

***PROJECT FOR
INNOVATIVE CLIMATE
DECISION TOOLS FOR
ENHANCING SME
RESILIENCE
IN SRI LANKA***

Workshop Report on the Baseline Validation

On Tuesday 01 October 2019

At Galle Face Hotel, Colombo, Sri Lanka

Building Businesses Climate Resilience(BBCR)

FUNDED BY



1. Background

Climate-related disasters, such as heavy rainfall, floods and droughts adversely affect local businesses in Sri Lanka. Small and medium sized enterprises (SMEs) are particularly susceptible to more frequent and intensified extreme weather events due to their limited technical and financial capacity and resources. With the funding support from the Nordic Climate Facility, UNEP DTU Partnership (UDP), Asian Disaster Preparedness Center (ADPC), the Ceylon Chamber of Commerce (CCC), MPEnsystems Advisory Pvt. Ltd. and Copenhagen Institute of Interaction Design (CIID) formed a consortium with the objective of developing a climate adaptation and disaster risk management (DRM) product that will allow businesses to reduce recurring losses while formulating measures to continue business operation during disruptive events. As the mandated Ministry for SME sector in Sri Lanka, Ministry of Industry and Commerce plays the leading role in the project. The project was primarily focused on the garment sector as a pilot; however, the scope has been expanded to benefit other SME business sectors who may find the climate adaptation and DRM product relevant and applicable for building resilience of their businesses to climate change.

Between February and early April in 2019, the baseline survey was carried out with the aim of gaining a more in-depth understanding of the impacts of recurrent floods on affected SMEs, their coping strategies and preferences for addressing flood risks as well as capturing the perspectives and initiatives of various actors/stakeholders supporting SMEs, including both the public and private sectors such as government agencies and financial institutions. The survey employed questionnaires and in-depth interviews and gathered 116 samples of SMEs affected by floods in the three districts, namely Kalutara, Gampaha and Rathnapura.

The workshop was intended to bring together SMEs and their key support agencies including public and private sector institutions to validate the survey findings by informing and discussing the results, which will subsequently guide us in the development of user-oriented and sustainable DRM product(s) that will allow businesses to adapt and reduce recurrent losses from climate related events. The workshop was further expected to guide the project team and partners to establish sustainable business model pathways that will support the commercialization of the DRM product in Sri Lanka.

2. Objectives

- To present and share the findings of the baseline survey with SMEs and key actors and supporting institutions
- To provide an opportunity to examine, discuss and validate the survey findings; and

- To discuss potential entry points or pathways for the development and commercialization of a climate and disaster resilience product for SMEs in Sri Lanka

3. Participants

The workshop was attended by various stakeholders (31 participants) including the project partners as well as the government and private sector entities who participated in the baseline exercise. Most of the attendees were invited to discuss and validate the findings of the survey. Ministry of Industry and Commerce, Ceylon Chamber of Commerce and Industry, ADPC and UNEP DTU Partnership chaired the workshop while government agencies such as National Planning Department, National Disaster Relief Services Center and National Climate Change Secretariat participated and contributed to the validation of the baseline survey results. Representing the banking sector, the Central Bank and Mercantile Bank of Sri Lanka participated. One of the largest garment exporters in Sri Lanka, the MAS Holdings also attended the workshop to represent the private sector. Also, representatives of two invited SMEs, staff of Sabaragamuwa Chamber and Commerce and representative from Small Enterprise Development Division of National Enterprise Development Authority also participated. Representatives of the survey research company Vanguard Research also attended and contributed to the workshop proceedings. The MPEnsystems Advisory Pvt. Ltd., ADPC, UNEP DTU Partnership and Copenhagen Institute of Interaction Design (CIID) actively participated as the project implementing partners. For the details of the participants, please refer Annex.



Group photo of the workshop participants

4. Opening Session

Welcome Remarks

Mr. M.A. Thajudeen, Additional Secretary of Ministry of Industry and Commerce welcomed all the participants for the validation workshop and emphasized the importance of timely effort taken by the BBCR project. Furthermore, he explained the damage and losses occurred to the MSME sector in Sri Lanka during past disasters and

stressed out the absence of a tool to measure the real impacts of such disasters on MSMEs.



5. Workshop Overview and Objectives

Mr. Sisira Madurapperuma, the Director, Preparedness for Response and Recovery Department of ADPC presented the overview and objectives of the validation workshop for the BBCR project. The participants were given a good understanding of what the workshop set out to achieve.



6. Overview of the Building Businesses Climate Resilience (BBCR) Project in Sri Lanka

Representing the UNEP DTU Partnership, Mr. Lindy C. Charlery, Post Doctoral Researcher, provided an overview of the BBCR project. The project objectives, components and the current status were presented and discussed.



From left to right Mr. Sisira Madurapperuma (ADPC), Mr. Henry Neufledt (UDP), Mr. M.A. Thajudeen (MoIC) and Mr. Chandraratne D. Vithanage (CCC) chairing the workshop.



Some of the Participants

7. Presentation on the Findings and Reflection of the Baseline Survey Questionnaire and Key Informant Interview

Ms. Archana Patankar, Senior Advisor, MPENSystems, presented the project baseline survey exercise carried out in three Districts of Sri Lanka. Introducing the survey,

- Objectives of the baseline survey
- Research design
- Methodology
- Data Collection
- Sampling of SMEs and sample distribution etc. were explained.

Key findings of the survey were elaborated with analytical results. Since most of the selected SMEs affected by flood in the recent past,

- Means of loss and damages
- Loss and damage estimates
- Overall impacts
- Current adaptation measures and capacity
- Support status were described with analytical results.

Importantly, perceptions of SMEs on proposed DRM tool, willingness to invest in the product etc. were presented. Key challenges and opportunities in DRM for SMEs identified thorough the survey were also explained.



The presentation followed by a discussion on the facts and findings of the survey. Participants added their experiences on the impacts on their internal (land, structure, equipment) and external (raw materials, logistics) resources due to recurrent flood incidents in the recent past. The specific vulnerabilities of SMEs on their geography, physical and financing etc. were confirmed as reported.

The current adaptation measures and capacities of individual SMEs were discussed and found that they are not very effective. Participants quoted a few DRM initiatives by trade associations, big companies and chambers of commerce for business continuity and reducing future risk. The government institutions particularly the Climate Change and National Planning explained current programs on identifying climate risks, create awareness and national policies.

Affected SMEs expressed that the access to technical and financial supports are very limited. It was confirmed that the unacceptable delays and difficulties in settling insurance claims and high premiums discourage SMEs for insure against natural disasters. All agreed that unregistered SMEs do not entitle for any supporting schemes for implemented for disaster recovery.

8. Pathways for developing suitable climate change and DRM tool/product for SMEs in Sri Lanka

The team from CIID, Ms. Francesca Desmarais and Mr. Peter Otto Kuhberg, Technical Experts, given an orientation on the proposed climate change and DRM tool followed by a discussion on the need, development process, adoption, commercialization and sustainability of DRM tool/product for SMEs in Sri Lanka.



The participants elaborated the need of the tool to address current gaps in the DM systems through preparedness, response and recovery. It was further discussed the need of integrations of SMEs with other extended users such as banks, insurance companies, local governments, chambers, customers, etc. It was considered that the content for the tool can be generated at both ends, technical and supporting agencies

and SME communities. All highlighted the importance of early warning and preparedness instructions for reducing damages and losses.

The advantage of high penetration of smart phones and computer literacy within the SME communities were considered in the decision on the type of tool to be electronic. Particularly the technical agencies explained the availability of data, infrastructure and resource that could be used in the platform.

The need of trilingual demonstrations and training for the use of tool were considered as key to successful deployment. The feasibility of marketing and promotion of the tool through chambers, trade associations and Asian Preparedness Partnership (APP)/Sri Lanka Preparedness Partnership (SLPP)¹ etc. were discussed and considered as sustainable means.

9. Next Steps & Way Forward

The project life and way forward were explained by Mr. Bandula Wickramarachchi, Technical Specialist, ADPC. The inception and baseline reporting on the survey was considered as confirmed and validated by the stakeholders at the workshop. It was announced that the tool designing, and development would begin with the proposed co-creation workshop on the following day and followed by,

- Co-creation Interviews
- Concept Design
- Prototypes
- User Tests & Piloting
- Acceptance by Actors
- Refined Prototypes.

It was emphasized that product launch will begin of the next chapter of the project for its sustainability. SMEs will be networked for co-learning & knowledge sharing.

¹ APP is a regional initiative, multi-sectoral platform comprising the government, local humanitarian network and private sector network, facilitated by ADPC in six countries in Asia including Sri Lanka and started since 2017. Under APP, SLPP has been formulated as a national preparedness platform in the country.

10. Annexes

1) Workshop Agenda

Time	Activity	Timekeeping
9:00 – 9:30	Registration	
9:30 – 9:40	Welcome Remarks By Ministry of Industry & Commerce	(10 minutes)
9:40 – 10:00	Workshop Overview and Objectives By Asian Disaster Preparedness Centre (ADPC)	(10 minutes)
	Participants introduction	(10 minutes)
10:00 – 10:20	Overview of Building Businesses' Climate Resilience Project in Sri Lanka By UNEP DTU Partnership (UDP)	(15 mins presentation & 5 mins Q&A)
10:20 – 10:40	Group Photo followed by Coffee Break	(20 minutes)
10:40 – 11:30	Findings of the Baseline Survey Questionnaire and Key Informant Interviews By MP Ensystems	(50 mins presentation)
11:30 – 13:00	Reflection & Discussion on the Survey Findings and KIs Facilitation MP Ensystems	(75-minute discussion and 15 mins feedback)
13:00 – 14:00	Networking lunch	(60 minutes)
14:00 – 14:30	Pathways for developing suitable climate change and DRM tool/product for SMEs in Sri Lanka By UDP and CIID	(30 minutes)

Time	Activity	Timekeeping
14:30 – 15:45	Group Discussion: Development, Adoption, Commercialization and Sustainability of DRM tool/product for SMEs in Sri Lanka Facilitated by Ceylon Chamber of Commerce (CCC), UDP and CIID	(60-minute discussion and 15 mins feedback)
15:45 –16:00	Next Steps & Way Forward By ADPC	(15 minutes)
16:00	Coffee Break	

2) Participant list

#	Name	Organization	Designation	Email
1.	Ambika Tennakoon	Climate Change Secretariat, Min of Environment	EMO	ambikagtennakoon@yahoo.com
2.	R A D Ajith Ranasinghe	Sabaragamuwa Chamber of Commerce and Industry	CEO	ajithratnapura@gmail.com
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13.	Thilini Mendis	Dept. of National Planning	Assistant Director	itnmendis@gmail.com
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16.	Peter Otto Kuhberg	CIID	Designer	p.kahberg@ciid.dk
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