses and with access to bank loans and social security is better equipped to deal with a changing climate and its consequences. Advancing robust, resilient development policies that promote adaptation is needed today because changes in the climate, already begun, will increase even in the short term" (World Bank 2010, 44). The community-based adaptation model strives to bridge adaptive capacity-building and sustainable development, and may be considered climate-resilient development: development that does not contribute to climate change, is resilient to a changing climate, and betters the quality of life for vulnerable people.

Examples of Community Based Adaptation Projects

In order to provide a sense of what a CBA project is, below are short descriptions of three CBA projects. The first example is a case study of a project undertaken by an NGO, the second is information from an academic journal article which evaluates the impacts of a CBA project, and the third example is a UN CBA pilot project.

Strengthening Adaptive Capacity in Rural Benin

This research project is led by Initiatives pour un Développement Integré Durable (IDID-ONG) and supported by Climate Change Adaptation in Africa (CCAA), which in turn is jointly funded by Canada's International Development Research Centre (IDRC) and the United Kingdom's Department for International Development (DFID). In rural Benin the challenge has been a cycle of drought and flood which has severely undermined farmers' ability to yield crops. The crop cycle calendar does not work for the farmers any longer because of the variability of the dry and rainy seasons. This is an issue of great concern as agriculture in Benin employs 70% of the workforce, and accounts for 36% of the GDP and 88% of export revenue. Climate variability may cause cotton yields to drop by 33% by 2025 and yields of other important crops such as maize and rice may drop by 6% by 2025 (IDRC, n.d. 1-2).

The research project focused on two main questions: "How can farmers access information that would enable them to plant and to harvest on time under such variable conditions? How can they be involved in the information gathering

process and in developing measures to address climatic upheaval?" (IDRC, n.d. 2). The project, which included several NGOs and brought together farmers, local decision-makers, meteorologists, agronomists and researchers, was intended to assess ways of sharing information about climate variability in order to reduce farmers' vulnerability and increase overall food security. The idea behind the project was to link research, stakeholders, and action, and had two main deliverables. The first is a weather pre-alert dissemination system for the farmers, through which a national committee on agro-meteorological interpretation will relay pertinent information about forecasts through rural community radio and various village networks. The second is the establishment of rural experiential learning committees to set up field schools where farmers can pool their knowledge and test innovative farming techniques (IDRC, n.d. 2-3).

Evaluation of Community-Based Adaptation in Kitui, Kenya

A local NGO in Kitui District in Kenya, called Sahelian Solution Foundation (SASOL), assisted local communities to build small-scale sand dams which can store water from ephemeral rivers in sandy aquifers. Sand water stored in sand dams is protected from loss through evaporation and can be reached by simply digging a hole or constructing a well. Another advantage is that reducing the number of open water bodies limits mosquito breeding and therefore the spread of malaria. The intention behind this strategy is to reduce the distance to a source of water to less than two kilometers (Lasage et al. 2008, 69). The construction of the dams was heavily dependent on inputs from the local

community, and during the construction of the dams SASOL supported the community through technical training. This allows for long-term resilience building: maintenance of the dams is the responsibility of the community, and they tend to be committed to the upkeep of the dams because they helped build them (Lasage et. al 2008, 70).

In order to assess whether the construction of sand dams reduced the communities' vulnerability to water related stresses as a result of climate change, the authors established vulnerability indicators like 'income' and 'access to drinking water' (Lasage et al. 2008, 70). The authors also compared indicators across similar catchment areas and undertook interviews across all their study sites. Their results show that improved access to water due to the dams increased domestic water consumption by about 50% and doubled the amount of water used in agricultural activities, such that farmers could grow crops that required more water and no longer had to rely on rain-dependent crops. The distance to drinking water reduced from three to one kilometer on average, and the time previously spent fetching water was instead being used on additional agricultural activities which increased income, and improved hygiene (Lasage et. al 2008, 72).The community's improved access to water has diversified their economic base and their average income increased. This is reflected in quality of life improvements such as increased bicycle ownership (a 240% increase, as compared to the control group community's rise of 10%) and radios (a 107% increase, as compared to the control group community's rise of 26%) (Lasage et. al 2008, 72). The authors conclude by saying that in 10 years time more than 10,000 people have increased

access to water, and a generally higher standard of living, which reduces their overall vulnerability to climate change for an expenditure of only USD 35 per person (Lasage et al. 2008, 73).

Vulnerability Reduction in Lelepa Village, Samoa

Lelepa Village is located on the coast of the island of Savaii, on a low-lying coral sand beach and near marshland. It is connected to telecommunications, electricity and the rest of the island by a main coast road which falls within the coastal flood zone. There is also a work road along which many settlements and farms have been constructed, and this road serves as an evacuation route during emergencies. Both the roads, and the employment of individuals which consists mostly of subsistence farming and fishing, are susceptible to the impacts of climate change. The island and its people have already been subjected to increasingly severe hurricanes, increased flooding due to heavy rainfall that occurs more often, and the recent occurrence of drought (UNDP Samoa Proposal Summary, n.d. 2-4). Future climate change impacts include possibilities such as increased drought as well as increased precipitation at other times, increased tropical cyclone frequency and intensity, and higher tidal surges (UNDP Samoa Proposal Summary, n.d. 4).

In order to reduce the vulnerability of Lelepa Village to the effects of the current and future impacts of climate change, this UN CBA project has – in conjunction with the village – identified three main priorities for resilience improvement: prevention of inland flooding of the roads, improving coastal

flooding and erosion, and improving the quality and quantity of available water (UNDP Samoa Proposal Summary, n.d. 5-6). An example of a proposed intervention is replanting wetland vegetation to reduce the possibilities of inland flooding, which will also provide riparian habitat and protect the one natural spring which is the current source of water for the island from salinization and siltation due to flooding (UNDP Samoa Proposal Summary, n.d. 6-7). Lelepa Village will provide the labor for these initiatives, their own expertise in engineering or construction, and will be involved in awareness-building campaigns. Once the project is fully implemented it will be maintained by village leadership (UNDP Samoa Proposal Summary, n.d. 8).

Introduction to the UN Community Based Adaptation program

In recognition of the fact that small communities that are highly vulnerable to climate change are often the least equipped to deal with its effects, in 2004 the Global Environment Fund (GEF[2]) council proposed that ten percent of the financial resources available under the Strategic Priority on Adaptation be earmarked for community-based activities. The money would be transferred through the mechanism of the GEF Small Grants Programme (SGP). This funding resulted in the creation of the United Nations' CBA project, which is a collaboration between the United Nations Development Programme (UNDP) and the SGP. The primary goals of the CBA program are the reduction of

[2] The GEF was established in 1991 in order to help fund projects in programs that protect the environment in developing countries. Its operations are carried out by the United Nations Development Programme, the United Nations Environment Programme, and the World Bank. This partnership is intended to mainstream environmental concerns into national sustainable development agendas (UNDP, n.d. Global Environment Facility)

vulnerability and the increase of adaptive capacity to counteract the adverse effects of climate change. The CBA program efforts are aligned with those of the GEF: increasing the resilience of communities, ecosystems, and resource-dependent livelihoods (UNDP, n.d. About the CBA Project).

The United Nation's CBA program is currently being piloted in ten countries, and key project stakeholders include government representatives, UN representatives, members of civil society and the private sector. The ten pilot CBA projects are in Bangladesh, Bolivia, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Niger, Samoa and Viet Nam. One important criterion for the CBA projects is that they must result in tangible activities: activities such as research assessments, awareness, and advocacy are not permitted to be the primary focus of projects (UNDP, n.d. Frequently Asked Questions). Another important aspect of the CBA model is co-financing: all the projects have to ensure 1:1 co-financing[3] (UNDP, n.d. Frequently Asked Questions). The current budget for the CBA is USD 4.5 million from the GEF grant, with USD 2.2 million in co-financing.

The total budget allocated specifically for those activities that build adaptive capacity over the course of five years is USD 3,750,000 with USD 750,000 being allotted per year. This amount does not include activities such as supporting national policies to promote replication of CBA best practices,

[3] The organization proposing a CBA project needs to secure co-financing for the project. In 2007 the co-financing was required to be in cash (UNDP, n.d. Frequently Asked Questions) but in 2009 the co-financing requirement was modified such that the co-financing could be in direct, parallel, or in-kind. Direct co-financing, also called cash co-financing, is when funds provided to the project are managed by the project team. Parallel co-financing is usually also cash but refers to funds that are not managed by the project team. Co-financing can be sourced from a GEF Implementing Agency, governments, NGOs, the private sector or other beneficiaries (UNDP 2009, 1, 3)

cooperation among member countries promoting innovative adaptation, or monitoring and evaluation (UNDP 2008 (1), 37). USD 3,750,000 spread across the ten pilot countries is USD 375,000 for each country, to then be spread across multiple projects over a five year period. USD 375,000 is the same price as a Lexus LFA (a "supercar" created by Toyota) (Ulrich 2010) or the amount one businessman put into the Oregon State Republican Caucus Fund in 2010 (Mapes 2010).

CBA projects are guided by the Adaptation Policy Framework which includes instructions for scoping and designing an adaptation project, assessing current and future vulnerabilities to climate change, formulating an adaptation strategy, and continuing the adaptation process (UNDP 2008 (1), 74). These steps are intended to assess and enhance adaptive capacity through several (usually between eight and ten) projects in each country. In more detail, the first step is for a country is to develop a CBA Country Programme Strategy (CCPS) which is a document intended to guide the development of that country's portfolio of CBA projects. The CCPS is based on national-level vulnerability assessments, country-specific scientific literature and consultants' expertise (79).

The next step is the Initial National CBA Capacity Building Phase (UNDP 2008 (1), 79). During this phase, prospective grantees of UN CBA funds need to become familiar with concepts of adaptation, with the new CBA program, and UN CBA monitoring and evaluation systems. This phase is also intended to encourage networking between the grantees, so as to make their proposed projects more complementary. Thus, this phase of the CBA program process focuses on

capacity building of the non-governmental organizations (NGOs) or community-based organizations (CBOs) that will undertake the CBA projects. The next step is for interested organizations to propose the capacity-building projects they would like to undertake.

It is necessary for the implementing organization to consult with local stakeholders and the target community to ensure that their considerations are accounted for in the proposed CBA activities. However, given the limited funding and the inherently bottom-up approach of the CBA model, not all vulnerabilities and demands of the local community can be seen to. For example, in Viet Nam the CBA projects are intended to focus on the issues of increased drought, salinisation, sustainable agriculture through an integrated biodiversity approach, and land and water resources. These issues were flagged as important as a result of the specific projections for climate change impacts in Viet Nam. NGOs, CBOs and other applicants for CBA projects must ensure that their projects increase the resilience of both ecosystems and communities. Examples of project typology include: integration of climate change risk management into coastal zone management processes, and integration of climate change risk into sustainable grazing practices (UNDP 2008 (2), 11). The applicants' project ideas are intended to be community-driven but they are required to address these types of designated issues, and these two considerations may be difficult to bridge.

Factors Limiting the Effectiveness of the UN Community Based Adaptation Model

The UN CBA model is utilized to narrow the scope of all CBA projects currently being undertaken. While this section focuses on the UN CBA initiative, many of the limitations discussed are true for CBA projects in general. Several factors limiting the success of the UN CBA model were alluded to in the previous section. Funding is limited by the minimal GEF budget, by the requirement to raise co-financing, and it is limited to only those activities that are tangible. Money is also appropriated to be spent on building the adaptive capacity of the organizations that will implement projects. While this is an important consideration, it detracts from the already-limited budget for actual activities that increase resilience in vulnerable communities.

Taking a wider view, the total amount of money set aside by the GEF for adaptation – USD 500 million for the period 2010 to 2014 (World Bank 2010, 302) – is woefully inadequate in light of the estimates of global adaptation costs. Although these estimates vary substantially and are created using significant assumptions, such as perfect foresight, some comprehensive studies of future adaptation costs are available. Oxfam offers an estimate of USD 50 billion annually, while the UNDP offers the most pessimistic scenario with estimates ranging between USD 89 and USD 109 billion annually by 2015 (Ayers and Huq, 2008). The World Bank initiated the Economics of Adaptation to Climate Change Study in early 2008 which offers similar estimates: between 2010 and 2050 it will cost between USD 75 and USD 100 billion to adapt to a world that is two degrees centigrade warmer (Margulis et al., n.d. 1).

Thus, the amount of money set aside by the GEF for CBA projects (and adaptation in general) per pilot country per year is extremely limited, especially in light of the high estimates of funding needed for adaptation in the coming decades. At the International Conferences on Community-Based Adaptation to Climate Change, funding of CBA projects is often discussed. During the fourth international CBA conference in 2010 participants approached the idea of funding through corporate social responsibility programs and discussed the unwillingness of NGOs and civil society actors to work with the private sector (IISD 2010).

A second set of limitations is based on the model's reliance on UNFCCC protocol. The longer international negotiations take to enforce significant emissions reductions, the greater the effects of climate change will be on vulnerable communities, which translates into even higher adaptation costs. Even when considering all UNFCCC funding appropriated towards climate change, it falls millions of dollars short of the required amount, and developed countries have pledged funding that remains undelivered (Ayers and Huq, 2008). Additionally, the longer emissions reduction pledges take to be enforced, the greater the total emissions will be.

A third and contentious weakness inhibiting the effectiveness of the CBA model is that its impact is limited over the long-term. The model adopts a bottom-up approach and focuses on climate change issues as they are currently perceived and felt by a given community: through the lens of vulnerability. One of the most important questions raised is whether CBA activities are merely responding to climate variability instead of proactively preparing for future climate change

(Ayers et al. 2009). This could lead to a situation in which the long-term adaptive strategies that are more institutionally or technologically based are alienated from the small communities that are in need of the most protection from climate change. This is important because it speaks to the notion of pre-emptive capacity building with future adaptation in mind versus capacity-building in order to deal with current climate variability. Thus, another limitation of the CBA model is that it is unable to account for all the impacts of climate change. As emissions levels increase and effects such as sea level rise become more of a reality, the CBA model is unprepared to account for responses such as migration of climate refugees. While the model is intended to make individuals in a specific place more resilient, if the vulnerability of that location is too high it does not ensure greater resiliency once the community relocates.

There is a strong argument to correct for this short-sightedness in the model, which then begs the question of the boundaries of localized adaptation strategies and the need for follow-up adaptation projects that are more concrete in nature. Additionally, if the CBA model begins to adopt strategies that account for long-term climate change predictions, the already-limited funding for the projects will be stretched even more thinly. This issue also raises questions of whether and how the CBA model could be altered to account for the long-term effects of climate change, and how such activity would be different from the traditional model of sustainable development. A donor representative at the third international CBA conference, once again highlighting this recurring tension, noted that “good development is not sufficient for adaptation” (Ayers et al. 2009).

Thus the lines delineating adaptive capacity-building and sustainable development remain unclear.

Finally, establishment of best practices is difficult given issues of localized nature of the model. A common concern is how to make the lessons and results of CBA projects applicable at a wider scale, a notion which conflicts with the place-based contextual approach of the model. The World Development Report emphasizes this concern: "While numerous community-based adaptation activities are supported by a wide range of NGOs and other intermediaries, they reach only a minuscule fraction of those at risk. A pressing challenge is to replicate their successes far more widely" (World Bank 2010, 99).

Implications for This Thesis

The World Bank's Development Marketplace is a grant competition for which the call for proposals is circulated globally, and in 2009 the request was for proposals with "innovative approaches and technologies that help us to prepare for and respond to the immediate and potential impacts of climate change" (Heltberg et al. 2010, 1). The lessons learned from the Development Marketplace 2009 are especially relevant for the community-based adaptation model. One of the main findings from the proposals reviewed was that lack of education and limited access to assets severely undermined communities' adaptive capacity (17). However, a major oversight in many of the proposals was their lack of planning beyond a two-year period, and a lack of consideration for long-term revenue streams (31).

Arguably, some or all of these shortcomings cannot be expected to be addressed and overcome by one single model. At the same time, they are very important to consider in light of how the model may be added to or improved. Since the CBA model is still in its nascent stages, this discussion of its limitations is intended to highlight the areas where additional support or resources would be most appropriate and helpful. In the context of this thesis, the limitations of the CBA model bring to light ways in which there could be collaboration with the private sector. Corporate social responsibility can potentially contribute funding, expertise, goods and services, staff volunteer time, and publicity of important issues through its CSR outreach in order to enhance adaptive capacity. It can thereby contribute to the geographic and temporal sustainability of specific CBA projects undertaken in a community over the long term. As the CBA model was chosen to narrow the idea of adaptation, the notion of core competency-aligned CSR was chosen to narrow the investigation of the role of the private sector in building adaptive capacity. The following chapter assesses the value that core competency-aligned CSR can bring to the CBA model.

CHAPTER 2

A Conceptual Evolution of Corporate Social Responsibility in the United States (1950 – 2000)

The meaning and role of Corporate Social Responsibility (CSR) has been contested from the time companies and corporations were formed (Paine 2006, 1). Today, the precise role of CSR and the name itself (for instance, it is also called Corporate Sustainability among other terms) is still hotly debated. Given the variety of companies' structures, missions, mandates, resources, and management styles, CSR practices differ greatly, which is an important consideration when speaking of CSR in a general manner. However, there has been an evolutionary trajectory of CSR as a concept. Carroll offers a good review of the literature on CSR practices of the last fifty years in the United States, noting that CSR was practiced and written about from significantly before then. Considering CSR practices decade by decade, Carroll traces CSR conceptually as a definitional construct (Carroll 1999).

CSR in the 1950s was greatly influenced by Howard Bowen's book "Social Responsibilities of the Bussinessman" in which he offered a definition of CSR as: "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Carroll 1999, 270). By the 1960s the body of literature on CSR expanded to include the idea that social responsibility should be commensurate with business power, and the avoidance of such responsibility leads to the erosion of power (271). At this time, two additional ideological

constructs expanded the notion of CSR. First was the idea that companies were obliged to move beyond their stated work practices regardless of the positive impacts of CSR work on their bottom lines (272). Second was the idea that they should do so voluntarily and in conjunction with other organizations (273).

Carroll notes that in the literature of the 1970s the business community was being asked to assume broader responsibility to society because it "functions by public consent and its basic purpose is to serve constructively the needs of society – to the satisfaction of society" (274). It is relevant that at this time in the United States there were significant changes being made in civil society and issues of environmentalism were gaining attention. While CSR efforts were purportedly changing to reflect the needs of society, the types and number of needs being recognized were rapidly changing. In recognition of these changes, Votaw (1973) notes a fact that is highly relevant in CSR theory even today. He highlights that CSR does not mean the same thing to everybody (280), which makes it a very difficult concept to operationalize.

In the 1980s academics attempted to find alternative interpretations of CSR instead of simply new definitions for it (284). Empirical studies were undertaken to ascertain the relationship between CSR and financial profitability (286-7) and to this end there was a movement away from the notion that CSR was simply a business' responsibility to society. Instead, CSR began to be seen as a part of the business' overarching business practice. During the 1990s CSR was being examined in the context of several new concepts and frameworks including stakeholder theory, business ethics theory and corporate citizenship (288). Carroll

notes that the trend towards the end of the 1990s and into the 2000s is measurement of CSR initiatives, such that practice can be better reconciled with the theoretical necessity of CSR (292). This could be true for two reasons, firstly because as CSR moved from external philanthropy to being an internalized part of the business, managers needed for it to be measurable. Secondly, as more academics embraced CSR theory and practice as worthy of study, more empirical research was conducted.

Corporate Social Responsibility in Developing Economies

While the above theoretical history is both abbreviated and U.S.-centric, it offers one view of the evolution of CSR. As recently democratized nations have opened up their new markets, U.S.-based companies have spread across Asian and African countries. The expansion of multinational companies has brought about new issues with regards to CSR, including whether the same standards and practices are applicable across countries. Many of the countries into which U.S.-based companies have forayed are far less developed, where social issues such as lack of education, high poverty rates and inadequate health services are rampant. These issues are typically the focus of CSR efforts in developing countries.

Krishnan and Balachandran offer two good reasons for this: firstly, multinational companies seeking to move into a new country need to establish goodwill with local people, presumably by helping improve their quality of daily life (n.d. 2). Hess et al. speak of this in terms of the importance of a good reputation of firms hoping to enter a foreign market (2002, 9). Secondly, Krishnan

and Balachandran note that in many of the emerging markets the state still plays an important role in the success of business. The state gives preference to those companies who cater to the interests of many stakeholders (n.d. 2). The issues of domestic need, i.e. the nation's general development goals, are undoubtedly of great importance. Companies, whether international or domestic, should serve the population as a whole and facilitate the improvement of quality of life for society at large.

It is these general development goals that are most often the targets of CSR projects and programs, and the following section presents an example. While this trend is unsurprising, there are two significant downsides to these efforts. The first is that these needs are also being targeted by the government and by non-governmental organizations. This results in an inefficient overlap in efforts and resources. Secondly, companies have specific skills that are the backbone of their existence that set them apart from government agencies and non-governmental organizations. By neglecting to utilize their core competencies in their CSR efforts, companies fail to tap into their unique skills that could be very beneficial to local communities.

Overlaps and Gaps: the Example of India

As an example of the over-subscription of CSR activities to some issues and the under-subscription to others, I present a framework I created during my internship with HSBC's Corporate Sustainability team in Mumbai, India from June to August 2010. During my internship, I compared the CSR activities of 22

companies – both Indian and multinational – from a variety of different sectors against 9 categories. These categories were chosen because they represent a wide spectrum of activities that could contribute to a community's environmental or societal betterment. The 9 categories are: education, skills training, financial literacy, livelihood, health, microfinance, climate change, resource conservation and ecosystem preservation. For each company, only those CSR activities conducted in India were considered.

The 22 companies I researched at HSBC were chosen through a combination of staff interest, an attempt at representing the largest or best known companies within the industry, and at random in order to ensure at least some representation for each industry sector. These companies were chosen from a much larger list created by HSBC. In order to improve the method of selection of companies represented for the purposes of this thesis, I have utilized the "Forbes 40 India" list which ranks India's largest companies using indicators such as sales, profits, assets and market value. Of the 22 companies that I had already researched, 8 were ranked on the Forbes list.

To add to the information already gathered on these 8 companies, using a statistical random digits table I chose an additional 12 companies from the Forbes list. By highlighting the categories into which the CSR work of these 20 companies falls, I show the overlaps and gaps in current CSR activity in India. However, the explicit caveat is that this small number of companies does not fully represent each sector or the entire economy, and that a much more inclusive study will need to be done in order to prove the overlaps and gaps in CSR activity more

comprehensively. Two limitations of this data are that it relies on only publicly available information that may not be well updated, and that it is a very liberal estimation of companies' CSR efforts.

The table of companies and their CSR work is presented on the following page. If the institution had any publicly available data on the internet about CSR work in any category it is denoted by a check mark on the table. The category that is considered the company's CSR strength is shaded. It is imperative to note that a check mark does not indicate any level of quality. Some check marks represent a single sentence on the company's website, whereas others are backed up by full case studies, explicit financial commitments, and detailed histories of projects undertaken. In the same vein, if two companies have the same strength, the actual impacts of their CSR programs may vary dramatically.

INSTITUTION	AREAS OF CSR ACTIVITY								
	Education	Skills Training	Financial Literacy	Livelihood	Health	Micro-Finance	Climate Change	Resource Conservation	Ecosystem Preservation
Oil and Natural Gas	✓	✓		✓	✓		✓		✓
State Bank of India Group			✓			✓			
Indian Oil	✓	✓			✓			✓	✓
National Thermal Power	✓	✓			✓			✓	✓
Tata Consultancy	✓	✓			✓		✓	✓	✓
Tata Motors	✓	✓			✓		✓	✓	✓
Bank of Baroda	✓	✓	✓	✓					
Bank of India			✓						
Union Bank of India		✓	✓	✓		✓			
Grasim Industries	✓	✓		✓	✓			✓	
MMTC	✓				✓				✓
UCO Bank									
HDFC Bank	✓			✓	✓	✓			
Unilever		✓		✓	✓			✓	
Mahindra	✓				✓				✓

Reliance	✓			✓	✓				
Bharti Airtel	✓	✓		✓					
Wipro	✓	✓					✓	✓	✓
Tata Steel & Metal	✓	✓		✓	✓	✓			✓
Bharat Petroleum		✓		✓	✓			✓	
# of check marks (# of strengths)	14 (6)	13 (0)	4 (1)	10 (4)	13 (3)	4 (3)	4 (1)	8 (4)	9 (1)

Figure 2: Assessment of the gaps and overlaps in corporate social responsibility activities for 20 Indian companies

CSR Strengths: Education, skills training and health. CSR Weaknesses: Financial literacy, microfinance and skills training.

Key:
Education: facilitation of educational programmes for children or adults, and scholarships
Skills Training: facilitation of training for youth or women so they can secure a job / better job
Financial Literacy: facilitation of training youth or women on how to save and entrepreneurship training
Livelihood: improvement of a community's quality of life through programs such as provision of solar lights or crèches for children
Health: improvement of a community's health or access to health services
Microfinance: provision of microfinance loans directly or through MFIs, or otherwise engaging in pro-poor lending
Climate Change: creation of programs to facilitate knowledge of climate change, or programs to mitigate / adapt to climate change
Resource Conservation: creation of projects to conserve or improve resources such as water or soil quality
Ecosystem Preservation: creation of projects to protect ecosystem functions, like programs intended to protect endangered species

While this table does not present adequate information to make general comments about the current state of the sector CSR in India, it is intended to offer a sample of the efforts being made by the largest companies – arguably those that have the greatest resources available. The areas in which the most CSR work is being undertaken are education, skills training for employment, and health. The areas with the least amount of CSR work are financial literacy, microfinance and climate change. The top three areas are those that are also highly targeted by government policies. For instance, in defense of being on track to meet its Millennium Development Goals (MDGs) by 2015, the Government of India highlighted several national programs related to education, skills training for employment, and health.

> [The Government of India] maintains that many government-sponsored schemes have increased public resources in several key sectors. The Mahatma Gandhi National Rural Employment Guarantee Scheme has increased rural employment. The Sarva Shiksha Abhiyan, a national policy to universalise primary education, has increased enrolment in schools. The Reproductive and Child Health Programme II, the Integrated Child Development Services and the National Rural Health Mission have resulted in massive inputs in the health sector…It asserts that the Rajiv Gandhi National Drinking Water Mission and the Total Sanitation Campaign address crucial MDGs (Jacob 2010).

Non-governmental organizations also tend to focus on the needs felt most immediately by the largest number of individuals, as an obvious and commendable response to the needs of society. However, they also contribute to the overlap in efforts. IndianNGO.com, a site which has a large database of many of the NGOs registered in India, gives a sense of the areas in which NGOs focus their efforts. As of February 2011, a search by category for “education” and “health” projects yielded a few hundred NGOs while “financial literacy” yielded

just over one hundred and “climate change” yielded only six NGOs. Thus, between the government, NGOs, and CSR efforts, national development goals like health and education are highly prioritized issues, whereas other vital issues such as climate change and financial accessibility are severely under-acknowledged.

This example of the gaps and overlaps in CSR activity is intended to make two points which will be investigated in further detail in the rest of this chapter. The first is that most often, companies do not align their CSR efforts with their core competencies or their business models. This lack of alignment is a missed opportunity for companies to use their specializations and skills, which the government and NGOs do not possess: “the potential comparative advantage of business over governments or non-profits to provide assistance in solving certain societal problems” (Hess et al. 2002, 13). If companies were to align their CSR efforts with their core competencies, CSR could become a more integral part of the business structure and companies could seek “social and environmental strategies for which they own part of the solution” (McElhany 2009, 33). In this thesis, the notion of CSR being aligned with the core competency of a business will be referred to as core competency-aligned CSR, or CCA CSR.

The second reason for illuminating the gaps and overlaps in CSR efforts is to highlight that the issue of climate change is often ignored by companies, despite the major implications of a changing climate. Being a global problem with consequences that can neither be fully pre-determined or prevented, it is crucial that companies assess the impacts that climate change may have on their

resources, business model, and consumers. However, companies can partially fulfill an urgent resource limitation in adaptation activities, which is an idea seldom considered. Although adaptation is rarely considered by the private sector, the possibility of utilizing CCA CSR to aid in adaptive capacity building is one possible way for companies to foray into the adaptation realm in a way that increases resilience in developing countries. As introduced at the beginning of this thesis, establishing consideration of adaptive capacity-building through CSR is one feasible way for the private sector to begin its journey towards adaptability to climate change.

Core Competency-Aligned Corporate Social Responsibility

O'Brien notes two main reasons why traditional CSR programs are often criticized for not yielding much benefit. Firstly, CSR managers are usually given a fixed budget to spend on a wide range of activities in order to spread goodwill among many beneficiaries. Unfortunately, this strategy weakens the possibility for a very strong impact to be made. Secondly, CSR efforts often support projects without much consideration of how the projects may in turn facilitate meeting business objectives (2001, 4).

From the standpoint of effective CSR, there are several advantages to having practices be more closely aligned with the company's core competency. O'Brien points out that when there is a misalignment between the company's business and its CSR efforts, there is often a smaller allocation of resources to CSR. Additionally, the company's CSR efforts can have minimal impact on, or

even be damaging to, the company's reputation (2001, 4). A good example of how CSR practices that are unrelated to the business strategy of a company can do more harm than good is that of AT&T. AT&T was a long-time donor to Planned Parenthood until the 1990s, when certain groups publicly opposed AT&Ts support of Planned Parenthood's position on abortion. Since AT&T had no strategic reason for supporting Planned Parenthood it withdrew its support, only to face counter-pressure from pro-choice groups (Hess et al. 2002, 17). Ultimately, the company's reputation suffered from the lack of strategic alignment of business and CSR. O'Brien reiterates that a misalignment between business and CSR strategies can severely harm the reputation of the company (2001, 4) a consideration for many companies who undertake CSR efforts in order to improve their reputations with stakeholders.

Another reason CCA CSR is good for effective CSR work is because if CSR is more strategically aligned with the company's business strategy, it will be less vulnerable to funding being suddenly cut off or dramatically reduced. This can happen when a program is seen as undesirable, such as in the case of AT&T, or if there is an economic downturn. Since CSR programs are rarely seen as vital aspects of the business strategy, they are often one of the first victims of budget cuts (The Economist 2009). An example of CCA CSR where such a situation is unlikely to occur is Marriott International.

The Marriott International hotel chain began a CSR program called "Pathways to Independence" in which it trained welfare recipients to work in its hotels. The program guarantees participants a job when they have completed

training. This creates new jobs in communities and helps the hotels lower the extremely high turnover rate of staff. After the first year, approximately 70% of the staff hired after completing the program continued to be employed in Marriott International, while only 45% of similar hires that did not go through the program were still with the company (Hess et al. 2002, 21).

Thus, it is also advantageous for the company to undertake CCA CSR. According to a recent IBM Institute for Business Value report, "When aligned with business objectives, companies are beginning to see that CSR can bring competitive differentiation, permission to enter new markets, and favorable positioning in the talent wars" (McElhany 1999, 31). For example, United Parcel Service (UPS) is now recognized for the important role it plays in humanitarian aid delivery on an as-needed basis. Using its core competency of effectively storing and delivering goods, it has been of great assistance delivering food and supplies in countries such as France, the Dominican Republic and Albania (Hess et al. 2002, 4). Another good example is of Coca-Cola which has switched its CSR investments from community education to community investments in water resources. Coca-Cola has invested heavily in interventions to stop desertification and depletion of groundwater – an integral component of its product line – in China, which is an important and expanding market for Coca-Cola (O'Brien 2001, 13).

O'Brien notes that "core competencies are unique and cannot be easily imitated by competitors" (2001, 8). Therefore, if a company if utilizing CSR to differentiate itself on the grounds of reputation, its CSR program should be

grounded in that set of skills that sets it apart from others and furthers the company's overall mission. Importantly, a company's core competency is not necessarily the product it produces or sells. For example, Unilever's core competency could be its innovative sales channels that reach into previously untapped market segments, not its actual consumer products. O'Brien provides the example of Honda, and suggests that the company's core competency is its unique ability to produce a variety of very efficient engines, not its ability to make cars or motorcycles (O'Brien 2001, 8).

It is important to note that for companies to consider their core competencies in their CSR efforts they will need to make investments into the investigation, in terms of time, personnel, and resources and soliciting feedback from stakeholders. Companies will also have to be willing to be innovative and creative, which may be uncomfortable or difficult to begin. Another important aspect of CCA CSR is measurability, which is often of great importance to managers. If companies undertake CCA CSR they are more able to show a more measurable return to the business and to society (O'Brien 2001, 12) and it is more palatable to a wider range of stakeholders who may have very different ideas of how the company should spend its profits.

Examples of Core Competency-Aligned Corporate Social Responsibility

Boston Beer Company

In difficult economic times it may seem like since banks are not providing loans, loans are not available. However, the Boston Beer Company, which makes

Samuel Adams beer, is aligning its CSR with what it knows best – growing the hospitality industry. The company is doing this through its program called Brewing the American Dream which began in 2008. Jim Koch, who started the Boston Beer Company in 1984, said that the idea had two origins. In the beginning it was very difficult for him to raise capital for his entrepreneurial venture, and more recently he found the types of CSR activities that companies typical engage in unfulfilling: spending thousands of dollars on painting the community center near his offices did not seem to truly add value. Koch says, "I'm supposed to be creating value…I'm a business, I'm supposed to make two and two equal eight" (Cardwell 2011, A16).

Thus Brewing the American Dream was born, which is a program that gives small business loans between USD 500 and 25,000 to food and beverage small business owners who want to start, expand or market a business. In addition to financing, the program offers financial and business education seminars, as well as coaching events on topics such as marketing or accounting. One of the pillars of the program is the initial USD 250,000 commitment to the Brewing the American Dream Micro-Loan Fund at ACCION USA, which is a fund to provide capital to low and moderate income small business owners (Samual Adams Brewing the American Dream n.d.). One of the recipients of Brewing the American Dream funding notes the importance of the advice and coaching that accompanied the loans (Cardwell 2011, A16), which is a direct benefit of core competency-aligned CSR.

Procter and Gamble

While in many cases a company's core competency is not a product it creates, it can be in some cases. One of Procter and Gamble's products is called Pur, and it was developed in conjunction with the U.S. Centers for Disease Control and Prevention. Pur is a powder which removes pathogenic microorganisms and particulate in water, making it clean and safe to drink. It is packaged in small packets, which makes it easy to ship and distribute in remote areas and during emergency responses. Pur packets eliminate 99.9% of intestinal bacteria including those that cause cholera, as well as 99.9% of intestinal viruses including those that cause hepatitis A. Pur packets have been highly effective at reducing diarrhea in the developing world as well (Procter and Gamble, n.d. Pur Packet).

In 2004 Procter and Gamble partnered with several organizations to create the Children's Safe Drinking Water (CSDW) program which is the focus of the company's overall cause program called Live, Learn and Thrive. In 2010 Procter and Gamble's CSDW program had delivered 2 billion liters of water purified by Pur (PRNewswire 2010). Not only do relief organizations and NGOs distribute Pur to communities in developing countries, but when any Pur water filtration product is purchased a donation is made to the CSDW project. In this way Procter and Gamble have been able to utilize their ability to create innovative consumer products to help fulfill a basic human need.

The Increasingly Important Role of the Private Sector in Adaptation

CSR that is aligned with a company's core competency may well allow for more effective and beneficial CSR. However, the purpose of this thesis is to further this idea one step forward, stressing the need for alignment of CCA CSR with issues of building adaptive capacity, especially in developing countries. Adaptive capacity-building, which is one form of adaptation, is especially important in developing countries where there are greater vulnerabilities and fewer resources to build resilience. This brief section highlights a growing consensus on the need for private sector engagement in climate change adaptation efforts.

In a report prepared for the International Finance Corporation entitled "A Strategy to Engage the Private Sector in Climate Change Adaptation in Bangladesh" the authors note that while adaptation has generally been a public sector concern there is an obvious need for expertise in meeting developing country adaptation concerns. They write, "The private sector has particular competencies which can make a unique contribution to adaptation" (Asian Tiger Capital Partners 2010, 3).

Considering that even in the most optimistic scenario of donor commitments, "public funds will be nowhere near sufficient to meet the investment requirements of a successful climate change strategy" (Asian Tiger Capital Partners 2010, 6). The World Business Council for Sustainable Development and the World Economic Forum argue that there should be new frameworks and mechanisms to operationalize greater volumes of private sector

involvement in activities related to dealing with the issue of climate change (6). There has been little activity in this realm, and in their July 2008 CEO Climate Policy Recommendations to G8 Leaders, the World Business Council for Sustainable Development and the World Economic Forum recognized that international business can do much more than they currently are, "particularly if the economic case for adaptation activities or markets for adaptation products is further developed" (6).

As the history of CSR has shown, it has evolved over time to more comprehensively respond to the challenges and demands of society. Increasing the adaptive capacity of vulnerable communities is an important challenge today. Aligning CSR practices to their core competencies in pursuit of building adaptive capacity in developing countries can be the next stage of the evolutionary trajectory of CSR. While this does not need to be the only form CSR can take, because of the need for additional resources described above it may be a worthy and relevant goal to work towards. The transition does not have to be a stark one; O'Brien notes that in many cases a company's core competencies may not be sufficient to address the diverse needs of stakeholders (2001, 10). Additionally, companies and their CSR departments have a steep learning curve with respect to building adaptive capacity. Therefore, strategic alliances with organizations already undertaking work in the adaptation field may be necessary and beneficial. In most cases companies already route CSR activities through NGO partners, so incorporating adaptive capacity will not change this aspect of CSR work significantly.

While most companies have not embraced the possibility of CCA CSR and its role in building adaptive capacity, there is a great amount of potential. O'Brien offers the example of ExxonMobil which, in its commendable effort at CSR, spends over $35 million annually on a range of projects with more than 80% of this expenditure being made in the area of education. While this money and strategy has undoubtedly benefited many people, it is not linked with ExxonMobil's business strategy or core competencies (2001, 4). Instead, ExxonMobil could have spent 80% of its annual $35 million CSR budget on increasing the adaptive capacity of vulnerable populations across the globe, whose survival is endangered because of the fossil fuel consumption from which companies like ExxonMobil have benefited.

This suggestion raises a number of questions including: what are ExxonMobil's core competencies and how can they be used for activities unrelated to increasing emissions? How can a company like ExxonMobil understand what adaptive capacity is and help to build it? Since so few examples for CCA CSR to support CBA exist, the table below serves to provide some hypothetical examples.

EXAMPLE	EXAMPLES OF TYPES OF CSR			
	Not CSR	CSR	CCA CSR	CCA CSR for CBA
Financial Institution	Creating an online tool for customers to track their budgets	Supporting an NGO-led education program for underprivileged children	Providing a financial literacy program for low-income adults	Enabling diversification of income through financial literacy, access to affordable credit, and

				banking infrastructure
Computer Manufacturer	Establishing a new research facility	Improving the natural environment surrounding the new research facility	Providing computer skills training sessions and computers	Through infrastructure provision and training, facilitating knowledge-sharing between communities in which CBA projects have been implemented
Marketing Firm	Developing a new viral marketing tool	Using paper with recycled content for marketing materials	Undertaking gratis marketing campaigns for socially and environmentally beneficial causes	Using marketing techniques to spread information about issues related to climate change and adaptation in vulnerable communities

Figure 3: Clarification of corporate social responsibility, core competency-aligned corporate social responsibility, and core competency-aligned corporate social responsibility for community based adaptation

It is important to note that these core competencies and use of core competencies in CSR and CSR for CBA are hypothetical, and will differ for each company. Additionally, the examples in the CCA CSR column can often support CBA projects but the last column is included to provide a more specific example. The graph below highlights the connection between the right-most two columns of the table above.

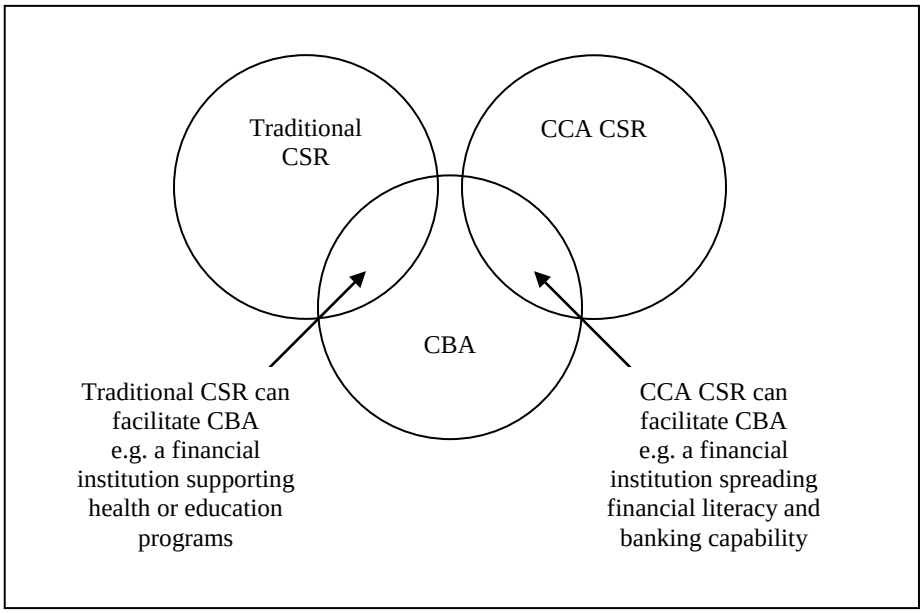

Figure 4: Diagrammatical representation of the shared spaced between traditional corporate social responsibility and community based adaptation, and core competency-aligned corporate social responsibility and community based adaptation

As mentioned in the Introduction, while there is a fundamental disconnect between what many companies do and the need to facilitate adaptive capacity-building, in the future there may be a more revolutionary shift of companies aligning their core competencies with the society's adaptation needs. This shift will depend on the unknown impacts of climate change and the degree to which the private sector has already begun to consider issues of adaptation. It is clear that there is no prescriptive manner in which companies can align their CSR with their core competencies, and take it one step further to use CCA CSR to build adaptive capacity. It is also apparent that this alignment will be challenging and require a great deal of effort on the part of the private sector. To explore this concept further, the following chapter discusses the reality of CCA CSR and its possible role in building adaptive capacity through interviews with professionals and academics who are involved with these issues.

CHAPTER 3

Introduction to the Interviews

The first and second chapters introduce the models of CBA and CSR, and serve to highlight some of the limitations faced by each model. The intention of this thesis is to investigate the possible intersection of these two models, such that the strengths of one can help to mitigate the limitations of the other. In order to enhance the minimal literature available on the possible role of core competency-aligned CSR in building adaptive capacity for CBA projects, interviews were conducted with individuals who could provide their knowledge and experience on this thesis topic.

These interviews were solicited from a small number of eminent professionals in the fields of community-based adaptation or corporate social responsibility, and academics who research and write about one or both of these fields. In addition to being sources of information the interviewees offered their perceptions on the need for, and the factors that could limit the workability of, core competency-aligned CSR to build adaptive capacity. This group of interviewees is not intended to be fully representative of the CSR, CBA or academic communities, but their responses add great value to the exploration and development of the concept presented in this thesis. The interviewees responded to the questions from their singular professional standpoints, and these often differed significantly.

In alphabetical order, the interviewees are: Aaron Atteridge, who is currently a Research Fellow on issues of international climate policy at the Stockholm Environment Institute in Sweden. His work focuses on issues of finance for climate change and the role of the private sector in supporting adaptation efforts in developing countries. Michael Blowfield is a Senior Research Fellow at the Smith School of Enterprise and the Environment at Oxford University, where his research focuses on the challenges of transforming businesses in the face of climate change. Unmesh Brahme is the President and co-founder of Climate Civics Institute, which is a community-centric climate adaptation and policy innovation initiative, and Managing Director and CEO of SustainabilityCXO Partners Worldwide. Saleemul Huq is a Senior Fellow of the Climate Change Group at the International Institute for Environment and Development (IIED) where he works on the link between sustainable development and climate change in developing countries. He has been the lead author on chapters in both the third and fourth IPCC assessment reports.

Darren Swanson is the Director of the International Institute for Sustainable Development's (IISD) Measurement and Assessment program and he works with governments and corporations on issues of sustainability, accountability and adaptability. Malini Thadani is the Head of Public Affairs and Corporate Sustainability at HSBC India, where she oversees domestic CSR projects as well as international programs such as Future First, which is HSBC's global education program. Allen White is the co-founder of the Global Reporting Initiative and Corporation 2020. He is currently a Senior Fellow at the Tellus

Institute where he directs the Corporate Redesign Program, and his work focuses on strategies for increasing the contribution of corporations to sustainable development.

The interviewees were grouped by their work and experience into "CBA", "CSR" or "Academic" categories, with the questions for each category being slightly customized. All the interviewees answered questions that were segmented topically: the questions centered on issues of adaptive capacity, corporate social responsibility as a means to build adaptive capacity, and the possible role of competency-aligned corporate social responsibility in building adaptive capacity (see appendix I – III for the interview questions). The interviews were conducted either via phone or email between November 2010 and February 2011. This chapter will include a discussion of the interview responses organized by the three topics mentioned above, followed by a thematic analysis of the responses.

Discussion by Interview Topic

Adaptive Capacity

All seven interviewees were asked about the extent to which increasing adaptive capacity is considered a priority in their work. Huq sees adaptive capacity as integral to his work as it is "the primary element of CBA" (Huq 2011a). Building the adaptive capacity of communities and of public policy is also a priority in Swanson's work at IISD through various projects and publications (Swanson 2011). A lot of Atteridge's work is focused on adaptation and building adaptive capacity, for example through assessing how adaptation

financing may be made available, and by examining household energy use patterns in Africa to assess susceptibility to climactic impacts on energy supply (Atteridge 2011). For Blowfield, while it does not arise explicitly in his work, he notes that companies that are considering how climate change may affect their viability are thereby wrestling with the adaptive capacity of their own systems (Blowfield 2011).

From the CSR viewpoint Thadani, representing HSBC's corporate sustainability perspective, highlights that climate change is one of the most important focus areas for community investment and that increasing adaptive capacity is considered to be as important as mitigation activities at the community level (Thadani 2011). White, however, notes that there is a wide variation across companies in terms of their consideration of adaptive capacity as a priority (White 2011). Brahme's response supports White's: he highlights that work on climate change is in its beginning stages and that in corporations, often there is no "definitive understanding of the term adaptive capacity" (Brahme 2011) or even of adaptation more broadly. He contends that it cannot really be considered a priority without an adequate understanding of the issue.

There were two questions regarding adaptive capacity that were solicited from only those interviewees who fell into the "CBA" or "Academic" categories. These questions pertained to their perceived need for increasing capacity-building before implementing a CBA project[4], and the factors that may limit adaptive capacity-building in developing countries. Blowfield does not see a particular

[4] The reason for asking this question despite the fact that CBA is a model designed to increase adaptive capacity was to gauge the interviewees' perceived need for a higher level of adaptive capacity-building, above that which CBA projects are currently building.

need to increase adaptive capacity-building before a CBA project is implemented. He does, however, acknowledge the general and well-known limits placed on capacity building in developing countries such as education, power relations and poverty (Blowfield 2011). Swanson also highlights that adaptive capacity-building presents the same challenges as those faced in general development work (Swanson 2011). Huq's opinion differs: he does see a need for increased adaptive capacity in the face of climate risks, and he sees lack of information and a lack of understanding of the additional risks of climate change as factors that limit adaptive capacity-building (Huq 2011a).

Swanson notes that it is very difficult to separate the process of implementing a CBA project and the building of adaptive capacity, and that the two need to be considered as a package. Additionally, he adds that it is relevant to be specific about adaptation of what – which specific sector, community, or set of producers is being targeted? (Swanson 2011). Atteridge also highlights that the process of building adaptive capacity is extremely specific to a particular location or community. He goes on to explain that he sees awareness and access to finance as the two most important elements of preemptive adaptive capacity-building. He points out that people may be adapting to current risks, if anything, but they are often unaware of the future risks and therefore highlights the importance of raising the awareness of the prospective risks of climate change in vulnerable communities. In terms of finance, he asserts that it's not always the case that vulnerable individuals and communities simply do not have enough money to

adapt, but that they do not have access to finance in the correct form, for example credit for even small purchases (Atteridge 2011).

Atteridge adds an important dimension to the aforementioned limitations imposed by a lack of appropriate finance and awareness: the tension between specific projects intended to build adaptive capacity, and the broader investment patterns in society which can often be maladaptive. These investment patterns could be those of governments, the private sector, or development banks. He offers the example of building a coal-fired power plant: while this does arguably build the adaptive capacity of people by supplying them with power, it does not contribute to a long-term vision of adaptation to climate change (Atteridge 2011).

The Possible Role of Corporate Social Responsibility in Building Adaptive Capacity

The second topic of the interview was CSR as a means to build adaptive capacity. These questions focused on issues such as: the need for private sector involvement in building adaptive capacity, the factors that limit adaptive capacity-building in developing countries, and the ways in which adaptive capacity building can be undertaken by the private sector. Significantly, neither Huq nor Swanson who are involved in community-based adaptation projects have observed any application of CSR as a means to build adaptive capacity. Thadani notes that there is tremendous need for increased CSR initiatives to build adaptive capacity, particularly in developing countries because the impact of climate change is so much more potentially devastating there (Thadani 2011). Brahme echoes this sentiment, and further develops the idea that all corporate community

development initiatives need to fall under the umbrella of adaptive capacity because they will inevitably be affected by climate change (Brahme 2011).

In response to the question of increased need of CSR support for adaptive capacity, Atteridge agrees that philanthropic CSR contributions do have a role to play in adaptive capacity-building, but that it cannot be implemented on a large enough scale to be the best way for the private sector to be involved in addressing developing country risks and needs in the face of climate change. He explains that CSR has "a small scale, boutique focus. The real need is rather for the core activities of business to be changed" (Atteridge 2011). He explains that while specific CSR projects might be beneficial to the community and the company, companies could have a more impressive impact if they looked into their own business and "developed more adaptation-friendly practices" (Atteridge 2011).

White introduces a theme that other interviewees echo: that apart from a moral obligation, there is sometimes a business imperative to undertake adaptation initiatives. He offers the example of being a global agro-business company that imports food products from Bangladesh saying, "for the purposes of maintaining a healthy supply chain you should be absolutely conscious of building adaptive capacity within that country" (White 2011). In this scenario, there is a blurring of the line between climate resilient investments and adaptive capacity-building, and both issues can be concurrently addressed if a company is truly aware of issues related to adaptation. Blowfield recognizes the possible value of CSR initiatives being directed to building adaptive capacity in developing countries, but with many caveats. He notes that CSR initiatives are

limited to those that are beneficial to the company, so any involvement in building adaptive capacity will be "constrained by self interest" (Blowfield 2011).

In response to the question of the factors that limit companies from being involved in capacity-building activities, several interviewees offer lack of information and knowledge as a reason for inaction. Thadani and Atteridge qualify this further by noting the lack of corporate in-house expertise of adaptive capacity-building (Thadani 2011, Atteridge 2011). Thadani also notes that if there is to be collaboration with an external entity, finding the right partner with which to conceptualize and implement adaptive capacity-building projects can be a challenge. Lastly, she highlights a lack of government incentives for the private sector to undertake adaptive initiatives and the lack of immediate returns or benefits to the business (Thadani 2011).

White and Brahme consider the situation more broadly. White asserts that in general, companies have "short time horizons in their planning and strategies" (White 2011). In comparison, climate change is an intrinsically long-term issue. The difference between the time sensitivities of these two considerations makes it difficult for companies to include climate change in their daily, monthly, and yearly work. White also highlights a lack of systems thinking: sometimes climate change and resilience are not obviously connected to the well-being of companies but upon more careful consideration there are more possible linkages. Brahme concurs, saying that the way CSR is practiced today is along post facto lines: companies are interested in doing their business, ensuring their revenues on an incremental basis each successive year, and after that seeing what can be done for

CSR. This manner of operating does not allow for adaptive capacity to be easily added into the equation "because to build adaptive capacity you are actually talking of a proactive stand" (Brahme 2011).

Blowfield considers non-alignment with corporate self interest a limiting factor for companies interested in increasing adaptive capacity in developing countries (Blowfield 2011). This raises the notion of core competency-aligned CSR for building of adaptive capacity, which is discussed later in this chapter. Atteridge notes the difficulties of engaging in developing countries in general and highlights that even for Clean Development Mechanism projects, most of the financial flows go into a few countries in which investors feel comfortable, leaving the least developed countries without access to that capital (Atteridge 2011). He also mentions that companies lack recognition of the opportunities of adaptation, but specifies that these opportunities are limited to those companies that have the resources to find and focus on adaptive capacity-building projects (Atteridge 2011).

The interviewees were asked to expand on the means by which CSR departments could *best* contribute to adaptive capacity-building efforts. The intention of this question was to elicit the interviewees' thoughts on how this idea can possibly be mainstreamed, despite the limitations they highlighted earlier. Thadani notes that currently, social enterprises are bearing most of the responsibility for increasing adaptive capacity. She says that the private sector can innovatively partner and work closely with these social enterprises to build adaptive capacity strategies and programs (Thadani 2011). With regards to

partnerships, Atteridge also raises the challenge faced by resource-strapped medium or small companies of simply connecting with communities or projects where they could contribute their expertise through CSR (Atteridge 2011).

White also offers the vision of private-public sector partnerships that have "as their foundation the goal of building competencies for climate adaptation". He sees this is as distinct from one-off adaptive capacity-building projects that can generate co-benefits, or concurrent benefits, for both the company and the community. However, before any of these ideas can be implemented, White reiterates that the first step for a company is to simply define the scope of the problem, and systematically evaluate how the climate affects it. He adds, "Remarkably, it doesn't occur that much" (White 2011).

Huq considers support for CBA projects and efforts as the best way for CSR departments to be involved. He expands on his statement by saying that "financial support would be one way, and the simplest way, they could do it" (Huq 2011b) but that they could also publicize CBA efforts or provide other services "depending on what companies are involved in as their core business" (Huq 2011b). When prompted about whether CSR programs and projects could build adaptive capacity, which would then be further built upon by specific CBA projects, Huq says "Absolutely. I see no reason why it can't be done but I just can't think of examples where it might have been done already" (Huq 2011b). In his experience, typically if there is any private sector involvement it tends to be financial support.

Swanson echoes Huq, saying that a company should strive to understand the community's specific adaptation needs and manage its own business so as not to exacerbate the community's vulnerability. However, that is only the first step and then they can contribute to building adaptive capacity through their community project's funding. Swanson further elaborates that community projects which enable self-organization and communication within the community are particularly helpful for building adaptive capacity to unforeseen events (Swanson 2011). Atteridge sees the best way of building adaptive capacity as developing expertise within the community. He sees that the project model has benefits, but that ultimately the community should retain ownership over the best way to address its needs. He offers the example of a project that involves technology: if the technology breaks or financial support for the project ends, the community should be able to utilize the technology because their expertise persists. He also cites provision of appropriate and adequate financing as one of the best ways for building adaptive capacity in communities, such that members of the community have the resources to address the problems as they see best (Atteridge 2011).

Blowfield mentions that the best way for companies to build adaptive capacity is by applying their core competencies. He offers the examples of Nike utilizing their marketing and communication services, Coca Cola using their distribution systems, and Unilever engaging in product innovation (Blowfield 2011). Brahme echoes this, noting that companies have to look at how adaptive they and their business paths can be to environmental and community concerns.

He adds that if companies undertake specific adaptive capacity-building projects that they should not be "mere silo projects" (Brahme 2011), and that they should consider all CSR projects in light of the future impacts that climate change could have on them. He offers the example of a rainwater harvesting project, which should be considered in terms of how the project will fare under increasing climatic stress (Brahme 2011).

In discussion of the pros and cons of private sector involvement in building adaptive capacity to address climate change, three of the seven interviewees did not mention any cons at all, and two were explicitly of the opinion that they did not see there being any cons at all. With regards to the benefits, Atteridge highlights the scale of potential impact that the private sector can have if their resources are correctly aligned: "that's why within international negotiations everyone is talking about how to harness the private sector because they have the capacity to corral resources that are not available to the public sector" (Atteridge 2011). However, this significant resource stream would not necessarily be channeled through CSR activities, a point that is discussed later in this thesis. Another benefit Atteridge raises is that the private sector is more flexible and decisions can be made more quickly. However, the corresponding risk is a lack of governance of private sector inputs: "there is no assurance that what the private sector does will benefit rather than undermine adaptive capacity, and no transparency around their activities to enable others to assess whether the contribution made has been positive or negative" (Atteridge 2011).

Several interviewees explicitly acknowledged the environmental benefits of building adaptive capacity. For instance, Thadani notes that it would ensure long-term environmental sustainability (Thadani 2011) and Brahme's opinion is that adaptation is the "key and route" to mitigation as well (Brahme 2011). However, several interviewees highlighted the benefits to businesses themselves. Huq notes that it is in companies' best interest to understand the risks of climate change to their business (Huq 2011a) and Blowfield highlights that companies' self-interest will shape their long-term CSR plans (Blowfield 2011). Thadani sees building adaptive capacity as a means for companies' business to flourish at the community level (Thadani 2011), and Brahme points out that if there is maladaptation to climate change it will eventually result in an economic downturn and companies will lose profits (Brahme 2011).

These benefits to business reflect both an adaptation of companies, and an attempt to help communities adapt. Both can be seen as legitimate and necessary, but White and Thadani have words of caution regarding companies engaging in adaptive capacity-building through CSR. Thadani notes that companies may be questioned by shareholders for investing in projects that do not have direct benefits (Thadani 2011) which reiterates the question of measurability of adaptation projects, an issue that was mentioned in several interviews. Lastly, White points out that the biggest risk could be that if companies begin to shoulder the responsibility of building adaptive capacity, "governments may be seduced into thinking that [since companies] are doing things about climate adaptation we don't have to be as active as we might otherwise be" (White 2011). He re-asserts

that the private sector cannot and will not be able to address climate adaptation on its own or fast enough (White 2011).

The Possible Role of Core Competency-Aligned Corporate Social Responsibility in Building Adaptive Capacity

Moving into the final topic of the interview, the questions centered around the possibility of aligning companies' CSR initiatives with their core competency and expertise, and whether there is a role for such core competency-aligned CSR in building adaptive capacity in developing countries. As mentioned earlier, Blowfield considers CSR alignment with core competencies as the best way for companies to build adaptive capacity (Blowfield 2011) and Thadani supports this by pointing out that today, the term often used is "Corporate Sustainability" which implies that "all social and environmental initiatives undertaken by a corporation have to be aligned with its core competency and expertise, and have direct linkages with their business models" (Thadani 2011).

However, White points out that research shows that only a fraction of large global companies, about 10-15%, "have on an aspirational basis" (White 2011) an alignment between core competencies and CSR. White notes that companies are trying – and beginning – to achieve that alignment, whether in their research and development programs, their operations, marketing and communication, or capital allocation, but "even for those who are committed, there is a large gap between the aspiration and the reality" (White 2011). White also says that it is complicated enough for companies to simply find alignment

within their own organizational structures and supply chains, so finding alignment between their expertise and CSR is a significant challenge.

Brahme echoes White's sentiments, saying that in 9 out of 10 cases he does not think companies apply their expertise to CSR efforts, primarily because companies tend to do business first and separately from CSR. He also discusses his opinion about current management thinking, noting that CEOs often think that all is well if they meet or exceed their business bottom lines, and at some later point consider the good of society. He critiques this method because it lacks a focus on inclusive economics. He says, "I honestly feel that managers of today need a heavy dose of a deep understanding in international relations and until they have [that] and perspective in terms of geopolitics, cultural sensitivities and environmental aspects, they are not going to be able to change the scenario as it exists today" (Brahme 2011).

Atteridge sees the most important factor in using CCA CSR to build adaptive capacity as being the matching up of adaptation needs with who has the capacity to fulfill those needs: "What is driving the adaptation agenda is the needs of the developing country or community, and who should contribute is somebody who understands the problem or has a resource that matches what is needed" (Atteridge 2011). He adds that it would be valuable if companies generally consider how their core competencies interact with the adaptation needs of developing countries (Atteridge 2011). However, Swanson adds a note of caution to this approach.

He explains, “Companies have profits and their philanthropic mechanism is a really important redistribution of wealth within society for important development needs, so I don’t think it’s anybody’s business to dictate how a company should reallocate its profits, other than it should do it in a corporate social responsibility manner and that the economic, social and environmental implications of what they’re doing need to be properly thought of” (Swanson 2011). He sees the alignment of core competency with adaptive capacity-building as too narrow and restrictive, for example “should a pharmaceutical company give to a community only in relation to drug and health, and a should a mining company only give to a community in terms of what it knows about the natural resource it mines” (Swanson 2011). He feels that the more ways in which a company can help a community, the better. Thus, while Swanson sees private sector involvement in building adaptive capacity as important, useful and un-chartered territory, he does not subscribe to further narrowing the notion of CSR such that it is aligned only with a company’s core competency (Swanson 2011).

With regards to the role that CCA CSR can play, Blowfield reiterates that if a company is affected by its lack of adaptive capacity, then there is a potential role for applying its expertise to its CSR efforts (Blowfield 2011). Huq sees a role for CCA CSR but cautions that it will depend on the company, its business model, its core competencies and its customers (Huq 2011a). Thadani notes a similar concern, that the effectiveness of the CCA CSR model for building adaptive capacity depends on the sector of business (Thadani 2011). White adds to this topic by reiterating that the issue is “much bigger than the private sector, and the

private sector can make its contribution, and certainly alignment with CSR and the linkage and crossover between CSR and climate adaptation is one way for that contribution to materialize, but that alone – even across thousands of companies – is not going to solve the problem" (White 2011).

Atteridge feels that CCA CSR "makes a more efficient or valuable contribution" to building adaptive capacity (Atteridge 2011). However, for him the more powerful question is how to move beyond CSR as a frame towards how companies can make internal changes in order to support adaptation and building adaptive capacity. These internal changes could be how the company is run but also the types of services they offer. He notes that the CSR department and their efforts can lead the way for a company that is beginning to evaluate its own practices, instead of focusing solely on external projects (Atteridge 2011). This theme is discussed in further detail below.

Discussion by Theme

Several common ideas and opinions emerged through the interviews which have been grouped into themes and sub-themes. Some of these themes benefit from extant literatures, while others do not because this topic is rarely considered in the form it takes in this thesis. Analyzing the interviews thematically provides a means for cutting across the interview questions to consider the responses as a whole. All three overarching themes that emerged are presented from the point of view of a company, because they are the entities in positions of possible change although the change may be guided by governments

and supported by civil society organizations. The three themes are: the current and future forms of CSR, the risks and benefits to companies of CCA CSR for building adaptive-capacity, and the partnerships that companies can formulate in pursuit of this endeavor.

The Current and Future Form of Corporate Social Responsibility

A major theme that emerges from the interviews is that while theoretically the private sector can and should play a role in building adaptive capacity, the current understanding and practice of CSR has not prepared companies to do so. Brahme notes that CSR work on climate change is at a "very nascent stage" (Brahme 2011) and that even at the level of CEOs and governing councils of corporations there is a "complete blacking out in terms of even the knowledge of what is adaptation" (Brahme 2011). Huq seconds this, saying that while the private sector has a significant role to play it is at the very early stages of its learning curve (Huq 2011b). One sub-theme that emerges from this over-arching theme is the imperative of the business case for companies to be truly engaged with adaptation or adaptive capacity-building.

Huq points out that a likely reason for the private sector remaining at the beginning stages of adaptive capacity-building is because "there is no clear case of the profit motive or a business case" (Huq 2011b). He continues to explain that while there is a lot of activity occurring in the mitigation realm where companies can make profits, for example from trading carbon reductions or investing in cleaner technology, adaptation "is generally seen as a public good rather than a

profit making opportunity" (Huq 2011b). Thus, it could be that mitigation activities have been successful in moving from CSR into mainstream business because of their profitability, but given that adaptation generally lacks the same profit-making ability it may be less enticing for the private sector to invest in building adaptive capacity. In response to what would have to happen for the private sector to be more actively involved Huq says it is partly awareness, more importantly learning what opportunities exist for them to be involved in adaptation, and lastly having some first-movers who make an impact (Huq 2011b).

With regards to the opportunities for a company it is important to consider concurrent internal adaptation and external building of adaptive capacity, and the co-benefits these can bring. White refers to the case of Bangladesh several times, noting that for any company involved in the agricultural sector it is extremely important to focus on building resilience of communities and the environment in order for a company to adapt and remain viable (White 2011). This leads into the second sub-theme, which is whether the sector in which the company operates makes a difference to the viability of CCA CSR being used to build adaptive capacity.

Several interviewees feel that companies in some sectors are better poised to use CCA CSR to build adaptive capacity than companies in other sectors. Interestingly, one interviewee considers the mining sector an unlikely candidate to utilize CCA CSR to build adaptive capacity because there is less awareness and the business case for doing so is weak, whereas another interviewee feels that the

mining sector can have a direct impact on building adaptive capacity. If there is a difference in opinion even within this small group of interviewees, it is unsurprising that different companies can make the case for or against their use of CSR in order to build adaptive capacity. White notes that climate change has more obvious and immense implications for some sectors, which are dependent on climate stability and predictability, than for others that are at less imminent risk (White 2011). Swanson points out that some sectors which are quite dependent on favorable climate conditions, like the agriculture sector, are simply more used to adapting to changing circumstances (Swanson 2011).

These first two sub-themes – of the imperative of the business case and the climate change risk being sector-dependent – are therefore inextricably linked. If a specific sector is at greater risk to climatic changes then the companies within it are more likely to be aware of climate change, of adaptation theory, and can more easily extend their internal adaptations into adaptive capacity-building for the community. In this vein, White notes that there are some companies that are at greater risk to climate change that have steadily raised their awareness of the implications of climate change. These companies have programs that include partnerships with host governments in developing countries to "at least think about and hopefully act upon opportunities or building more resilient systems in those countries" (White 2011).

Shifting away from the current form of private sector awareness and action, the third sub-theme is the possible restructuring of the private sector and the way CSR is undertaken, in order to better build adaptive capacity. White and

Brahme both discuss the current inadequacies of how companies operate. White notes that "short term-ism is endemic in most American businesses" (White 2011) and that if companies are interested in short-term profit-making then consideration of long-term climate change adaptation efforts is very difficult. Brahme notes that the entire structuring of CSR needs to shift away from being an activity done only once profits are made. He sees the challenge as how to work with both customers and the community to drive a profitable consumption system that considers climate change at its center. Until that shift in considering climate change as a key aspect of business occurs, he notes that companies will always be focusing on more customers and that more consumption will cause more climate change (Brahme 2011).

Brahme also notes that in the future, companies will have to consider adaptation as a central tenet of their business simply because of the economic costs of not doing so. He offers sharply rising food prices as an example of this, and calls for inclusive economic growth which considers the adaptive capacity of communities (Brahme 2011). Atteridge considers the restructuring of the private sector in a slightly different way. He notes that community-level CSR projects can be used as a means to build internal capacity to change the ways in which a company actually operates. Although he thinks development of local expertise through adaptive capacity-building projects is crucial, he offers the idea that a larger impact could be had if companies did not limit themselves to CSR (Atteridge 2011). This concept is further examined in the following chapter.

While calls for a shift in the focus and form of CSR towards including adaptive capacity is discussed in depth by some interviewees, Thadani notes that if a company becomes heavily involved in building adaptive capacity to address climate change it might be questioned by shareholders for investing in projects that do not have direct profit making benefits (Thadani 2011). Therefore, the benefits or opportunities that investing in adaptive capacity may have for companies are an important consideration. This idea will be further examined in the following section.

Risks and Benefits of Utilizing Corporate Social Responsibility to Build Adaptive Capacity

The interviewees raise salient risks of attuning CSR with the need to build adaptive capacity. Undertaking a CSR project or program to build adaptive capacity necessitates measuring it in some way. This measurement of adaptive capacity-building projects is difficult because of the extended time period required to "really bring about measurable change in the lives of the community" (Brahme 2011). Brahme elaborates on the necessity of benchmarking or measuring CSR portfolios that are related to building adaptive capacity, saying that there is a need for indicators for assessing capacity building: [We] need to look at how to measure capacity, how to look at real change; not to look at fancy reports and complicated formulas which link a company's sustainability efforts to a larger than life cause, but to look at specific tiny measurable change indicators wherein you are actually seeing people emerge out of poverty or environmental disadvantage and move ahead in their lives" (Brahme 2011).

While the difficulty of measuring the success of an adaptive capacity-building project is a risk that companies will have to undertake, in many ways it will not be drastically different from measuring current sustainable development projects which comprise most companies' CSR portfolios. As described in the first chapter of this thesis, there is a very strong link between sustainable development and adaptive capacity-building; in many ways the latter is the former through the lens of climate change. Brahme refers to adaptive capacity-building as being the umbrella under which all CSR activities can fall, because ultimately issues of water, health, livelihood and so forth are all interconnected and will be affected by climate change. He elaborates that adaptive capacity-building can be a vector which corporations can use to make a bigger impact and achieve scale (Brahme 2011). This speaks to a concern of Swanson's, which is that CSR alignment only with adaptive capacity-building for climate change might re-direct all corporate sector philanthropic support away from the numerous needs faced by a community, some of which may be more important than climate change adaptation in the short term (Swanson 2011).

The internal risks that companies face in taking on adaptive capacity-building projects as part of their CSR mandate are compounded by the external risks private sector adaptive capacity-building could create. White considers the biggest risk to be that there may be too much reliance on companies to build adaptive capacity, causing developing country government involvement to fall short. He notes that the private sector cannot address adaptation on its own because the problem of climate change is too large in magnitude and too complex

(White 2011). He also considers the fact that however much CSR is involved in building adaptive capacity, “we can’t wait for the good will and incentive and markets alone to determine how quickly and comprehensively companies address the climate issue. We have to have some mandatory regimes” (White 2011).

The risks to a company of being involved in building adaptive capacity are clear, and could be considered the reason why it has not emerged as a primary CSR activity thus far. For example, there is a risk that shareholders will be unhappy with the expenditure (Thadani 2011) and the risk that the short timelines of companies and the long timelines of adaptation projects are incompatible (White 2011, Brahme 2011). However, viewed from another angle, the risk of climate change that companies face themselves (Blowfield 2011) and the risk of losing customers (Huq 2011a) are also becoming more real as the effects of climate change increase. These risks could be considered opportunities for the companies themselves to become more resilient.

This conversion of risks to opportunities can only occur if companies truly understand the issue of climate change, and if they are willing to be proactive with regards to addressing it. Brahme notes that the benefits of building adaptive capacity will have to be clearly understood by companies and, in order to take advantage of the opportunities that adaptive capacity-building affords, companies will have to take “a huge leap of imagination to begin with and then a leap of action” (Brahme 2011).

Fostering private sector involvement in building adaptive capacity: regulation and partnerships

In deliberation of the role of the private sector in building adaptive capacity, and in line with White's concern about excessive reliance on the private sector to take the lead, several interviewees discuss the interactions between the private sector, civil society organizations, and governments. This discussion falls into two sub-themes: government regulation and incentives, and public-private partnerships. Although governments cannot force companies to restructure their CSR efforts to include adaptive capacity-building, they can provide regulation that fosters it. White provides the example of how the governments of Brazil and South Africa have mandated that in order to be traded on their stock exchanges, companies need to demonstrate a certain commitment to, and performance of, environmental stewardship and positive environmental management (White 2011). While this does not translate directly into adaptive capacity-building, similar efforts could be made to induce resilience building by the private sector.

White also makes two other points related to government intervention. Firstly, that there are some ways in which adaptive capacity should be built that the government alone is uniquely positioned to undertake, for example enforcing limits on coastal housing development (White 2011). However, his second point is that if voluntary actions were the answer to the problem of climate change adaptation then "we wouldn't be having this conversation because there are untold numbers of voluntary initiatives all over the world that are related to the climate" (White 2011). White elaborates that without government oversight,

direction, guidance and even mandates and regulation, adaptation is simply not going to happen quickly enough (White 2011).

Atteridge considers the role that governments play as important in light of the broader investment patterns at work, which can be maladaptive and undermine the small-scale adaptation or adaptive capacity-building projects being undertaken in communities (Atteridge 2011). While governments can support CSR efforts at building adaptive capacity through regulation or incentives, private sector efforts will be ineffective if the public sector's policies and practices are not aligned with the overarching goal of adaptation as well.

The second sub-theme is partnerships between the government and the private sector. Several interviewees mentioned this as a possibility to spur on adaptive capacity building. Thadani notes that currently, social enterprises have taken the lead on adaptive capacity work in developing countries and that their focus on result-based solutions and their model of actively engaging stakeholders has yielded good results (Thadani 2011). In her opinion the private sector can work closely with social enterprises to "design innovative partnerships to build adaptive capacity strategies and programmes" (Thadani 2011). Brahme supports this, saying that it is highly relevant for companies to partner with the government and foster the public-private partnership model in order to build adaptive capacity (Brahme 2011).

Brahme highlights an important aspect of the private sector partnerships with the government, saying it is important that corporations can partner with government departments and vice-versa without suspicion on either side, in order

to present a united front and resolve the issue (Brahme 2011). White also raises this possibility in the discussion of how companies can institutionalize their climate change projects. He notes that staff from the private sector and the government should be able to learn from each other about how climate change adaptation and adaptive capacity-building can occur (White 2011).

These interviews provide depth and complexity to a topic where little formal research exists, and allow for a fuller conceptual exploration of the possible role of CCA CSR to build adaptive capacity in developing countries to support CBA efforts. The ideas discussed during the interviews significantly contribute to the following chapter, in which the benefits and limitations of the concept are discussed along with the factors that could facilitate its implementation.

CHAPTER 4

The previous three chapters are intended to explore different aspects of the thesis topic. Chapter One highlights the lack of resources available for adaptation, and specifically for building adaptive capacity. The first chapter also examines the CBA model as a possible method of enabling adaptive capacity-building in developing countries. The second chapter offers the example of India to showcase the gaps and overlaps in CSR activities. Given those inefficiencies, it examines the notion of core competency-aligned CSR and introduces the recent call for increased private sector involvement in the realm of climate change adaptation. The third chapter is a compilation of interviews conducted with practitioners who work in the fields of CBA or CSR, and academics who have written about these topics.

Overview of the Concept

The intention for this final chapter is to examine the information presented in the previous chapters in a cohesive manner in order to assess the feasibility of the concept as a whole. Essentially, the concept explored in this thesis is that of private sector involvement in adaptation to climate change. The concept presents one way in which private companies can be involved regardless of sector and business, quickly, and through an existing channel. It is therefore considered a "niche opportunity". Since many companies have CSR initiatives, which in developing countries are typically sustainable development projects, the gateway

for community-based adaptation projects already exists. However, this thesis takes this idea one step further and makes the case that companies can support adaptive capacity-building in a more valuable way if they utilize their core competencies in order to so, which would differentiate their input from that of governments or NGOs. Companies have specializations which are not currently being tapped into through their CSR, and this form of core competency-aligned CSR can be more efficient since overlaps in efforts will be limited.

This chapter ties together the material in the three previous chapters to bring to light the benefits and limitations of core competency-aligned CSR as a means to build adaptive capacity to support CBA projects in developing countries. It is important to note that this concept is in its exploratory and development stages. It is not intended to supplant work currently being done to build adaptive capacity by the public sector or governments, nor is it intended to prescribe all CSR efforts to be aligned with adaptive capacity-building. Rather, it is a hypothesis that the re-alignment of CSR with core competencies can be a valuable addition to the adaptive capacity work that is currently being undertaken. This chapter also considers what would need to occur for this concept to be feasibly implemented, in light of the fact that it is not currently considered as part of the mainstream set of solutions to climate change adaptation.

Benefits of Core Competency-Aligned Corporate Social Responsibility in Building Adaptive Capacity

One of the key outcomes of the UNFCCC Conference of the Parties in Copenhagen in 2009 was the commitment that industrialized countries would mobilize USD 30 billion between 2010 and 2012 and an additional USD 100 billion by 2020 which would be "sourced from public and private, bilateral and multilateral, including alternative sources of finance" (Atteridge 2010, 2). The private sector is increasingly looked towards to raise new and additional funds to be spent on climate change and it has tremendous power to generate funds through capital markets, especially through 'green bonds', debt and equity (Atteridge 2010, 1).

However, providing adequate incentives and operationalizing these channels of funding on a large scale will take time. Beginning to address adaptation to climate change through CSR is an immediate way for the private sector to become involved. Secondly, it is also a way for companies that are not financial institutions, or those that are smaller in scale, to contribute. Lastly, CSR is an appealing avenue through which the private sector can build adaptive capacity because it can occur more easily in any developing country, including least developed countries, than more complicated debt and equity instruments which tend to concentrate in newly emerging or rapidly expanding economies (Atteridge 2010, 3).

A Stockholm Environment Initiative (SEI) policy brief notes that "the private sector could take on various roles that contribute to the UNFCCC's aims of scaling up, optimising and shifting adaptation finance. While 'climate

proofing' of private sector investments is important, the role of the private sector is not limited to managing its own climate exposure" (Atteridge 2010, 1). The brief goes on to explain that one of the ways the private sector can be involved is by creating and distributing goods and services that can help reduce the vulnerability of individuals and communities to climate change (Atteridge 2010, 1). CSR can be a good avenue through which to achieve this goal in the near future given the large and growing number of companies around the world that have CSR initiatives.

Unfortunately, information regarding companies' CSR expenditures is often difficult to obtain and equally complicated to interpret. Since CSR is voluntary and undertaken uniquely by each company, there is no effective method for assessing total CSR contributions by country or activity. However, in order to offer a sample sense of scale, the research below shows that CSR can make a significant contribution to CBA activities. However, the caveat is that companies will need to increase their overall CSR activities or convert some current sustainable development activities into adaptive capacity-building activities[5]. This needs to be the case in order for this concept to not be faced with the zero-sum issue.

If each of the Fortune 500 companies was to set aside an additional USD 1 million for CBA activities in developing countries that are vulnerable to climate change in their CSR budgets, in one fiscal year this section of the private sector's contribution will equal the GEF's contribution of USD 500 million for the four

[5] Using the 'umbrella' concept referred to in this thesis, sustainable development activities can begin to take climate change issues into consideration and be considered adaptive capacity-building activities.

year period of 2010 to 2014. This means that this select private sector contribution can quadruple the current level of UN CBA activities annually. If the thought of a company setting aside USD 1 million for CBA seems impossible, consider the CSR contributions of the top three companies on the Fortune 500 list in 2009.

Royal Dutch Shell contributed USD 132 million on social investments, which were "mostly community development projects" (Royal Dutch Shell 2009, 9). The ExxonMobil Foundation contributed USD 196 million worldwide through cash, goods, and services (ExxonMobil n.d.). The Walmart Foundation contributed USD 378 million in FYE 2009 through cash and in-kind gifts only in the U.S. (The Walmart Foundation n.d., 1). An addition of USD 1 million to such large CSR budgets seems feasible, especially since even in these stressed economic times these companies have been increasing their CSR contributions: Walmart's U.S. contribution grew to USD 467 million in FYE 2010 (The Walmart Foundation n.d., 1). This additionality of CSR that supports CBA is important in order to prevent a zero-sum problem wherein CSR for CBA is simply a diversion from another form of CSR.

Although it may be more profitable and effective for firms to reinvest parts or the whole of their business model or strategy to target populations that can be made more resilient to climate change[6], beginning with CSR efforts can be an important first step. In some cases, CSR departments can provide the testing ground for innovative products that help build adaptive capacity. For example,

[6] For example, the insurance sector provides low-cost insurance to farmers whose crops are at increased risk due to climate change (ClimateWise et al. n.d., Microensure, n.d.), and cell phone companies provide inexpensive cellular technology in developing countries, which are often used to transfer money or for disaster preparedness (Rice 2007, Dixit, n.d.)

HSBC India's Corporate Sustainability department began the microfinance lending activities for the country in 2005 through small-scale loans that were distributed through NGO partners. Once there was an increased understanding of microfinance lending practices, and the efforts of the Corporate Sustainability team were seen to be profitable and valuable to the bank as a whole, in 2008 the bank put a lending strategy into place with the objective of increasing its presence in the microfinance segment (HSBC n.d.). This is one way in which initiatives that begin as CSR efforts, that are aimed to reduce vulnerability, can become part of a company's business structure.

Alignment of CSR with core competencies allows companies to be more strategic in their decisions about how to spend their limited CSR budgets and CSR programs that are grounded in a company's area of focus are less likely to be terminated in times of financial stress. Such an alignment can provide a company with focus for how to play a role in building adaptive capacity in communities: by doing what they're good at and know how to do best. As demonstrated by Figure 2 in the second chapter, even with the small number of companies examined there are clear overlaps in efforts, and climate change did not prove to be a popular focus of CSR activities. However, if channeled through projects that help build adaptive capacity, companies may be able to utilize their skills and resources to address climate change. CCA CSR can thereby help mainstream the process by which adaptive capacity is built.

If CCA CSR is seen as a viable idea and it is utilized to build adaptive capacity, first movers can gain an advantage because they have the oldest or

strongest programs, or because they developed relationships with the most effective or well-known NGOs or CBOs first. Additionally, if all the companies in a given sector align their CSR with their expertise, de-facto industry-wide standards may be created which will serve to raise the benchmark against which companies' CCA CSR can be compared. This may also foster creativity and innovation in the types of projects and programs companies undertake to build resilience and adaptive capacity, in order that they maintain recognition and reap the benefits of CSR to their reputation.

CSR programs are often implemented at the community scale, which makes CCA CSR programs intended to build adaptive capacity work well with the CBA model. The CBA model addresses those vulnerabilities that are most immediate and visible, and attempts to build the capacity of a community within those issue areas. However, the CCA CSR model can address vulnerabilities that are related to the given company's expertise by taking into consideration how a community might be impacted by future climate change. These two forms of capacity-building do not need to follow a chronological order and they are not mutually exclusive. They both have strengths and limitations and together they could serve to build adaptive capacity at a much faster rate than is currently occurring.

Importantly, private sector involvement in building adaptive capacity through CCA CSR is an enhancement of sustainable development activities that are traditionally undertaken via CSR efforts. One of the most notable themes that has emerged in this thesis is how closely aligned adaptive capacity-building is

with sustainable development. Yet, they are not one and the same. The lens of climate change, which traditional sustainable development often lacks, brings the issues of heightened vulnerability, uncertainty of tipping points, and inertia of the climate system into play. Building adaptive capacity implies development that recognizes and accounts for the additional stresses that climate change will cause. Additionally, there is value in considering adaptive capacity as an 'umbrella' for all efforts that help individuals and communities improve their quality of life – whether in the areas of education, health, livelihood, and so forth – because these development indicators will eventually be impacted by climate change. In this way, adaptive capacity-building efforts address communities' current vulnerabilities and build resilience for an uncertain future.

Limitations of Core Competency-Aligned Corporate Social Responsibility in Building Adaptive Capacity

A significant limitation of CSR alone – regardless of whether it is aligned with a company's core competency or intended to build adaptive capacity – is that it is interpreted and undertaken in very different forms across the private sector. There is no gold standard for CSR, let alone CSR that is aligned with core competency, CSR that is intended to build adaptive capacity, or therefore for core competency-aligned CSR intended to build adaptive capacity. While very helpful sustainability reporting systems exist for companies, such as the Global Reporting

Initiative[7], there is no standardized system of assessing external, voluntary CSR programs and projects.

Related to this limitation is the lack of transparency associated with private sector transactions. Since CSR efforts do not need to comply with regulatory requirements, they could have weaker systems in place with regards to accountability to communities' interests, public participation and prior informed consent. Additionally, there is the risk that companies could exert undue influence over communities, for example by threatening to withdraw their support for CBA projects if individuals or organizations bring corporate misbehavior to light. Partnering with NGOs will mitigate these risks to some degree, and this notion is addressed in the following section of this chapter.

As of now, climate change adaptation and building adaptive capacity are not notions that are well known or often utilized in most companies' CSR efforts. "Despite the vast amounts of existing data and technical analyses on climate change, many in the private sector are still unclear what the mitigation and adaptation opportunities are" notes the Asian Tiger Capital Partners report (2010, 35). The report continues to explain that building awareness, knowledge, and capacity within the private sector is important in order to bring about systemic change. CSR departments need to be supported by their companies and the leaders of their companies, which is often not the case as the interviewees attest in chapter three. This is due to a lack of knowledge and quite possibly a lack of

[7] The Global Reporting Initiative is an organization that created the world's most widely-used sustainability reporting framework. The Reporting Framework includes principles, guidelines and indicators that organizations can use to measure their economic, environmental, and social performance (Global Reporting Initiative, n.d.).

interest or urgency as well. That being said, the report, which focuses on Asia and in particular Bangladesh, also notes that "private sector leaders often do not have the information they need to make decisions and are eager for information on global best practices" (36).

As acknowledged by several interviewees, the private sector and CSR cannot be solely depended upon for building adaptive capacity. It is very much a niche opportunity, and this is stressed through the importance given to the CBA model, which will be required to build upon the general resilience developed through CSR initiatives. One of the limitations of this concept is therefore scale. Private sector involvement in building adaptive capacity cannot replace government involvement and international assistance; it can only serve to enhance it.

Additionally, CSR budgets tend to be small which limits the number and size of initiatives that can be undertaken. While successful CSR programs do make very important contributions and can significantly benefit communities, their benefits are limited to those communities. An inherent limitation of this model is that CCA CSR intended to build adaptive capacity can only occur in countries or regions where strong CSR programs already exist. Although any company anywhere in the world can utilize this model, larger or multinational companies tend that to have stronger CSR programs do not tend to work in the least developed countries and most vulnerable nations like the small island states. Thus, the impact of building adaptive capacity before a CBA project is implemented can only be as large as the company's CSR initiative allows.

The issues of lack of knowledge and scale feed into another limitation: that of implementation. Although in theory CCA CSR can be utilized to build adaptive capacity in developing countries, there will be associated difficulties with implementing adaptive capacity-building projects. This is especially true if the internal capacity of CSR departments is not built first and if there is inadequate support from top management. In connection with implementation are the considerations of sustainability over time, and measurability. Building adaptive capacity is a long-term process which needs to be realized over time. Building adaptive capacity is not a model that CSR departments or programs should engage with if they are hoping to establish measurable results on a short-term basis. Simply measuring adaptive capacity is extremely difficult, and even the UN-supported CBA model has only a pilot monitoring and evaluation system (UNDP, n.d. Monitoring and Evaluation).

Measuring CSR efforts gives them relevance, and allows for them to be publicly showcased. Measuring CSR does not necessarily imply assessing initiatives in terms of their financial profitability to the company, but could be as simple as explaining the inputs and impacts of an initiative. Measurement and clear communication of initiatives are especially important for shareholders who may or may not approve of their profits being spent on vulnerable communities' adaptation to climate change. However, it is difficult to prove that resilience has been built, especially in the face of climate change which may be the cause of small shocks over time or manifest as a large-scale natural disaster. Thus, there is no methodology through which a CSR department can prove that a given

community would have been worse off had they not intervened with adaptive capacity building efforts.

While this is a relevant limitation, it should not be a major stumbling block for CSR departments. They are accustomed to investing CSR resources in sustainable development activities such as education and skills training. The impacts of these investments also cannot be easily calculated or proven, and are often measured in the amount of money spent and the number of people impacted. Adding an additional layer of climate change to these investments requires that CSR departments learn how to accurately and honestly communicate their intentions and the possible benefits of their investments. This will undoubtedly be easier once the general population, including companies' shareholders, become more aware and concerned about climate change and begin to expect companies to undertake adaptive capacity-building initiatives.

Required Support Systems

This section explores what would need to be in place in order for CCA CSR to effectively build adaptive capacity in developing countries. As it currently stands the idea has little traction because CSR is most often not aligned with companies' core competencies, CSR does not focus on climate change, and the CBA model is relatively new. Additionally, climate change – let alone the concepts of adaptation and adaptive capacity – is not the primary concern of companies or governments, especially in the present economic downturn. This concept is poised to be highly effective and meaningful, because of the potential

benefits described above. However, given the limitations discussed there are barriers to implementation.

The first and most basic support necessary is simply increased awareness and knowledge about climate change within the private sector. It is important that the risks as well as the opportunities of mitigation and adaptation are well understood. An enhanced understanding of the situation will ideally translate into corporate buy-in at a high level so that CSR activities relating to climate change will be seriously supported over time. It is also important that the issue is not merely a pet project of a CEO, but instead ingrained in the culture and mission of the company and especially its CSR department. This is important to ensure sustainability of efforts over time and also to develop internal capacity which is also a continuous process. As noted in the Asian Tiger Capital Partners report, "Building capacity and knowledge in the private sector is important…Increasing both baseline capacity and developing a cadre of thought leaders is critical…While there can be challenges in working with the private sector, the significant benefits from motivating and enabling them to take action should not be ignored" (2010, 36).

In addition to gaining knowledge and the ability to address issues of climate change and adaptive capacity, companies will need to spend a significant amount of time understanding how their CSR practices can be enhanced by their expertise, and planning their CCA CSR strategy. This is an integral step for companies to undertake for CCA CSR to be effective over the long-term, especially if it is intended to become an avenue through which adaptive capacity-

building products and services are delivered to new markets as a test run for company as a whole.

CSR will need to continue to be expected by multiple stakeholders, governments, NGOs and civil society at large. The evolution of CSR at the beginning of Chapter Two shows how the notion has altered over the years, often in response to the needs and demands of society. Given that climate change is the quite possibly the most urgent and unpredictable threat currently facing humanity, private sector involvement through CSR efforts is a legitimate expectation. CCA CSR intended to address climate change can therefore be the next stage in the evolution of CSR.

CSR departments often collaborate with NGOs and CBOs to undertake projects and programs and this collaboration can spread further into the climate change sphere. However, to build adaptive capacity using a company's core competencies means that the usual way in which the CSR departments collaborate with NGOs and CBOs – through monetary support – will not work as well. NGOs will need to be flexible to include their partner company's core competency in the CBA projects they consider undertaking. This implies advancement in the form of collaboration between the private sector and NGOs or CBOs. An enhanced level of trust will also have to be established in order for companies to truly utilize their expertise while working with NGOs or CBOs that are best fitted to undertake projects or programs at the community level. As the CBA model expands, the role for implementing NGOs and CBOs will grow and it will be of great benefit to companies to establish long-term relationships with those that work in

communities of particular interest to them. In this hypothetical situation, NGOs or CBOs who have been building adaptive capacity to climate change with CCA CSR resources and support will also benefit from the relationship, as they will be in a better position to apply and bid for UN CBA projects.

This increased level of trust between the private sector and NGOs or CBOs will need to expand into relationships between the private and public sectors. One contributing factor of this trust will be good governance. The World Business Council for Sustainable Development (WBCSD) published a report entitled "Doing Business With the World: the new role of corporate leadership in global development" which makes the point that good governance allows for better economic development and social progress. If developing country governments can lower their levels of corruption, and improve their regulations to allow businesses to set up more easily and run more efficiently, then those companies have a better likelihood of having well functioning CSR departments that can help improve adaptive capacity. One example provided in the report is that of countries' incoherent fiscal policies, which can limit the proliferation of healthy businesses (WBCSD 2007, 31).

Another way in which government policies can play a role in enhancing the private sector's ability to engage with adaptive capacity-building through CSR is by making climate change, and specifically adaptation, an important national development goal. As explained in chapter two, one theory is that companies undertake CSR in developing countries to ingratiate themselves with the government and local communities. If building adaptive capacity was considered

a priority for the government then CSR departments would be able to more easily justify and explain their CSR activities to shareholders.

A third, and increasingly important, way that governments and companies can support each other in the pursuit of climate change issues is public-private partnerships. As interviewees' responses indicate, the government has reach into areas (both physical and in terms of jurisdiction) that companies do not. However, companies have access to funding mechanisms and expertise that the government does not. A partnership between the two sectors creates legitimacy, increased efficiency and efficacy, and begins to align the two agendas so that they do not ultimately conflict with each other. NGOs may play an important role as the intermediaries between these two sectors.

Eight CEOs of leading multinational companies succinctly address this in a report called "Making Climate Your Business" by saying:

> Many of the challenges we face can only be overcome by cooperation. No one player can solve the problem alone because each has different strengths and weaknesses. Business has capacity but no democratic mandate and often limited trust. Governments have a mandate but not the same capacities as business. NGOs enjoy trust, if no formal mandate. They tend to have high levels of expertise but low levels of resources. However, together we have all of the ingredients to take on the world's main concerns, and if we work together we can manage these concerns at a new and more effective level (SIDA 2009, 32).

Lastly, governments can provide the private sector with direction and regulation that facilitates adaptive capacity-building through CSR. A WBCSD report notes, "Governments, working with business and civil society, need to set long-term policies that give business the predictability and incentives" (WBCSD 2007, 18). This is especially necessary if CSR is intended to be the means through

which companies test the waters of a future market that opens up to them as a result of adaptive capacity-building efforts. For example, currently foreign banks can open only 12 branches each year in India (RBI 2007). The government has implemented this policy to enhance the competitiveness of Indian banks. However, it is unlikely that foreign banks will target the poorest and most vulnerable communities with a ceiling of twelve branches. If access to financial capital is an important way in which the resilience of communities can be bolstered, it may be in the Government of India's best interest to alter the regulation so as to make it more feasible for foreign banks to extend CSR practices of financial literacy to rural communities. One way this can be made mutually beneficial is for the branch quota for foreign banks to be increased provided they deliver financial literacy programs to the financially underprivileged in the area of a new branch opening.

Alternatively, the Government of India can provide incentives for Indian banks to provide financial literacy services to those communities in which the need and vulnerability to climate change is the greatest. Although microfinance institutions (MFIs) have made significant progress in this realm, they have been (fairly or unfairly) critiqued for failing to provide to the poorest sectors of society and for having high interest rates. Since providing services and opportunities to the "bottom of the pyramid" is rarely truly financially profitable (Garrette and Karnani 2010) CSR becomes an attractive mechanism through which to build adaptive capacity. This is the first step for a company to align its core business

with the adaptive needs of vulnerable communities, if that is its eventual intention.

CONCLUSION

During the writing of this thesis, on February 14th 2011, CSR Asia offered a seminar in Bangkok, Thailand called "Bridging the Gap: A Role for Business in Climate Change Adaptation" which was funded by the Swedish International Development Cooperation Agency (SIDA). The seminar was intended to address the "lack of clarity [that] persists over the role of the private sector in sustainable development in general and climate change adaptation in particular" (Adaptation Knowledge Platform 2011, 1). The publicity for the seminar explains that both adaptation practitioners and businesses are struggling with the question of how the private sector might best be involved in contributing to climate change adaptation. This seminar is one example of the increasing attention being given to issues of private sector involvement in adaptation, but the shift in attention is still occurring very slowly. This thesis is intended to be a contribution to this extremely important movement.

The decision to focus on adaptive capacity-building specifically in developing countries is important for several reasons. Firstly, the impacts of climate change will be felt more severely in developing countries.

> Between 1985 and 1999 alone, poorer countries lost 13.4% of their combined GDP (from severe storms and other natural catastrophes) versus a loss of only 2.5% of combined GDP in industrialized nations. The increasing frequency and severity of natural disasters worldwide makes it more and more difficult for disaster prone nations with smaller economies to finance economic losses from such events…In addition, an increasing share of international donor aid is spent on emergency relief and reconstruction, further limiting spending for social programs, health, and infrastructure (Asian Tiger Capital Partners 2010, 32).

Secondly, developing countries have been working towards poverty alleviation and sustainable development for a long time. Climate change could undermine these efforts (World Bank 2010, 39) which would threaten the quality of life of millions of people already living in poverty. One possible limitation of the concept put forth in this thesis is that diverting resources towards adaptive capacity-building activities will be detrimental to those sustainable development activities that were historically being supported: a "zero-sum" problem. While this is an issue to remain cognizant of, this does not have to be the case. This is because of the very close alignment – perhaps even overlap – between adaptive capacity-building projects and sustainable development projects that has been discussed in this thesis. This close alignment may not be true for "hard" adaptation projects, such as building a sea wall, but the question of private sector involvement in those projects is beyond the scope of this thesis.

A third reason why it is necessary to focus on building adaptive capacity in developing countries is to address the supposed trade-off between growth and environmental issues. One of the reasons why CSR efforts are a good channel for adaptive capacity-building initiatives is because it implies growth of businesses and the economy. The greater the growth of a business, the more robust the CSR program can be and the more resources there are available for adaptive capacity-building. While this is certainly not guaranteed to be the case, there is less of the traditional notion of a trade-off between growth and climate change.

Thus, the choice to focus on developing countries grounds the concept discussed in this thesis in the idea of equity. However, this concept of CCA CSR

being utilized to build adaptive capacity for CBA projects in developing countries is certainly not entirely equitable, for example because wealthier and rapidly developing countries will have more CSR opportunities than poorer and least developed countries. The intention of the thesis is not to find the most equitable way to build adaptive capacity, but to assess a way in which it can begin to be built immediately without curtailing the right of developing countries to development, thereby recognizing the importance of equity.

This concept certainly pertains to only a small niche of the work to be done on adaptation. As previously mentioned, it is also not intended to entirely supplant CSR expenditure on general sustainable development activities; it is instead intended to protect sustainable development from the effects of climate change, and potentially house these activities under a single umbrella. Nor is it intended to reduce the role of governments in adaptation; instead it is intended to enhance the possible forms that adaptation can take by including the expertise and resources of the private sector. Although this niche is small, it is potentially powerful. CSR is increasingly expected by customers and stakeholders, and the evolution of CSR shows that its form responds to the demands of society.

One of the critiques of CSR is that it can be interpreted in a different way by different companies. However, the global threat of climate change can serve as a compass against which companies can align their CSR efforts. If companies align their core competencies with their CSR efforts, which in turn support adaptive capacity-building efforts, there is less possibility of supporting disparate projects or initiatives that have no significance for the company. It also provides

companies with the opportunity to be actively engaged in its CSR efforts instead of simply writing a check to an NGO. Perhaps most importantly, it provides companies with an avenue through which they can re-structure to respond to one of the greatest challenges of our time. Aaron Atteridge, among other interviewees, sees CCA aligned CSR intended to build adaptive capacity as a gateway for systemic change of businesses. He notes,

> If you take the example of a telecommunications company, rather than them sending resources out to an external project in the health sector in India, if they actually themselves invested in a small telecommunications project in India, for instance, they not only contribute something towards building adaptive capacity but they then start to overcome one of the barriers of operating in a new market…And all of a sudden there might be a core business opportunity that aligns with this adaptation or CSR initiative...The real value might be that it leads to something bigger than the CSR project (Atteridge 2011).

In this way, the concept put forth in this thesis may be only the first of several steps to be taken by companies. This idea is hinted at throughout the thesis, and emerges as a major finding especially in the interviews. The potential for CCA CSR for CBA to act as an "innovation incubator" (Rappaport 2011) is interesting in light of the benefits of the concept to the companies involved. An example referred to earlier in this thesis is that of HSBC's microfinance activities which were essentially incubated in their Corporate Sustainability department. It may be the case that CCA CSR for CBA does not become a directly profitable activity for the company, or does not open a new market segment, but there is a greater likelihood of such benefits if the CSR is closely aligned with the company's mission and competencies. This first step for companies could be crucial in their journey towards being more "adaptation-friendly" (Atteridge

2011). It is important, however, to keep this in perspective of the fact that in order for this concept to be actualized, the private sector is going to need to see its role in the larger climate debate.

Just as the CBA model has certain characteristics that were described in the introduction, the concept explored in this thesis has specific characteristics as well. From the perspective of a company, the characteristics of a company that has operationalized this concept would be one that has: understood the issues of adaptation and adaptive capacity, become aware of its core competencies and assessed how they can be utilized to build adaptive capacity, engaged with an NGO or a CBO to plan and share the responsibilities of a CBA project, and potentially experienced a business advantage as a result of this strategy.

Foraying into CCA CSR intended to build adaptive capacity will be a significant change for most companies. However, with the adequate awareness, knowledge, partners, planning and communication it is not a huge departure from the norm. Although there is always a degree of risk associated with a company being a first mover in any scenario, there are also commensurate opportunities attached. First movers can rapidly gain expertise in CCA CSR for adaptive capacity building, can partner with the NGOs with the most experience, and can work in areas where specific CBA projects are already set to be introduced. They can also gain a good reputation and audience to support their efforts, and significantly and potentially tap into new markets to gain a competitive market advantage.

As detailed in the previous chapter, it is vital that governments play an overarching role in terms of policy formulation at a national level in order to support any such niche movement. The IPCC writes, “In several sectors, climate response options can be implemented to realise synergies and avoid conflicts with other dimensions of sustainable development. Decisions about macroeconomic and other non-climate policies can significantly affect emissions, adaptive capacity and vulnerability” (2007, 18). While companies can play an important role by integrating this issue into their CSR portfolios, they cannot succeed in a vacuum: they respond to government policies. As described in Chapter Four, policies may need to be altered to enhance the opportunity for utilizing CCA CSR to build adaptive capacity, or at least not inhibit the possibility of it occurring.

Governments and NGOs or CSOs interested in CBA are in a position to encourage private sector involvement in building adaptive capacity. Although lack of financing is usually the main concern, and the easiest way for partnerships to be created, they should not overlook the other ways in which the private sector can be involved. Simply relying on the business-as-usual mode of CSR and public-private partnerships would limit possible adaptive capacity-building achievements. Governments and NGOs can go so far as to target companies with specific expertise and core competencies to play a role where they see a good fit. As the recognition of the need for adaptation begins to grow, exploring every avenue – including this one – is important.

Going forward, further research and pilot studies will need to be undertaken to assess the workability of this concept. In general, there is little

information available on the current or possible role of the private sector in adaptation, simply because there haven't been many private sector initiatives in this sphere. The notion of CCA CSR does have a small literature, but there is significant ground left to be covered. There is a notable lack of case studies or examples of companies that have engaged in CCA CSR and records of their experiences. The fields of adaptive capacity-building and CBA are growing, through the UN CBA program and a recent proliferation of initiatives such as the Eldis Community-Based Adaptation Exchange (CBA-X) which is an online forum for the open exchange of information including best practices, case studies, events, and policy resources, and weADAPT which is a dynamic information network with a spatial component achieved through the use of Google Earth.

Given the enormity of the risk of climate change, there is value in addressing it through every possible avenue. There is urgency and activeness inherent in climate change adaptation, which Adger et al. succinctly describe: "building adaptive capacity necessarily requires considerations of rights to development and security rather than just avoidance of pertinent risks. It is also becoming clear when considering the nature of global climate change that poverty reduction policies and goals will in themselves not address the risks for the most vulnerable portions of developing societies" (2003, 193). Pro-active adaptive capacity-building is therefore vitally important, and this thesis elaborates upon one way in which the private sector can contribute to this pursuit.

APPENDIX I

Interview for CBA Professionals

The questions in this first section are about adaptive capacity. Adaptive capacity is defined by the IPCC as the potential or ability of a system to adapt to climate change stimuli or effects, and is often considered the same as resilience.

1. In your work, to what extent is increasing adaptive capacity considered a priority?

2. Do you see a need for increased adaptive capacity before a community-based adaptation project is implemented? If yes, what do you see as the most important elements of preemptive adaptive capacity-building?

3. Through your work, what have you seen as the major factors that limit adaptive capacity-building in developing countries?

The next section includes questions about corporate social and environmental responsibility as a means to build adaptive capacity.

4. Do you have any experience with corporate social and environmental responsibility as a means to build adaptive capacity?

5. One of several ways in which corporate responsibility departments can build adaptive capacity is by undertaking specific projects. How do you think the private sector can *best* contribute to building adaptive capacity in developing countries?

6. Please list pros and cons of private sector involvement in building adaptive capacity, specifically in an attempt to address climate change.

Often, corporate social and environmental responsibility activities are aligned with the host country's development needs. The questions in this section are about the possibility of instead aligning corporate responsibility initiatives with the company's core competency and expertise.

7. What do you think about a company's corporate social and environmental responsibility initiatives being aligned with its core competency and expertise?

8. Do you see a role for such core competency-aligned corporate social and environmental activity, specifically in order to build adaptive capacity in developing countries?

APPENDIX II

Interview for CSR Professionals

The questions in this first section are about corporate social and environmental responsibility as a means to build adaptive capacity. Adaptive capacity is defined by the IPCC as the potential or ability of a system to adapt to climate change stimuli or effects, and is often considered the same as resilience.

1. In your work with corporate social and environmental responsibility, to what extent is increasing adaptive capacity in the face of climate change considered a priority?

2. In your opinion, do more corporate social and environmental initiatives need to be directed towards building adaptive capacity in developing countries?

3. Through your work, what have you seen as the major factors that limit companies from being involved in increasing adaptive capacity-building in developing countries?

4. One of several ways in which corporate responsibility departments can build adaptive capacity is by undertaking specific projects. How do you think the private sector can *best* contribute to building adaptive capacity in developing countries?

5. Please list pros and cons of private sector involvement in building adaptive capacity, specifically in an attempt to address climate change.

Often, corporate social and environmental responsibility activities are aligned with the host country's development needs. The questions in this section are about the possibility of instead aligning corporate responsibility initiatives with the company's core competency and expertise.

6. What do you think about a company's corporate social and environmental responsibility initiatives being aligned with its core competency and expertise?

7. Do you think such a shift in focus and framing for corporate social and environmental activities would help direct effort towards building adaptive capacity?

8. Do you see a role for such core competency-aligned corporate social and environmental activity, specifically in order to build adaptive capacity in developing countries?

APPENDIX III

Interview for Academics

The questions in this first section are about adaptive capacity. Adaptive capacity is defined by the IPCC as the potential or ability of a system to adapt to climate change stimuli or effects, and is often considered the same as resilience.

1. In your research, to what extent is increasing adaptive capacity considered a priority?

2. Do you see a need for increased adaptive capacity before a community-based adaptation project is implemented? If yes, what do you see as the most important elements of preemptive adaptive capacity-building?

3. Through your work, what have you seen as the major factors that limit adaptive capacity-building in developing countries?

The next section includes questions about corporate social and environmental responsibility as a means to build adaptive capacity.

4. In your opinion, do more corporate social and environmental initiatives and effort need to be directed towards building adaptive capacity in developing countries?

5. What do you think are the major factors that limit companies from being involved in increasing adaptive capacity-building in developing countries?

6. One of several ways in which corporate responsibility departments can build adaptive capacity is by undertaking specific projects. How do you think the private sector can *best* contribute to building adaptive capacity in developing countries?

7. Please list pros and cons of private sector involvement in building adaptive capacity, specifically in an attempt to address climate change.

Often, corporate social and environmental responsibility activities are aligned with the host country's development needs. The questions in this section are about the possibility of instead aligning corporate responsibility initiatives with the company's core competency and expertise.

8. What do you think about a company's corporate social and environmental responsibility initiatives being aligned with its core competency and expertise?

9. Do you see a role for such core competency-aligned corporate social and environmental activity, specifically in order to build adaptive capacity in developing countries?

APPENDIX IV

List of Interviewees

Aaron Atteridge

Michael Blowfield

Unmesh Brahme

Saleemul Huq

Darren Swanson

Malini Thadani

Allen White

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