Climate information for Small and Medium Enterprises
The faster the SMEs recover from the disaster, the faster the community recovers.
The consultation..

A total of 258 from Uganda and Kenya MSMEs

Kampala
Mbale
Mbarara
Katakwi
Kasese
Adjumani

Nairobi,
Kisumu,
Mombasa
Climate change awareness..

84% aware of climate change

Impacts

- disruption of transport
- change in customer demand,
- loss of customers’ income
- destruction business premises
How prepared are SMEs…

Access to climate information

- 35% did not trust the information
- 65% accessed climate information

Access to extreme weather warning

- 91 SMEs did not access
- 167 SMEs accessed
How prepared are SMEs…

- Slightly more than a half have insurance
- Only 47% had taken a loan
- Very few knew about BCPs
Barriers

- Low trust in climate information
- Limited capacity to interpret climate information
- Risk management is not seen as business practice
- Lack of financial resources to implement preparedness actions
Opportunities

- **Partner** with business associations to train SMEs on climate risk management
- **Partner** with financial institutions to develop incentive schemes for discounted loans
- **Partner** with insurance companies to incorporate forecast-based financing model
Enhancing EWEA through Forecast-based Financing approach

First FbF activation, Uganda. 2015
But what is Forecast based Financing?

A mechanism that enable access to funding for early action based on credible forecast and in depth risk analysis.
How is Forecast based Financing implemented?
Where are we so far?

Step 1: Risk assessment

District
County
Sub-county
Parish
Technical Working Group

Thematic group

1. Trigger thematic group
2. Early action thematic group
3. Finance thematic group
Who is involved so far?

…and we still need more to join the Technical Working Group
Impact-based forecasting focuses on what a hazard could **DO** in terms of consequences rather than forecasting only what a hazard could **BE**.
Select forecast-based actions

What actions will reduce risks and help to prepare for a more effective response?

**Think Criteria!!!!**

- Consistent with Government Contingency Plans
- Prevention/Mitigation of Impact and preparedness for response -
- Scale
- Practicality
- Social acceptability
- Value for Money
- Relevance
- Appropriate financing options
- Efficiency
1: Understanding risk
- Develop risk models
- Overview of vulnerable areas
- Community risk assessment

2: Identify impact
- Historical events data
- Analysis & insights
- Machine learning
- Impact on population
- Identify trigger levels

3: Forecast triggered action
- Identify vulnerable people
- Trigger release funds
- Take action (e.g. direct cash)
- Save time
- Save money

IBF is the first three steps of a larger process called FBF: Forecast-based Financing. Read more here: Red Cross Red Crescent Climate Centre
Kenya
Uganda
Ethiopia
Vietnam
Mozambique