

Catalysing private sector adaptation

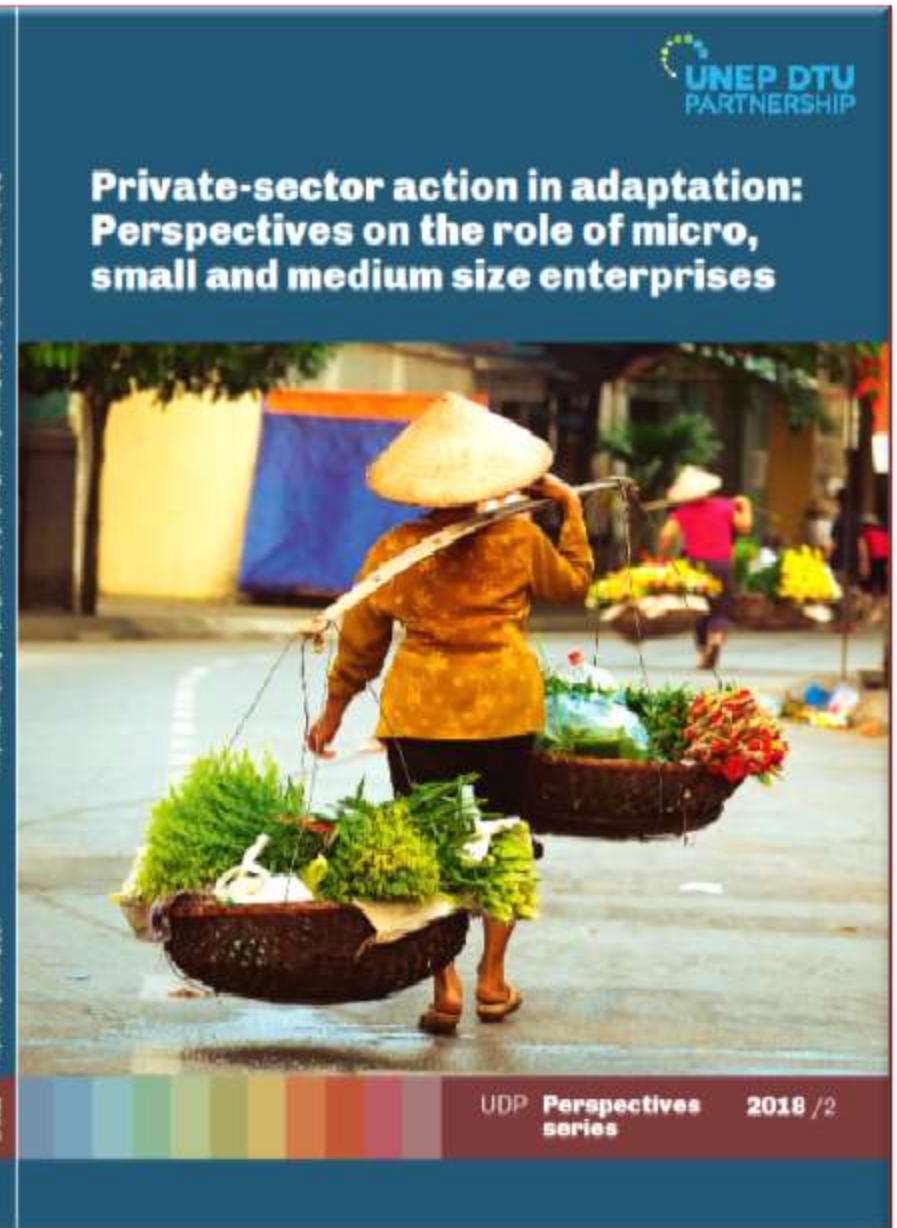
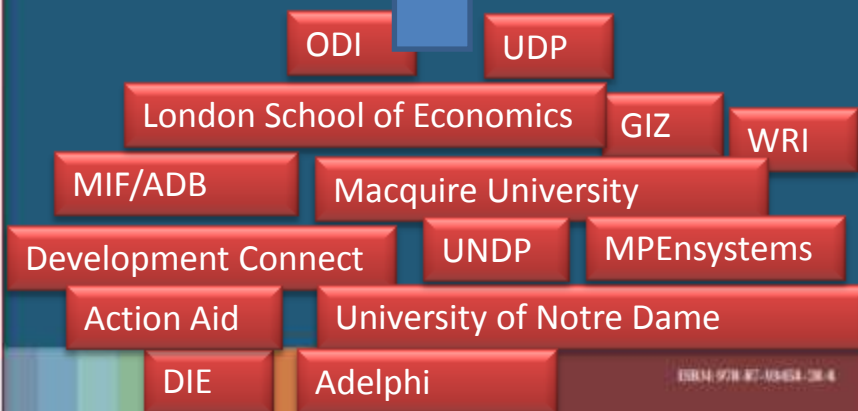
Perspectives on the role of micro, small and medium enterprises in the Global South



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UDP 'Perspectives' Publication

- Increased understanding of rationale and business case for MSME action in CCA
- Learning from existing approaches
- Instruments/mechanisms
- Future directions to support/scale up



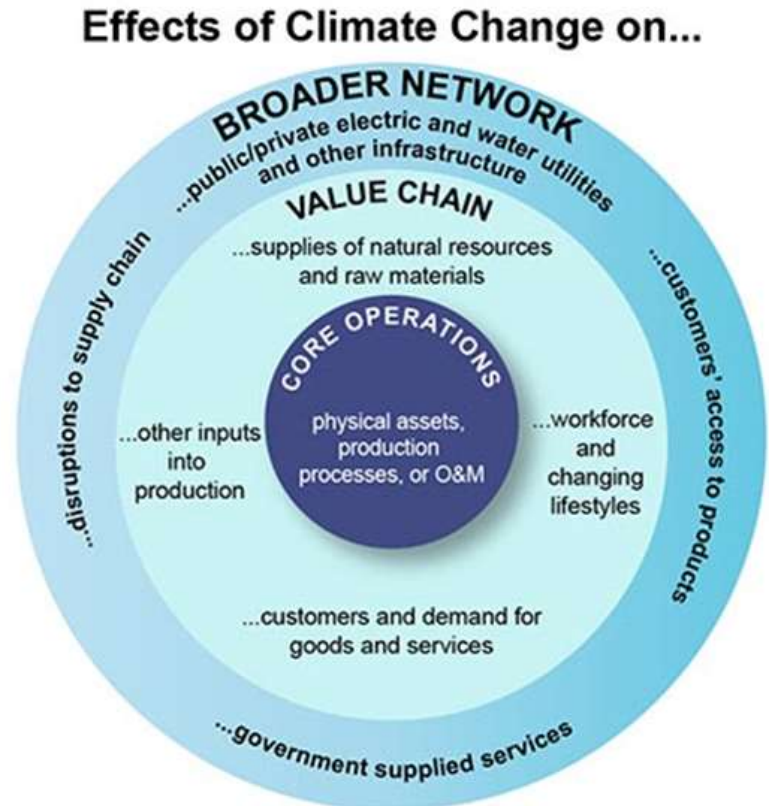
Why MSMEs & resilience?

- **Adaptation gap**
- Increasingly **exposed to disasters** resulting of CC and longer-term **incremental climatic changes**
- Key to contribute to build climate-resilient societies:
- Constituting more than 90% of businesses - backbone of the economy in dev countries - **employment generation & supporting livelihoods**
- Role in **global value** chains
- Definition IFC; Private-sector adaptation initiatives may relate to enterprises which:
 - (a) Protect their own interests by **climate-proofing** their value chains & business operations
 - (b) **Innovate** and provide products & services in response to a market need
 - (c) Influence **regulation, policies & institutional infrastructure**, PPP

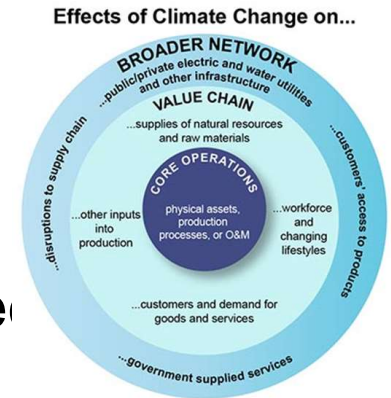


Impacts & Barriers

- CC fundamentally affects business operations directly and indirectly




Impacts & Barriers



- CC fundamentally affects business operations directly and indirectly
- Barriers:
 - **Awareness** of risks, costs, business rationale - incentives
 - Technical and **financial capacity**
 - Shorter business planning cycles - **reactive approach**
 - **Access to affordable financial products** to deal with climate risks (insurance, loans)
 - Large % operate in **informal sector**
 - **Uncertainty** over location, magnitude & timing of risks & impact
- Findings also demonstrate **the agency of MSMEs** - given right conditions and supporting environments.
- Understudied in literature - weak evidence base
- Focus on financing - little differentiation btw actors

Key findings: triggers for MSME adaptation action

1. Demonstrating & scaling up the business case for adaptation

- CC as a business opportunity rather than a risk - driving demand for private climate resilience solutions (ex. from ProAdapt and Admire programmes)
- Contribute to develop local adaptation capacity while realizing new business objectives (e.g. weather and climate information products and services)
- Some donor funded - more and more are applying sustainable commercial models
- Robustness of business case for adaptation often limited & profitability and risk management benefits unclear
 demonstrating, mainstreaming and scaling-up

Key findings: triggers for MSME adaptation action

2. Democratizing climate data: access to tailored tools, climate data & information

- Improved access to relevant context-specific (sector/region specific) information & data on risks and opportunities tailored to MSMEs
- PPP - e.g. Private actors in cooperation with national meteorological actors.
- Information on context-specific adaptation options available to MSMEs
- Framing resilience/adaptation as additional element of corporate risks management - mainstreaming into existing processes (Wilson)
- Access to tailored tools - user-friendly, easily accessible format (e.g. in local languages) ex. Climate expert (GIZ)
- Cambio Score: open-source, data driven framework to help private sector actors identify and prioritize areas of vulnerability & means of readiness (Nagrecha and Chawla)

Key findings: triggers for MSME adaptation action

3. Access to tailored Financial support mechanisms

Insurance (Surminski and Hankinson)

- Help MSMEs plan ahead & take positive business risks, while transferring climate risks BUT focus on short-term transfer of risk NOT building long-term resilience.
- Need to be designed and implemented with risk reduction in mind - emphasis on capacity building and risk education
- Business continuity plans could become a precondition for cover

Multilateral climate funds (Watson and Patel) - 9 funds

- Adaptation action by MSMEs - small but increasing volumes - mitigation
- Demonstrating and unlocking opportunities - more than increased project finance:
 - Clearer articulation of how the funds will engage MSMEs
 - Develop pro-MSMEs policies and investment frameworks
 - Reaching MSMEs in the informal sector is key & requires alternative approaches (alternative credit worthiness assessments)


Key findings: triggers for MSME adaptation action

4. Creating strong partnerships

- Engaging with firms of different sizes, including MNC, larger anchor firms
- Intermediary organizations: Chambers of commerce, business association etc.
- Strong private partners: resources to create awareness, disseminate best practises and facilitate market access for smaller suppliers
- Increased partnership between government & businesses key to enhance efficiency of public/private efforts - e.g. supporting implementation of NAPs.

Building flood resilience for MSMEs in Mumbai - Admire programme




 Highly vulnerable to CC impacts:
 flooding, cyclones, sea-level rise
 & coastal erosion



Heavy floods swamped Indian financial capital, Mumbai on August 29 - worst natural disaster the city witnessed since the devastating floods in 2005.

Mumbai will likely flood again-and nobody's doing much about it



Climate risk context Mumbai

- Highly vulnerable to CC impacts: flooding, cyclones, sea-level rise & coastal erosion

➔ Combination physical exposure, poor urban planning & DRM governance



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- ➡ Deaths, Loss of property & livelihoods, disruption of economic & social activities, poor health, damage to public infrastructure etc.
- MSMEs key to local & regional economy, neglected in DRM
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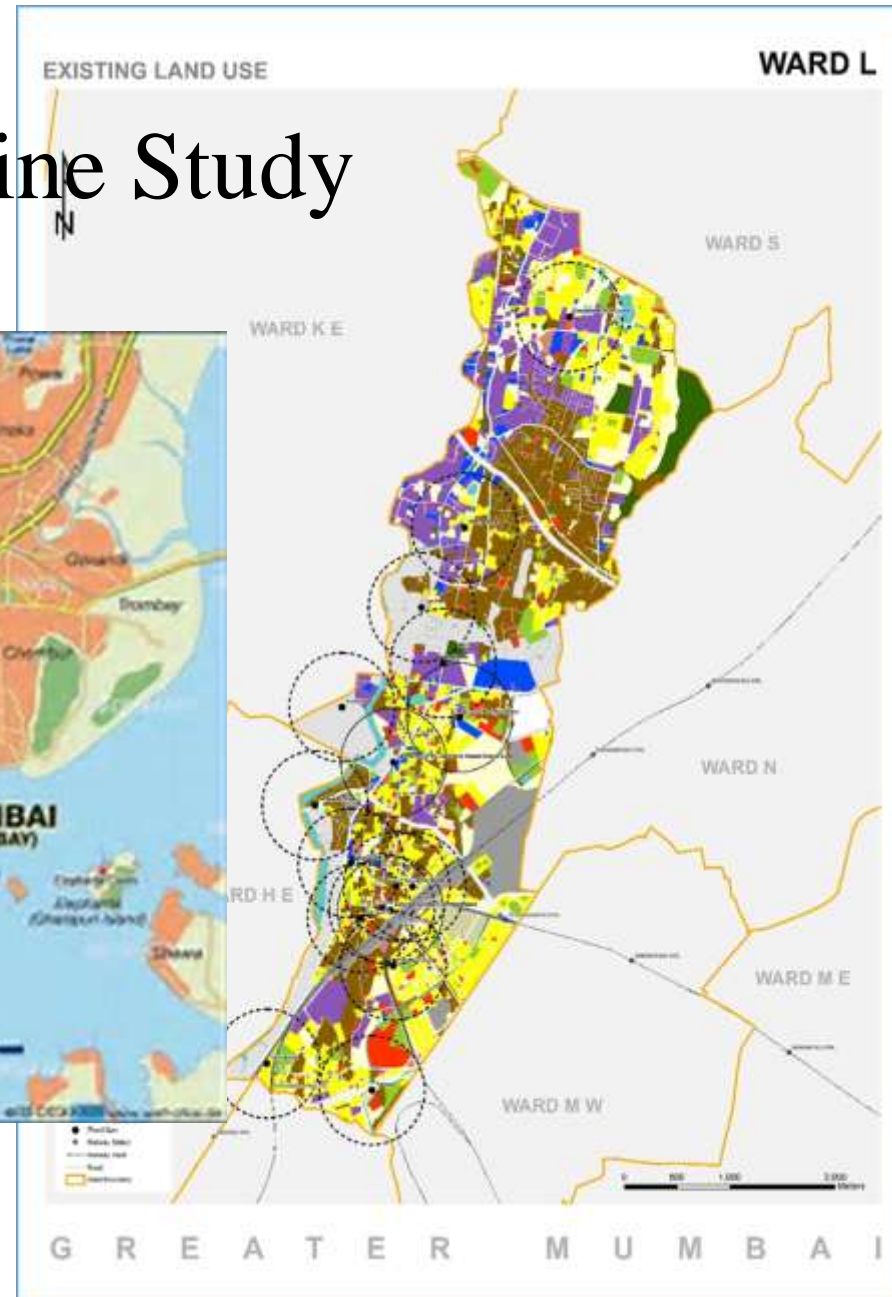
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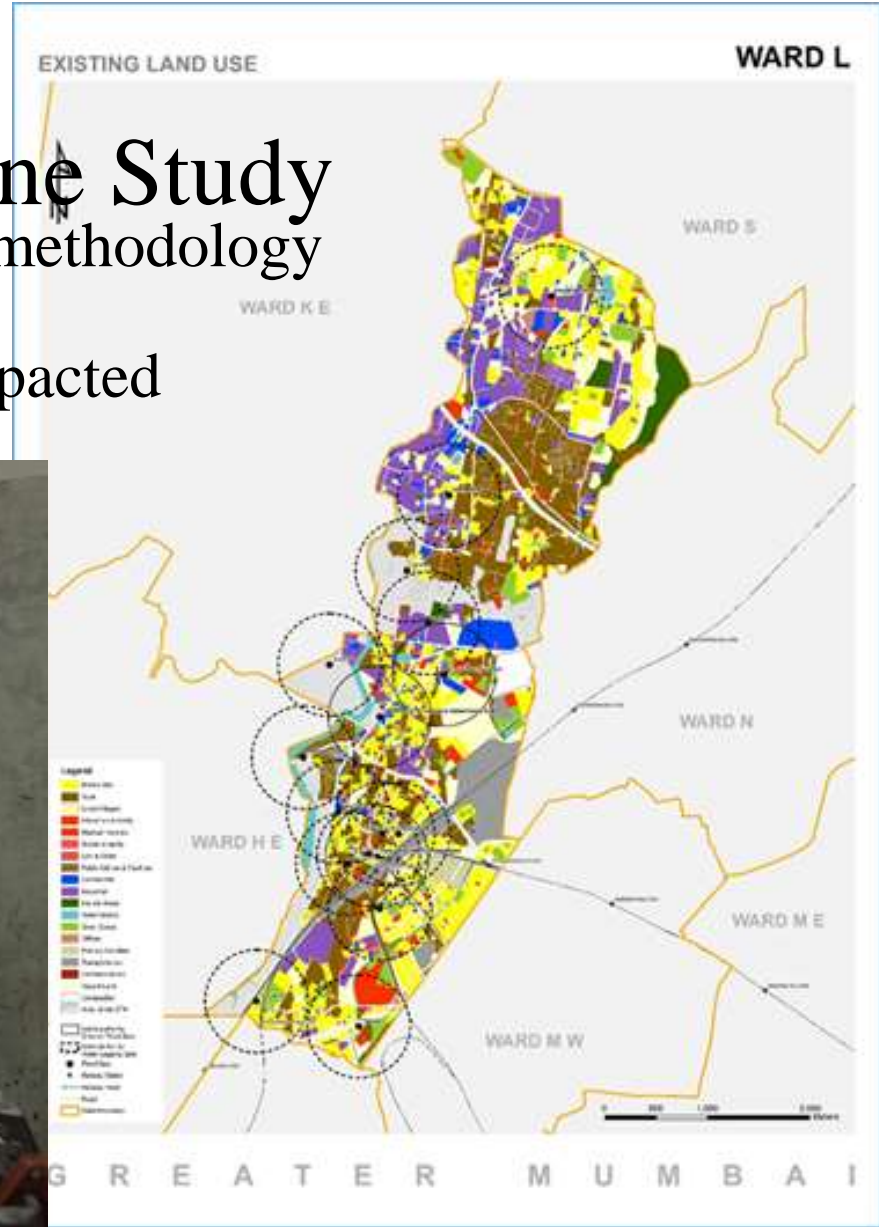
Baseline Study

→ Survey area selection - L Ward

- Many chronic flood spots
- Mixed land-use
- Mithi River
- 50 % slum dwellers
- Informal sector
- 200 MSMEs
- cooperative societies, local urban bodies etc.



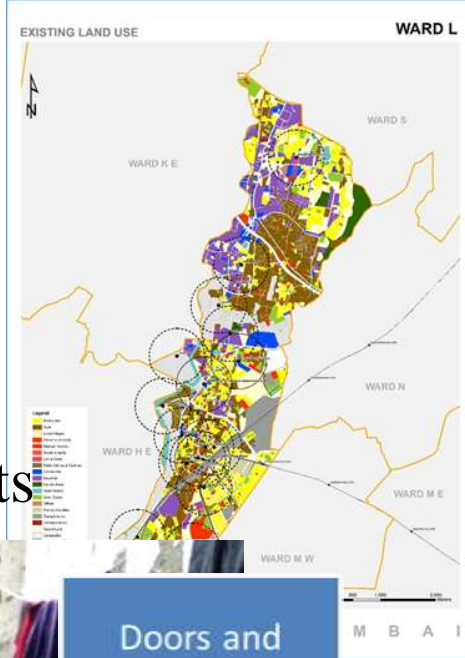
➔ Substantial exposure & high % impacted



Baseline Study

- Survey area selection - L Ward & methodology

➔ Substantial exposure & impacts, direct indirect costs



Baseline Study

- Survey area selection - L Ward & method.
- Substantial exposure & impacts

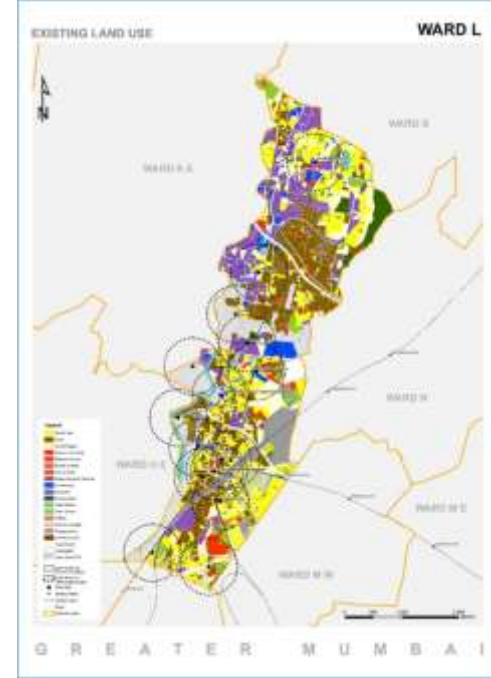
➔ Locally designed stand-alone ad hoc efforts

≡ Maladaptation



Baseline Study

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- Substantial exposure, damages and impacts
- Locally designed stand-alone ad hoc efforts



Maladaptation

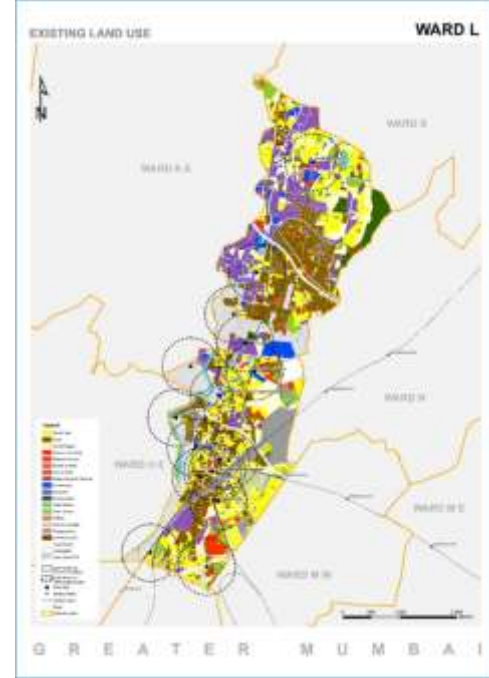
➡ Little knowledge & focus on flood risks & costs

- Lack of trust in local authorities MCGM
- Willingness and interest in addressing floods



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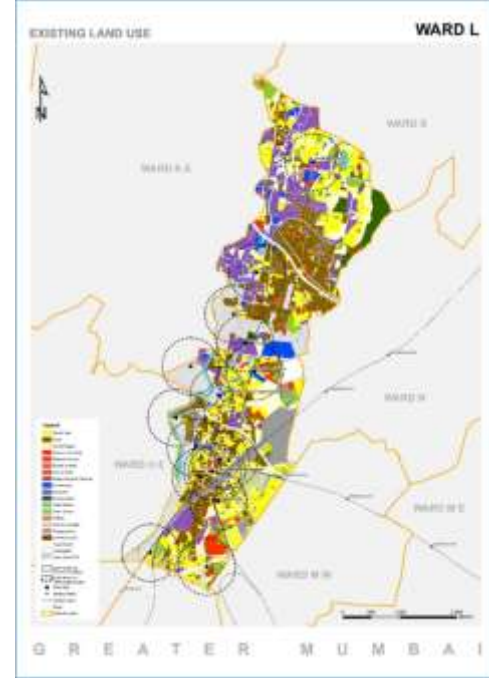


Maladaptation

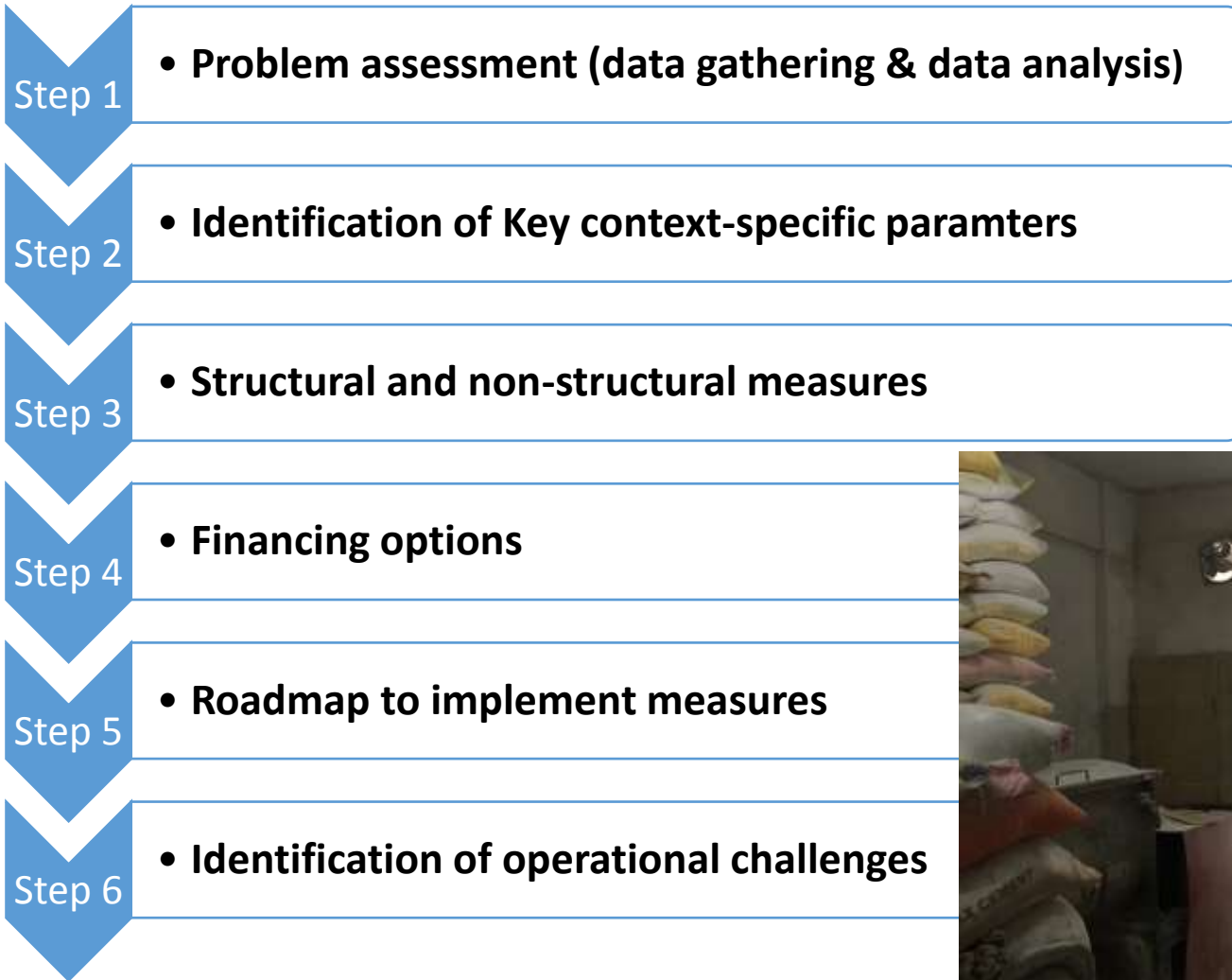
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Willingness and interest in addressing floods

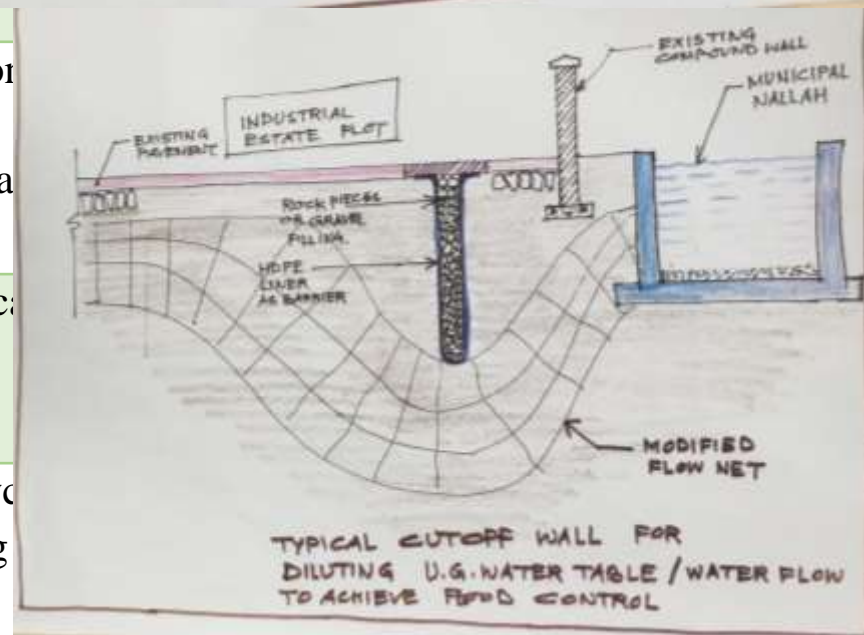
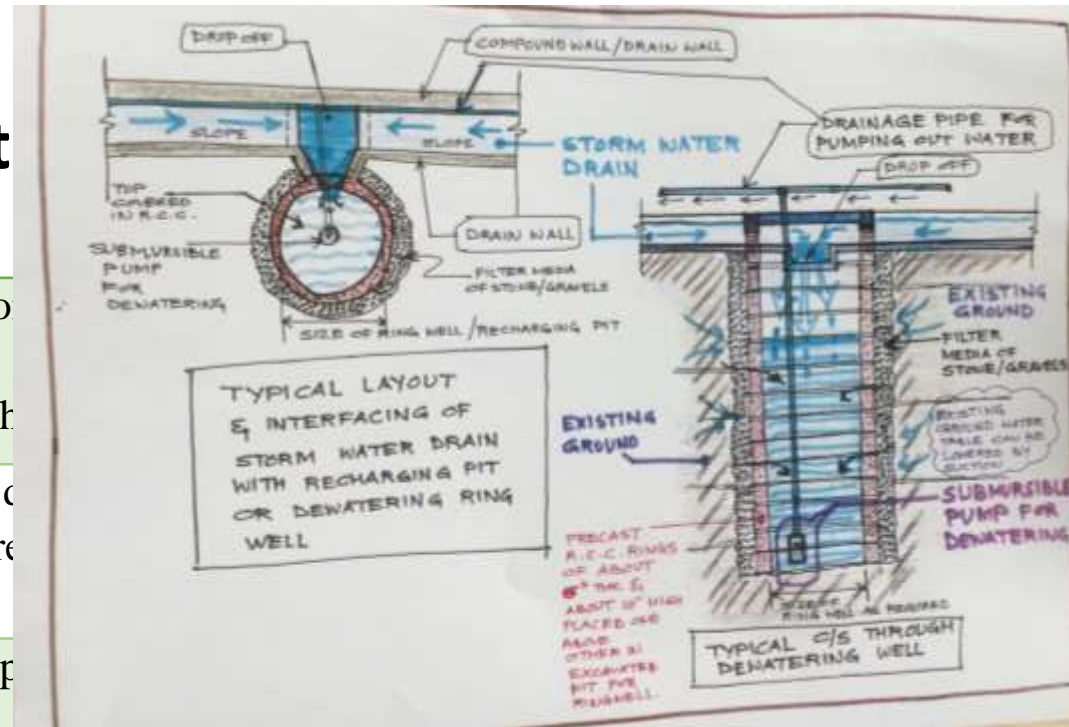


Operational Framework



Struct

Cut off channel at threshold	<ul style="list-style-type: none"> Type of floor drain collection of surface water Acts as a barrier for the
Planned surface drainage and SWD drains	<ul style="list-style-type: none"> Constructing surface of excess water in the area
Sump tank	<ul style="list-style-type: none"> Capacity storage of area ground
Dewatering ring wells and dewatering pumps	<ul style="list-style-type: none"> Dewatering well using cement concrete requirements Specific number of rings to be placed
Ground water cut off walls	<ul style="list-style-type: none"> Contaminated ground water can be bearing columns etc.
Recharging pit	<ul style="list-style-type: none"> Recharging pit comprising honeycomb borewell through micro tunneling



Non structural measures

**Early Warning
System**

**Emergency
planning**

**Solid Waste
Management**

**Awareness
building**



Operational Framework

Step 1

- Problem assessment (data gathering & data analysis)

Step 2

- Identification of Key context-specific parameters

Step 3

- Structural and non-structural measures

Step 4

- Financing options

Step 5

- Roadmap to implement measures

Step 6

- Identification of operational challenges



Key Challenges



- How to:
- Upscale and replicate (industrial clusters, other cities, regions, value chain)
- Promote a collaborative approach & avoid maladaptation
- Collaboration between municipal and private actors
- Change of attitudes and behaviours
- Motivation and Awareness raising: From short term approach to CCA & risks to business as usual
- Context specific tools and approaches & based on actual impacts and needs is time/ressource intensive

More information: <http://www.unepdtu.org> under News

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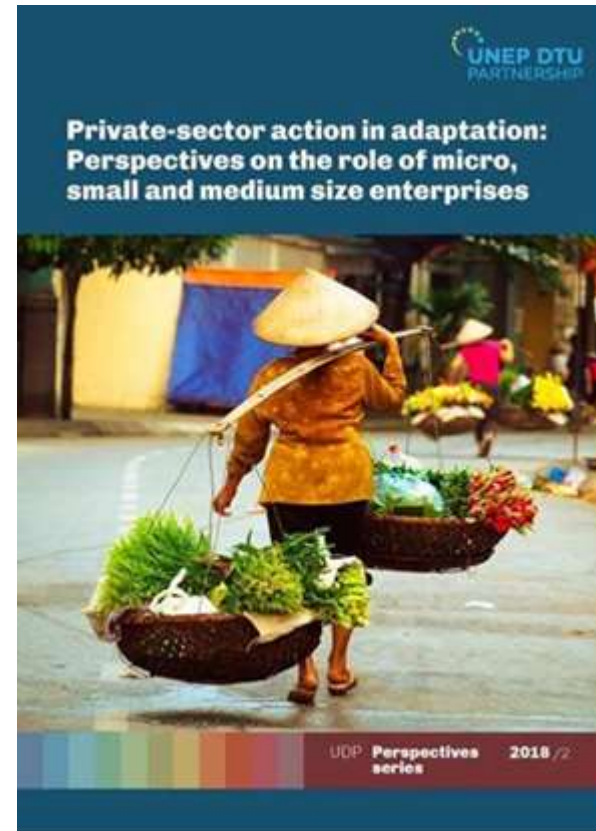
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THANK YOU!

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