



Strengthening the Competitiveness of SMEs in International Value Chains

Climate Change Adaptation

New projects

Project: T4SD Hubs
Donor: SIDA
Sector: Multiple
Countries: Ghana, Kenya, Peru, Viet Nam

Past projects

Project: Climate Resilience Project
Donor: BMZ
Sector: Textile and agri-food
Countries: Morocco, Kenya



OVERVIEW

The International Trade Centre (ITC), the joint agency of the World Trade Organization and the United Nations, supports small and medium-sized enterprises (SMEs) to adapt to climate change through a customized coaching programme.

The coaching programme is based on the “Climate Expert Approach” (www.climate-expert.org), which has been developed by the Global Programme on Private Sector Adaptation to Climate Change (PSACC) of the German Development Cooperation (GIZ) and financed by the Federal Ministry for Economic Cooperation and Development (BMZ).

The approach aims at increasing the competitiveness of SMEs in international value chains through better management of climate induced risks in terms of production losses, energy supply, transport disturbances, water shortages as well as by opening new business opportunities through newly arising product and service demands.

Due to the interdependency of value chain actors from production and processing to consumption, climate induced business risks spread across the value chain, as soon as one actor is affected by the impacts of climate change. Collaborative and proactive management of climate risks among value chain actors through the creation and implementation of climate resilience strategies is crucial. It translates into more stable business operations and transactions along international value chains and leads to sustainable growth of both local and international businesses.

The approach is implemented in a number of ITC projects as indicated in the world map above.

BENEFITS FOR SMEs

ITC enables SMEs to adapt to climate change through a customized coaching programme leading to:



Improved competitiveness through cost savings as well as improved operational and resource efficiencies;



Business continuity and stable transactions in international value chains;



New business opportunities through the development of new products and services;



Access to (green) finance opportunities.



Anticipation of regulation and improved reputation.

THE COACHING PROGRAMME

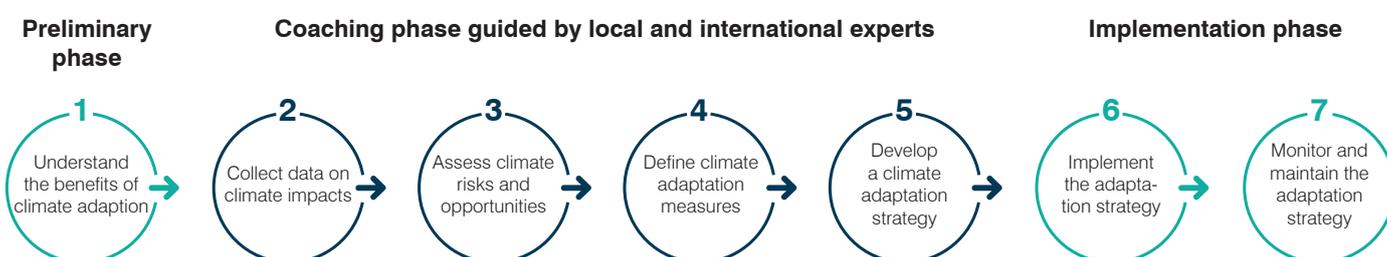
The customized coaching programme is based on climate impact assessments of the targeted value chains and the analysis of localised climate data in the main production regions in the target country.

At the start of the coaching programme the past and future climate impacts of the selected SMEs are jointly identified and assessed with the assigned experts. Based on the resulting information, the experts advise the SMEs on the identification of measures to reduce climate-induced risks and to seize arising business opportunities. The shortlisted measures are assessed from a financial perspective and compared through a cost-benefit analysis. For the final

selection of measures a climate adaptation strategy and related communication plan are developed. To ensure the implementation of the strategy, the SMEs receive further guidance on accessing (green) finance, technology and expertise.

Parallely, the selected SMEs are enrolled in the online learning course "Climate Change and Enterprises" hosted on the ITC SME Trade Academy. An ITC certificate can be obtained upon completion.

The coaching programme is implemented according to the following schedule:



The coaching programme is complemented by in-depth workshops on common pressing issues of the selected SMEs to implement climate adaptation measures. The workshop topics are jointly identified with the suppliers and their international buyers which take part in the project.

SMEs also benefit from training and guidance on access to (green) finance to ensure the implementation of those identified measures for which external financing is needed.

ENGAGEMENT OF INTERNATIONAL BUYERS AND FINANCIERS

International buyers including brands and intermediaries should take an active role in the implementation of the programme in the targeted countries and sectors through the identification of their suppliers and the participation in the sensitization workshop, in one to two of the customized coaching sessions as well as in the closing workshop. ITC also encourages buyers to engage with their suppliers in the implementation of the identified climate adaptation measures.

Benefits for international buyers include a reduction of the climate induced supply chain risks, collaboration and an active dialogue with their suppliers beyond existing

commercial ties, as well as drawing from lessons learnt for a potential replication of the project with further suppliers and in other sourcing countries.

Financiers including commercial and development banks as well as traditional and impact investors are invited to take part in the project early on in order to inform participating SMEs about existing (green) finance offerings and to consider bankable projects resulting from the project. In this way, financiers are accessing a wide portfolio of interesting projects to potentially access their (green) products.

