

URWIBUTSO

Sina Gerard, Rwanda

Consultation on development of climate change adaptation strategies for companies



Facing the impacts of climate change is a key challenge of this century - not only for governments and communities, but also for businesses. Rising prices for raw material, energy and water, damages of transport routes, or more frequent gaps in the supply of goods - businesses and in particular SMEs are now facing new climate-related risks. At the same time climate change offers them a range of business opportunities.

This case study was developed under the GIZ global programme "Private Sector Adaptation to Climate Change (PSACC)" which aims at building the capacities of SMEs and the private sector in the field of Climate Change Adaptation.

About the company

URWIBUTSO is a food processing company founded in 1983 in Nyirangarama, Rwanda (SASHA, 2014). The company produces a wide variety of products including fruit juices (passion fruit, banana, pineapple, and strawberry), mineral water, bread and pastries, chili oil, dairy products, banana wine and beer, and even carpentry products.

Location	Nyirangarama, Rwanda
Sector	Food processing company
Products	Processed foods & beverages including fruit juices (passion fruits, banana, pineapple, and strawberry), mineral water, bread and pastries, chili oil, dairy products, banana wine and beer, carpentry products.
Company size	Turnover per annum: around EUR 1.5 million/ Employees: around 400 employees



Sina Gerard / URWIBUTSO bakery (© adelphi, 2015)

How is the company affected by climate change?

The company is located in the Northern Province of Rwanda. According to a vulnerability baseline report by REMA, the Northern Province is especially exposed to climate impacts from a change in the amount of rainfall and a shift in seasons - especially the beginning of the rainy seasons (REMA, 2015). The production of the most important products of the company faces seasonal peaks. The chili oil has a seasonal peak between the months of July and November. Products such as strawberries or bananas also face seasonality and are not always available. For this reason cooling would be critical for the company to store the strawberries or passion fruits. However, the company does not have any cooling storage areas in which they could store, for example, the strawberries or passion fruits. The company is currently assessing the possibility of investing in a cooling storage. Ideally, the storage of fruits should occur at a temperature between 4 – 8° C.


Key climate phenomenon

Shifting of seasons - the rainy season starts later than it used to. However, it is unclear how this actually affects production quality and quantity
In 2013, a landslide blocked the road to Kigali for one week. Small landslides in the surroundings of the company are also common but do not have significant effects on the enterprise.



Chilis for the production of chili oil
(© adelphi, 2015)

Climate risks and Adaptation measures

Climate Phenomenon / Impacts	Climate Risks	Identified adaptation measures
Heavy and more frequent rains 	<ul style="list-style-type: none"> • Affects the production process in the future • Road connection disrupted due to landslides • More frequent or longer power outages • Workers not attending their shift 	<ul style="list-style-type: none"> • Creating financial incentives for workers to attend work in cases of heavy rain would be an option to ensure the continuity of the production process. • Organization of the transport of workers from central points in residential areas to ensure production continuity and avoid material destruction. • Preparation of emergency plans for the most frequented and/or most vulnerable routes • Installation of a micro-water-energy plant
Other related risks related to climate change		Identified adaptation measures
	<ul style="list-style-type: none"> • More demand for “climate-friendly” products 	<ul style="list-style-type: none"> • Market products as “climate-proof” showing the adaptation strategy developed and the adaptation actions undertaken

Business opportunities

As consumers become more aware that not only fair wages or ecological agro-practices are relevant criteria for sustainable agriculture but also climate resilience, the demand for “climate-proof” products may increase.

Adaptation strategy

Climate risk management tools provide information for SMEs to build adaptation capacity and to develop individual adaptation strategies. PSACC developed the climate risk management tool “Climate Expert” (www.climate-expert.org). In addition to assessing vulnerabilities, the tool includes guidance on assessing the costs and benefits of the different climate risk management options.

Given the past as well as expected climate change impacts in the Northern Province as well as the specific location of URWIBUTSO and its production processes, few risk as well as opportunities arising from climate change could be identified. However, during the assessment the team found that the company is currently facing several problems in the production process, as well as cash-flow, storage and machinery problems. These problems related to the production process itself result in fluctuations of production and sales that are far greater than the fluctuations from climate change and weather impacts.

Due to this situation, the team concluded that it may not be the most suitable moment for an in-depth climate change adaptation assessment. Before such an assessment is undertaken, it should be ensured that the basic business problems are solved. Once this has been achieved it will be much easier to clearly identify if and at which points in the production process climate phenomena affect the company bottom-line.

For more information on this case study and PSACC, contact us

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