

Transforming Chennai: building micro, small, and medium enterprise resilience to water-related environmental change

Charis Idicheria and the Other Okapi/Mercy Corps Authors Team
Okapi Research & Advisory

Rapid urbanization across Asia is altering the natural environment and combined with climate change, is leaving areas dense with people, infrastructure, and assets exposed to flood risks. Micro, Small and Medium Enterprises (MSMEs) – essential to balanced, employment generating urban growth – are particularly vulnerable. When Chennai India experienced its worst flood in a century on December 1st 2015 - displacing 1.8 million people, claiming 300 lives and causing more than \$7 billion in economic and property damage – 10,000 individual MSMEs experienced a total of \$250 million of damage over two weeks. These firms are part of a manufacturing sector that employs over 360,000 individuals and contributes \$3.13billion to the Chennai Metropolitan Area's Gross Domestic Product, and 3% to the national total. After the floods, many were forced to shut down. Mercy Corps partnered with Okapi Research & Advisory to develop a deeper understanding of the factors that affected firms' flood exposure, extent of immediate losses, and recovery times. Taking into account the larger economic, political, and institutional systems, this study highlights entry points and strategies through which policymakers, practitioners, industry associations, and businesses themselves can help build MSME resilience to natural shocks in a global context of increasing urbanization.