Assessing climate risks and vulnerabilities in market systems – The guideline in a nutshell

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Learning Event Swiss NGO DRR Platform

Integrating DRR into market system development

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Rationale

Climate change is the greatest and widest-ranging market failure ever seen, as in most markets, the effect of this market dysfunction falls most on those least able to take action to escape its consequences (Stern Report).

- **Secure development gains** in market system projects.
- **Loss in yields** due to climate variability/change.
- **First experience**: risk and vulnerability assessments in MSD projects (Armenia, Georgia and Honduras).
- **Growing interest** for a guideline on how to address climate risks and vulnerabilities in market systems.

Setting the guideline in a context

1. MSD approach for DRR interventions (MSD>DRR):

A systemic approach to improve DRR interventions.

-> Systemic analysis: embedding in context

-> DRR measures: understand interests, create incentives

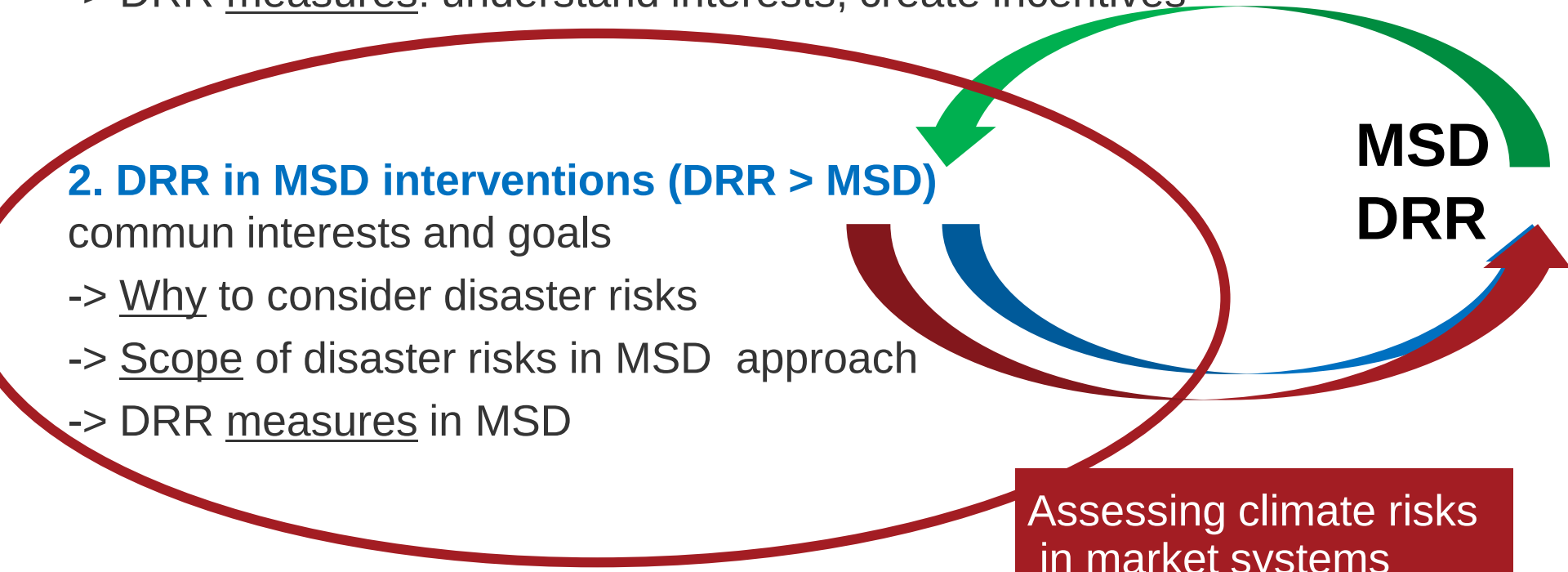
2. DRR in MSD interventions (DRR > MSD)

commun interests and goals

-> Why to consider disaster risks

-> Scope of disaster risks in MSD approach

-> DRR measures in MSD



Assessing climate risks in market systems

The guideline

- Not a new tool → builds on existing tools and approaches in CC/DRM and MSD.
- Participatory process of all actors involved in the sub-sector (not a desk tool).
- Also a capacity building tool for understanding the impacts and opportunities of CC/DRM in their subsectors.
- Application of the guideline in Nepal on coffee and banana sub-sector.

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Relevance and application of the guideline

Overall objective

To identify the most **climate resilient sub-sectors** in a given context and to **determine the potential impacts and relevant measures** in the field of ACC and DRM to further increase resilience in the market system.

Application of the guideline (not exclusive)

- Actors for the **selection of the most resilient** sub-sectors.
- Actors **adapt their involvement** in a market system based on climate risk resilience.
- Actors **determine options** to make a sub-sector more climate resilient.
- Actors **understand the impacts** of climate change on natural resource based sub-sectors in the short (1 to 5 years) and mid-term (6-15 years).

Target audience of the guideline

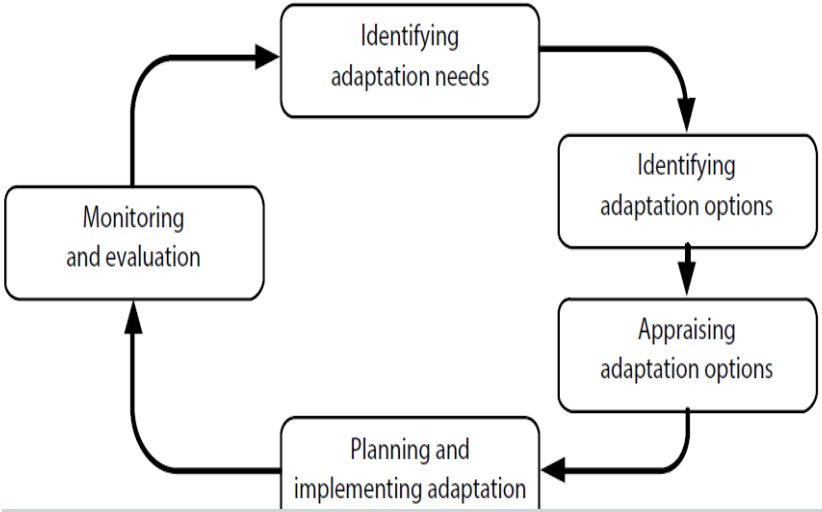
The guideline shall help **(small-scale) businesses** (private and public), **in better understanding climate risks and opportunities in their sub-sector**, identify where emerging market opportunities exist and develop a comprehensive **climate risk management approach** that shall be part of the enterprise.

- **Natural resource**-based market systems
- Focus on **climate-related risks and vulnerabilities**
- Causality of change
  - Shift from a reactive to a **proactive attitude** using prevention, preparedness and adaptation measures (short to long-term).
  - Actors not only contribute in economic terms, but do **not cause any harm** to the **environment** through unsustainable practices.

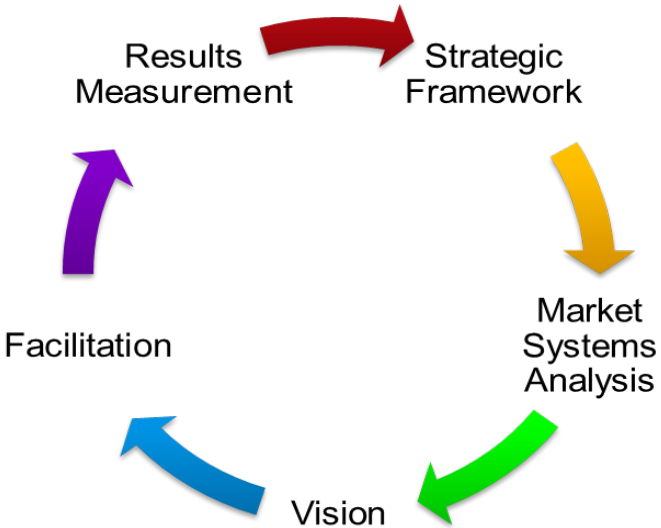
→ **Integrative management of climate risks with a long-term perspective!**

Methodology

Adaptation to climate change process



Market systems development project cylce



<u>Tools for risk assessments</u>

CRiSTAL (Community-based Risk Screening Tool, Adaptation & Livelihoods

CEDRIG (Climate, Environment and Disaster Risk Reduction Integration Guideline)

PROVIA' Guideline on Assessing Vulnerability, Impacts and Adaptation

Participatory Appraisal Tools

The Operational Guide for the Making Markets Work for the Poor Approach (The Springfield Centre, 2015)

8-Step approach towards climate resilient subsectors

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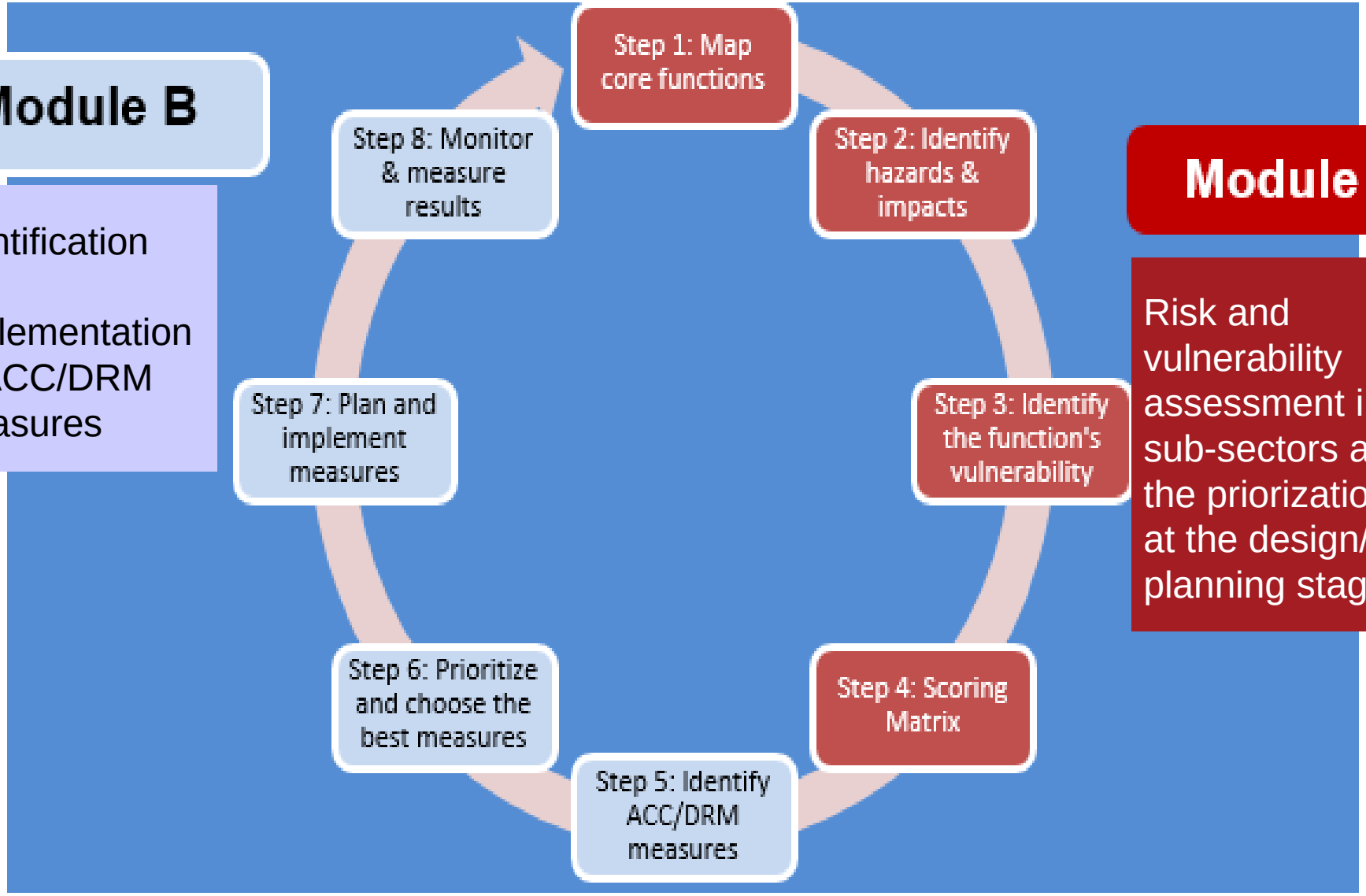
Module B

Identification and implementation of ACC/DRM measures



Module A

Risk and vulnerability assessment in sub-sectors and the priorization at the design/ planning stage

8- Step approach towards climte resilient subsectors

Module A	Risk and vulnerability assessment in sub-sectors and their priorization at the design and planning stage

1. Map core functions, support functions and roles/regulations in the selected market system;
2. Identify current and potential future hazards, impacts and current coping strategies;
3. Identify each function's vulnerability to climate risks;
4. Identify most resilient subsectors based on a scoring matrix.

Module B	Identification and implementation of adaptation and disaster risk management measures

5. Identify possible ACC and DRM measures;
6. Prioritize and choose the best/most appropriate measures.
7. Plan and implement the selected measures.
8. Monitor and measure results.

Concluding remarks

Application of the guideline illustrates that the

- **challenge of cultivating coffee** in Nepal below 1,000 m becomes/will become more critical in the future due to increasing temperature/, higher humidity → coffee shall rather be promoted in Nepal above 1,000 m in the future.
- analysis has given a **wide range of possible measures** to intensify and reduce negative effects caused by the changing climate → immediate benefits for coffee producers.
- **Application of different measures simultaneously** is key to diversify and minimize risks in a specific market system.
- There is **no one size fits all approach**, measures change from location to location, but also throughout time (adjustment).
- **Constant monitoring** is crucial to ensure the effectiveness of selected measures.

→ **Adaptive learning in MSD is key for ensuring to contribute to climate resilient development**

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Thank you !

Your feedback is highly appreciated!