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Multistakeholder partnerships for adaptation: the role of micro, small and medium enterprises

Abstract

SMEs are of overwhelming importance for developing countries' economies and labour markets. In the context of the great need for climate change adaptation and the 'adaptation finance gap' between the costs of adaptation and the level of international support provided to developing countries, this chapter analyses the potential of multi-stakeholder partnerships as a vehicle for SME engagement in adaptation. Recent years have shown a stark increase in such partnerships as a way of addressing climate change. In this chapter, we analyse them with respect to the Lima Paris Action Agenda (LPAA), Momentum for Change, and the Non-State Actor Zone for Climate Action (NAZCA), as well as business cases under the Private Sector Initiative, drawing on both academic and non-academic publications.

Our analysis shows that so far, the initiatives on such platforms have focused predominantly on mitigation and

that participation by SMEs in adaptation partnerships is low. This may indicate that partnerships' adaptation activities are not embedded in the local economy and institutions and are not necessarily benefitting SMEs and other local stakeholders. Part of this problem may be caused by the 'adaptation paradox'. Mobilizing partnerships has occurred systematically in the high-level and global political contexts of summits and UN climate negotiations, whereas vulnerability is experienced locally, and adaptation needs to be implemented locally.

SMEs could, however, become an intermediary between the global level and local communities. For this to happen, donor countries should facilitate the participation of SMEs in localized partnership processes, stimulate access to (financial) resources, enhance local knowledge and raise awareness of adaptation.

1. Introduction

Small and medium-sized enterprises (SMEs) are of overwhelming importance to developing countries. They account for more than 90% of all firms outside the agricultural sector (Hussain, Farooq, & Akhtar, 2012), and in many countries they make up the largest economic sector. This Perspectives publication discusses whether SMEs can play a large role in developing countries' efforts to adapt to climate change. This publication has shown that MSMEs face barriers to resilience-building efforts (including limited resources, lack of knowledge and adaptive capacity and unsupportive policies (see Chaudhury in section A.2)). However, it also demonstrates that there are some key opportunities for MSMEs in developing countries to develop local capacities in resilience, create livelihoods and contribute to larger efforts towards adaptation provided that these MSMEs get the right support (see Wilson in section A.3).

This chapter focuses on multi-stakeholder partnerships and their potential to stimulate adaptation interventions in the Global South. Such partnerships can be public-private or private-private (PPP) and can take many different forms, as we will explain in section 3. In this publication, we ask whether multi-stakeholder partnerships have potential as a vehicle for SME engagement.

SMEs face formidable challenges in making adaptation efforts. For instance, they often encounter difficulties in accessing market-based finance, and publicly financed adaptation projects may prefer working with larger firms that have international networks and experience. Beck and Demircug-Kunt (2006) conclude from a survey of 10,000 firms in eighty countries that the size of firms is a major determinant of financing obstacles to them, with smaller firms facing larger constraints. Gardiner, Bardout, Grossi, and Dixson-Declève (2015) look at cooperative initiatives and partnerships on climate finance and find that mitigation efforts attract the large majority of public-private climate finance. This imbalance could be explained by the limited robustness of the business case for adaptation activities, as profitability and risk management are often not clear.

Little knowledge currently exists on the potential role of partnerships when it comes to adaptation by, and with, SMEs. This chapter discusses this issue in detail. It starts with an overview of approaches and definitions of partnerships in the context of sustainable development

and addressing climate action. Secondly, it analyses SME participation in partnerships on adaptation based on some of the largest databases on climate action in the private sector, including the Lima-Paris Action Agenda and the UNFCCC's Private Sector Initiative, as well as additional examples found in the literature. Thirdly, we discuss the effectiveness of adaptation partnerships with SMEs. The conclusion summarizes the main messages and provides ideas for stimulating partnerships with SMEs on adaptation.

2. Multi-stakeholder partnerships: approaches and definitions

Multi-stakeholder partnerships have long been seen as a promising instrument for leveraging capacities beyond state level in order to realize sustainable development globally (Pattberg, Biermann, Chan, & Mert, 2012; Szulecki, Pattberg, & Biermann, 2012). We define multi-stakeholder partnerships as governance arrangements that involve at least one public and at least one private organization and that aim to produce collective goods. Prominent examples of such partnerships include, for instance, 'Refrigerants, Naturally!', in which beverage companies work with NGOs and international organisations to replace harmful fluorinated gases.¹ However, our own definition excludes partnership initiatives that bring together partners of the same type to address issues concerning climate change, such as the C40 alliance of cities² or the We Mean Business alliance of corporations.³

The advantage of multi-stakeholder partnerships is that they pool resources, thus theoretically allowing each partner to play to its strengths. For instance, partnerships between businesses and NGOs combine the scale and market influence of companies with the legitimacy of NGOs to achieve a greater and credible impact. In recent years, such collaborative arrangements have also been pushed for in international climate change governance. For example, the website of the UNFCCC features a 'Portal on International Cooperative Initiatives' pertaining to 'cooperative climate actions undertaken around the world at various levels by

¹ Refrigerants, Naturally! is taking action against global warming and ozone layer depletion. It is a global, non-profit initiative of companies in the food and drink, food service and consumer goods sectors, including corporate members such as PepsiCo, Red Bull and Unilever. Greenpeace and UN Environment are supporters of the initiative (see <http://www.refrigerantsnaturally.com/>).

² C40 is a global network of cities committed to addressing mitigation and adaptation (See <http://www.c40.org/>)

³ We Mean Business is a coalition of organisations working with thousands of businesses that 'recognize that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all' (see <http://www.wemeanbusinesscoalition.org/>).

governments, international organizations, civil society, and business that contribute to reducing greenhouse gas emissions.⁴ Similarly, the UNEP DTU Partnership administers a 'Climate Initiatives Platform' with more than two hundred climate initiatives 'driven by non-state actors such as businesses, cities, and regions'.⁵ In 2014, the Lima-Paris Action Agenda, a joint initiative by the UN Secretary General, the UNFCCC Secretariat and consecutive UNFCCC COP presidencies Peru and France, presented the 'Non-state Actor Zone for Climate Actions'. This online platform has over 12,000 actions currently registered, both individual and cooperative, in both the mitigation of greenhouse gases and climate change adaptation.

Although multi-stakeholder partnerships might contribute to the implementation of the Paris Agreement, the link between partnerships and intergovernmental processes is often weak. Ideally, the goals of the partnerships complement internationally agreed goals, but they can also replace them or even contradict them. In mitigation, if a partnership would cause rising emissions, this already indicates that it would contradict intergovernmental processes. In adaptation, such an easy proxy is not available. It is important to understand better how partnerships in adaptation can complement international adaptation efforts, for instance, under the UNFCCC. The UN climate negotiations now acknowledge that adaptation to climate change is as important as the mitigation of greenhouse gasses (UNFCCC, 2008, 2015). However, the available public adaptation finance falls short of the needs (UNEP, 2016). Additional efforts can be leveraged from different stakeholders either in cooperation with (inter-)governmental agencies or independently in at least six ways.

First, **partnerships could leverage additional finance to support (developing) countries with adaptation.** The estimated annual adaptation finance needs for developing countries in 2015 were already in the range of US\$50 billion (Baarsch et al., 2015). Globally, the costs of adaptation are estimated to rise US\$ 280 to US\$ 500 billion by 2050 (UNEP, 2016). International climate finance efforts, however, are currently not enough to address adaptation needs satisfactorily. The OECD estimate of private and public finance mobilized in 2014 amounted to about US\$ 62 billion (OECD, 2015). This figure is highly disputed, however, and

only one sixth of it was destined to support adaptation (see Ciplet, Roberts, & Khan 2015). Over time, the gap between adaptation costs and the supply of international adaptation finance in the context of the UN climate negotiations is likely to grow wider.

Second, adaptation partnerships could contribute to **implementation on the ground.** In contrast to mitigation efforts, which are globally distributed, adaptation activities are often locally embedded, offering local public goods. In cases where adaptation measures mainly yield excludable benefits (such as protection by a dike, usage of climate-resilient crops or water-saving applications), it is a national, a local or even a private interest to achieve effective adaptation. However, adaptation interests are often expressed at the international level, involving powerful, often developed country-based transnational and national actors (Burns & Forrister, 2012; Rübhelke, 2011). Ayers (2011) calls this a 'paradox': vulnerability to the global risks of climate change is experienced locally, and adaptation needs to be implemented and managed on the same level. However, public adaptation finance as embedded in the UNFCCC negotiations is discussed internationally and focuses on international finance and investment.

Third, partnerships could **increase the legitimacy of adaptation interventions** by widening the participation and cooperation of multiple stakeholders locally. Although research on adaptation partnerships is still scarce, research findings on, for instance, sustainable development partnerships suggest that participation by target groups and those entities that implement adaptation actions is likely to contribute to the successful implementation and outcomes of adaptation projects (Pattberg et al., 2012).

Fourth, partnerships have the potential to **increase performance**, having demonstrated their ability both nationally and locally to perform better than purely state-centred governance arrangements. Partnerships could pool the strengths of governments and other actors to deliver on adaptation projects. For instance, for a government a partnership with private-sector partners could help bring in sector-specific expertise and efficient management associated with the private sector.

Fifth, **partnerships can set norms and procedures** where these are lacking internationally and nationally and increase the capacity to, for instance, reduce the impacts of natural

⁴ See <http://unfccc.int/focus/mitigation/items/7785.php>

⁵ See <http://climateinitiativesplatform.org>

disasters. As an example, the Munich Climate Insurance Initiative, initiated as a charitable organisation by insurers, research institutes and NGOs in 2005, supports developing countries in adapting to climate change by using innovative insurance-related risk management tools, often in the absence of a public scheme provided by the government.

Finally, partnerships can **leverage the knowledge** of different stakeholders to enhance adaptation efforts. For instance, a partnership between the International Finance Corporation and a private port facility in Columbia helped to identify vulnerability to rising sea levels, as well as potential adaptation measures. As a direct consequence of this cooperation, the port took out a private loan to implement adaptation measures (Druce, Moslener, Gruening, Pauw, & Connell, 2016).

With all of these potential contributions and the multiple strengths associated with partnerships, it is important to recognize that partnerships are not a panacea. Research on sustainable development partnerships and climate partnerships has shown that they often do not deliver on their promises. 'Partnerships for sustainable development', intended to ensure effective implementation of the internationally agreed Millennium Development Goals, largely failed to deliver relevant outputs and desired environmental and social impacts (Pattberg et al., 2012). Similarly, cooperative climate initiatives launched at the 2014 UN Climate Summit were significantly less successful in developing countries at achieving their stated goals (Chan et al., 2015) (see also the section 'output performance'). Concerns have also been expressed that partnerships may lead to the unwarranted privatization of public responsibilities, especially in developing countries (Chan, 2014). Moreover, multi-stakeholder partnerships do not necessarily lead to greater representativeness or lend a more democratic quality to adaptation governance. For example, partnerships for sustainable development have shown to engage 'usual suspects', namely international organizations, governments, and to a lesser degree NGOs and big business, whereas the participation of vulnerable and traditionally under-represented groups, such as women, unions and indigenous communities, remains marginal (Pattberg et al., 2012). And while it is often clear who leads a partnership and who else is taking part, the exact roles of individual actors often remain unclear.

This section has discussed some of the potential advantages and disadvantages of PPPs. In order to acquire a better understanding of the potential for partnerships with SMEs on adaptation, the following section discusses the evidence regarding partnerships in adaptation, focusing on (1) the platforms and processes in which they are found, (2) the organizational characteristics of these partnerships and (3) the extent to which they are considered beneficial and effective. Subsequently the focus will be on the role of private actors in these partnerships.

3. Evidence of PPPs with SMEs in adaptation

There has been a strong increase in the number of non-state actors, including many businesses, that are taking action on climate change (Chan et al., 2015; UNFCCC, 2017). As this section will show, many are involved in partnership arrangements. International organizations, recent presidencies of the UN climate negotiations, the UNFCCC secretariat and other parts of the UN system have been active in mobilizing such actions. Apart from these examples, the UNFCCC secretariat has also launched the 'Momentum for Change' campaign, the 'Private Sector Initiative' and the recent 'Marrakesh Partnership for Global Climate Action'. These are currently the main platforms for partnerships on climate action. They will all be introduced and analysed in this section, based on the databases we have created (see Pauw, Klein, Vellinga, & Biermann, 2015; Chan & Pauw, 2014; Chan et al., 2015; Chan, Falkner, van Asselt, & Goldberg, 2015). This chapter looks at the extent to which the initiatives cover partnerships that focus on adaptation and include SMEs in particular.

Global Climate Action Agenda

In the context of the UNFCCC process, an increasing number of efforts are being made to promote multi-stakeholder partnerships. Especially in the run-up to the 2015 Paris Agreement, a global climate action agenda took shape with the aim of engaging a high number of non-state actors, including civil-society organizations, investors and businesses.

In 2014, the UNFCCC secretariat published a list of sixty partnerships or 'international cooperative initiatives' that will make mitigation contributions in the period until 2020. By 2016, this list, which is now hosted by the UNEP DTU Partnership, contains 229 cooperative initiatives, many of which feature multi-stakeholder participation and address adaptation. An important 'game-changer' for

non-mitigation partnerships was the UN Climate Summit in New York in September 2014, when the then UN Secretary General, Ban Ki-moon, convened heads of states and leaders from business, investors and civil society with the aim of launching partnerships on climate action. Over fifty initiatives were launched at this UN Climate Summit. Moreover, with the addition of two separate 'action areas' on climate resilience (seven initiatives) and agriculture (twenty initiatives), the thematic scope was broadened considerably to include initiatives focused on smallholder farms, as well as adaptation partnerships, among others. The Peruvian and French governments, which presided the UNFCCC in 2014 and 2015 respectively, followed up on these efforts, jointly presenting a 'Lima-Paris Action Agenda' (LPAA). The LPAA aimed to mobilize new initiatives in the run up to the 2015 UN climate conference and to demonstrate the sheer number and scale of climate actions going beyond government involvement in order to put pressure on governments to agree on a new international climate agreement. By December 2015, the LPAA had mobilized seventy large-scale initiatives and almost ten thousand partners from both the public and the private sectors (Galvanizing the Groundswell of Climate Actions, 2015). Although these efforts to mobilize and showcase climate partnerships are high-profile, attract considerable media attention and stimulate interest from a growing community of researchers and policy-makers, these partnerships are only a part of a much wider range of climate actions. The LPAA has also set up an online portal, the 'Non-state Actor Zone for Climate Action' (NAZCA), which currently records over twelve thousand climate actions – with many actions taken individually in addition to partnerships, and about three thousand actions addressing aspects of adaptation or resilience as a main benefit or co-benefit of mitigation.

However, the participation of SMEs in these mobilisation efforts on the global climate action agenda is very limited. Most initiatives do not explicitly target SMEs, nor do they engage them as partners in partnership arrangements. In spite of the emphasis on business participation under the LPAA and at the 2014 UN Climate Summit, business participation in mobilized partnerships is comparatively low, and large multinational corporations are vastly over-represented among participating businesses (Chan et al. 2015).

Nairobi Work Programme on Impacts, Vulnerability and Adaptation

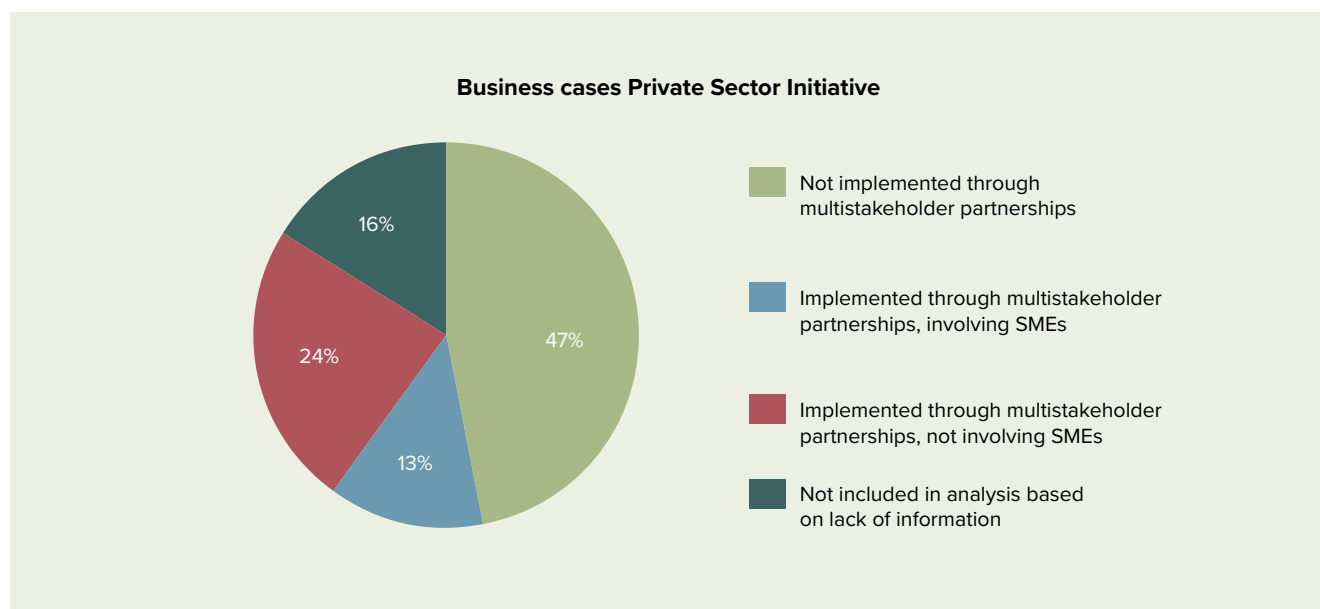
The Nairobi Work Programme on Impacts, Vulnerability and Adaptation, established in 2005 to facilitate and catalyse the development and dissemination of information and knowledge that support adaptation policies and practices, was one of the first international processes to reach out to the private sector in the context of adaptation.

Its most notable example is the **Private Sector Initiative (PSI)**, an online platform for businesses to report and exchange experiences on their contributions to adaptation in their operations, launched in 2010. With 101 initiatives, it provides the only large database of private-sector engagement in adaptation. Consequently, it is often referred to in research (e.g., PwC 2010; Kato, Ellis, Pauw, & Caruso, 2014; Surminski, 2013; Chan & Pauw, 2014; Pauw et al., 2015). The case studies represent private adaptation interventions from all over the world and in all sectors, including water, food and agriculture, transport and infrastructure, and tourism. Most case studies have been implemented by multinationals such as Allianz, Anglo American, GlaxoSmithKline, Nestlé and Siemens, with research institutes and consultancies (Acclimatise, Ecofys), non-profit organizations (EWV, Fonkoze) and public-sector owned companies (Network Rail, ÖBB) being less represented. Only a few SMEs are involved (e.g. Banka Biolo, Ignita).

The quality of the PSI database, however, is limited because it consists of open and unselective self-submitted business cases. Sixteen of these business cases fail to clarify the adaptation aspects of their efforts, and/or whether their actions involved new or pre-existing commitments. Rather, these examples may have been submitted because they saw an opportunity to advertise their products and services without clearly linking them to the goals of the platform. Of the remaining 85 business cases, a significant number of 37 initiatives (42%) are being implemented through multi-stakeholder partnership arrangements, suggesting that partnerships are important as vehicles for private engagement in climate adaptation. However, only 13 out of these 37 initiatives include SMEs among the partners (see Figure 1).

This low level of participation in partnerships under the PSI does not necessarily suggest a general lack of SMEs involved in adaptation interventions. Instead, PSI's close

Figure 1. Share of business cases of the UNFCCC's Private Sector Initiative implemented through multi-stakeholder partnerships with SMEs.

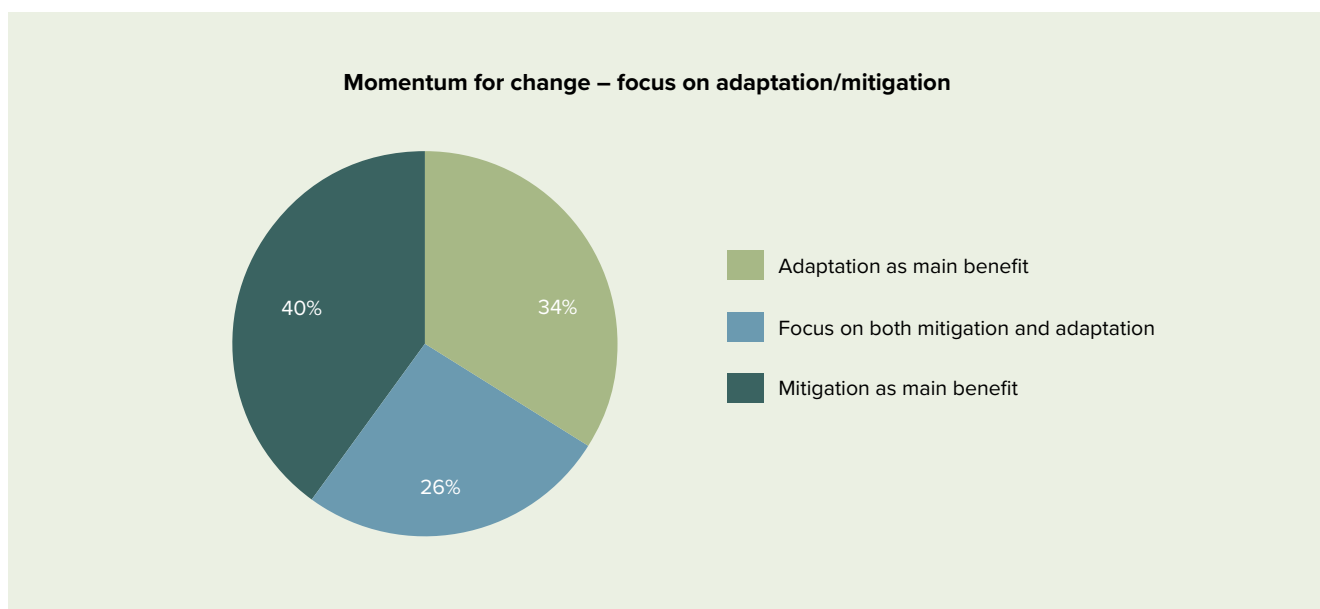


connection with the international climate regime and lack of local embedding may explain the lower participation of local actors and SMEs. This explanation would be consistent with the adaptation paradox mentioned above (Ayers, 2011). Subsequently, the integration of local experiences into climate governance at the global level is particularly challenging. Having been conceived in the context of the intergovernmental climate regime, PSI struggles to integrate the local experience of partnerships that involve SMEs for at least three reasons. First, the PSI platform itself may be unknown to partnerships that operate at the local level. Secondly, local-level partnerships that are more likely to feature participation by SMEs might not see the benefits of being featured on global platforms. Finally, SMEs may be more inclined to mainstream adaptation and climate-related activities into their own business planning, for example, by protecting their own assets, improving water efficiency or reducing flood risks. Unfamiliar with climate change, international negotiations and technical terminology, they are often not aware that they may be unknowingly contributing to community-level adaptation through these kinds of activities (Druce et al., 2016; Pauw, 2017). PSI business cases with SME involvement suggest two tentative findings. First, SMEs tend to become involved

at the level at which the project is being implemented by acting as intermediaries between larger corporations and local populations. For example, PepsiCo India, Cafédirect and Swiss Re all work with local farmers' organizations to build climate resilience among farmers. Secondly, SMEs typically act as specialized knowledge providers in adaptation planning. For example, GCAP, Waycarbon and CLIMsystems Ltd provide modelling systems for climate change impact and adaptation assessments.

Other SMEs in the wholesale, retail and other sectors such as manufacturing may be more under-represented in the PSI and other platforms than can be explained by the adaptation paradox. Their contributions could be less visible due to the fact that their climate adaptation actions are listed as part of the supply and production chains of, for instance, multinational corporations, rather than as individual contributions. The under-representation of SMEs may also be due to the fact that collaborative adaptation measures (or just reporting of them) are seen as additional burdens which require too much labour and staff. Instead, SMEs might choose to rely on community-level protection, individual property-level protection or risk insurance (Wedawatta & Ingirige, 2012).

Figure 2. The focus of initiatives from Momentum for Change. Source: Eichorn, 2016.



4. Other platforms

Looking at other platforms that record partnerships without being expressly focused on adaptation, we can learn more about the distribution of initiatives across different climate aspects, including adaptation and mitigation. Generally, we observe strong imbalances between mitigation- and adaptation-oriented partnerships.

The UNEP DTU Partnership's 'Climate Initiatives Platform' focuses exclusively on partnerships. The proportion of adaptation-focused initiatives remains very low at only 28 out of 229 (12%). Partly responding to the criticism that 'International Cooperative Initiatives' focus too much on mitigation functions, the 2014 UN Climate Summit set out to redress the imbalance by including 'climate resilience' as one of its main 'action areas'.

A 2014 survey of Momentum for Change initiatives, a campaign by the UNFCCC secretariat to highlight often small-scale climate initiatives with a sustainable development edge, puts the proportion of adaptation partnerships much higher. Of the 52 initiatives that responded to the survey, 34% exclusively or mainly address adaptation, with another 26% addressing both mitigation and adaptation (Eichorn,

2016). One explanation for the relative higher proportion of initiatives addressing adaptation may be the fact that small-scale initiatives concerned with sustainable development are often more embedded in local governance contexts where vulnerabilities and the need for adaptation are more salient. Widening the focus beyond mitigation partnerships to focus on smaller-scale local initiatives may therefore present an opportunity to engage SMEs in collaborative initiatives.

Unfortunately, SMEs are not recorded as a separate category in the Momentum for Change, LPAA or International Cooperative initiatives. More than 30 percent of businesses involved in the partnership initiatives presented at the 2014 UN New York Climate Summit were among the top two thousand of the world's largest companies, suggesting that, at the very least, large multinational corporations are over-represented in the currently recorded set of climate partnerships. As we have explained in the section on PSI, this may be due to the fact that most important platforms and mobilization efforts focus on the context of international governance, which is more interesting for globally operating multinational corporations.

Additional examples from the academic and non-academic literature

A lack of data hinders us in obtaining a better view of the role of SMEs in adaptation partnerships. To improve our understanding of the potential role of SMEs in adaptation partnerships, we conducted an extensive literature study of partnerships with SMEs on adaptation. For example, in their list of private adaptation case studies, Druce et al. (2016) provide a number of examples of adaptation partnerships. These include a partnership between the Global Environment Facility and a hotel in St Lucia to invest in water reuse and efficiency, micro-finance for ecosystem-based adaptation in Peru and Colombia, and a multi-stakeholder partnership on transferring risk for farmers in Ethiopia. Gardiner et al. (2015) describe Kuala Lumpur's 'Stormwater Management Road and Tunnel' as an example of a successful infrastructure partnership serving both mitigation and adaptation (see Gardiner et al., 2015). A study by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) identifies a 'lack of partnerships,' which hampers business development in climate change (Bimesdörfer & Richwien, 2012). The study also mentions a number of partnerships, including ones that provide SMS-based weather forecasts to farmers in India and Indonesia, as well as partnerships in innovative insurance products (partly covered by Druce et al. (2016) too). Crick et al. (2016) describe the creation of multi-stakeholder partnerships as a key element of governance arrangements that can stimulate adaptation by SMEs. However, they found only a few examples in the insurance sector in their case-study countries Senegal and Kenya. The role of SMEs in the partnerships in the abovementioned studies often remains unclear. The many case studies and instances of adaptation measures by SMEs found across non-peer-reviewed literature lead us to believe that current high-profile platforms for non-state engagement in climate action, such as PSI, NAZCA and the global climate action agenda, under-report climate adaptation partnerships that include SMEs. There are probably many more examples of partnerships with SMEs on adaptation, especially at the local level, that remain unrecorded. The examples we found offer too little systemic and comparable data to draw general lessons on the participation of SMEs in adaptation partnerships.

5. Effectiveness of adaptation partnerships

While too little systematic and comparable data exist to derive meaningful correlations between effectiveness and

the participation of SMEs in adaptation partnerships, a growing body of literature is addressing the effectiveness of partnerships. Moreover, recent research has identified the output performance of climate initiatives, as well as their ability to mobilize additional finance. This section discusses findings relevant to adaptation partnerships.

Output performance

The question of the effectiveness of multi-stakeholder partnerships is important but particularly challenging. Methodologically, the effectiveness of partnerships is subject to widely differing understandings. For instance, should effectiveness be measured against stated goals, (hypothetical) counterfactuals, in terms of behaviour and/or in changes in environmental indicators? Arguably, the environmental impact of partnerships aimed at the mitigation of greenhouse gases can be measured in, for example, tonnes of abated CO₂ emissions. However, no standard metrics are available for adaptation partnerships.

Chan et al. (2015; 2018) have devised a three-step method to measure minimal effectiveness in a comparative manner over larger samples of climate partnerships. They achieved this by collecting tangible outputs attributable to individual partnership initiatives and by determining to what extent these outputs are consistent with their stated purpose. For instance, partnerships that aim to build the resilience of a local community through training would, at the very least, need to produce seminars and/or textbooks, and/or curriculum(s); in order to achieve any positive change in behaviour or improvement in environmental indicators.

Using this minimal indicator of effectiveness, an initial review of partnership initiatives launched at the 2014 UN Climate Summit suggests that, one year into their operations, 65% score quite well on 'output performance' (producing outputs that fit their functional purposes) (Chan et al., 2015). This is relatively high compared to historical precedents. For example, 43% of Partnerships for Sustainable Development launched at the 2002 Johannesburg World Summit for Sustainable Development still performed poorly against the same measure after ten years (Pattberg et al., 2012). However, among the partnerships launched at the 2014 UN Climate Summit, non-mitigation initiatives were found not to be performing particularly well. While ninety per cent of initiatives in the energy action area, which is dominated by mitigation actions, showed a reasonable to good output performance, seventy per cent of the partnerships in action

areas that are more relevant to adaptation, in particular agriculture and resilience, still had to produce relevant outputs. This stark difference in output performance may be due to the fact that many adaptation-oriented partnerships are rather novel, while more established energy partnerships had a decisive advantage in producing relevant outputs on a shorter term. Indeed, a recent UNFCCC report suggests that climate partnerships are becoming more effective over time (UNFCCC, 2017).

6. Addressing needs and mobilising additional finance

Other measures for effectiveness might include whether and to what extent needs are addressed, and whether additional finance is being mobilized to close the adaptation finance gap (see UNEP, 2016).

There is little or no evidence that adaptation partnerships involving SMEs sufficiently address specific needs in developing countries. At the same time, little additional private finance is being mobilized to close the adaptation finance gap. Given the fact that SMEs face difficulties in accessing finance, it cannot be reasonably expected that SMEs close this gap. Rather, SMEs in developing countries could benefit from better access to financial services before they enable community-level adaptation on a greater scale. Meanwhile, it can be expected that SMEs prioritize the protection of their own assets rather than prioritize partnerships. Consequently, even as a novel instrument, partnerships would still need to rely on more ‘traditional’ actors, such as bilateral donor organizations, multilateral funds and banks, and governments, to mobilize and access additional resources. Nonetheless, SMEs and other actors still take part in informal mutual help arrangements, which can facilitate adaptation capacity at the community level (Rodima-Taylor, 2012).

7. Conclusion

In recent years, the number of recorded multi-stakeholder adaptation partnerships has increased significantly. This is partly due to the growing number of high-profile processes and platforms launched to mobilize climate actions. However, a cross-platform comparison of samples of multi-stakeholder partnerships reveals a structural under-representation of adaptation compared to mitigation. Only one platform, the ‘Private Sector Initiative’, specifically focuses on non-state contributions to adaptation. Although the high-level UN Climate Summit, and especially the LPAA, mobilized

many more adaptation partnerships, the recent shift in the global climate regime towards greater reliance on multi-stakeholder arrangements could exacerbate imbalances in the realization of mitigation and adaptation actions.

Our discussion has also addressed the potential and actual role of SMEs in multi-stakeholder adaptation partnerships. Generally, participation by SMEs in such partnerships is low. Only thirteen out of the 37 business cases under the Private Sector Initiative that were implemented by multi-stakeholder partnerships included SMEs. SMEs are even less visible in high-profile mobilization platforms and processes, such as NAZCA and LPAA. Rather, the emphasis in terms of business participation in recorded multi-stakeholder arrangements remains on the larger businesses, including many multinationals. This is especially problematic for developing countries, where the need for adaptation is generally more urgent and where SMEs make up a large proportion of their production and labour markets. The low participation of SMEs in recorded multi-stakeholder partnerships may therefore indicate that partnerships’ adaptation activities are not embedded in the local economy and institutions, and are not necessarily benefiting SMEs and other local stakeholders.

The low participation by SMEs in multi-stakeholder partnerships may have several explanations. First, it may be linked to their own lack of access to (financial) resources, especially in developing countries. Related to this, their small size and limited experience with relatively novel instruments and topics place further limitations on their participation in multi-stakeholder arrangements. Rather than participating in partnerships and enabling community-level adaptation capacity, SMEs prioritize the protection of their own assets. Finally, most recorded adaptation partnerships are initiated by traditional actors in the international climate regime, such as international organizations, multinationals and donor organizations, which generally have limited access to, and knowledge of, SMEs in developing countries. The mobilization of partnerships has occurred systematically in the high-level political contexts of summits and UN climate negotiations, whereas vulnerability is experienced locally, and adaptation needs to be implemented locally.

One could ask whether the low participation of SMEs in partnerships matters? On the one hand, one could argue that the benefits that partnership can bring, such as narrowing the adaptation finance gap and implementing

adaptation activities, are necessary and that SMEs cannot be neglected in the context of developing countries, where they constitute the largest share of economies and job markets. On the other hand, the effectiveness of currently recorded adaptation partnerships could be called into question. There are very few studies of the effectiveness of multi-stakeholder partnerships in climate change, and the little evidence that does exist points to the relative underperformance of adaptation partnerships. Moreover, there is very little evidence that adaptation partnerships have successfully raised additional funding for adaptation.

We believe *localized* partnership processes could contribute in a more direct manner to adaptation in developing countries. SMEs could play an important role in these processes, for instance, as local producers and suppliers to larger companies. SMEs could also be a crucial actor linking donor countries, multinational corporations and local communities. International and donor organizations, which currently lead most recorded adaptation partnerships, could facilitate the participation of SMEs in localized partnership processes by improving access to (financial) resources, enhancing knowledge about climate change and vulnerability, and raising awareness of the private and public benefits of community-level adaptation.

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