PPCR Programming Phase

Lessons on Enhancing Readiness for Climate Resilient Development

African Development Bank

Asian Development Bank

European Bank for Reconstruction and Development

Inter-American Development Bank

WORLD BANK GROUP

CLIMATE INVESTMENT FUNDS

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List of Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
CSO	Civil Society Organization
CIF	Climate Investment Funds
EBRD	European Bank for Reconstruction and Development
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFC	International Finance Corporation
MDB	Multilateral Development Bank
NAPA	National Adaptation Program of Action
PPCR	Pilot Program for Climate Resilience
SCF	Strategic Climate Fund
SPCR	Strategic Program for Climate Resilience

Executive Summary

Developing countries are increasingly bearing the brunt of a changing global climate. The livelihoods of already at-risk populations are becoming considerably more threatened as a result of acute water shortages, greatly reduced agricultural production, more severe weather patterns, and fluctuating temperatures. These challenges can be further compounded when climate risk and resilience are not key features of a country's strategic planning process, or the financing for climate resilience projects is not feasible.

Recognizing the interrelation of these issues, the Pilot Program for Climate Resilience (PPCR) was developed as a targeted program of the Climate Investment Funds (CIF). Seeking to give priority to many of the most vulnerable, least developed nations, the PPCR is helping nine pilot countries and two regional programs (including nine small island nations)[1] build resilience and adapt to climate change. Using a two-phase, programmatic approach, the PPCR—through partner multilateral development banks (MDBs)[2]—first assists national governments in integrating climate resilience into development planning across sectors and stakeholder groups. Second, it provides additional funding to put the plan into action and pilot innovative public and private sector solutions to pressing climate-related risks.

With $1.2 billion pledged to date, the PPCR is currently the largest adaptation fund in the world, and second only to the International Development Association in its support to small island developing states.

This study explores the relevance, flexibility, and effectiveness of PPCR programming phase (Phase 1) activities and funding as a potential model for creating strategic investment frameworks for climate-resilient development that can attract large-scale and diverse adaptation finance.

[1] PPCR countries: Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Níger, Tajikistan, Yemen, Zambia, Carribbean regional program (Dominica, Haiti, Jamaica, Grenada, St. Lucia, St. Vincent and the Grenadines) and Pacific regional program (Papua New Guinea, Samoa and Tonga)

[2] African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation

Background on the PPCR Programming Phase (Phase 1)

The PPCR is implemented in two phases: countries first develop a strategic plan for climate resilience (SPCR) nested in national development goals and strategies for the use of an envelope of PPCR resources (Phase 1), and then prepare and implement the investments and enabling activities identified therein (Phase 2).

This initial programming phase (Phase 1) was conceived to ensure that 1) investments identified for PPCR funding would meet country needs and dovetail with country priorities and 2) the development of the SPCR would be based on a solid analytical and participatory process.

Nine countries and two regional programs accessed PPCR programming (Phase 1) grants of up to $1.5 million to undertake key tasks leading to the development of the SPCR, including:

- **Analysis of climate risks:** Use appropriate modeling tools and establish priorities among sectors and themes
- **Institutional analysis:** Identify gaps, knowledge, and institutional capacities to build climate resilience through participatory processes
- **Knowledge and awareness raising:** Disseminate key messages and discuss outcomes of studies and institutional gaps and needs with a broad range of stakeholders
- **Capacity building:** Develop relevant capacity building activities to address critical capacity constraints
- **Consultation process:** Ensure a socially inclusive process during consultations to provide inputs from a wide range of actors

For the majority of countries, the PPCR programming phase funding set the foundation for the development of the SPCR, facilitated its timely completion, and improved their overall readiness to implement the program of investments and supporting activities.

Assessment of Programming Phase (Phase 1) Financing

The review identifies the following **enabling factors** that contributed to the effectiveness of the PPCR programming phase as a vehicle for enhancing country readiness:

- **The MDBs were critical catalysts** in the process and the involvement of more than one MDB in most countries had positive impacts, although it also created management challenges in terms of operational efficiency.
- **Establishing country ownership** from the outset increased commitment to the program and ensured that the SPCR reflected country priorities. This was aided by anchoring the PPCR in a lead ministry, such as Ministry of Finance.

- The creation of **country coordination mechanisms** during the programming phase, which in many countries were extended into the implementation phase, helped to prevent a gap that could undermine the accomplishments of Phase 1 and provided sustenance to maintain the programmatic nature of the SPCR implementation.

- **Capacity building** is central to the success of the PPCR and a clear justification for a strong preparatory phase prior to the implementation of the investment plan.

- **Stakeholder consultations** undertaken during the programming phase enhanced engagement and communication among stakeholders and increased their ownership across all pilot countries.

- **Extension of programming (Phase 1) activities** beyond the development of the SPCR, both in terms of scope and implementation period, had positive impacts for SPCR implementation, especially as many activities took longer than expected.

In addition, a number of **barriers** are identified:

- **Uncertainty about the level of funding available for implementation** led some countries to fast-track the programming phase in order to ensure access to funds. This limited the time available for certain important preparatory activities, including learning, capacity building and cross-sectoral coordination.

- **Private sector engagement** was limited by a number of factors including the underdevelopment of the formal private sector and financial intermediaries, lack of knowledge and experience with adaptation-related investment opportunities, and the difficult business environments in some pilot countries.

Lessons learned on the relevance, flexibility and effectiveness of PPCR programming phase (Phase 1)

Relevance
- Phase 1 support for key building blocks:
  - Country ownership
  - Capacity building
  - Coordination and institution-building
  - Communication and collaboration
- Limited readiness (technical and administrative) showed that extra time for Phase 1 was needed
- Shortcomings:
  - Need for greater attention to monitoring and evaluation from the outset
  - Need to further increase stakeholder capacity (CSO and private sector)

Flexibility
- Flexibility in scope and timing allowed governments to tailor Phase 1 according to country-specific needs and capacities
- PPCR is designed to address vulnerability and limited in-country capacity for climate resilience, but the same capacity challenges could hinder ability to make efficient use of the Phase 1 grant

Effectiveness
- Phase 1 evolved into sustenance function with important longer-term benefits, led to sustainable institutional arrangements for climate resilience.
- Built technical capacity, stakeholder consensus, inter-governmental collaboration and civil society cooperation
- Aided by availability of experts and good teamwork between stakeholders, including the MDBs and government agencies
- As designed, did not sufficiently nurture private sector engagement
- Challenges due to burdensome procedures and limited capacity in some countries

Recommendations

Several broad recommendations can be drawn from the lessons that have emerged from the PPCR programming phase. These could inform future efforts of the PPCR and other initiatives, including the Green Climate Fund, that aim to support readiness for and investments in climate-resilient development.

- **Integrate the programming phase with the implementation phase** to keep momentum and build upon the achievements from Phase 1 and reduce uncertainties or inefficiencies.

- **Enable efficient access to funding** through simplified and straightforward procedures and guidelines. It is important that these procedures and the role of the lead MDB are clearly defined at the outset and ideally remain consistent throughout.

- **Clarity on needs and absorptive capacity through consultation processes.** Recognize the need to provide greater technical and institutional support in low capacity countries, but not necessarily more money.

- **To enhance programmatic approach,** maintain **flexibility,** allow requisite time to foster **country ownership** and ensure **participatory process,** ensure **institutional support leading to long-term sustainability,** and **strengthen capacity,** including for non-government actors.

- **Recognize the challenges to private sector involvement from the beginning of the process to ensure realistic objectives for participation and investment.** Transfer of lessons from middle-income countries as well as substantial technical assistance and market building will be needed in low-income countries to create the conditions for private sector engagement. Allocation of funds for private and public sector investments through separate windows could reduce the preponderance of the public sector and facilitate private sector participation.

- Effectively distill, document and share **lessons learned and best practices** to strengthen knowledge among different stakeholders and facilitate informed decision-making.

1. Introduction

The PPCR is presently the largest dedicated financing mechanism for adaptation finance with more than $1.2 billion pledged to date.

The Pilot Program for Climate Resilience (PPCR) is a targeted program of the Climate Investment Funds (CIF). The PPCR supports a programmatic approach and provides scaled-up financing, delivered through the multilateral development banks (MDBs)[3], to nine low-income countries and two regions[4] to mainstream climate resilience into development planning and investments. The PPCR is presently the largest dedicated financing mechanism for adaptation finance with more than $1.2 billion pledged to date.

Specific PPCR objectives are to:

- Pilot and demonstrate approaches for the integration of climate risk and resilience into development policies and planning
- Strengthen capacities at the national level to integrate climate resilience into development planning
- Scale-up and leverage climate resilient investment, building on other ongoing initiatives
- Enable learning-by-doing and sharing of lessons at country, regional and global levels

To achieve these objectives, the PPCR supports two types of activities:

- Funding for technical assistance to enable developing countries to build upon existing national work to integrate climate resilience into development plans, strategies and financing, culminating in the development of a strategic program for climate resilience (SPCR). This includes grant funding for policy reform, capacity building, long-term institutional strengthening, stakeholder engagement, and awareness raising (Phase 1).
- Additional financial resources to help fund a program of public and private sector investments identified in the SPCR, financed through a combination of grants and near-zero interest credits (Phase 2).

[3] African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation

[4] PPCR countries: Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Níger, Tajikistan, Yemen, Zambia, Carribbean regional program (Dominica, Haiti, Jamaica, Grenada, St. Lucia, St. Vincent and the Grenadines) and Pacific regional program (Papua New Guinea, Samoa and Tonga)

By May 2013, all PPCR pilots had completed the process of developing SPCRs, indicating a transition out of the programming phase and into the development and implementation phase of agreed investments. This study aims to take stock of what has been achieved with the programming phase financing, and to document lessons that can be learned regarding the relevance, flexibility and effectiveness of programming activities and funding as a potential model for developing strategic investment frameworks for climate-resilient development which can attract large-scale and diverse adaptation finance. The results from this work could inform future modifications to the PPCR as well as other mechanisms supporting climate-resilient development.

2. Rationale and Modalities for PPCR Programming Financing

The aim of the PPCR programming phase (Phase 1) is to lay the foundation for climate resilience to be mainstreamed into development planning, including the cross-sectoral dialogue necessary to arrive at a common vision of climate resilience articulated in the SPCR. Preparation of the SPCR requires identifying priorities and strategies; defining key agencies; allocating tasks among government agencies, MDBs, and other partners; and developing a results framework to track progress (CIF 2009). This programming phase therefore sets out to fund the following activities: analysis of climate risks, institutional analysis, knowledge and awareness raising, capacity building, and consultation processes.

2.1 Programming Phase (Phase 1) Activities

The aim of the PPCR programming phase (Phase 1) is to lay the foundation for climate resilience to be mainstreamed into development planning.

According to CIF operational guidelines provided to countries to prepare the SPCR[5], the process should be country-led and country-driven to ensure that the investments developed and implemented under the PPCR meet pilot country needs and dovetail with country priorities. The development of the SPCR should also be based on a solid analytical and participatory process, including an assessment of climate impacts on and risks for vulnerable groups, natural resources, ecosystem services, and economic sectors. Consensus-building efforts using existing or enhanced dialogue platforms are central to identifying the priority areas of action to be supported by the PPCR. Where possible it should build on the National Adaptation Program of Action (NAPA) and other relevant country studies and strategies to avoid duplication of efforts. Likewise, it should complement activities already planned or in implementation, including those financed by the Adaptation Fund.

Box 1 outlines the tasks involved in developing the SPCR. As the programming phase evolved to bridge the transition to the implementation phase, the activities originally intended to support the development of the SPCR took on a broader role in supporting the implementation of the SPCR.

The selected PPCR pilot countries and regions span a range of climate change risks and vulnerabilities and represent a diversity of development and environmental circumstances. Thus the extent and duration of the programming phase tasks were expected to vary among pilots, depending on each country's needs and readiness. For example, some countries already had solid information available to assess options to address climate change impacts within key sectors or sub-regions. Others needed time to acquire such information before being able to launch a cross-sectoral

[5] An overview of SPCR components is available from: https://www.climateinvestmentfunds.org/cif/Pilot_Programs

Box 1: Key tasks in the development of the SPCR during programming phase

Analysis of climate risks:

a. Use appropriate modeling tools and existing assessments to identify climate risks to key national economic sectors, sub-regions, vulnerable groups, and natural resources and ecosystems. Prioritize sectors and themes for adaptation interventions.

b. Conduct rapid vulnerability assessments using a range of approaches.

Institutional analysis:

a. Identify and initiate a cross-sector coordination mechanism suitable in the specific country context to support the priority sectors and themes identified.

b. Identify cross-ministerial/sectoral institutional gaps and overlaps, resource needs, and recommendations to promote the sectoral coordination needed to build climate resilience.

c. Identify gaps, knowledge, and institutional capacities to build climate resilience through participatory processes.

d. Assess adequacy or possibilities for strengthening participatory processes.

Knowledge and awareness raising:

Disseminate key messages and discuss the outcomes of the analytical studies and institutional gaps and needs analysis with a broad range of stakeholders and through the media and communication channels.

Capacity building:

Develop relevant capacity building activities to address critical capacity constraints in order to facilitate identification of climate risks and vulnerabilities as well as options for priority actions.

Consultation process:

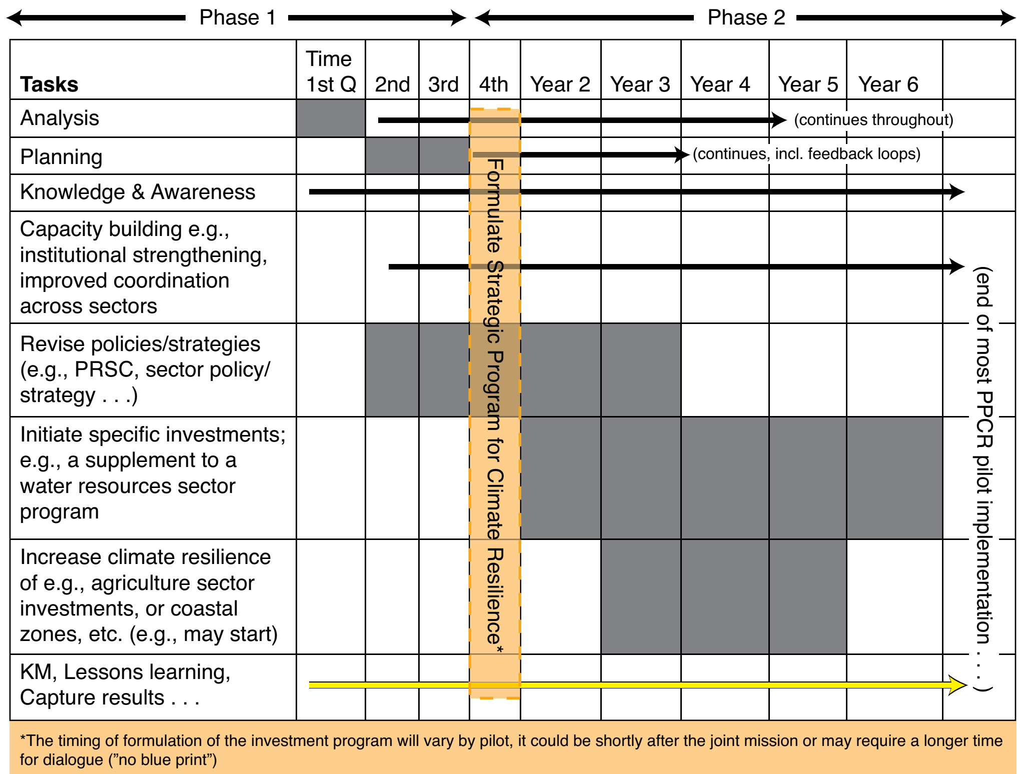
Ensure a socially inclusive process during consultations so a wide range of actors, such as non-governmental organizations (NGOs, civil society organizations (CSOs), and vulnerable groups, can provide input.

dialogue and planning discussion. In countries where the NAPA or a similar process had already created a platform for analytical work and exchange, the PPCR programming phase was expected to advance more quickly.

PPCR regional pilots in the Caribbean and Pacific combine single-country PPCR programs within an umbrella regional program. The aim of the regional PPCR pilots is to strengthen cooperation and capacity to integrate climate resilience into national and regional development planning and processes. A regional PPCR pilot was expected to provide significant benefits over a country-by-country approach in cases where a single country lacks an adequate level of resources, knowledge, and capacity and/or where opportunities for key adaptive measures may only be realized through regional or sub-regional cooperation.

Figure 1 outlines potential programming phase tasks and the transition to the implementation phase, emphasizing that the tasks implemented and the speed of their execution will be very country specific. Both phases are designed to be flexible and iterative.

Figure 1: Illustrative outline of the PPCR programming phase and transition to the implementation phase



3. Level of Demand and Approval for PPCR Programming Phase Financing

PPCR programming phase grants of up to $1.5 million were made available to the pilot countries and regional organizations.

Funding required for the programming phase varied, depending on the particular country's needs as well as the scope of preparatory activities included in that phase. For countries with lower capacity levels and where prior preparatory work had not yet been undertaken, greater technical and financial support was needed. However, the absorptive capacity was often limited, which slowed the process down. Countries using programming phase funds for preparatory activities beyond SPCR development required larger grants.

To facilitate the rapid development of the SPCRs, programming phase grants of up to $1.5 million were made available to the pilot countries and regional organizations. Grants were requested by all but two countries (Bangladesh and Niger) and the Pacific regional track. Bangladesh and Niger both opted not to apply for the programming phase funding for reasons of expediency and because analytical work was already underway. Passing over the programming phase grants allowed these pilots to focus immediately on the preparation of the SPCR.

Table 1 specifies that programming phase grants were approved between March 2010 and April 2011 and ranged from $0.2 million to $1.5 million and totaled $10.32 million. With the exception of Nepal, all of the single pilot countries requested and received either the maximum level of funding or close to the maximum.

Table 1: Overview of PPCR programming phase grants

COUNTRY/REGION	APPROVED PROGRAMMING PHASE GRANT ($ MILLIONS)	CUMULATIVE DISBURSEMENT (AS OF JUNE 2014)	COMMITMENTS NOT YET DISBURSED / STATUS
BOLIVIA	1.5	1.2	0.3
CAMBODIA	1.31	1.31	Closed
MOZAMBIQUE	1.5	.88	Closed
NEPAL	0.21	0.21	Closed

COUNTRY/REGION	APPROVED PROGRAMMING PHASE GRANT ($ MILLIONS)	CUMULATIVE DISBURSEMENT (AS OF JUNE 2014)	COMMITMENTS NOT YET DISBURSED / STATUS
TAJIKISTAN	1.46	1.46	Closed
YEMEN	1.5	1.5	Closed
ZAMBIA	1.5	1.42	Closed
PAPUA NEW GUINEA	0.40	0.40	Closed
SAMOA	0.42	0.42	Closed
TONGA	0.20	0.20	Closed
DOMINICA	0.31	0.25	Closed
GRENADA	0.27	0.27	Closed
HAITI	0.45	0.26	0.19
JAMAICA	0.51	0.51	Closed
SAINT LUCIA	0.31	0.31	Closed
SAINT VINCENT AND THE GRENADINES	0.27	0.27	Closed
CARIBBEAN REGIONAL TRACK	0.24	0.24	Closed

Source: CIF Administrative Unit based on MDB semi-annual reports to the CIF Trustee. Data as of June 30, 2014.

Box 2: Nepal: Country-driven process based on a small PPCR programming phase grant

Among single-country PPCR pilots, Nepal requested the smallest programming phase grant to prepare its SPCR in March 2010. The SPCR was endorsed in June 2011, providing an envelope of $86 million in grants and near-zero interest credits. At the time of writing, four out of five SPCR components have been approved by the PPCR Sub-Committee and respective MDBs and are under implementation. Following a recent decision taken by the Government of Nepal not to accept credits or loans for climate change-related investments, Nepal has returned an unused credit allocation of $14.4 million.

Because the Government of Nepal wanted to move quickly into implementation, the programming phase grant was used exclusively to produce the SPCR. Nepal felt that a much larger grant would take too long to plan and would result in activities that could be rolled into the investment plan. Despite the fact that the PPCR programming phase did not gain ground in Nepal as a broader preparatory phase, funding was needed to prepare the SPCR, providing the government with technical support from a team of consultants.

Nepal, unlike a number of other pilot countries, was able to build on a well-defined policy framework for climate change. Nepal's NAPA prioritization process was sufficiently comprehensive to serve as the basis for an adaptation strategy (NAPA 2010). The Government of Nepal endorsed its Local Adaptation Plans of Action framework to operationalize the NAPA and promulgated its National Climate Change Policy in 2011. Furthermore, the Asian Development Bank (ADB) was providing technical assistance (US$13 million) for capacity development and data collection, down-scaling of climate models, institutional strengthening, and vulnerability assessment. Nepal was able to move relatively quickly because consultations for the NAPA had built awareness and the NAPA thematic working groups could be engaged in the SPCR planning process. The NAPA had recently undertaken a vulnerability assessment, but not a climate change risk assessment, which was covered by the PPCR along with further community consultations.

Box 3: Bangladesh: A pilot country not requesting a programming phase grant

Bangladesh's SPCR was among the first to be approved in November 2010. The country was able to move directly to implementation on the basis of its well-established policy and institutional framework for addressing climate change, and its advanced adaptation planning experience, namely developing the NAPA in 2005 and the Bangladesh Climate Change Strategy and Action Plan (BCCSAP) in 2009. The SPCR investments were built on priorities identified by the Government of Bangladesh's executing agencies and were aligned with the priority areas in the BCCSAP and the NAPA, eliminating the need for a detailed planning phase.

Bangladesh harnessed its existing institutional arrangement for climate change to steer the PPCR programming phase process. This included the management and technical committees set up for the Bangladesh Climate Resilience Fund, a multi-donor trust fund, and the Government's own trust fund, the Bangladesh Climate Change

Trust Fund. The Government of Bangladesh has also established climate change cells in various line ministries and a Climate Change Unit in the Ministry of Environment and Forestry (MoEF), mandated to build government capacity for mainstreaming climate change and adaptation. The MoEF is the PPCR executing agency and maintains overall responsibility for overseeing implementation of the SPCR program. The MoEF also plays a direct role as a focal agency to take advantage of pre-existing relationships with MDBs and a high level of authority to convene across various ministries.

These institutional arrangements allowed for the rapid development of the SPCR. However, the lack of a comprehensive planning phase may have contributed to interruptions and delays in implementation. Some stakeholders felt that PPCR roles and responsibilities were not clearly defined (Rai 2013b).

4. Consistency with Intended Scope of PPCR Programming Phase

PPCR programming activities were country-led, built on NAPAs, supported by stakeholder consultations, and complemented existing adaptation funding

Funded activities closely matched the intended scope of the programming phase and were conducted in a manner consistent with the principles of the PPCR. Namely, they were country (government)-led and country-driven, built on the NAPAs and other relevant country studies and strategies, supported by stakeholder consultation, and complemented existing adaptation funds.

Table 2 provides an overview of the components approved for the programming phase financing across the pilot countries. These components have been categorized into: analytical work in climate risk, mainstreaming, knowledge and awareness raising, capacity building, consultations, institutional analysis, and SPCR drafting.

PPCR programming phase activities and objectives evolved over the course of implementation beyond just preparation of the SPCR. For most countries, the programming phase funding was needed not only to draft the SPCR but also to build up technical capacity, national consensus, and institutional structures that would support the implementation phase. These distinct needs were not clearly defined at the beginning of the programming phase, but it is clear that these additional preparatory activities necessitated larger grants.

The PPCR Sub-Committee initially envisioned that the regional pilots would develop a single investment plan with each country having one "chapter." However, as the regional programs developed, this approach did not prove feasible because the capacities of the participating small island developing states were too diverse. Each individual country participating in the regional programs led its own national programming process resulting in country-specific SPCRs, while regional institutions led the development of a regional plan of activities referred to as the "regional track" (CIF 2012). The Pacific regional track was developed without programming phase funding but benefited from the preparation efforts in the three countries participating in the program and existing analytical work.

Table 2: Overview of planned uses of PPCR programming funding by countries

PPCR COUNTRY	USE OF PROGRAMMING PHASE FUNDING
BOLIVIA	• Strengthening the National System of Climate Change Information by updating its database, offering training on the use of data and the homogenization of hydro-metrological information, developing climate change scenarios for Bolivia based on down-scaled models, providing technical training on the use and generation of climate scenarios using the Bayesian approach, and investigating cyclical patterns in the weather and time series for Bolivia • Integrating a climate resilience approach into the National Planning System which focuses on public investment policies • Supporting the Rio Grande component through the formulation of the River Basin Planning for Pirai and Mizque • Preparing an environmental and social safeguards framework
CAMBODIA	• Mainstreaming climate resilience at national and sub-national levels • Conducting science-based adaptation planning and outreach • Integrating civil society and gender considerations in climate change • Assessing private sector opportunities in climate change adaptation
MOZAMBIQUE	• Assessing strategic climate resilient livelihood options in drought prone areas in the Limpopo Valley (to inform detailed design of adaptation investments) • Conducting a national assessment of the impacts of sea-level rise and storms on coastal resources to provide a solid analytical platform for climate resilient policy development and planning in the coastal zone • Conducting a weather index insurance study
NEPAL	• Building government capacity and expertise to prepare the investment plan and investment proposals according to PPCR guidelines • Conducting a consultative process to facilitate broad-based ownership and agreement on expected achievement of impact, outcome and outputs

(continued)

Table 2: Overview of planned uses of PPCR programming funding by countries *(continued)*

PPCR COUNTRY	USE OF PROGRAMMING PHASE FUNDING
TAJIKISTAN	• Managing preparatory work in key sectors, including sustainable land management, energy, and river-basin approaches, and governance arrangements for coordinating climate resilience efforts • Establishing a PPCR secretariat which is coordinating the implementation of the SPCR and other adaptation-relevant activities.
YEMEN	• Conducting data gap analysis for spatial, temporal and quality of climate data; and institutional and capacity gap analysis, including software and hardware • Raising awareness for all stakeholders through multi-media outreach • Conducting a rapid multi-risk assessment to identify vulnerable areas and communities for pilot investments • Assessing the climate information system and how to mainstream climate change resilience into national development planning and sectoral policies • Building capacity of the EPA as the technical secretariat of the Inter-Ministerial Committee for Climate Change to coordinate the preparation and implementation of PPCR • Conducting regional consultations in Taiz and Ibb
ZAMBIA	• Providing technical assistance, studies, stakeholder engagement, and training/capacity-building initiatives • Consulting on policy and legal framework for long-term institutional framework and formulation/finalization of the National Climate Change Strategy • Setting up a multi-sectoral instructional arrangement for climate change coordination (i.e, Interim National Climate Change Secretariat) • Conducting integrated sectoral and economic impact modeling through development of hazard and risk mapping of vulnerabilities to inform better decision-making at all levels of government • Providing scaled-up targeted awareness and communication before and during project implementation start up • Developing a strategy/financing framework for a national program for climate resilience

PPCR COUNTRY	USE OF PROGRAMMING PHASE FUNDING
CARIBBEAN REGIONAL PROGRAM	• Providing climatologic data assessments and projections • Reviewing relevant national and regional policies, development plans, legislation and regulations related to climate change in the countries with a view to prioritizing future investments to be financed by the PPCR • Evaluating data collection and management systems within the region and developing a national climate risk screening toolkit
PACIFIC REGIONAL PROGRAM	• Phase 1 activities for Tonga and Papua New Guinea have been implemented through a combined technical assistance effort with a view to maximizing synergies in the development of the SPCRs. Samoa used resources to update analytical work such as situation analyses (including risk profiles), conduct institutional assessments, set up a PPCR steering committee and build its capacity to lead the PPCR process and draft the SPCR. To further strengthen the PPCR work in these countries and in the Pacific as a region, the scope of this technical assistance was widened to include the activities to develop the Pacific regional component. Activities include planned stakeholder meetings intended to further bolster the country and regional capacity to support PPCR implementation.

Source: CIF October 2012 PPCR /SC 11.3. Rev

5. Status of Implementation of Programming Phase Activities

Countries require different levels of support depending on their baseline readiness, as well as on factors outside the scope of the programming phase.

The PPCR programming phase set out to support the key building blocks of climate-resilient development, namely country ownership; capacity building; coordination and institution building; communication and collaboration, including government, donors and stakeholders; and private sector engagement. Countries require different levels of support depending on their baseline readiness in each of these areas, as well as on factors outside the scope of the programming phase, such as natural disasters and political conflict.

The PPCR countries and regions represent a range of climate change risks and were at very different stages in addressing these risks in their development planning and budgeting processes, which shaped the way the PPCR programming phase was implemented. Many countries spent substantial time to hire consultants, carry out studies, establish institutions, build stakeholder consensus, and create enabling conditions for private sector investments. This was especially true for the regional programs, which had to coordinate across a number of governments.

In addition, the pilots requesting programming phase grant resources spent considerable time in preparing programming phase proposals before they focused on the development of the SPCR. Table 3 provides an overview of the time it took countries to prepare their SPCR following approval of their programming phase grant. This averaged 13.6 months, with a range of 5–25 months. (Initial estimates were for 3–18 months.) Total time from selection as a pilot country through preparation of the Phase 1 proposal and its implementation averaged just over two years.

Box 4: Mozambique: Time needed for PPCR programming phase

In Mozambique, the programming phase grant accelerated the production of the SPCR through the: (i) quick deployment of a coordination team to support local, regional and national consultations on the SPCR document; (ii) quick deployment of a consultant who, working with the MDBs and the team of coordinators, assisted the Government in drafting the SPCR document; and, (iii) quick preparation of consultation workshops in two project sites and at the central level. These consultations marked the beginning of a consistent cross-sector coordination process and dialogue on climate resilience.

Nevertheless, there were unanticipated delays in the implementation of Mozambique's programming phase grant as procurement of consultancy services took more time than expected. The time and funds required for analytical work were also underestimated. As a result, several studies expected to be carried out during the programming phase have been supported by other funding sources or delayed until the implementation phase.

Table 3: Overview of timeframes for PPCR programming phase process

COUNTRY/ REGION	SELECTION DATE	PROGRAMMING (PHASE 1) APPROVAL	ENDORSEMENT DATE FOR SPCR	PREPARATION TIME FOR SPCR SINCE SELECTED (MONTHS)	PREPARATION TIME FOR SPCR SINCE PHASE 1 GRANT WAS APPROVED (MONTHS)	COMPLETION OF PHASE 1 DATE
BANGLADESH	Jan-09	n/a	Nov-10	23	n/a	n/a
BOLIVIA	Jan-09	Jun-10	Nov-11	34	17	Jun-14
CAMBODIA	Jan-09	Jun-10	Jun-11	29	12	Apr-13
MOZAMBIQUE	Jan-09	Jun-10	Jun-11	29	12	Nov-13
NEPAL	Jan-09	Mar-10	Jun-11	29	15	Jun-11
NIGER	Jan-09	n/a	Nov-10	23	n/a	n/a
TAJIKISTAN	Jan-09	Jun-10	Nov-10	23	5	Jun-11
YEMEN	Oct-09	Jun-10	May-12	31	22	Jun-14
ZAMBIA	Jan-09	Mar-10	Jun-11	29	15	Sep-13
PACIFIC REGIONAL TRACK	Oct-09	n/a	Apr-12	30	n/a	n/a
PAPUA NEW GUINEA	Oct-09	Oct-10	Nov-12	37	25	*

(continued)

Table 3: Overview of timeframes for PPCR programming phase process *(continued)*

COUNTRY/ REGION	SELECTION DATE	PROGRAMMING (PHASE 1) APPROVAL	ENDORSEMENT DATE FOR SPCR	PREPARATION TIME FOR SPCR SINCE SELECTED (MONTHS)	PREPARATION TIME FOR SPCR SINCE PHASE 1 GRANT WAS APPROVED (MONTHS)	COMPLETION OF PHASE 1 DATE
SAMOA	Oct-09	Jan-12	Apr-11	18	6	Mar-13
TONGA	Oct-09	Oct-10	Apr-12	30	18	*
CARIBBEAN REGIONAL TRACK	Oct-09	Jan-11	Apr-12	30	15	*
DOMINICA	Oct-09	Apr-11	Apr-12	30	12	Dec-13
GRENADA	Oct-09	Oct-10	Apr-11	18	5	Dec-11
HAITI	Oct-09	Apr-11	May-13	43	25	Oct-14
JAMAICA	Oct-09	Dec-10	Oct-11	24	11	*
SAINT LUCIA	Oct-09	Oct-10	Jun-11	20	8	Jun-13
SAINT VINCENT & THE GRENADINES	Oct-09	Nov-10	Apr-11	18	5	Mar-12
(AVERAGE)				27.0	13.6	*

* indicates date not available

6. Reflections on Activities Implemented with Programming Phase Financing

PPCR countries report that programming phase funding improved their overall readiness to implement the strategic plan for climate resilience.

This section reviews the achievements of the programming phase financing in terms of trends, commonalities and differences among countries and activities. For the majority of countries, PPCR programming phase funding set the foundation for the development of the SPCR, both technically and institutionally, and facilitated its timely completion. PPCR countries report that programming phase funding also improved their overall readiness to implement the SPCR.

The studies undertaken and structures set up during the programming phase are supporting the implementation of SPCR activities, and many will be further developed and strengthened through the implementation phase. Of particular relevance are the coordination units that were established to support implementation, and the stakeholders mobilized during the programming phase to facilitate SPCR activities. In this sense the PPCR is considered not only to have contributed to readiness but to have provided the necessary "architecture" and continuity to sustain the PPCR programmatic process through the implementation phase and beyond, as well as providing leadership for the larger national resilience agenda.

A core aim of the PPCR is to develop a programmatic approach to climate resilience, mainstreaming climate change adaptation and disaster risk reduction into development planning and investment. Because project–based activities alone have limited potential to effect national or sector-wide transformations, a programmatic approach entails a long-term and strategic arrangement of linked investment projects and activities aimed at achieving large-scale impacts, taking advantage of synergies and co-financing opportunities.

Most of the pilot countries expressed general satisfaction with the PPCR and MDB processes for accessing PPCR funding for the programming phase. However, some pilot countries cited operational procedures as one of the greatest challenges. As a new program, PPCR procedures and financing modalities were updated several times in the first year.

The complexity of MDB policies and procedures, and the problems posed by the overlap between MDB and national procedures slowed the administrative process to channel the programming phase resources to governments. MDB procedures for recipient-executed grants require a review of the procurement and financial management capacity of the government implementing agency before the grant is signed, as well as preparation of a detailed procurement and financial management plan, which tend to be time consuming. Even where grants were executed by MDBs, standard bidding procedures for consultants' services and close consultation with government agencies were required. According to the experience gathered to date, the programming phase was generally implemented more quickly under MDB-executed grants than country-executed grants.

Table 4 summarizes the strengths and challenges of the PPCR programming phase process, as reported by the country focal points in response to a questionnaire prepared for this study.

Table 4: Summary of PPCR programming phase strengths and challenges in introducing a programmatic approach

CATEGORY	STRENGTHS	CHALLENGES
CAPACITY DEVELOPMENT	Provision of resources to undertake consultation and studies	Shortage of relevant in-country expertise
	Availability of experts to support process	• English skills • Insufficient high-level technical support
STAKEHOLDER AWARENESS/ CONSULTATION/ CAPACITY BUILDING	Awareness building across sectors and stakeholders, including government	Stakeholder consultation fatigue
	Capacity building	• Reaching consensus among stakeholders • Managing stakeholder expectations • More involvement of government staff required to ensure learning
INSTITUTIONAL ASPECTS	• Success in building policy and institutional capacities and working arrangements • Complementarity with existing national initiatives, policies and strategies • Ministry of Finance focal point	Incentivizing government involvement

CATEGORY	STRENGTHS	CHALLENGES
ANALYTICAL WORK & MAINSTREAMING	Success in mainstreaming in key development plans	• Complex processes required to mainstream climate change • Shortage of data • Synchronization of analytical work with production of SPCR
OPERATIONAL/ MANAGEMENT	Commitment of MDB staff and continuity	• Procurement rules, which resulted in delays • Changes in procedures • Consultants unfamiliar with government institutional practices and norms • Harmonization of procedures between national governments and MDBs • Tight deadlines and underestimation of time required to complete research studies • Lack of dedicated administrative support at the onset of project implementation and project management skills • Lack of familiarity (clarity) with rules and procedures for assessing funds and hiring consultants • Cost- and quality-based selection attracted large and unspecialized firms • Lack of results framework or logframe to guide implementation

Source: Pilot country template responses

6.1 Enabling Factors

The extension of the programming phase activities beyond the development of the SPCR, both in terms of scope and implementation period, had positive impacts for SPCR implementation. Continuing the PPCR programming phase activities and institutional support into the implementation phase serves to bridge the gap between the two phases. However, failure to distinguish up front between activities needed for preparation of the SPCR and for readiness for the implementation phase led to disruptive gaps.

Continuing the PPCR programming phase activities and institutional support into the implementation phase serves to bridge the gap between the two phases.

For many countries there was an overlap between the programming phase and SPCR implementation (e.g., Haiti, Zambia, Yemen, Samoa, Tajikistan and Mozambique). This overlap resulted in part from delays in implementation of the programming phase but also from the expanded range of activities initiated with funding for that phase. Programming phase grants were extended in many cases to provide a bridge to the implementation phase, preventing the gap that could undermine the accomplishments of the programming phase and programmatic nature of the SPCR implementation. While this was not the initial intention, the benefits of this overlap were recognized and supported by the MDBs. Stakeholders interviewed for this study suggested that in many countries, the programming phase created the glue which holds the program together throughout its implementation.

Most of the pilot countries faced delays in the implementation of the programming phase, and were granted extensions. The most common causes of delays, as reported by the pilot countries, are linked to the fact that capacity building, consensus building and analysis activities were more time-consuming than expected, and it was difficult to move forward without completion of these components. Obstacles to rapid completion are closely tied to the low readiness of the pilot countries.

For example, the Caribbean regional program had difficulty recruiting necessary personnel, in part because of the brain drain phenomenon currently affecting the region. For some countries, it was difficult to identify suitable private sector partners, which delayed private sector engagement. A few pilot countries noted the importance of moving quickly from planning to implementation on the ground. In Papua New Guinea two years elapsed between the approval of the programming phase grant and SPCR endorsement, and some momentum and awareness that was built up during the programming phase consultations was lost.

The MDBs were critical catalysts in the process and development of the programming phase and the resulting SPCRs. Well-coordinated joint missions and collaboration among the MDBs contributed to the efficient development of both programming phase proposals and the SPCRs. The involvement of more than one MDB in most countries had positive impacts, although it also created management challenges.

MDB joint missions played a substantial role in creating the enabling environment for implementation of the PPCR. MDBs are responsible for providing technical and operational support to the pilot country implementing agencies, and for facilitating cross-learning between the

The MDBs were critical catalysts in the programming phase and the resulting strategic plan for climate resilience.

implementing entities and the MDBs. Most pilot countries led a scoping mission and two joint missions, which included all MDBs supporting the country through the PPCR and, in some cases, other development partners. The purpose of the joint missions was to develop a clear process and financing plan for the government's preparation of its SPCR. These missions aimed to support a country-driven, participatory process and promote partnerships among the government, national stakeholders, and development partners for integrating climate resilience into national processes.

The joint missions proved to be an effective mechanism for promoting the PPCR work and engaging high-level decision-makers. Activities undertaken in the joint missions included:

- Broad-based consultations (with development partners and stakeholders, national and sub-national level authorities) on content and implementation arrangements for the programming phase to support consensus building

- Prioritization of areas

- Stocktaking of ongoing climate change adaptation activities and gap analysis

- Assessment of mainstreaming opportunities at national and sub-national level

- Technical assistance to undertake the design and development of the SPCR (including timelines and financial proposals)

During the joint mission to Nepal, two underlying themes emerged as crucial to building resilience to climate change impacts: (i) adopting a multi-sectoral approach focusing on frontline sectors involving the water-agriculture-forestry nexus; and (ii) employing bottom-up initiatives. These themes were underscored in MDB discussions with the key stakeholders, including the government, development partners, NGOs, private sector, and the constituent assembly.

For most of the pilot countries, more than one MDB has been involved, which was generally considered to be beneficial as the MDBs brought different strengths to the process. For example, in Mozambique, the African Development Bank (AfDB) led work with the government to design and monitor pilot interventions in the Limpopo basin; the World Bank with interventions in the Zambezi Valley and a coastal city; and the International Finance Corporation (IFC) in the private sector, in all cases building on existing work or specific expertise. The amount of coordination required among the MDBs represented a new working model with its strengths but also challenges related to different MDB procedures and being clear on the particular strengths of the MDBs.

In some cases the programming phase proposals outlined the particular roles of the MDBs and specified the lead MDB. For example, in Cambodia the World Bank, as the executing agency for the programming phase grant, was to be involved in all procurement decisions while ADB and IFC would provide technical inputs into the selection and monitoring of consultants for specific tasks for which they took the lead responsibility.[6] At the time the CIF procedures did not clearly formalize the role of lead MDB for the SPCR. This role has since been clarified, with an aim to enhance accountability, improve administration, and support the programmatic approach through the implementation phase.

Establishing country ownership from the outset facilitates the programming phase process, increases commitment to the program, and ensures that the SPCR reflects country priorities.

Establishing country ownership from the outset facilitates the programming phase process, increases commitment to the program, and ensures that the SPCR reflects country priorities. The programming phase was country (government)-led in some of the pilot countries and MDB-led in others, depending on the capacity to take ownership. In countries where MDBs took the lead, ownership was built up through a collaborative process.

To ensure ownership and acceptance of a national program, the relevant government agencies need to be in the "driver's seat" from the beginning of the process. Government ownership has generally been strong across the pilot countries. In countries that were well prepared for SPCR development, including predefined priorities and strategies in place, country ownership is most evident. Where coordination between ministries was lacking, government ownership was typically weaker and the ability to design a programmatic approach more limited. The programming phase accommodated different levels of country ownership, including a variety of country-led and MDB-led processes.

For many countries, country ownership of the programming phase process meant not just government leadership but the participation of other stakeholder groups. Both Saint Lucia and Zambia focused on developing a SPCR that met national needs through strong stakeholder engagement. This stimulated the sense of ownership of citizens and organizations when preparing and implementing project proposals and programs for building climate resilience and thus aimed towards a wider impact beyond the PPCR. However, in Zambia this also brought along challenges in coordination, delineation of responsibilities and commitment. In Saint Lucia the hiring of local consultants aided this process by focusing specifically on locally-relevant perspectives and experiences and creating ownership at the local level.

The PPCR programming phase process in Zambia was very much country-led. Zambia's investment components were selected based on its National Development Plan and National Climate Change Strategy. The active involvement of Permanent Secretaries and the Secretaries to the Treasury and Cabinet was critical to the establishment of the National Climate Change Secretariat, which coordinated the programming phase process. Leadership by the Zambian Government in key missions and the engagement of local authorities gave legitimacy and acceptability to the design of the implementation phase.

In Nepal, the programming phase technical assistance grant allowed the Government to own and lead the process. The Government used grant funds for consulting services to prepare the SPCR. The National Planning Commission played a key role in guiding the initiative, with the Ministry of Environment acting as the focal agency.

[6] Although the World Bank led the implementation of Phase 1 in Cambodia, it is not involved in the implementation of any PPCR Phase 2 investments.

Box 5: Tajikistan: Country ownership and sustainability issues

At the outset of the programming phase, Tajikistan did not have a NAPA nor a dedicated agency to lead climate-related policies and projects. There was also a lack of local capacity. For practical reasons, the MDBs took the lead, supported by a small team of consultants.

Because it was considered absolutely critical to build government capacity, a large component of the programming phase focused on supporting institutional capacity building and the establishment of a coordination unit. The PPCR Secretariat was set up as a dedicated function within government.[7] Factors critical to the success of this institutional capacity-building initiative were: (i) identifying and engaging people who could make a valuable contribution; (ii) attaching the Secretariat to the Prime Minister's office; and, (iii) ensuring the Secretariat had a clear sense of purpose and structure.

Staff at the Secretariat are funded by the PPCR and paid more than other government staff, raising the issue of sustainability once funding ends. One option for the long-term sustainability of the Secretariat is to expand its focus to coordinating climate resilience initiatives in general, with the PPCR playing a role in connecting the country to other finance mechanisms. With this in mind, the work plan of the Secretariat includes exploring implementation of the Adaptation Fund and the Green Climate Fund.

In Yemen, high-level political commitment to the PPCR was demonstrated through the formation of the Inter-Ministerial Committee for Climate Change chaired by the Deputy Prime Minister and the Minister of Planning and International Cooperation soon after Yemen was selected as a pilot country.

In Jamaica, the government played a leadership role. The Planning Institute of Jamaica assumed the lead agency role for the development of the SPCR and was able to build upon work it had undertaken to become accredited as a national implementing entity for the Adaptation Fund.[8] Other factors that allowed Jamaica to move forward relatively quickly and independently were the availability of technical background information and an existing climate change policy, as well as a long-term, cross-sector policy framework for Jamaica's development pathway, Vision 2030, within which the PPCR could be anchored.

Institutional and inter-governmental coordination is essential for developing and maintaining a programmatic approach that will support mainstreaming of climate resilience. The programming phase was largely successful in developing sustainable institutions for integrating climate resilience, although some countries may require additional support. Anchoring the PPCR in a lead ministry is one of the most reliable measures for ensuring inter-governmental cooperation.

[7] To learn more about the activities of the PPCR Secretariat, visit http://www.ppcr.tj or https://www.facebook.com/ppcr.tj

[8] To become accredited as an Adaptation Fund implementing entity, agencies must satisfy criteria for meeting fiduciary standards along three categories: financial integrity and management, institutional capacity, and transparency and self-investigative powers. At the time of writing, PIOJ is one of only 15 agencies to become an accredited national implementing entity and the only among PPCR pilot countries.

Institutional and inter-governmental coordination is essential for developing and maintaining a programmatic approach.

The approach taken to building the institutional mechanisms for the PPCR reflected country readiness and existing structures for climate change adaptation and resilience. While some countries were able to employ existing institutions, others built upon *ad hoc* institutions, and some built new institutions (Rai 2013c). These three approaches are reviewed here, with an overview of pilot country institutional leads in Table 5.

- **Harness or enhance existing institutions:** In countries with clear institutional arrangements for climate change, the PPCR has built on or enhanced existing institutions. For example, in Cambodia, the main institutional responsibility for climate change coordination rests with the National Climate Change Committee (NCCC), established in 2006 and chaired by the Senior Minister of Environment. The NCCC comprises high-level representatives from 19 line ministries. Its Secretariat, the Cambodian Climate Change Department (CCD), has been functioning, although in a more limited capacity, since 1999. The PPCR has utilized this existing arrangement, in particular strengthening the CCD and its climate change technical team through the technical assistance component of the SPCR.

- **Transition from an ad hoc to a long-term institutional arrangement:** At the start of the PPCR programming phase, Zambia had an ad hoc institutional arrangement consisting of a Climate Change Technical Unit with a fixed duration mandate under the Ministry of Tourism, Natural and Environment Resources. The Ministry of Finance and National Planning formed multi-stakeholder platforms aligned with the SPCR transformational themes and the priorities of the National Development Plan, namely: climate resilient agriculture, climate resilient infrastructure, and climate information. These platforms, led by highly respected national champions, enabled partners from government, academia, civil society and the private sector to collaborate. Arrangements were formalized in 2012 with the establishment of a secretariat for climate change under the Ministry of Finance; a technical committee composed of representatives from key line ministries, civil society and the private sector; and a high-level committee of Permanent Secretaries. The secretariat is fully operational, with suitable office space, a core staff of civil servants, and fiduciary information and logistical support. This strengthened institutional coordination is empowering Zambia to access climate change funds from multiple international aid sources.

- **Establish new institutions:** In a number of countries, the PPCR has successfully supported the establishment of new institutions to address climate risk. The sustainability of national PPCR institutions is uncertain in some cases. For example, the institutional arrangements in Tajikistan (see Box 5) are dependent on political will and the ability of the national government to take responsibility for these institutions in the future, including their financing. In some countries, line ministries hesitated to make commitments under the programming phase because there were few incentives for participation. In Zambia, for example, the deployment of sectoral staff to the secretariat was slow due in part to concerns about salary incentives and career advancement. This aspect is expected to be resolved by agreement on salary increases and by training and career opportunities offered during the implementation phase.

Table 5: Overview of PPCR country institutional leads

INSTITUTIONAL LEAD/ FOCAL POINT	EXAMPLES
MINISTRY OF FINANCE	**Zambia:** Ministry of Finance is the focal agency as well as the lead coordinator and execution agency of the PPCR. **Bangladesh** and **Cambodia:** Ministry of Finance has a focal administrative role and plays a key role in decision-making while the Ministry of Environment has an execution role.
CENTRAL PRESIDENTIAL OR PRIME MINISTERIAL OFFICE	**Tajikistan:** PPCR is attached to the Prime Minister's office. **Mozambique:** PPCR Phase 1 was administered by the Ministry of Planning and Development supported by the Ministry of Environment (MICOA); coordination of Phase 2 is the responsibility of the National Sustainable Development Council, which reports to the Prime Minister's office and to MICOA.
MINISTRY OF ENVIRONMENT (WITH TECHNICAL MANDATE TO ADDRESS CLIMATE CHANGE ISSUES) OR OTHER MINISTRY	**Bolivia:** PPCR is within the Ministry of Environment and Water, while Ministry of Development Planning is another key agency. **Nepal:** PPCR is within the Ministry of Environment and Science and Technology. **Yemen:** PPCR is within the Ministry of Environment. **Niger:** PPCR is within the Ministry of Planning and Community Development.

Source: Rai 2013c.

Capacity building is central to the success of the PPCR and a clear justification for a strong preparatory phase.

Capacity building is central to the success of the PPCR, and a clear justification for a strong preparatory phase prior to the implementation of the investment plan. Technical support provided by the MDBs during the programming phase played a critical role in capacity development and analytic work. The convening of regular CIF-supported PPCR pilot country meetings allowed participating countries to learn from each other. Greater investment in systemic capacity building, diagnostic work, and monitoring and evaluation could have strengthened the program in some pilot countries.

Several countries pointed out the importance of capacity building, especially for CSOs and the private sector. Countries commented that capacity building focusing on increasing knowledge of climate change, technical assistance, and developing skills is very important in building an effective PPCR project and working towards transformational change.

Consultations undertaken during the programming phase enhanced engagement and communication among stakeholders and increased ownership across all pilot countries. Successful stakeholder participation in the PPCR process requires active inter-governmental collaboration as well as broad-based stakeholder outreach. The process was time-consuming and sometimes burdensome for the participants, but it was critical for delivering the PPCR programmatic approach and ensuring that the definition of country priorities and proposed investments incorporated the views of civil society, the private sector, and ministerial stakeholders.

Engagement and communication activities were a strong feature of the programming phase across all PPCR countries.

Engagement and communication activities were a strong feature of the programming phase across all the pilot countries, which credited this phase with galvanizing a high level of stakeholder input into the design of the SPCR. Beyond the programming phase, cross-sector coordination capacity and permanent dialogue are considered central to maintaining and enhancing dynamic engagement of sectors in all SPCR activities. Yet countries also encountered challenges in the process of stakeholder consultations, including difficulty reaching consensus, stakeholder consultation fatigue, the need to manage stakeholders' expectations, and the need for additional time and effort to sufficiently raise the level of capacity among different stakeholders such that they could fully understand the issues.

Collaboration and stakeholder involvement took various forms in the programming phase:

- **Collaboration between the government and MDBs:** Active, day-to-day collaboration between the government and MDBs facilitated agreement on a common framework for PPCR projects and supported government institutions when capacity was still weak.

- **Multi-sectoral collaboration:** Cross-sectoral collaboration provided multiple benefits in the form of complementary expertise, economies of scale, avoidance of duplication, and fostering opportunities to complement funds and activities on the ground. Continued dialogue, horizontally and vertically across institutions, is necessary for successful mainstreaming of climate resilience considerations. This may benefit from formal agreements and resource allocations.

- **Collaboration with partners:** Involving partners from civil society, academic institutions and other contributing partners along with government staff in preparing the SPCR helped build consensus on priority investments as well as greater cooperation among stakeholders.

- **Collaboration with other countries:** Learning from other countries' experiences (e.g., through PPCR pilot country meetings and other shared learning mechanisms) and seeking help from countries in the region on specific matters were seen as beneficial.

Stakeholder consultations provided a strong basis for SPCR development and for the implementation phase. In Papua New Guinea, an extensive, broad-based national consultative process included assessments by thematic working groups, community consultations, focus group meetings, and national consultative workshops. The national workshops included representatives from key government agencies, vulnerable communities, civil society, and development partners, and built on the country-driven process used to develop the country's Climate Compatible Development Strategy. The consultative process highlighted where the PPCR program could best support Papua New Guinea's national approach to climate change adaptation.

A clear organizational structure for stakeholder consultation can facilitate the process and ensure that it is inclusive and efficient. For example, in Cambodia, although stakeholder consultation achieved strong participation and interest from all major stakeholder groups, the process was centered around the MDB joint missions, which tended to reinforce the perception that the consultations were MDB-driven and often left stakeholders unclear about the current status of SPCR development. A more systematic approach to communications that ensured continuity of information flows, such as through the use of a website, would have enhanced the consultation process.[9]

Gaining approval of civil society posed a challenge in some countries. In Nepal, 850 stakeholders were reportedly consulted, building on consultations undertaken for the NAPA. The Federation of Nepal Chamber of Commerce and Industry led private sector engagement with the IFC, supported by a technical working group. Despite these outreach efforts, the PPCR in Nepal struggled to gain the support of CSOs. The process has been criticized for a lack of transparency and limited consultation with CSOs active at the community level (Thapa 2011).

A regional track can provide benefits to countries with limited capacity facing shared challenges.

A regional track can provide benefits to countries with limited capacity facing shared challenges, like those in the Caribbean and Pacific regions. Small island developing states can benefit from sharing resources and technical inputs, with the support of a strong regional entity. However, regional programs must invest in effective regional institutions and build cooperation to ensure value is added, supplementing the national programs. Both regional programs focused heavily on individual countries as the efficient starting point for building a regional program.

The pilot countries in the Caribbean reported a varied level of engagement with the regional track program. For example Saint Vincent and the Grenadines had little engagement with the regional program during the programming phase (as the regional program was behind schedule). However, Dominica interacted in a number of ways including obtaining guidance from the Caribbean Community Climate Change Center for the country's climate change risk assessments as well as technical support to the design of its SPCR. In Haiti the Caribbean regional track enabled better understanding of climate change issues, and supported the extension of hydro-meteorological instruments and studies, notably on climate change and gender.

6.2 Barriers

Uncertainty about funding for the implementation phase also affected decisions about the programming phase. Two changes contributed to these concerns. First was a reduction in the credit ceiling. Initially, single country programs were eligible to request up to $60 million in credits, in

[9] Asian Development Bank, 2013.

addition to $50 million in grants. In June 2011 the PPCR Sub-Committee decided to reduce the credit ceiling to $36 million due to higher than expected demand for credits. Second, the number of countries requesting PPCR funding increased. The PPCR was originally launched for nine SPCRs from individual countries and two regional SPCRs; however, small island developing states participating in the Caribbean and Pacific regional programs also developed national SPCRs, increasing the number of SPCRs to 20. Pilot countries perceived this as an additional pressure on funds.

As a result, some countries, such as Mozambique, were motivated to fast-track the programming phase in order to ensure access to the funds for the implementation phase. This limited the time available for implementing the programming phase activities, including learning, capacity building, and cross-sectoral coordination. Tajikistan also felt that it could not risk spending several years preparing the SPCR, and opted for its rapid preparation.

The private sector has a critical role to play in climate change adaptation, but several major barriers limit private sector engagement in PPCR countries.

The private sector has a critical role to play in climate change adaptation, but several major barriers limit private sector engagement in the pilot countries. These include the underdevelopment of the formal private sector, lack of knowledge and experience with adaptation-related investment opportunities, and the difficult business environments in some pilot countries. Supporting viable private sector investments in PPCR pilot countries requires building transferable experience in other countries, a longer timeframe for developing projects, and broad capacity building.

Engagement of the private sector (businesses, insurance companies, and banks) in the programming phase and in the SPCRs faced a number of obstacles:

1. The PPCR is focused on low-income countries where formal private sector activity and capacity is extremely limited. In most of these countries, the small size of the formal private sector, low technical capacities on the part of businesses, farmers and banks, and difficult business and investment environments constrain private sector interest. In addition, the lack of an enabling framework including, *inter alia*, an appropriate regulatory framework and incentives, basic scientific data on weather and climate, and training provision, compounds the problem of private sector involvement. Together, these conditions made it challenging to define viable private sector investments for the implementation phase. For example, in Zambia there were no effective strategies in place to prepare and inform private actors of the different opportunities to invest in climate resilience. Consequently, only a limited number of private sector partners were engaged throughout the programming phase.

2. Climate adaptation and resilience-building require a paradigm shift in how the private sector operates. Clear evidence of the benefits from climate-focused investments and well-tested business models in the sector are needed to encourage private sector interest (IFC 2010). Awareness of private sector climate risk and solutions is especially low in the PPCR countries, where the private sector was starting from scratch in exploring potential risks and business opportunities. Development of innovative investments in low-income countries will require a different approach to create appropriate models for adaptation investments. One possibility is to transfer lessons from middle-income countries, where

the formal private sector has greater breadth and capacity to invest in climate resilience measures, to low-income countries. For example, experience with energy and water financing in a range of middle-income countries, including Turkey and Russia, is providing lessons for the development of the PPCR's Small Business Climate Resilience Facility in Tajikistan.

3. The role of the private sector and needs for private sector investment were not always well understood by government focal points who led the development of SPCRs. Because the need for financial resources to address adaptation and resilience priorities was substantially larger than the available PPCR resources, governments showed a natural preference for public sector investment which is reflected by the predominance of public sector projects in the SPCRs. Greater awareness and understanding among government decision-makers of the potential contribution of the private sector to adaptation and resilience-building is needed.

4. The timeframes and scope of the programming phase did not match well with private sector needs and pace of doing business. Without a direct stake in the outcomes, the private sector has little incentive to participate in time-consuming discussions. However, it is clear that substantial time needs to be allowed to establish the requisite enabling environment for the successful development of private sector investments. Based on their experience to date with the PPCR, MDBs suggest that the development of private sector investments in low income countries is likely to take one to two years, and will depend on the enabling framework and the depth of the private sector in the country. Considerable upstream capacity building needs to be undertaken to facilitate private sector investments, whether through the programming phase or project preparation grants. In Mozambique, Niger and Zambia, IFC is addressing the challenges of preparation for private sector investment through a program of advisory services projects that aim to promote and pilot new concepts of climate adaptation, validate the commercial viability of these concepts, and create an enabling environment and preconditions for successful investment.

Model projects developed in middle income countries as well as substantial technical assistance and market building will be needed in low-income countries to create the conditions for private sector engagement. Allocation of funds for private and public sector investments through separate windows could reduce the preponderance of the public sector and facilitate private sector participation. In an effort to encourage private sector involvement in the PPCR process, the CIF introduced a private sector set aside in 2013 (see Box 6).

Box 6: PPCR private sector set-aside

Only 10 of the 62 projects in the PPCR pipeline are private sector operations. Recognizing the challenges and opportunities of involving the private sector in adaptation investments, the PPCR Sub-Committee established a private sector set-aside of U$70 million to enhance private sector engagement. These funds are intended to facilitate the development of innovative, break-through instruments and strategies to stimulate the development of private sector projects and programs in the PPCR pipeline.

Procedures and criteria for allocating PPCR set-aside resources were approved in early 2013. The first round of funding through the set aside concluded in October 2013 with the PPCR Sub-Committee endorsing six project concepts totaling about $41 million for further development. Endorsed projects span the energy, infrastructure, agriculture and forestry sectors in Haiti, Jamaica, Mozambique, Saint Lucia, and Tajikistan. A second round of set-aside funding, concluding in April 2014, allocated another $24 million to four projects in Bolivia and Cambodia. To be considered for PPCR set-aside funding, concept proposals must be submitted by one of the MDBs on behalf of the potential project proponent and proposed activities must be aligned with the host country's SPCR.

7. Lessons Learned

The PPCR programming phase supported the key building blocks of country readiness: country ownership, capacity building, coordination and institution building, and communication and collaboration.

This section summarizes lessons learned regarding the relevance, flexibility and effectiveness of the programming phase as an element of the PPCR's programming and financing modalities and as a potential model for supporting countries "readiness" process to attract and deploy large-scale financing for climate-resilient development. This section incorporates feedback from the PPCR pilots on lessons learned from their experience with the programming phase and the aspects they would have done differently. These lessons could inform future efforts of the PPCR and other initiatives including the Green Climate Fund.

The relevance of the programming phase of PPCR refers to how well the underlying needs assessment to determine the resource demand for the programming phase funding matches up with its use and whether there are activities supported with such funding that would otherwise not have been funded.

In terms of developing pilot country readiness to implement a programmatic approach to climate resilience, the programming phase supported the key building blocks, namely country ownership, capacity building, coordination and institution building, and communication and collaboration, including governments, donors and stakeholders, and the private sector. Countries require different levels of support depending on their baseline readiness in each of these areas, as well as on factors outside the scope of the programming phase, such as natural disasters and political conflict. The PPCR countries and regions represent a range of climate change risks and were at very different stages in addressing these risks in their development planning and budgeting processes, which shaped the way the programming phase was implemented. The limited readiness, not only technical but also administrative, of many countries meant that a substantial investment of time was needed to hire consultants, carry out studies, establish institutions, build stakeholder consensus, and create enabling conditions for private sector investments.

Countries' readiness also correlated with the level of country ownership of the PPCR programming phase process and, in some cases, the extent to which the SPCR aligned with national priorities. Where countries had well defined priorities for mainstreaming as well as established institutions, a detailed programming phase was not needed. However, for most of the pilot countries, building institutional and technical capacity was an important focus of the programming phase. For many countries, the development of institutional coordination structures within the country government, capable of delivering on a strategic program and sustaining the PPCR through the implementation phase and beyond, was considered the most significant achievement of the programming phase.

Box 7: Successes and challenges of the PPCR programming phase

- Improves integration of climate resilience into planning, processes, and implementation
- Increases consensus on an approach to climate resilient development appropriate to each country
- Increases finance availability (e.g., scaled-up investment commitment) for approaches to climate resilient development
- Enhances learning and knowledge sharing on integration of climate resilience into development
- Contributes to building technical capacity, stakeholder consensus, intergovernmental collaboration, and civil society cooperation
- Supports the establishment of sustainable institutional arrangements that will support country-led climate resilience programs to meet the long-term goals of the PPCR
- Less successful in harnessing private sector interest in or building capacity for implementing climate resilience investments in low-income pilot countries.

Notable shortcomings of the programming phase include the need for more extensive and accessible data and analysis, particularly for diagnostic purposes, the need for greater attention to monitoring and reporting from the outset of the process, and the need to further increase stakeholder capacity, most particularly in civil society and the private sector. Continued investment of financial and human resources in these areas will be essential for a successful implementation phase.

For example, Saint Lucia learned early in the programming phase the need to broaden the message of climate change to the public sector, private sector and civil society. It was critical that Saint Lucia's PPCR process was not seen to be owned by the government, but instead by all parties involved, so there was an effort to consult with sectors and groupings not normally engaged during a project development phase and in the climate change dialogue as a whole. This was also relevant to attract additional funding, to increase the capacity for monitoring, reporting, and knowledge management and to ascertain the specific needs of both government and other stakeholders.

Saint Lucia also stresses the importance of making climate change interventions under the PPCR consistent with national development goals. This way the interventions selected for implementation in the first instance may 'plant the seed' to facilitate transformational change over time. The same was concluded in Yemen, where a comprehensive consultation process under the programming phase reflected and addressed the countries' real needs and priorities in order to form a concrete foundation for what PPCR activities would be needed.

The flexibility of the programming phase of PPCR refers to the extent to which the requirements, scope, financing, and/or timing of the programming phase was flexible enough to account for different needs and capacities of the PPCR countries and regions.

The programming phase of PPCR was highly flexible in terms of scope, financing, and timing, adapting to the diverse circumstances, needs, and capacities of the pilot countries. Flexibility proved to be an important and necessary principle, allowing governments to absorb and prepare for PPCR according to country-specific needs and capacities.

The programming phase of PPCR was highly flexible in terms of scope, financing, and timing, adapting to the diverse circumstances, needs, and capacities of countries.

The programming phase grants addressed a broad range of needs and capacities across the diverse set of pilot countries. Countries selected for the PPCR face both vulnerability to climate change and limited in-country capacity for designing and implementing responses. The same limitations that the programming phase was designed to address, notably technical and institutional capacity and lack of national consensus on climate priorities, also made it difficult in some instances for countries to make efficient use of the programming phase funding and to move forward with development of the SPCR. These constraints are reflected in both operational efficiency and the development of country readiness for implementation. This suggests that the PPCR should be prepared to do more in low capacity countries. Greater technical assistance may be more effective than increased funds particularly in countries unable to absorb large grants.

In some cases the PPCR programming phase may have provided too much flexibility, especially with regard to timing. Several countries suggested that providing information about timelines and key benchmarks could be helpful in the SPCR preparation process. Some MDB project teams recommended a more targeted allocation of the programming phase funds, suggesting that a focus on just two or three priority activities could deliver stronger coordination and agreement between government and the PPCR-implementing MDBs, reduce complexity and time required to complete the programming phase, and lessen the risk of underfunding certain activities.

The effectiveness of the programming phase of PPCR refers to the design and delivery of its financing mechanism and whether it is supporting the objective of making a country 'ready' for attracting and deploying large-scale adaptation finance.

The programming phase evolved from a focus on "readiness," as designed, into a longer-term support mechanism.

Overall, the deployment of the programming phase grants to support the building blocks for country readiness was effective in preparing the pilot countries to develop and implement SPCRs. An important exception however is on private sector engagement where the programming phase was not very successful in harnessing private sector interest in or building capacity for implementing climate resilience investments in low-income pilot countries. Challenges also arose as a result of burdensome procedures and limited capacity in many pilot countries and regions, as well as uncertainty related to continuity between the preparatory phase and the implementation phase.

The programming phase evolved from a focus on SPCR preparation and "readiness," as designed, into a longer-term support mechanism sustaining the PPCR through its implementation stage. This sustenance function has the benefit of allowing for the capacity-building efforts, analysis, and institutional support initiated in the programming phase to continue into the implementation phase, preventing a gap that could lead to loss of momentum and undermine the programming phase achievements. Welcoming the overlap acknowledges that considerable capacity development is generally required by the pilot countries to scale up prior experience.

A more seamless linking of funding and implementation of both the programming and implementations phases could address these uncertainties and eliminate disruptive gaps in funding for ongoing studies, consultative processes, and essential institutions. Given that there is little experience of scaling up to programmatic or strategic levels of action, it should be expected that the programming phase will need to extend into the implementation phase, allowing for ongoing learning, collaboration, and innovation, and that the division between the two phases will need to be flexible. Moreover, as climate resilience activities are new for many communities where PPCR projects are being implemented, significantly more time was spent on preparing these areas for project implementation than was estimated. Zambia recommended starting pilot projects early in the programming phase in order to create lessons and generate engagement in target beneficiary communities to increase their readiness for the implementation phase.

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9. Annex: Programming Phase (Phase 1) Review Questionnaire

Pilot Program for Climate Resilience

Learning Lessons from 'Phase 1' for Developing Strategic Investment Frameworks for Climate-Resilient Development

Template for initial feedback from PPCR countries and MDBs

Background:

To facilitate the rapid development of strategic investment frameworks, each pilot country under the Pilot Program for Climate Resilience (PPCR) was given the opportunity to request for a preparatory grant ("Phase 1" grant) of up to USD 1.5 million. This grant was to enable countries/regional programs to conduct analytical work, consultations, knowledge and awareness raising, as well as initial capacity development, leading to the development of a comprehensive investment framework for climate-resilient development in the form of a Strategic Program for Climate Resilience (SPCR). Seven single pilot countries, six countries participating in the Caribbean regional program, three countries participating in the Pacific regional program and one regional institution responsible for the Caribbean regional component submitted "Phase 1" grant requests to the PPCR Sub-Committee for approval.

As of May 2013, all PPCR pilots have completed the process of developing their SPCRs, indicating a transition out of "Phase 1" and into the development and implementation phase of agreed investments. It is thus an appropriate time to take stock of what has been achieved with "Phase 1" financing, and to document lessons that can be learned regarding the relevance, flexibility, and effectiveness of "Phase 1" activities and funding as a potential model for developing strategic investment frameworks for climate-resilient development which can attract large-scale and diverse adaptation finance. The results from this work could inform any future modifications to the modalities of the PPCR and other institutions as well as mechanisms supporting climate-resilience.

The views of PPCR country focal points/stakeholders and Multilateral Development Banks (MDB) are central to this review. A consultation is therefore been undertaken to understand pilot countries' experiences with "Phase 1" activities and lessons learned. In order to initiate this consultation a template has been provided to be completed by pilot country focal points and the related MDBs. While all pilot countries will be consulted on their views and experiences with 'Phase 1', 4–5 cases studies will also be undertaken. These will provide more in-depth reflections from pilot country focal points on their experience with "Phase 1".

Consultation process on Phase 1:

- Template to be completed by MDBs and country focal points (by 7 September 2013)
- Follow up telephone calls/email correspondence (September/October 2013)
- Case study selection—mid September 2013
- Completion of case studies—end of October 2013

Draft Template

Country/Region:______________________

Completed by (name and position)[10]**:** ________________________

Date:____________________________

1. Has Phase 1 implementation been completed?
2. Was the PPCR/MDB process for accessing 'Phase 1' financing efficient and effective? If 'No', please explain.
3. Did you experience delays in the implementation of Phase 1? If 'Yes', why?
4. What value did 'Phase 1' funding add to the development of your SPCR?
5. How many joint missions were undertaken during Phase 1? What was achieved in these missions?
6. Please summarise key areas of technical support provided in Phase 1 and where additional support would have been beneficial (if relevant).
7. *If* you are part of a regional program, how has your country program been linked to the regional program and what level of engagement have you had with the regional program during Phase 1?
8. What are the main links between the Phase 1 activities and the SPCR activities? Did Phase 1 activities enhance your "readiness"/preparedness to implement the large-scale investments supported through your SPCR? Yes/No. If 'Yes' how? If 'No' why not?
9. What were the main strengths of the Phase 1 process?
10. What were the main weaknesses of Phase 1/challenges you faced in implementing Phase 1?
11. What are the key lessons you have learnt from Phase 1?
12. What recommendations do you have for similar support to develop strategic investment frameworks for climate resilient development in the future?
13. Would you like to be considered for a case study? If 'yes', what themes would you like to focus on through your case study?
14. Other comments? Please add any additional points not already covered within this template related to Phase 1 and its links to Phase 2.

Please send any documents (or web link) that you feel would be useful to include as part of the review of Phase 1, which are not accessible on the PPCR website

[10] To be completed by country or regional focal points.

CLIMATE INVESTMENT FUNDS

PPCR Programming Phase:
Lessons on Enhancing Readiness
for Climate Resilient Development

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