

## Draft CONCEPT NOTE

### Building SME's Capacity on Climate Action - Experiences from South-East Asia

Side event at the Thematic Sessions of the Asia Pacific Climate Week  
15:00-16:30 (Bangkok time), 8 July 2021, virtual

#### Background

Private sector action, including SMEs, will be critical actors in addressing climate change. While governments are responsible for setting the policies that drive change, the private sector has a responsibility to integrate mitigation and adaptation actions into their strategies and investments. Doing so is in companies' self-interest, as it reduces risk and helps future proof business plans. It will also be important for enabling countries to implement their climate commitments and build climate-resilient nations and to achieve global climate goals.

Private sector involvement is essential for multiple reasons. First of all, given the scale and pace of emissions reductions needed, it is critical that companies across the board urgently act to reduce carbon emissions both in their direct operations and in their supply chains. Secondly, climate change presents material risks to business operations e.g. through infrastructure damage from flooding, droughts and severe weather systems, which in turn introduces new challenges to a fragile and vulnerable enterprise system, in particular for the SMEs. Thus, it is critical for SMEs to both find ways to mitigate emissions, and to be prepared to deal with future climate impacts to increase resilience.

The private sector can also help mobilize financial resources, and develop innovative climate services and adaptation technologies. Private sector involvement is thus essential in the transition to low-carbon and climate-resilient economies across all economic sectors.

Small and medium-sized enterprises (SMEs) form the backbone of Asian economies, accounting for an average 97% of all enterprises, 69% of employment, and 41% of GDP in the ASEAN region (ADB, 2020<sup>1</sup>). SMEs can pave the way for greening and adapting to climate change across economic sectors, including industry and manufacturing, agriculture, tourism and energy sectors. However, due to limitations in size, SMEs face larger challenges when it comes to the capacity to green their operations, including knowledge about technologies and process to reduce carbon emissions and to climate-proof their business.

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<sup>1</sup> <https://www.adb.org/sites/default/files/publication/646146/asia-sme-monitor-2020-volume-1.pdf>

For this reason, the UN Climate Change Secretariat and International Development Research Centre (IDRC) has conducted a mapping study of capacity-building gaps and needs by the private sector small and medium-sized enterprises (SMEs) on climate action in South-East Asian<sup>2</sup> countries.

## Objectives of the Side Event

This side event hosted by UNFCCC/IGES Regional Collaboration Centre in Bangkok (RCC Bangkok) in collaboration with ESCAP, IDRC and UNIDO has the following objectives:

- (i) present the initial findings from a UNFCCC/IDRC mapping study of capacity building gaps and needs in relation to climate action of SMEs in South-East Asia
- (ii) increase understanding of the support provided to SMEs by different stakeholders in the region and identify areas for future collaboration to take meaningful steps on climate engagement with the SMEs.

## Tentative Programme:

**Thursday 8 July 2021; 15:00 – 16:30 hrs Bangkok time (TBC)**

**Location: Virtual – Link to be provided.**

| Time (Bangkok) | Agenda   |
|----------------|--|
| 15:00 – 15:10  | <b>Introduction</b> <ul style="list-style-type: none"> <li>• Agenda Outline and Scenario Setting: Banashri Sinha, RCC Bangkok</li> <li>• Welcoming the participants: Walter Ubal, Senior Program Specialist, IDRC (Video)</li> </ul>   |
| 15:10 – 15:30  | Key research highlights from Capacity Building mapping study/salient data insights – Rodney Plui<br>Questions and Answers – all  |
| 15:30 - 15:35  | <b>Mentimeter Poll</b>   |
| 15:35 - 16:15  | <b>Panel discussion: Capacity Building for Climate Action with MSMEs &amp; SMEs in Southeast Asia</b><br><br><b>Facilitator:</b> Mr. Jens Radchinski, Regional Lead, RCC Bangkok<br><br>The discussion will highlight key ideas and pathways for building/strengthening the capacities of SMEs <i>to better engage in Climate Action</i> . Representatives will be allocated 5 mins to share key ideas on the following guiding questions. |

<sup>2</sup> Brunei Darussalam - Cambodia - Indonesia - Lao - Malaysia - Myanmar - Philippines - Singapore - Thailand - Timor-Leste - Viet Nam

|                             |  |
|-----------------------------|--|
|                             | <p>Speakers:</p> <ul style="list-style-type: none"> <li>(i) Venkatachalam Anbumozhi, Director of Research Strategy and Innovation, Economic Research Institute for ASEAN and East Asia (ERIA), Indonesia</li> <li>(ii) Atty. Romell Antonio O. Cuenca, Assistant Secretary and Deputy Executive Director, Climate Change Commission, Philippines (TBC)</li> <li>(iii) Anil Kumar Anal, Professor, Asian Institute of Technology, Thailand</li> <li>(iv) Faroze Nadar, Executive Director, UN Global Compact Network Malaysia &amp; Brunei</li> <li>(v) Clarisse Kehler Siebert, Executive Director, Nexus for Development, Cambodia</li> <li>(vi) OSMEP-Thailand (TBC)</li> </ul> <p><b>Guiding questions:</b></p> <ul style="list-style-type: none"> <li>• What are the core issues in dealing with capacity building gaps and needs of SMEs especially in the context of climate change mitigation and adaptation? How the existing ASEAN regional cooperation frameworks could help SMEs to enhance their eco-performance?</li> <li>• Are there country examples of how <b>Capacity Building</b> challenges on Climate Action for SMEs can be addressed and modes of implementation?</li> <li>• What role could academia and research organization play to help build and retain the capacities of SMEs at national and local level?</li> <li>• Some global compact networks in the region have started climate accelerators. How can they help build capacity of SMEs to act on climate mitigation and adaptation?</li> <li>• What are some challenges and solutions in addressing capacity building gaps when trying to finance projects and entrepreneurs in the climate, renewable energy, and clean water space?</li> <li>• COVID-19 has reemphasized the importance of digitalization. How can digitalization help in greening? Could you share some examples?</li> <li>• How to strengthen collaboration between governments, cooperation partners, and academia and research organization to strengthen private sector engagement in climate action?</li> </ul> <p><i>Questions and Answers – all</i></p> |
| <p><b>16:15 - 16:30</b></p> | <p><b>Summary and Conclusions</b><br/> ESCAP<br/> Rene Van Berkel, UNIDO Representative and Head, Regional Office in India<br/> Alejandro Kilpatrick, Team Leader, Means of Implementation, UN Climate Change Secretariat</p>  |

