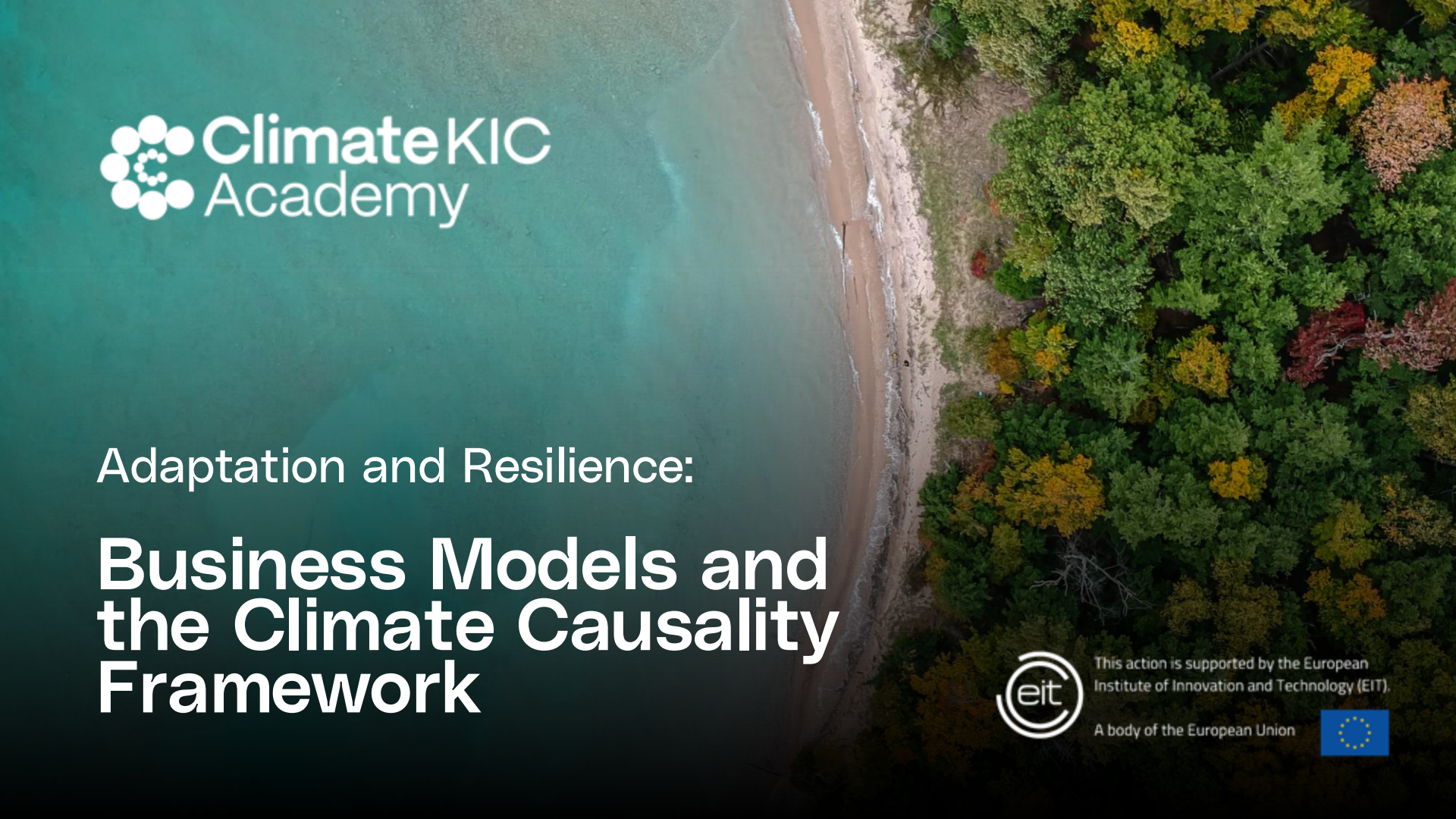
Climate KIC
Academy
Adaptation and Resilience:
Business Models and the Climate Causality Framework
This action is supported by the European Institute of Innovation and Technology (EIT).
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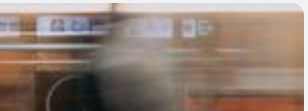


Licensing & Attribution

Session Rules

A face to a name

Please have your video on if you can.

Microphone etiquette

Please mute when you are not speaking.

Conversation style

Feel welcome to raise your hand and we will come to you for questions/comments.

Agenda

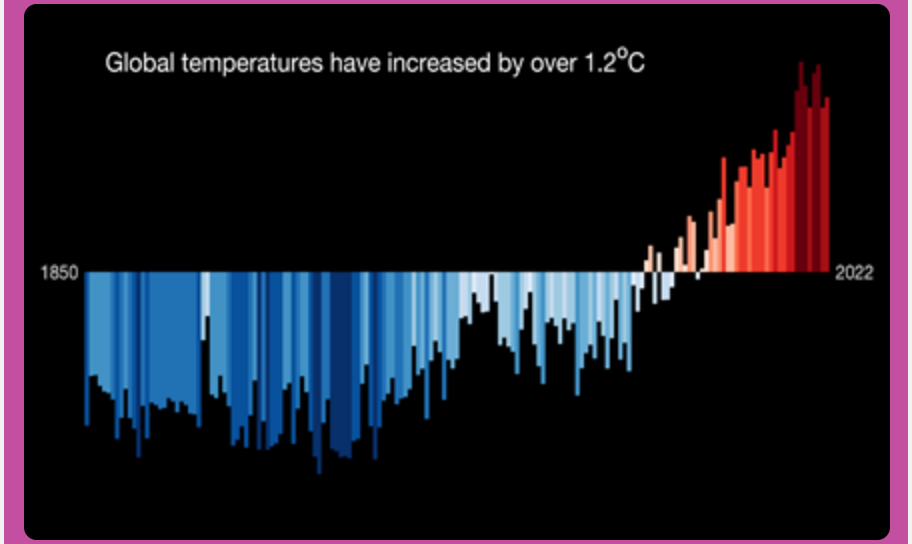
WHAT YOU´LL LEARN

- Introduction
- Risk, resilience & adaptation
- The Climate Causality Framework
- Adaptation & resilience (A&R) business models
- Examples of A&R businesses
- Key learning

Introduction

The world is warming rapidly

- Currently at 1.2°C above pre-industrial global temperatures
- Individual months in 2023 shattered previous records
- 2023 set to be warmest year on record, exceeding 1.5°C
- We will consistently breach this threshold by 2030s



Warming is making many climate hazards worse


HEAT EXTREMES


DROUGHT


WILDFIRES


STORMS

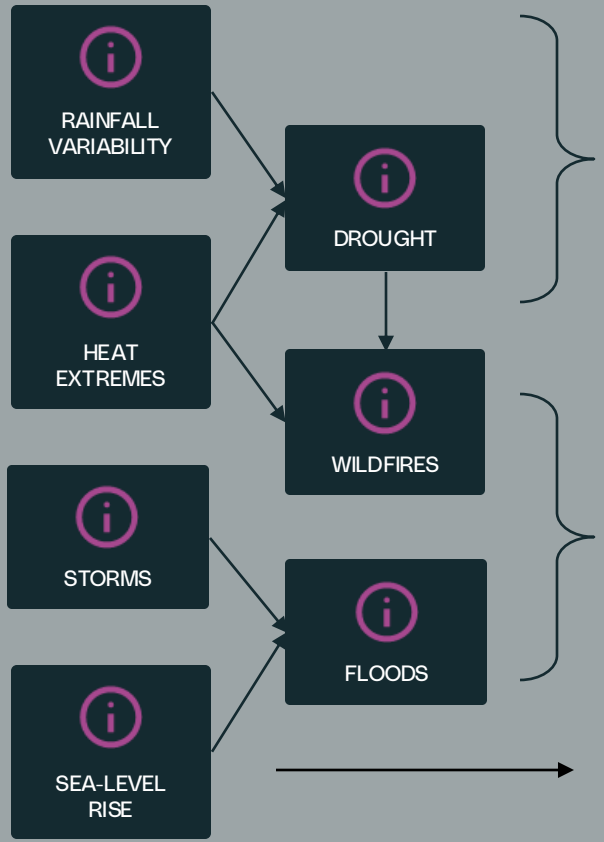

FLOODS


SEA-LEVEL RISE

With intensifying *impacts* on

- Water supplies
- Ecosystems
- Disaster risk
- Infrastructure
- Agricultural production
- Supply chains
- Health

Intensifying hazards



Primary impacts

- Water stress + demand
- Heat stress (plants, animals, people, infrastructure)
- Agricultural yields
- Pests & diseases

- Forest & ecosystem loss
- Damage to agriculture
- Damage to infrastructure
- Transport, comms disruption
- Shifts in ecological ranges
- Loss of settlements

Erosion, inundation, salinization

Secondary impacts

Increased costs

Income & livelihoods

Supply chain disruption

Food prices & insecurity

Increased poverty

Worsening health

Migration

Insecurity

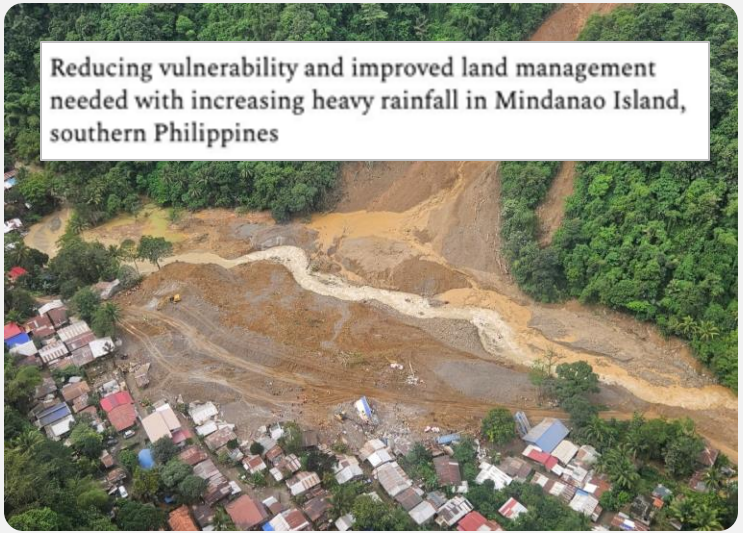
High temperatures exacerbated by climate change made 2022 Northern Hemisphere droughts more likely

Drought & Wildfire, Bolivia (Source: WWA & EU)

Drought, Southern Ethiopia, 2022 (Source: EU/Flickr)

Sources: World Weather Attribution, EU Civil Protection & Humanitarian Aid

High temperatures exacerbated by climate change made 2022 Northern Hemisphere droughts more likely



Sources: World Weather Attribution, Oxfam East Africa/Wikimedia Commons






EXERCISE 1 – Hazards & impacts

- Identify one or more key climate hazards that affect the sector, context, or geographical area in which you live and work – are these changing?
- What impacts are associated with these hazards – what problems do they cause for your sector, business, community, or other stakeholders?
- Participants to have 3 minutes to record some ideas

EXERCISE 1 – Hazards & Impacts

Hazards	Impacts
Increased rainfall variability	Shifts & unpredictability in start & end of rainy seasons, increased risk of dry periods within growing season – seed & crop losses
Higher temperatures & lower rainfall	Increased evapotranspiration, reduced soil moisture – reduced productivity
More intense rainfall	Crop damage, soil erosion, flooding, infrastructure damage

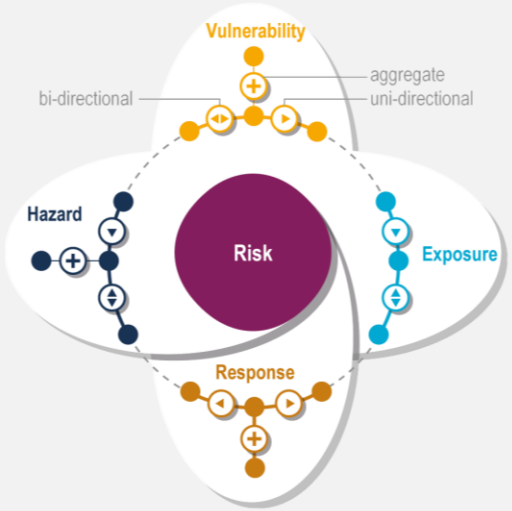
Risk, Resilience & Adaptation

Understanding key terms and concepts & their relevance in terms of business

Worsening impacts mean increasing risks

Vulnerability: Susceptibility of population/system to harm when exposed to a hazard

Hazard: Potentially harmful manifestation of climate change (shock, stress, extreme, trend), reduced through mitigation



Exposure: Number of people, amount/value of assets in an area affected by a hazard

Response: Actions taken to address hazards that might reduce or inadvertently increase risk – responses themselves can be/create risks

Image from IPCC 2022, WGII, Ch.1, p147

Reducing climate change risks

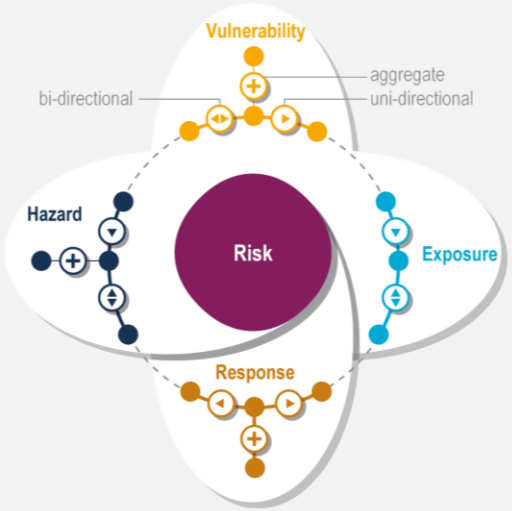
Key adaptation & resilience building opportunities for businesses

Reduce vulnerability - Improve ability of people, organisations, systems, to cope with & adapt to climate change impacts

Reduce hazards

Reduce emissions (mitigation)

Reduce likelihood & magnitude of floods, landslides, etc. through local physical interventions



Reduce exposure

Relocate settlements, people, infrastructure, economic activity - away from high-risk areas – winners & losers, can increase risk for some

Better responses - Ensure short-term responses provide foundation for effective, sustainable & equitable adaptation in longer-term

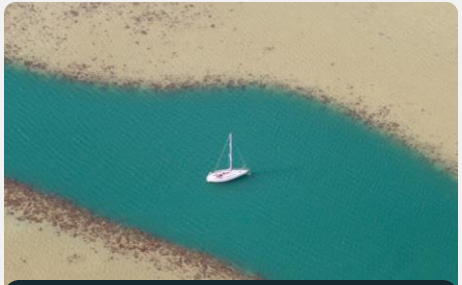
Image from IPCC 2022, WGII, Ch.1, p147

Different ways of reducing risk

Mitigation

Avoiding and reducing emissions of heat-trapping greenhouse gases & enhancing sinks to sequester & store them.

Addresses root causes of climate change & **reduce hazards**



Resilience

Capacity of people or systems to anticipate & absorb shocks & recover from their impacts.

Reduce vulnerability to a range of often familiar hazards.

Adaptation

Adjustments that enable populations and systems to survive or function under new environmental or climatic conditions.

Reduce vulnerability to new & emerging hazards.

Relationship between Adaptation & Resilience

Resilience building activities generally focuses on existing hazards and risks, albeit ones that are most likely evolving due to climate change; often pays little or no attention to specific future risks

BUT

Resilience to climate change necessarily involves adaptation to new hazards & risks

Resilience as capacity to anticipate hazards, absorb & recover from their impacts, adapt to new hazards & risks, and transform where existing systems and behaviours are unviable under climate change

Important to specify risk, vulnerability, resilience and/or adaptation ***of whom*** (population or system), ***to what*** (hazard), in relation ***to what impacts***, and over ***what timescale(s)***?

Avoiding Maladapation

Maladaptation: actions that may lead to increased risk of adverse climate-related outcomes, including via increased greenhouse gas (GHG) emissions, increased or shifted vulnerability to climate change, more inequitable outcomes, or diminished welfare, now or in the future (IPCC 2022: 2915)

Avoid actions that displace risks, create new risks, increase the vulnerability of other (non-target) populations & systems, and deliver short-term benefits at expense of longer-term sustainability

→ Consideration of maladaptation addresses 'response' element of risk

E.g., irrigation to address increasing water scarcity that is not sustainable and depletes groundwater reserve to point where agricultural systems collapse

EXERCISE 2 – Hazards & Impacts

Hazards	Impacts	Adaptation/resilience approaches
Increased rainfall variability	Shifts & unpredictability in start & end of rainy seasons, increased risk of dry periods within growing season – seed & crop losses	
Higher temperatures & lower rainfall	Increased evapotranspiration, reduced soil moisture – reduced productivity	
More intense rainfall	Crop damage, soil erosion, flooding, infrastructure damage	

- What approach(es) might we use to address the risks identified in Exercise 1?
- Are there any risks of maladaptation? If so, how would you address them?

EXERCISE 2 – Hazards & Impacts

Hazards	Impacts	Adaptation/resilience approaches
Increased rainfall variability	Shifts & unpredictability in start & end of rainy seasons, increased risk of dry periods within growing season – seed & crop losses	Resilience of existing agricultural systems through forecasts, insurance, water storage, irrigation Adaptation – drought tolerant & short-season crops
Higher temperatures & lower rainfall	Increased evapotranspiration, reduced soil moisture – reduced productivity	Resilience through systematic irrigation Adaptation – drought tolerant crops
More intense rainfall	Crop damage, soil erosion, flooding, infrastructure damage	Resilience - flood early warning systems, resilient infrastructure, land cover Adaptation – relocating infrastructure & activities away from high-risk areas

Maladaptation risks: sustainability of irrigation under scenarios of lower rainfall, higher temperatures and declining groundwater; risks livelihoods, food security & local economies reliant ay become reliant on unsustainable irrigated agriculture that is liable to future collapse.

Potentially reduced by ensuring irrigation is highly efficient, assessing conditions under which it fails, & regularly monitoring groundwater resources.

The Climate Causality Framework

From impacts to opportunities

Adaptation/resilience as an opportunity for business

- Intensifying climate change hazards and impacts pose severe risks to ecosystems, livelihoods, food production, water security, infrastructure, health, economy
- These risks need to be addressed through resilience & adaptation
- This means opportunities for the private sector to drive adaptation innovation, often with support from donors & multilateral climate funds that recognize limits of conventional projects
- Taking these opportunities requires understanding of what is needed to address impacts

Climate Causality Framework – Agriculture Example

Climate Hazards

- Delayed onset or false start to rainy season
- Extreme rainfall
- Shift to hotter, drier conditions

Impacts of Hazards

- Seed lost after planting
- Crops lost once germinated
- Destruction of crops
- Loss of livestock due to flooding
- Reduced productivity of existing crops
- Increased likelihood of crop losses

Adaptation/resilience Innovations

Climate information services
Short- to medium-term forecasts to inform agricultural scheduling (e.g. planting dates)

Targeted resilience

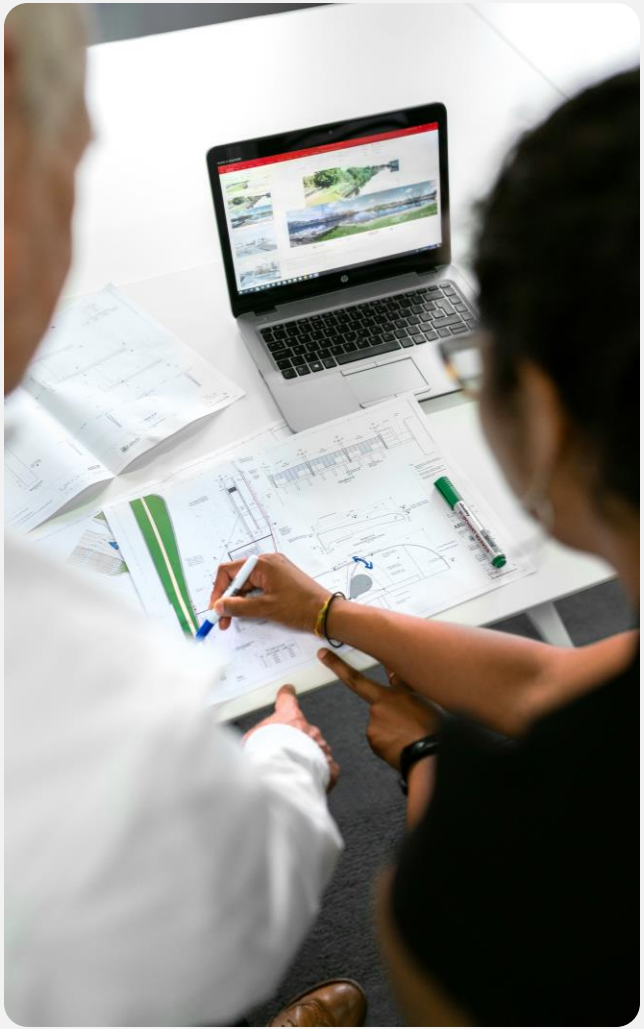
Weather-based insurance
Crop & livestock insurance- payments based on either losses or occurrence of specific climate extremes
Targeted resilience

Environmental management
Physical climate risk management (soil health management tools to reduce erosion, flood impacts)

General resilience

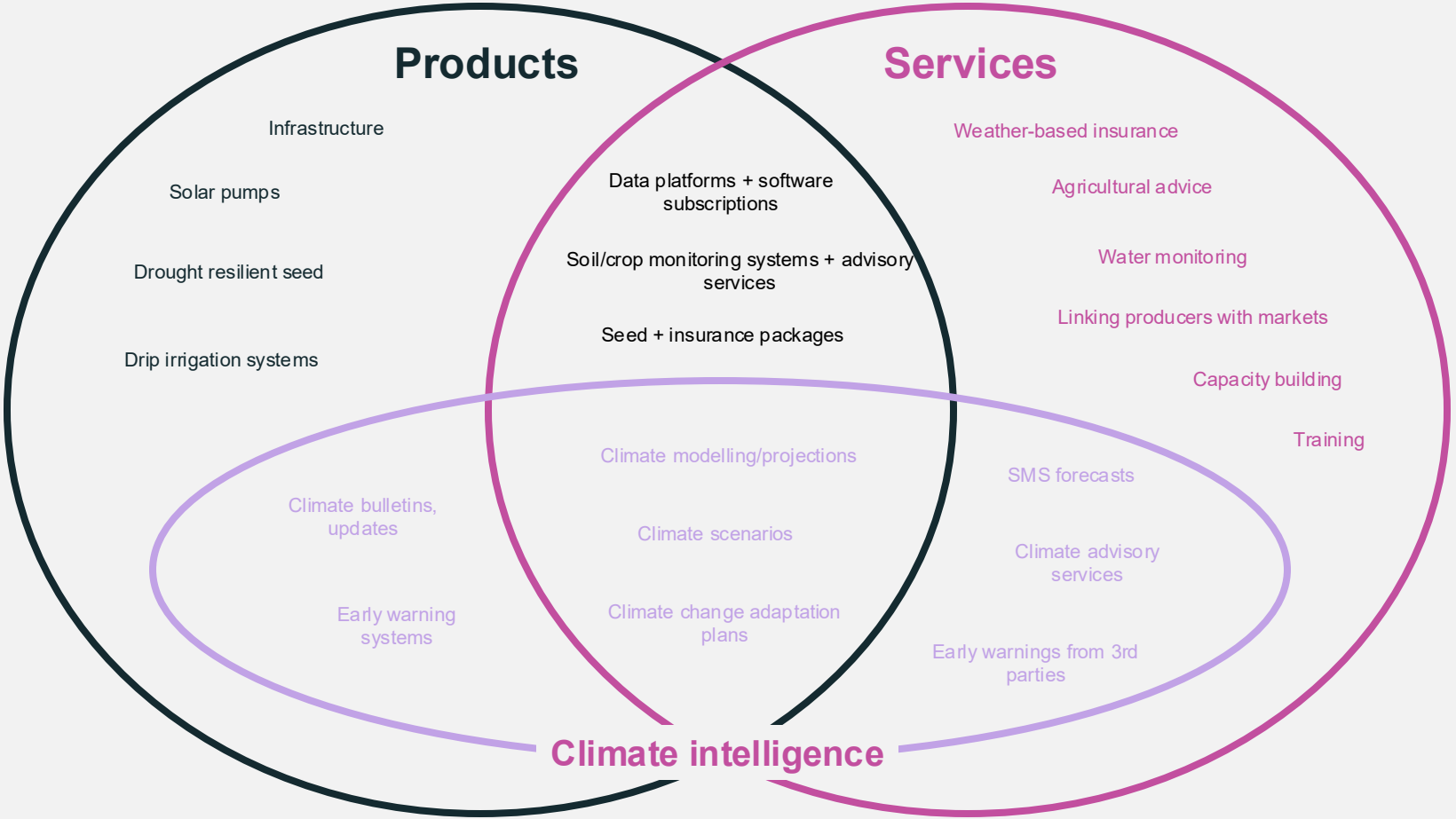
New crop varieties & types
Drought-tolerant, shorter growing crop varieties
Reactive/incremental adaptation

Entirely new crops
Anticipatory/transformational adaptation



Products and Services for Adaption & Resilience

- **Products** - tangible items that a company offers to consumers / physical items that a company can make for someone; ownership rights can be established, might be traded or exchanged
- **Services** – intangible item arising from the output of one or more individuals that is consumed at the same time it is produced; provided or performed for another person or organisation
- **Climate intelligence** – most commonly a subset of services relating to data & information that enable the identification, monitoring & assessment of climate hazards, impacts, risks & adaptation options


Products
Infrastructure
Solar pumps
Drought resilient seed
Drip irrigation systems
Services
Weather-based insurance
Agricultural advice
Water monitoring
Linking producers with markets
Capacity building
Training
Data platforms + software subscriptions
Soil/crop monitoring systems + advisory services
Seed + insurance packages
Climate modelling/projections
Climate scenarios
Climate change adaptation plans
Climate bulletins, updates
Early warning systems
SMS forecasts
Climate advisory services
Early warnings from 3rd parties
Climate intelligence

Example – Framework application, Kenya

MajiAgri – Water supply & irrigation infrastructure

Climate Hazards

- Increased rainfall variability
- Higher temperatures & lower rainfall
- More intense rainfall

Impacts of Hazards

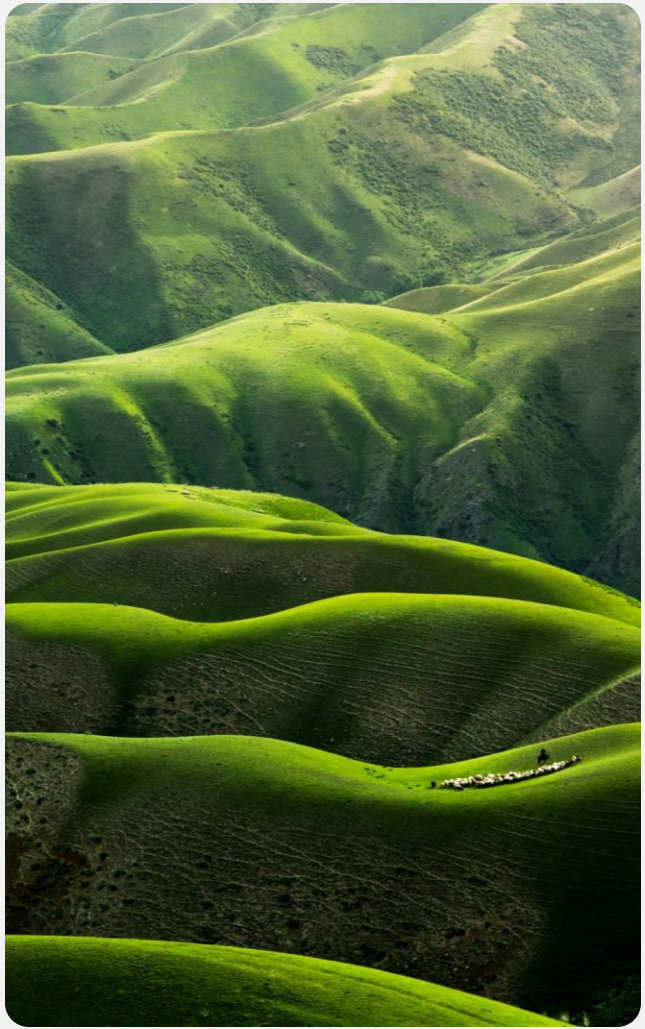
- Seasonal shifts, dry periods in growing season – seed & crop losses
- Higher evapotranspiration, lower soil moisture – reduced productivity
- Crop damage, soil erosion, flooding, infrastructure damage

Adaptation/resilience Innovations

- Water infrastructure including harvesting ponds, irrigation systems (products) supported with training, agribusiness consultancy & research (services)
- Promotion of agroforestry to increase forest cover

https://www.facebook.com/MajiAgri/ | https://ke.linkedin.com/company/majiagri-solutions

Adaptation & resilience Business models



What is an A&R business model?

A&R business models are about more than *'going green'*

- ➔ Not focused on reducing emissions and not linked to carbon markets
- ➔ However, may generate mitigation 'co-benefits' that can help leverage finance
- ➔ Instead, focus is on addressing hazards, risks and impacts

Adaptation business models help people and organizations survive and navigate climate change by reducing the risks and costs associated with climate change hazards and impacts.

An A&R business is a company providing technologies, products, or services that:

Address systemic barriers to adaptation by strengthening users' ability to understand and respond to climate change risks and impacts (enabling adaptation)

AND/ OR

Prevent or reduce physical climate risk or impacts on assets, economic activities, people, or nature (direct adaptation)

Different ways of reducing risk

When it increases the following resilience capacities of its clients

Anticipatory

E.g. forecasts for planning, agricultural scheduling.

Absorptive

E.g. drainage for better floodwater accommodation

Adaptive

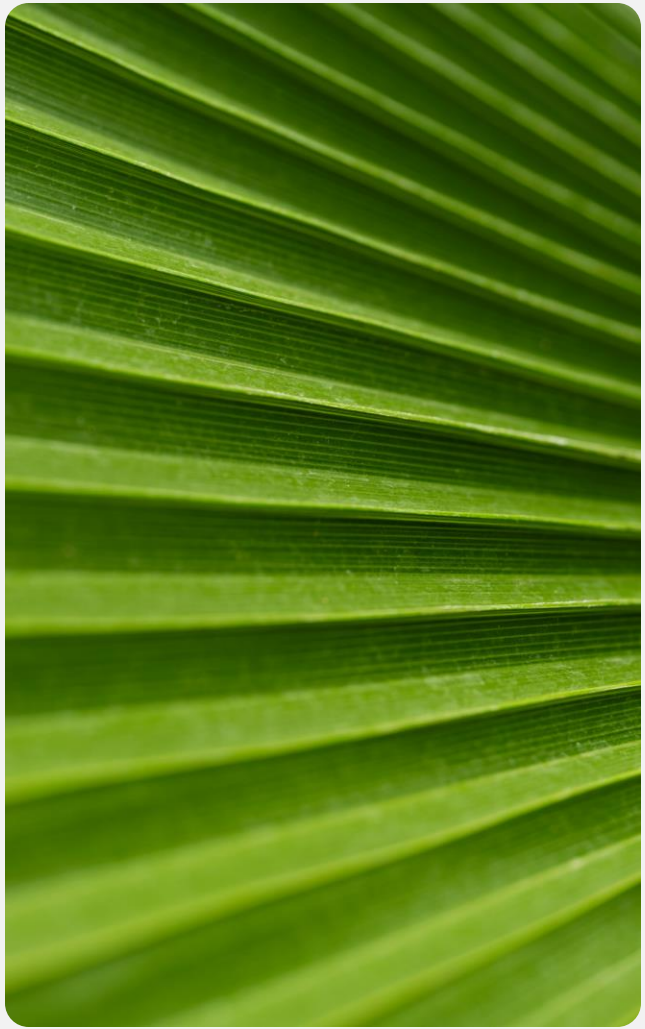
E.g. water storage or irrigation systems for increased drought

Transformative

E.g. new production systems for novel climatic conditions

Resilience to existing hazards & risks

Resilience & adaptation to new/evolving hazards & risks



When is a Business an A&R Innovation Business?

When it reduces the impacts and costs of climate hazards

- What climate hazards is it helping customers adapt to?
- What costs & impacts (associated with these hazards) is it reducing?
- How is it reducing these costs and impacts (through what mechanisms)?
- If it is enabling adaptation rather than targeting direct adaptation, how is it doing this and which hazards, costs & impacts are most relevant?

Refer to the Climate Causality Framework as a rationale for the business model

Example – Framework application, Kenya

MajiAgri – Water supply & irrigation infrastructure

- Social enterprise with goal of transforming rain-fed farming to irrigated agriculture
- Water infrastructure (harvesting ponds, irrigation), training, agribusiness consultancy
- Blends products and services; spans resilience & adaptation categories

Absorptive – irrigation allows farmers to absorb/cope with impacts of droughts, longer dry periods in the growing season & unpredictable rainfall

However, note risks of maladaptation if irrigations leads to adoption of more water-intensive crops in area with declining rainfall and water resources, including groundwater

https://www.facebook.com/MajiAgri/ | https://ke.linkedin.com/company/majiagri-solutions

Examples of A&R innovation businesses

Real world case studies

AGROSMART (BRAZIL)

Data services for agriculture

Capacities supported: Anticipatory, absorptive

Provides: services/Climate intelligence

Data platforms and apps for agricultural & climate intelligence

- ”brings together the main data, information and indications for your crop”
- Integrates forecasts, custom alerts, sensor telemetry, digital field notebook, irrigation management, reports
- Rainfall & vegetation maps, spraying scheduling (wind), farm-level forecasts
- Targeted resilience across 9 countries in Latin America, 48 million ha, >100,000 farmers

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Multiple / variability	Multiple / crop losses, increased costs	Monitoring, forecasting, alerts to guide agricultural planning & scheduling, planting, etc.

INTEGEMS (Sierra Leone)

Capacities supported: Anticipatory, absorptive
Provides: services

Integrated geo-information and environmental management services

Environmental & climate information services

- Hazard and risk mapping, climate information disaster management, early warning systems, data collection
- Provision of expertise through consultancy activities
- Multiple partners & clients, including government departments & development agencies
- E.g. national M&E systems, EIAs, development of data dashboards,

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Multiple climate & env. hazards	Multiple disasters & related impacts	Multi-hazard profiling to inform disaster preparedness & management

https://seedbombstanzania.org/

TOSHEKA TEXTILES (Makueni, Kenya)

Capacities supported: Transformative
Provides: products & services

Social enterprise for silk production & garment manufacture

Contract farming of silk via social entreprise

- Tosheka provides materials for rearing eri moth, whose cocoons provide raw material for silk
- Caterpillars feed on native castor plant, which is more resilient to increasingly frequent drought and pests than cotton & maize, thus providing the basis for livelihoods that are better adapted to emerging climatic conditions
- Tosheka markets textiles from silk nationally & internationally, while growers enjoy reliable, climate resilient income

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Increased aridity, pests	Failure of cotton & maize crops	Shift to alternative materials (Tosheka) & income stream (growers) based on silk production

https://www.facebook.com/ToshekaTextiles/

Adaptation & resilience

Customers & business modelling

Types of Customers

01

Individuals/ Households

Affordable products, services – small-scale equipment, insurance, seeds, SMS forecasts, food products, etc.

02

Other Bodies

Multilateral orgs, NGOs, research bodies, projects

Research, data, engagement, implementation, materials, equipment, aggregation (micro-insurance, contract farming, etc.)

03

Other businesses

Consultancy services, data, materials, equipment, supply chains, market access, processing

04

Governments

Consultancy, data, implementation, Public goods (early warnings, utilities infrastructure & services, etc.)

Alis Algae Innovation Solutions (Mexico)

Precision monitoring for biodiversity

Provides: Products to Businesses
Capacity: absorptive, adaptive

Water treatment for reuse

- ➔ Microalgae for removal of nitrogen & phosphorus from water bodies & industrial/wastewater
- ➔ Low cost, circular, no chemical inputs, odourless; produce water for irrigation feedstock
- ➔ Microalgae extracts for food and cosmetics

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Water scarcity	Water stress, ecological impacts, threats to supply	Greater recycling for reuse of water in buildings

https://www.alismty.com/

Gentian (UK)

Environmental bioremediation

Provides: Services to Private sector/government

Capacity: Adaptive

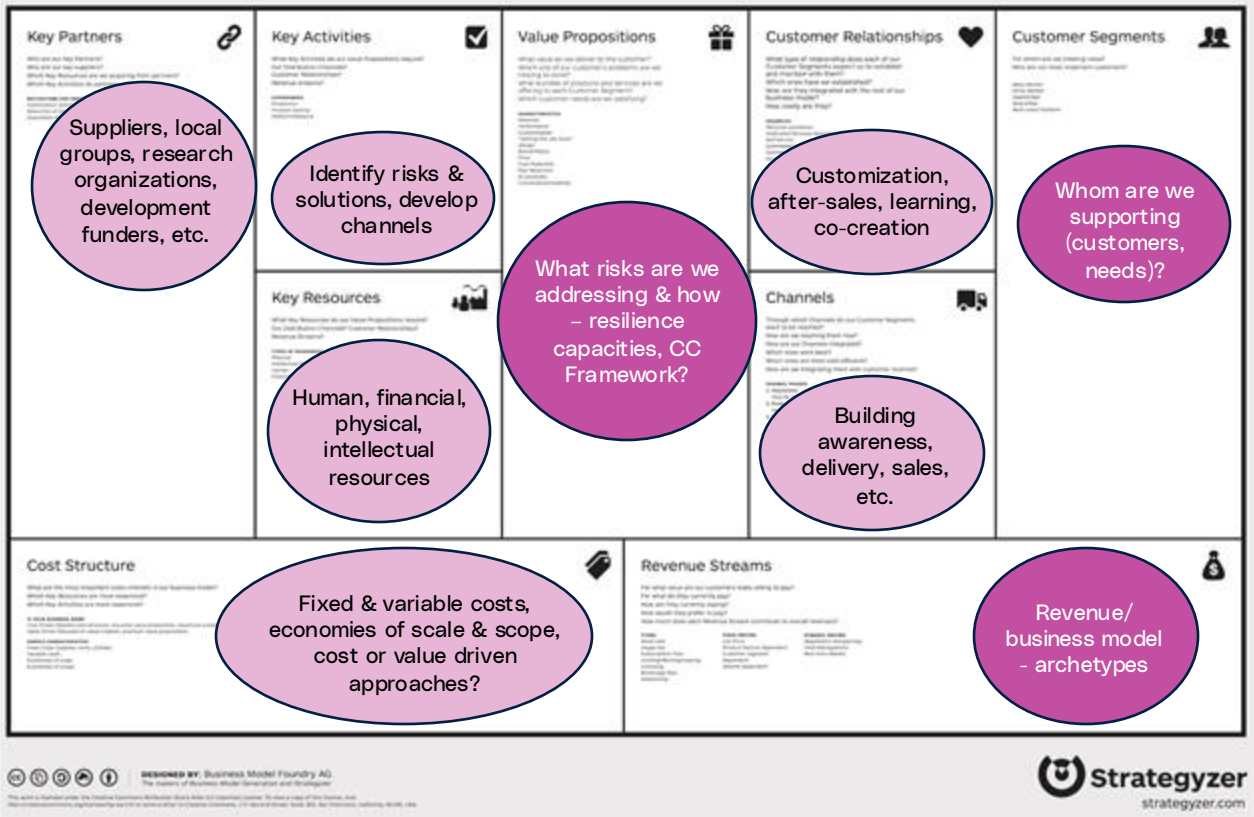
Machine learning & remote sensing to

- Map habitat types using AI algorithms + satellite data to measure & predict biodiversity based on vegetation
- Assess urban green infrastructure for adaptation & identify buildings for green roof retrofitting
- Biodiversity baselines & tracking land use change, e.g. for compliance with biodiversity legislation
- Provides services for developers, landowners, municipalities, real estate agents, large corporations
- Reduce costs, increase transparency & scalability of assessments, which are done remotely

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Range shifts + local stresses	Habitat loss, species decline, biodiversity loss	(Targeting & tracking) of urban green spaces & biodiversity hotspot preservation

https://www.gentian.io/

Adaptation & Resilience in the Business Model Canvas



Business model archetypes

What archetypes are most relevant for adaptation & resilience businesses?

Business Model Archetypes

- Provide on Demand
- Razors & blades
- Product Financing
- Hidden Revenue
- Subscription
- Freemium
- Franchise
- Marketplace
- Social Enterprise
- Aggregators
- Cooperative
- Public Good

Some Common Archetypes (1)

01

Provide on demand

Produce products or services continuously or when demand is expressed & extract value from direct sales.

Equipment, seeds, advisory services, etc.

02

Razors & blades

Sell core product at low price & extract value from sale of non-durable parts for use with core product.

Equipment with non-durable components or that requires servicing.

03

Product financing

Lease or rent a product – part of lease or rent is a fee, part down-payment.

Equipment, micro-finance bundling.

04

Hidden revenue

Main revenue from 3rd party that cross-finances provision of product or service to potential buyers.

Public goods paid for by government, donors, MDBs, provided by business.

RENAR (MEXICO)

Nature based solutions for sustainable water management

Model: Provide on Demand
Capacity: Absorptive
Provides: Products & services
To: Companies, govts.

- Adaptation & resilience needs addressed – see above
- Customers: large-scale interventions – companies, govts.; smaller – communities, households
- Revenue model: direct selling through provide on demand model
- Engagement: private sector, local govt., communities in areas subject to interventions
- Evolving needs: risks may change due to evolution of hazards, settlement, economic activities
- Keeping pace: track hazards through climate data, maintain engagement with stakeholders

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Warming, rainfall variability	Water scarcity, flood & related risks	• Forest restoration, wetland construction, landscape management (services) • Rooftop rainwater harvesting systems (products) • Gabions to prevent riverbank erosion (products)

Some Common Archetypes (2)

01

Subscription

Recurring revenue via a regular fee for products or services.

Weather & climate forecasts, advisories

02

Freemium

Offer basic product or service at no cost and charge a premium for more advanced features.

Equipment with non-durable components or that requires servicing

03

Franchise

Franchisee pays fee to use larger business' (franchisor's) trade name & operating system.

Resilience products, consultancies.

04

Marketplace

Physical or virtual space (or platform) where buyers meet sellers.

Adaptation marketplaces linking providers & customers.

Water Offsets (UK)

Greywater recycling

Model: Provide on demand+
Capacity: Absorptive, adaptive
Provides: Products, services
To: Households, businesses

Water Neutrality software & hardware

- Water reduction, reuse and offsetting, using technology such as Hydraloop with complementary monitoring
- Efficiency, metering, recycling, offsetting within same catchment (water bank)
- Trialled in UK and deploying in Monterrey & São Paulo to reduce water consumption by 25%

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Water scarcity	Water stress, ecological impacts, threats to supply	Greater recycling for reuse of water in buildings

https://www.wateroffsets.co.uk/

Some Common Archetypes (3)

01

Social enterprise

Sell products and/or services to serve a useful social purpose, e.g. provide employment, livelihoods.

Products derived from resilient & sustainable materials

02

Aggregators

Brining together small producers to increase efficiency, access to markets, services, etc.

Micro-finance, smallholder insurance, contract farming.

03

Cooperative

Business owned & operated by its members (individuals, households, businesses, etc.)

Resilient production with profits invested in adaptation.

04

Public goods

Business provides public goods that are paid for by government or other source (cf hidden revenue).

Early warning systems, information gathering, extension services.

Seed Bombs Tanzania

Supply chain traceability

Model: Public good
Capacity: Absorptive, adaptive
Provides: Products & services
To: Communities

Training students in conservation & reforestation via seed bombs

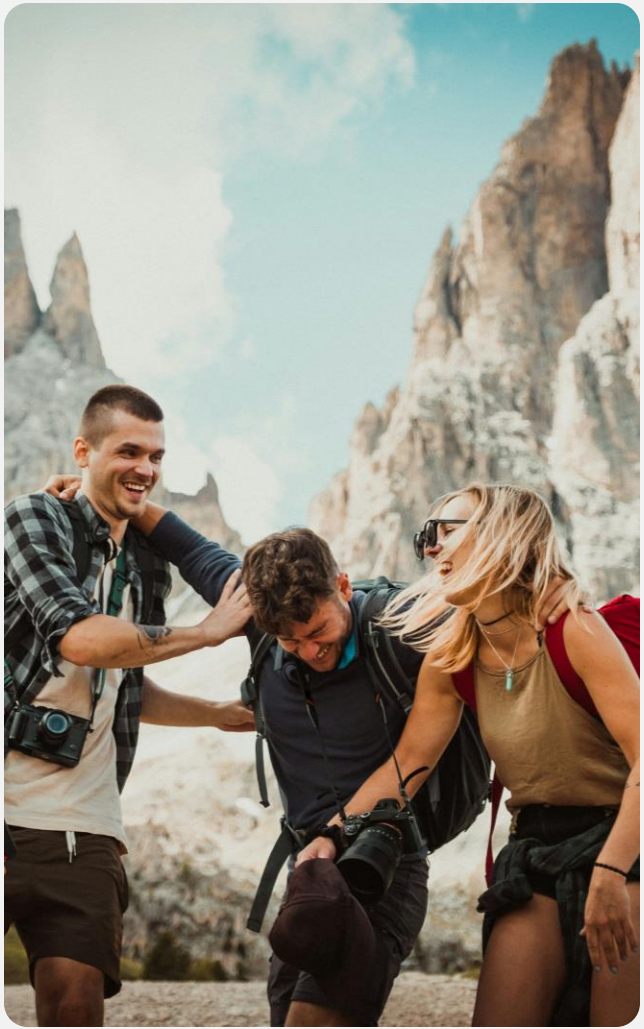
- Training programs targeting teachers & students who then distribute tree seeds via Seed Bombs
- Leverages indigenous knowledge & community involvement
- Climate change mitigation via carbon sequestration in new tree cover
- Supported by various partners including national & local government, private sector, non-profits

Climate Hazard	Impacts of Hazard	Adaptation Innovations
Aridification + land use	Deforestation, ecological degradation	Targeted reforestation to reverse anthropogenic degradation & enhance climate resilience

https://seedbombstanzania.org//

Business Model Archetypes

- Provide on Demand
- Razors & blades
- Product Financing
- Hidden Revenue
- Subscription
- Freemium
- Franchise
- Marketplace
- Social Enterprise
- Aggregators
- Cooperative
- Public Good



Business Impact

At Climate KIC, we use the Adaptation and Resilience assessment tool to empower start-ups to articulate the impact of their adaptation innovations with confidence, equipping them with a foundational set of key performance indicators (KPIs). It offers a tailored approach to gathering both quantitative and qualitative data, transforming them into actionable insights.

- **People** - How many people are directly and indirectly impacted by your innovation?
- **Planet** - How many hectares of natural resource areas are being brought under climate-resilient management practices with or due to your innovation?
- **Economy** - What is the value of physical assets your innovation makes more resilient to the effects of climate change?

Adaptation & Resilience Report

Key Learnings

- Climate change is intensifying climate hazards & impacts - adaptation & resilience are key
- Businesses can help reduce these impacts & the associated risks & costs by supporting the resilience capacities of their customers to anticipate, absorb, adapt & transform
- Adaptation & resilience businesses can use the Climate Causality Framework to identify innovative products and services that enhance these capacities for their customers
- Products & services can be delivered using a multitude of business model archetypes
- All archetypes are relevant to adaptation & resilience, but some less common archetypes are especially relevant, e.g. for hard-to-reach customers & delivering public good
- Businesses need to demonstrate impact - how will they build resilience capacities?

Questions?

Please raise your hand if you have a question and we will take as many questions as time allows.


Climate KIC
Academy
Thank you!

Stay connected with us

Please scan the following QR code or use the link to access the feedback questionnaire. We would be grateful if you could take 5 minutes to complete it, so that we can improve the learning experience.

https://t.ly/pdvl8