



PRISE

Pathways to resilience
in semi-arid economies

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PRISE Project 4 – Enabling Private Sector Adaptation in Semi Arid Areas

County Workshop

Laikipia

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Sportsman's Arms Hotel – Nanyuki

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Presentation Outline

- 1. About PRISE project 4**
- 2. Why adaptation is important for SMEs**
- 3. Key findings**
- 4. Policy options**
- 5. Benefits of adaptations**
- 6. Conclusion**

About PRISE project 4 (P4)



PRISE Project 4, investigates how the private sector – especially Small and Medium Enterprises (SMEs) in Semi arid Lands (SALs) can adapt to climate change and take advantage of new opportunities.

Why adaptation important for SMEs

- SMEs play key role in supporting livelihoods and economic growth in Semi- Arid Area (SALs) such as Laikipia
- An estimated 2 billion people live in the world's drylands; 90% of which live in developing countries

Why adaptation is important for SMEs

- In Kenya 80% of land is classified as arid or semi-arid receiving less than 500mm of rainfall per year.
- The Kenyan ASALs host over 10 million people (25% of the country's population) who draw their livelihoods from the natural resources and associated enterprises.

Why adaptation is important for SMEs

- Livestock based SMEs contribute about 70% of Kenya's livestock (meat in particular) and more than 50% employment opportunities in the SAL counties.
- SMEs are a source of tourism revenue through wildlife conservancies
- Most importantly, some livestock and resource - based SMEs have strong cultural value, locally and nationally

Why adaptation is important for SMEs

- Despite the critical role SMEs in SALs play in supporting local and national economy, these enterprises are highly exposed to climate risks.
- Enterprises in SALs are more vulnerable given that SALs are already key climatic hotspots

Why adaptation is important for SMEs

- Little attention has been given to private sector adaptation as research and policy attention has been on household and community level adaptation
- Little empirical knowledge for policy makers – especially in developing countries – on the climate risks facing the private sector and possible solutions! .

PRISE Project 4, investigates how the private sector – especially Micro, Small and Medium Enterprises (MSMEs) in Semi arid areas can adapt to climate change and take advantage of new opportunities.

What did we aim for in the study?

- To assess how the private sector particularly SMEs are responding to climate change impacts.
- To assess the barriers faced by the private sector in adapting to climate change.
- To assess the role of multi-stakeholder partnership and gender in providing opportunities for private sector adaptation
- To recommend options for building SME adaptation and opportunities for economic growth

Project engagements

- Policy document analysis
- Baseline surveys of 164 SMEs in Laikipia
- Focused group workshop
- Key informant interviews
- County Stakeholder workshop .



Key findings

1) SMEs in Laikipia experience - climate risk, but have limited adaptation options:

- About 60% of economic activities in SALs is dominated by SMEs including pastoral and smallholder farming sectors which are climatically sensitive.
- SMEs are experiencing the impacts of climate change but most are unable to cope .
- The SMEs that are aware of climate risks, lack knowledge of suitable adaptation options.

Available options only support short term coping not long-term adaptive capacity of the SMEs.

- Current adaptation actions are localised and based on random initiatives that are largely reactive
- Options result in maladaptation including loss of loss of profits, and adaptation capitals

Key findings

2) SMEs in Laikipia encounter a range of barriers to adaptation

- **Lack of financial resources** to grow enterprises and be resilient to climate change- conditioned by informal enterprises, lower profitability and access to credit facilities.
- **Low awareness** about sustainable adaptation measures and markets is generally low.
- **Lack of enabling policies**

Key findings

3) Factors that support SMEs to pursue ‘sustainable’ adaptation strategies (i.e. strategies that enable businesses to continue operating include:

- General government support through enabling policies
- Access to finance,
- Markets and information services
- Specific adaptation assistance

Key findings

4) Women play a major role in running most SMEs that support household livelihoods - role of women-led SMEs in building resilience is important.

Yet

climate change risks are more pronounced for female business owners than the males.

Key Findings - women-led SMEs

Why are women-led SMEs important

- Female-led SMEs are businesses operated and run by women as the main proprietor(s).
- Women through their businesses support household livelihoods this promotes resilience at micro (e.g. household level) and macro scales.

Why are women-led SMEs important

- Women entrepreneurs make relatively higher contributions to family and societal welfare.
- Generating evidence on enabling adaptation for female-owned MSMEs in SALs has policy significance of poverty reduction at scale.

Key findings on women-led SMEs

However

Female-led SMEs are typically confined to small scale agricultural sectors – that experience higher exposure to climate risks

Female entrepreneurs may face additional barriers to managing climate risk within their businesses

The adaptation options are are very limited and localised

2) The main adaptation options employed by SMEs include:

- Women's groups and neighbourhood support networks—Social pulling- Table banking help access capital
- Reducing production scale
- Diversifying into climatically less-sensitive businesses such as charcoal banking
- Abandoning businesses during hearse climatic conditions
- Dependence on men for possible hand-outs

4). Factors limiting adaptation of women – led SMEs are mainly a combination of internal and external factors:

- **External factors e.g.** poor access to technology, lack of policy implementation; markets and finances are key factors impeding adaptation. These factors limit the robustness of SMEs to deal with the greater magnitude of climate change.

Key findings on women-led SMEs

4). Factors limiting adaptation of women – led SMEs are mainly a combination of internal and external factors:

Internal factors - culture and traditions defining gender roles and access and ownership of resources such as land limits time and pathways to accessing technology, information and financial resources

Key findings- multi-stakeholder partnership (preliminary)

5) Multi-stakeholder partnership is critical for supporting female SMEs adaptation by:

- Bringing in diverse organisational /stakeholder capabilities to create enabling conditions for MSME adaptation
- Supporting and strengthening financial, technological and information value chains in enterprises.
- Promote lesson learning

Policy options for enabling adaptation among SMEs

Governments and development partners have active role to play in enabling private sector adaptation by developing enabling environments to address broader structural deficits and barriers that limit adaptive capacity of businesses

Policy implementation structures : Policies exist but are inadequately implemented. There is need to put in place clear policy implementation structures supportive to different social groups- budget lines, proper coordination and departmental capacity strengthening

Policy options for enabling adaptation among SMEs

Enhanced partnerships between government, private sector, civil society and development partners provide linkages to opportunities for funding opportunities as well as lesson learning on best practices.

Establish platforms for champions where successful cases of SMEs growth and adaptation can be showcased. Such platforms provide useful examples to introduce entrepreneurs to new adaptation strategies and technologies and to motivate adoption

Benefits of supporting climate change adaptation for SMEs

- Climate compatible development in line with Vision 2030 and SDGs
- Enhanced livelihoods and resilience of county residents
- Enhance investment environment e.g. structures and policies to manage floods or drought could attract investors.
- Opportunities to access funding for programme implementation e.g. CIDP implementation through Green Climate Fund, Adaptation funds among others.

Conclusion

Supporting adaptation of private sector provides a huge opportunity towards supporting development and de-risking investment for economic growth at county and national levels.

Further related reading

- **Journal Article:** *Crick, F., Diop, M., Gannon, K. E. & Sow, M.* Enabling private sector adaptation in sub-Saharan Africa. *WIREs Climate Change (in revision)*
- **Book chapter:** *Joanes Atela and Kate Gannon, 2017* Climate change adaptation among female-led micro, small and medium enterprises in semi-arid areas: A case study from Kenya.
- **Policy brief :** *Joanes Atela and Kate Gannon, 2017* Options for Enabling climate change adaptation among female – led enterprises
- **A couple of blogs and news articles**



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