

# PRODUCTION, EMPLOYMENT, VALUE CHAINS AND MICROFINANCE



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## IMPACTS OF CLIMATE CHANGE

Impacts of climate change are increasingly being felt by people around the world and impacts are projected to increase in the coming years. Changing weather patterns, rising temperatures and increasing occurrence of droughts and floods are typical impacts making life more difficult among the poor in the Global South. Climate change challenges poverty reduction and resilience. For all interventions, it is important to target the most vulnerable as part of the approach as they are the most exposed to climate change impacts.

# HOW TO USE THIS CLIMATE INTEGRATION TOOL

This climate integration tool is primarily intended for assisting organisations, which are not having climate change actions as their core area of operation. As CISU, we want to **support our member organisations to further integrate climate action in their development work.** Integrating climate actions is defined as the process of inclusion of climate change related actions into sector implementation, outcomes and policies.

### How to use this tool

The climate tool has two main sections, one on **ENTRY POINTS** with **KEY QUESTIONS FOR YOUR ANALYSIS** related to climate action integration when developing your intervention. Here you will also find inspiration on where to look for relevant information.

The second section **OPPORTUNITIES FOR INTEGRATION** has examples and practical

inspiration on **ACTIVITIES AND APPROACHES**, as well as examples on outcomes and indicators for climate action integration.

### When should we think climate?

In the intervention preparation phase, ask yourselves and your partners the following questions to find out whether climate actions are relevant:

- **Is the target group impacted by climate change?**
- **Is the thematic focus impacted by or impacting on climate change?**

If you can answer yes to any of these questions, this climate tool can provide inspiration on how to get started with integrating climate actions in your intervention!

## CLIMATE ACTION

It covers adaptation, mitigation, risk reduction and resilience building. It is linked to disaster risk reduction and closely linked to green economy and environmental management.

## ADAPTATION

Climate change adaptation is the processes by which human beings and societies adjust to changes in climate by making changes in production systems and social and economic organisation in order to reduce vulnerability to changing climatic conditions. Adaptation is closely linked to building resilience of societies and contributes to people's adaptive capacity. In many ways, it resembles good sustainable development.

## MITIGATION

Mitigation is limited to the processes by which human beings and societies address the various human activities with potential to reduce emission of greenhouse gas. With CISU funded interventions having a focus on poverty reduction, the focus in climate action integration will naturally be on adaptation. Mitigation should be understood mainly as a co-benefit in the process.

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# HOW-TO-GUIDE ON INTEGRATION OF CLIMATE ACTION IN DEVELOPMENT WORK



## ENTRY POINTS

Development interventions addressing production, employment, value chains and microfinance (SDG 8 and 12) operate within a multitude of sectors. Several of these sectors experience major impacts from climate change. Also, some of them have impacts on climate change. The ability to create employment and enhance production and local economies has a major impact on decreasing vulnerability of communities.

### Sector Policies

When addressing climate action integration, several entry points can be used. These are related to the specific sectors that the employment, production or value chain address (e.g. look in agricultural sector policies and plans when the intervention is about production and employment in agro-processing). Further, the entry points for seeking information on integrating climate action can include the National Employment Policies and Strategies and the National Green Economy Strategies.

### National Climate Plans

Some information might be gathered in **NAPs, the NAPAs, the NDCs and the National Communications** for the respective countries. The NAPs can be accessed here: [UNFCCC-NAPs](#). The NAPAs can be accessed here: [UNFCCC-NAPAs](#). The NDCs can be accessed here: [UNFCCC-NDCs](#), and the National Communications can be accessed here: [UNFCCC - National Communications](#). Expect only to find limited information in relation to the relevant green economy.

### Local Development Plans

Important entry points for seeking information related to specific geographical areas are **local development plans**. The local development plans – typically the district or municipal development plans can include information on responses to climate change in relation to the economic sectors.

### Other Entry Points

Other documents include possible **Disaster Risk Reduction Plans** for the specific target area (commune, district, province). They can have relevant climate actions for the economic sectors and the sector of relevance for you. In some cases, different assessments covering the area including **vulnerability assessments** or **participatory poverty assessments** exist. Here it is possible that aspects on resilience, employment and production are addressed. Check also with other CSOs in the area, what material they might have. There are a few guidance notes addressing climate action integration within employment, business and value chains. They include: [SIDA Green Eco](#), [ILO Green Eco](#), [Oxfam Green Eco](#), [ODI Green Eco](#).

## TYPICAL IMPACTS FROM CLIMATE CHANGE

- Climate change has significant impacts on economic activity, employment creation and value chains.
- This eg. happens through disruption in production capacity and disruption of supply chains from climate hazards and change in growing conditions of needed raw material.
- Overall, these changes will affect economic opportunities, profitability and competitiveness, livelihoods and employment.
- Reduced water availability is a major threat to productivity.

## KEY QUESTIONS FOR YOUR ANALYSIS

When seeking to integrate climate action in production, employment, value chains and microfinance, some questions to ask include:

- What are the impacts on the specific economic activity and its employment that climate change has and is likely to have in the target area?
- What obstacles are there for additional green economy activities in the area?
- Will the planned activities contribute to increased resilience and low carbon development in the economic activities?
- What are the strategies used by businesses at the relevant local level to manage risks associated with changing climate? – and what are the links with livelihoods of different groups within the local societies?
- How is the institutional and policy environment related to the green economy?

# CHECKLIST



Information sources in production, employment, value chains, and microfinance	To be found? Yes/No	Consulted? Yes/No	Relevance of information? High/Medium/Low
National employment strategies			
National green economy strategies			
Country documents submitted to UNFCCC – NDC, NAPA, NAP, National Communications			
Local development plans			
Disaster Risks Reduction plans			
Vulnerability assessments/Poverty Assessments			



## OPPORTUNITIES FOR CLIMATE INTEGRATION

Development interventions addressing SDG 8 and 12 fall into several sectors such as agriculture, water, energy, finance etc, and are naturally linked with climate action. Integration of climate action is closely related to the wider perspective of promoting green economy and green employment. The opportunities cover climate change adaptation and mitigation. Especially, synergies are found within value chains, production and employment within agriculture and natural resources. Typically, interventions addressing SDG 8 and 12 have quite a broad range of opportunities for integrating climate action where building local resilience capacity is critical.

The options for climate action integration are many and can vary dependent on the thematic focus chosen in the support of production, employment and value chains. It is important to reflect the impact of the chosen approaches in the expected outcomes and results of the intervention. Have you for example selected skills development for working in the green economy, you should include improved employment and production in the green economy in the outcomes and results.

## ACTIVITIES AND APPROACHES

- Promote **green skills development training** including climate adaptation and mitigation skills in vocational training. Primarily related to capacity development and can contribute to adaptation as well as mitigation.
- Promote **entrepreneurship and cooperatives** within the green economy including in sustainable agriculture, forestry, biodiversity, water, waste handling, transport efficiency and sustainable energy. Adaptation and mitigation. Related to advocacy and capacity development.
- Promote support to **microfinance** to increase local resilience and further to integrate climate actions by supporting **capacity building of microcredit recipients** to use finance for green production and adaptation activities including for water harvesting, soil conservation etc. Primarily related to adaptation. Can also be done through capacity development and strategic services.
- Support **microfinance for disaster preparedness**. Within microfinance, ensure that finance is organised in such a way that it can contribute to supporting people when climate hazards are striking (droughts, floods), link with disaster preparedness. Focused on adaptation and can be done through advocacy and capacity development.
- Promote **climate proofing of value chains** by further building capacity to protect the various links in the value chain from climate impacts. Focus is adaptation related to capacity development.
- Promote **climate adaptation measures in value chains** by building capacity to match production capacities and methods with changing availability of natural resource capital (e.g. in water availability, in raw material availability). Adaptation focus related to capacity development.
- Prioritise support to **value chains** that are most **supportive of resilience building and low carbon** development. Assist in identifying sector with potential to create green jobs. Adaptation and mitigation. Related to advocacy and capacity development.
- Address **water, energy and/or raw material efficiency** in production and supply chains to tackle scarcity of these resources. Address adaptation needs, but also contribute to mitigation. Related to advocacy and capacity development.
- Promote **product labelling for green (and climate friendly) products** and ensure inclusion of small producers. This is adaptation and mitigation. Related to advocacy, capacity development and strategic services.
- Support **adaptation measures in production**, employment and in the supply chains. Assist in supply chain balancing and contingency planning in light of changing climate condition. Focus is on adaptation and can be done through advocacy and capacity development.
- Promote **redesign of production and business facilities** for improved **resilience and for emergency response** preparedness. Train workforce in emergency response preparedness. Adaptation related to advocacy and capacity development.
- Support **workers unions and other interest organisations** to further address decent jobs and professional training related to the green economy and climate resilience. Adaptation and mitigation. Focus within advocacy and capacity development.
- Promote **financial services, insurance and credit products** supporting the resilience of farmers. This is adaptation and has a focus on advocacy.
- Address issues of **access to adaptation finance** for business proposals from various adaptation funding facilities. Related to advocacy.
- Developing public-private **integrated agricultural extension** services that promote climate resilient agriculture (and includes advice, seeds, inputs). Primarily adaptation. Related to advocacy, capacity development and strategic services.
- Developing **e-agricultural extension services** to reach out, provide updated information and respond better to weather/climate information. Adaptation focus. Related to advocacy and capacity development.
- Promoting **businesses in organic fertilizers**, integrated **pest management**, and in **storage** of agricultural products. Adaptation and mitigation focus. Related to advocacy, capacity development and strategic services.
- Promote **businesses addressing water access** including water for irrigation and water harvesting. Has focus on adaptation and relates to advocacy and capacity development.

During implementation of your intervention, you must monitor progress in accordance with indicators that reflect the integrated climate actions. You need to ask yourselves whether the monitoring set-up includes indicators on improved production or employment in the chosen economic sectors? Or whether greener or more climate resilient value chains or application of microcredit are included in the indicators?

- Addressing development of **commercial nurseries** and **reforestation** businesses. Adaptation and mitigation. Related to advocacy and capacity development.
- Support businesses dealing with **energy access** including **stove** production and **biomass** utilisation. Supports adaption (health resilience) and mitigation. Related to advocacy, capacity development and strategic services.
- Promote development of **businesses and entrepreneurship** in **renewable energy and energy efficiency** including training of managers and workers in manufacturing, installation and maintenance. Mitigation and adaptation. Related to advocacy and capacity development.
- Promote business addressing **conservation, ecosystem management, payment for ecosystem services and eco-tourism** for increased local incomes from sustainably managed ecosystems. Adaptation and mitigation. Related to advocacy and capacity development.
- Influencing **sector policies and plans** in support of green economy and green employment. Focus in both adaptation and mitigation. Related to advocacy.
- Build **capacities of sector institutions, local government and CSOs** in supporting production, employment and value chains which are resilient, green and have low emission. Adaptation and mitigation. Related to advocacy and capacity development.

	To be found? Yes/No	Consulted? Yes/No
Integration activities in production, employment, value chains, and microfinance		
Green skills development (incl. climate) in vocational training		
Promote entrepreneurship and cooperatives within the green economy		
Capacity building of micro-credit recipients to use finance for green production and adaption activities		
Support microfinance for disaster preparedness		
Climate proofing of value chains		
Climate adaptation measures in value chains		
Prioritise support to value chains most supportive of resilience building and low carbon development. Identify sectors with green job potential		
Water, energy and/or raw material efficiency in production and supply chains		
Labelling for green (and climate friendly) products		
Adaptation measures in production, employment and in supply chains		
Redesign of production and business facilities for improved resilience and for emergency response preparedness		
Support workers unions and other interest organisations to address decent jobs and green economy/resilience professional training		
Promote financial services, insurance and credit products supporting the resilience of farmers		
Address issues of access to adaptation finance for business proposals		
Public-private integrated agricultural extension services		
E-agricultural extension services		
Businesses in organic fertilizers, integrated pest management, and in storage		
Businesses addressing water access		
Commercial nurseries and reforestation businesses		
Businesses dealing with energy access including stove production and biomass utilisation		
Businesses and entrepreneurship in renewable energy and energy efficiency		
Businesses addressing conservation, ecosystem management, payment for ecosystem services and eco-tourism		
Influencing sector policies and plans in support of green economy and green employment		
Build capacities of sector institutions, local government and CSOs in supporting green resilient production, employment and value chains		

8 DECENT WORK AND  
ECONOMIC GROWTH12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

# CLIMATE PROOFING VALUE CHAINS AND ECONOMY

A CISU member works with its partner on improving agro-processing value chains and supporting rural microfinance in two districts in Ethiopia. They have decided to make further efforts in integrating climate action in their intervention.

In information contained in the communication by Ethiopia to UNFCCC (especially the NAP), and in the Ethiopian Climate Resilient Green Economy Strategy, it is stressed that **green economy training for microcredit participants** and **climate proofing of value chains** are relevant adaptation measures with some mitigation co-benefits.

In the district development plans and the climate vulnerability assessments for the districts, they found information related to which value chains are prioritised and how they are expected to perform under a changing climate. Also, they found information on expected support to microcredit development.

Hence when promoting agro-processing value chains and microcredit the partners will stress climate proofing of the value chains. This includes such aspects as **access to produce under drought conditions**. They will further address **training in green economy** when they train microcredit groups.

The activities are to be addressed in relation to capacity development and strategic services.

The objectives and outputs of the proposed intervention are formulated so that they include more **resilient value chains** and **better skilled microcredit groups**. Indicators revolve around increase in specific resilience measures in selected value chains and number of microcredit groups with improved green economy skills.

*The practical example is constructed based on experiences from interventions of different CISU members organizations.*