

Building Businesses' Climate Resilience in Sri Lanka (BBCR) project

Background and rationale: Coastal cities in Asia are increasingly at risk from climate-related disasters, such as floods, landslides and coastal erosion negatively affecting local businesses as well as inhabitants. This is also the case of garment industry in Sri Lanka, which is the leading export industry. Climate change is expected to further exacerbate the risks of floods and landslides, which have adverse impacts on businesses damaging their physical assets, production, access to raw materials, revenue loss etc. In 2016 and 2017, 80% of business establishments affected by floods in Sri Lanka were micro, small and medium businesses. Direct and indirect losses to businesses, have cascading impacts on the economy and society. Financially and technically feasible solutions exist, but businesses are in general unaware of the measures they have at their disposal and of the potential adaptation measures have to reduce their risks and losses in the long term.



Objectives of the project: With the support from the Nordic Climate Facility, UNEP DTU Partnership, Asian Disaster Preparedness Center, the Ceylon Chamber of Commerce and MPEnsystems created a consortium with the objective of developing a disaster risk management (DRM) and business continuity product that will allow businesses active in garment sector in Sri Lanka to reduce their recurring losses while putting in place measures to continue their business operation during extreme weather events. Local financial institutions such as banks and insurance companies who are indirectly affected by climate risks via their clients are also expected to play role and participate in the project.

The project aims to develop an innovative and sustainable way to build businesses' adaptation capacity in the garment sector that can later be replicated and scaled across other sectors and countries. The business concept proposes to integrate long-term climate adaptation solutions in business operations, in a manner, which is cost-effective and contextually adapted to the disaster prone businesses in the garment industry in Sri Lanka. An in-depth analysis of the disaster impacts and related costs incurred by businesses, and actors' behaviours, preferences and existing governance structures, will inform the design of a prototype toolkit, which will be piloted in selected flood-prone case areas. Here built-in features will for example help businesses understand how flooding impacts their specific operations and what the needed processes are to reduce their risks by identifying and investing in the most suitable adaptation measures.

In the long-term, understanding that adaptation to climate change makes business sense - and investing in appropriate and sustainable measures - will benefit not only the businesses themselves, but also actors in their supply-chain, local communities and companies that will see their risks reduced as well (insurance companies, banks). Additionally, the project aims to inform the government of Sri Lanka's national climate adaptation and disaster management strategies by strengthening policies that can build the resilience of businesses to climate change.

Expected work-plan: Project activities are expected to take approximately two years and will consist of three main phases:

1. Baseline survey and market analysis: collection of data documenting the losses that the garment sector is suffering due to negative impacts of climate change, the attitudes and perceptions towards risks of industry actors; engagement with financial sector partners etc.
2. Product design: development of tools/models and capacities for assessing climate risks and enabling adaptation decisions and investments. This includes identification of standardized DRM and business continuity measures, including costs and expected financial and non-financial benefits.
3. Delivery mechanism: identification of the most suitable mechanism and organization for delivering of the DRM and business continuity product to garment sector businesses
4. Product launch will follow after formal closure of the NCF project

Partners:

UNEP DTU Partnership is the lead Nordic partner and a leading international research and advisory institution on energy, climate and sustainable development based in Denmark. Through in-depth research, policy analysis, and capacity building activities, UDP assists developing countries in a transition towards more low carbon development paths, and support integration of climate-resilience in national and local development. <http://www.unepdtu.org/>

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Asian Disaster Preparedness Center (ADPC), an inter government organisation, is the lead in-country project partner and also hosts the iPrepare Business facility, which is a dedicated unit for engaging the private sector in Disaster Risk Management. The facility focuses on building disaster-resilient businesses in the region through partnerships to strengthen the resilience of the private sector, particularly small businesses <https://www.adpc.net/igo/>

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Ceylon Chamber of Commerce (CCC) is the oldest and one of leading business chambers in Sri Lanka. It is a confederation of trade associations, regional- and sectoral chambers of commerce and industry, business councils and employer organisations in the country. <https://www.chamber.lk/index.php>

MPEnsystems is an energy and environmental sector consultancy and advisory firm based in India. <http://www.mpensystems.com/>

Project duration:

1.10.2018 - 1.10.2020