

## Terms of Reference

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### Background

The Red Cross Red Crescent Climate Centre, in collaboration with the Uganda Red Cross Society, Kenya Red Cross Society and Global Disaster Preparedness Center, recently secured a *Climate Ready Enterprises* grant from Climate Kic. This project seeks to assess the usage of climate information by Small and Medium Enterprises (SMEs) as well as the feasibility of integrating SME needs into a Forecast Based Financing system.

Physical climate risk, especially of extreme events, is a significant threat to business all around the world. There has been a growing focus on the understanding of this physical risk, within major multinationals, the public sector and the financial sector in general. However, these discussions often lack tangible connections to SMEs in the most vulnerable contexts. SMEs play a critical role in communities and in global markets, contributing to employment at home and supply chains around the world. They are instrumental in restoring economic activity at a community level in the wake of disasters and studies show that the faster the business community recovers from a disaster, the faster the wider community will recover. Assessing the opportunities and barriers that SMEs face in integrating climate risks into their operations is therefore critical.

In addition, the humanitarian community has been exploring the Forecast Based Financing (FbF) concept as an innovative approach to disaster risk management. FbF uses existing hydrometeorology forecasts to take pre-determined early actions to reduce the potential negative impacts of an anticipated weather event. With the proliferation of mobile technology in most African cities and towns, we take this opportunity to enhance disaster preparedness of SMEs through a mobile app that helps them develop business continuity plans and explore possibilities of automating the FbF approach. This project therefore aims at increasing access to climate information among SMEs in order to facilitate climate risk management through business continuity plans.

This project seeks to hire a consultant to support a Red Cross team of technical experts in assessing the use of climate information for small and medium enterprises as well as conducting a feasibility study for integrating Forecast Based Financing into *Atlas Ready for Business* app.

### Assessment Objectives:

The two main objectives of this assessment are:

1. To conduct consultations on the use of climate risk information in SME planning and operations in at least five urban areas in Uganda and three urban areas in Kenya.
2. To conduct a feasibility study for the integration of pre-shock cash grants based on a forecast of heightened disaster into the *Atlas Ready for Business* app

### Specific objectives, activities and deliverables

**Objective 1:** Co-facilitate consultations to gather primary data on access and use climate information for SMEs in Uganda and Kenya.

1.1 Carry out a desktop review of relevant documents to understand the potential/realized usage of climate information for SMEs.

1.2 Support consultation facilitation

1.3 Develop data collection tools and populate them with information

**Deliverable 1: Climate Risk Integration Report.** Comprehensive report synthesizing the outcomes of the SME consultations highlighting opportunities to increase the integration of climate risk information, barriers to integration and possible solutions to address those barriers.

**Deliverable 2: Climate Ready Enterprises Summary** A two-page summary document will be developed highlighting highest priority findings and insights from the SME consultations.

**Objective 2:** Assess the potential for integrating a forecast-based financing mechanism into the *Atlas Ready for Business* app. Specifically this will involve analyzing opportunities and gaps of issuing anticipatory cash grants to SMEs that have completed the app when a forecast of heightened risk is issued.

3.1 Input to the methodology for the consultation

3.2 Conduct interviews and focus group discussions

**Deliverable 3: Feasibility assessment report:** a detailed report on the feasibility of integrating FbF in the Atlas for business app

### **Supplementary Details on Scope of work**

**SME Consultations** will be conducted in at least five urban areas in Uganda and three in Kenya. Locations will be a mix of economic centers i.e. Kampala and Nairobi, as well as secondary urban areas which are important to the fabric of economic growth in both countries. These workshops will convene managers and owners of SMEs to discuss the use of climate risk information in SME planning and operations. Opportunities, barriers to usage, and strategies to overcome these barriers will be explored. These consultations will be organized by Uganda Red Cross and Kenya Red Cross respectively. The consultant will work with the Climate Centre advisor to facilitate these meetings. In Uganda consultations will take place in Kampala, Kasese, Katakwi, Mbale, Mbarara and smallholder farmers in refugee communities in Adjumani. In Kenya, consultations will focus on SMEs in Nairobi, Mombasa and Kisumu.

**FBF Feasibility Study.** This work package will scope out the feasibility of integrating a forecast based cash grant mechanism into the *Atlas Ready for Business* app. This scoping will include consultations with financial service providers, financiers, the National Meteorological Agency, SMEs, business alliances and other key subject matter experts. The feasibility study will assess key variables such as available forecasts, necessary lead times for action and sources of funding for the cash grants among others. The final feasibility report will summarize the opportunities and constraints in operationalizing such a tool, suggest key design considerations, and provide recommended next steps to the Red Cross Red Crescent.

**Timeframe:** All consultations and feasibility study will be concluded and a final report written by 15th December 2018.

**Application:** Send your cover letter and CV to [application@climatecentre.org](mailto:application@climatecentre.org)