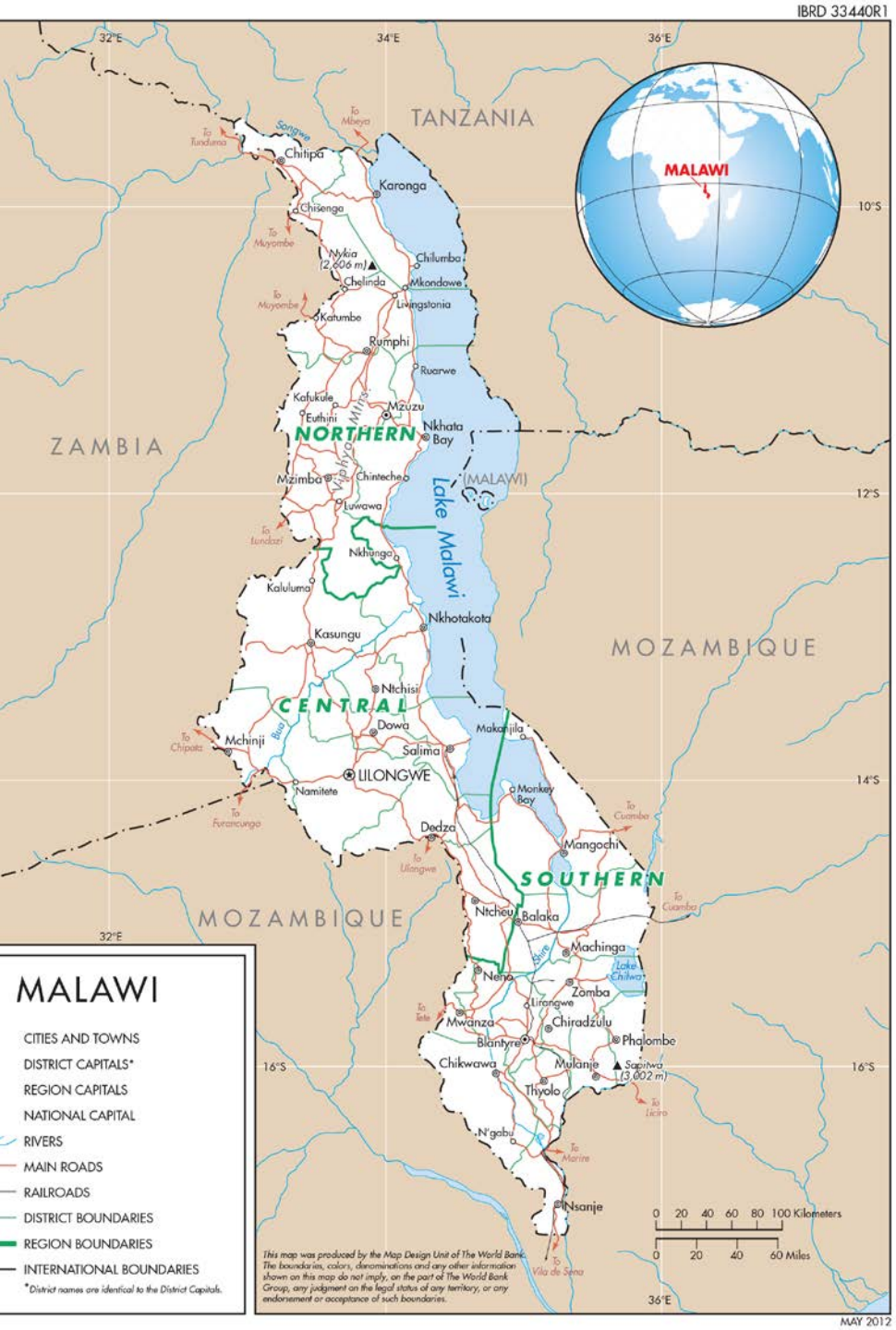
PPCR Strategic Program for Climate Resilience

Malawi

Meeting of the PPCR Sub-Committee

| December 12, 2017 | Washington D.C. |

Mr. Nations Msowya
Director of National Authorising Office
Ministry of Finance, Economic Planning and Development
Government of Malawi



About Malawi

18 million people

2.5% GDP growth (2016)

US$340 GDP/cap

74% earn US$1.25/day

170 of 188 countries in UNDP HDI

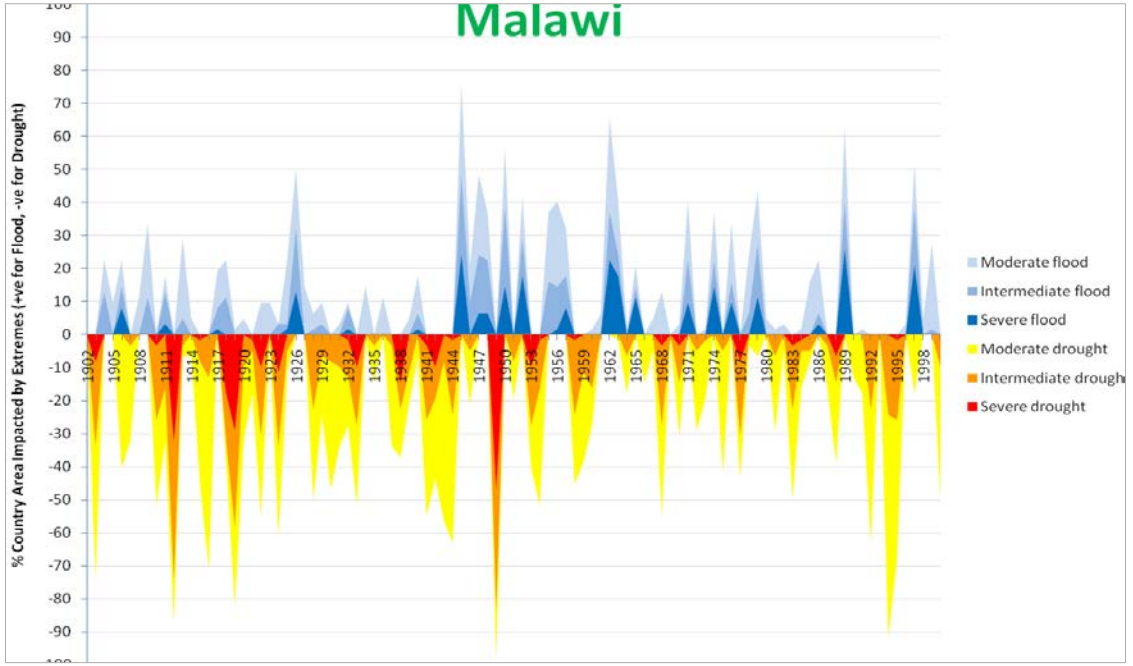
84% of population live in rural areas

Agriculture = 1/3 of GPD, 80% export earnings, 80% of workforce

Extremely limited financing for adaptation measures

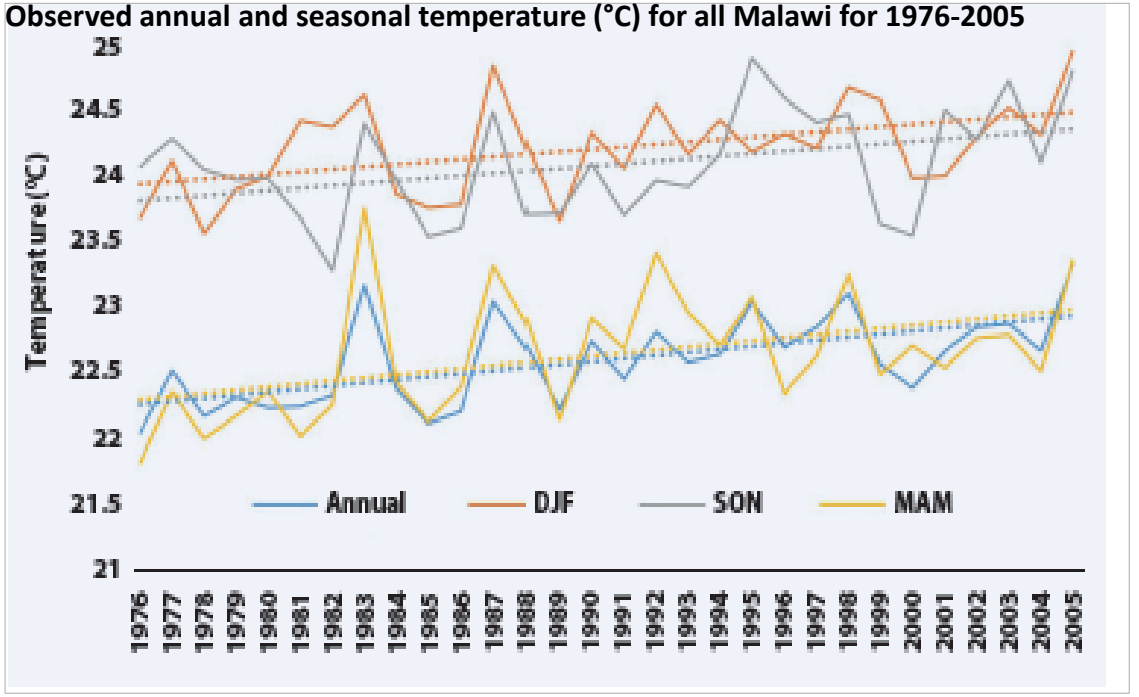
Climate change: *recent trends*

Variability with frequent, reoccurring floods & droughts



Sharp increase in max & min temperatures 1976-2005

- 1960-2006: increase in mean temperatures of 0.9°C (average rate of 0.21°C/decade)
- 1981-2016: moderate drying trend in north & south, small wetting trend in central region



Farmer perceptions support observed changes

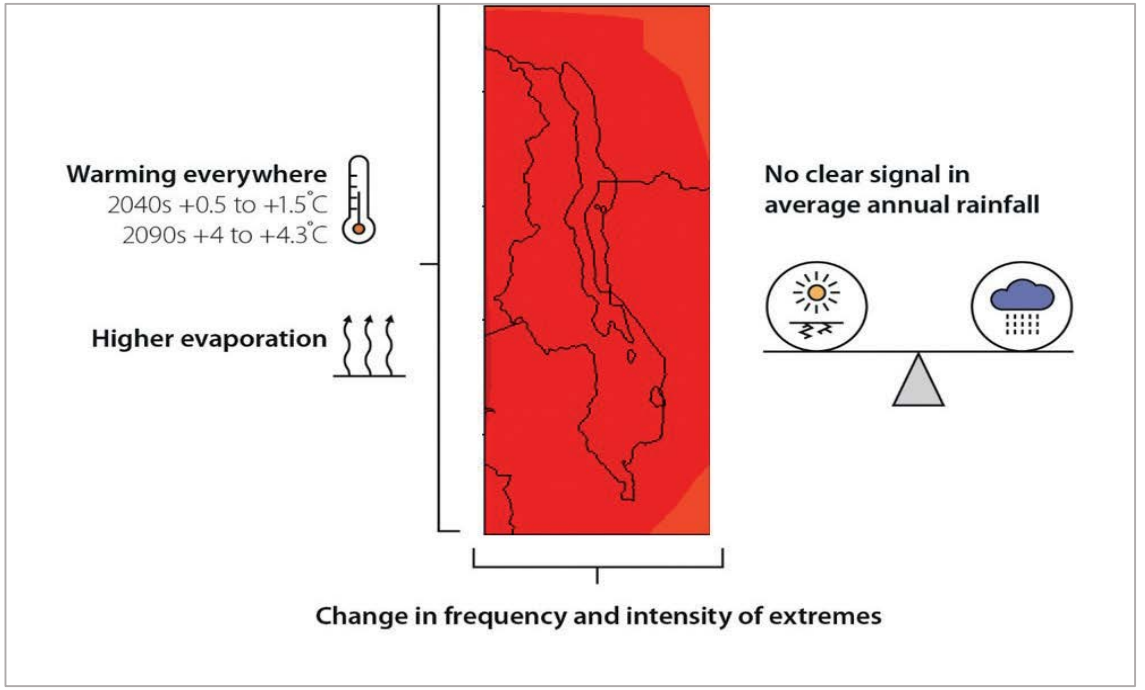
Climate change: *future trends*

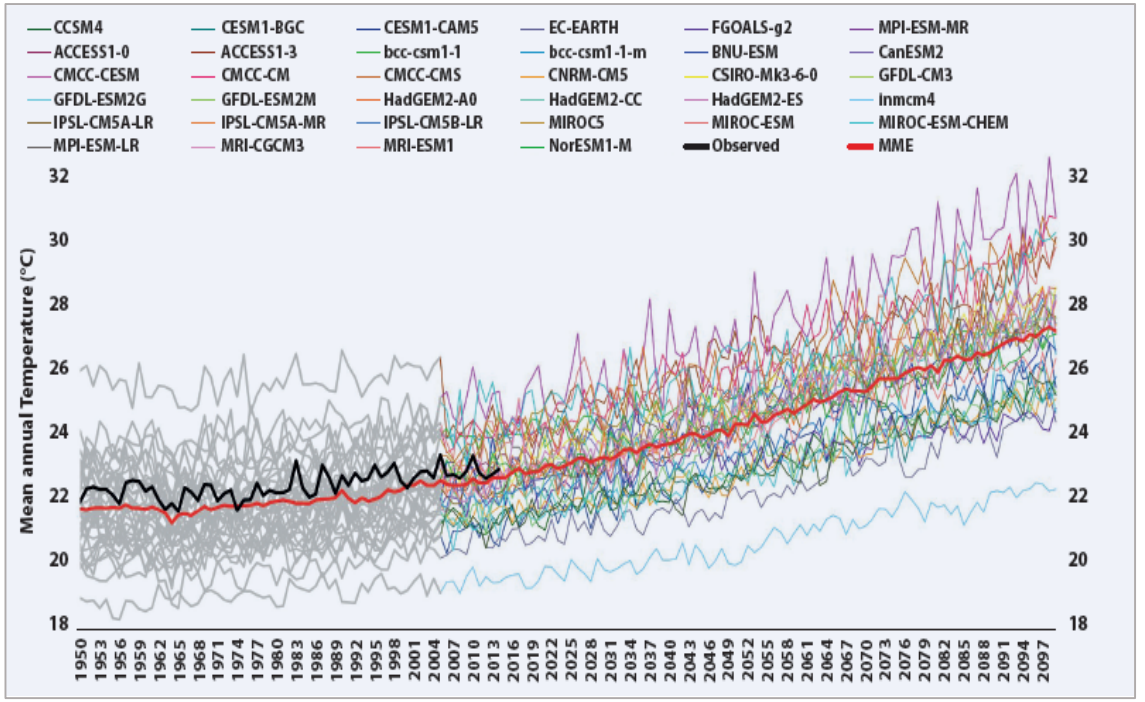
Mean temperatures will rise:

- +0.5 to +1.5°C by 2040s
- +4 to +4.3°C by 2090s

More variable rainfall:
(but no clear signal in average annual rainfall)

- higher likelihood of dry spells
- higher likelihood of intense rainfall events





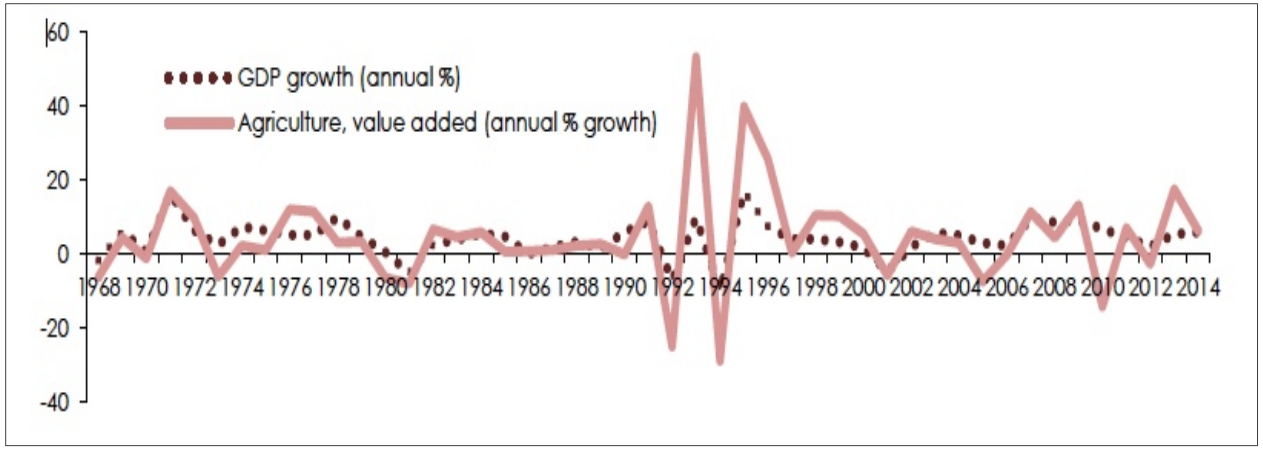
Vulnerability & Risks

Malawi is highly vulnerable because:

High climate-sensitivity. Degraded land → less productive farming → poverty & food insecurity

Degraded natural resources + Climate variability → risk to socio-economic prosperity
(coupled with pressures from high/rising pop. densities, urbanization, deforestation etc.)

Low institutional capacity → Lowers Malawi's capacity to manage rapidly growing climate change risks
(worsened by inadequate climate information systems and tools)

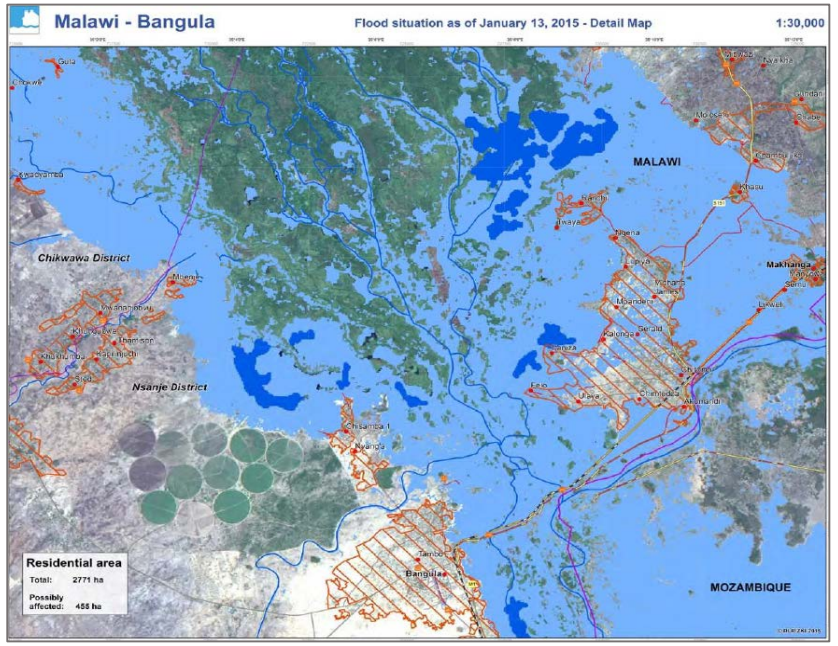


Priority sectors

SPCR focuses on resilience in agriculture, fisheries and protecting watersheds; and as cross-cutting, in climate information services.

Priority sectors identified based on vulnerability and government priorities.

Agriculture	Productivity and yields depend directly on climate
Watersheds	Severely degraded river catchments, watersheds and wetlands
	Significant costs of reoccurring droughts and floods
	80% of total land area has land restoration opportunities
Fisheries	60-70% of protein intake, 4% of GDP whilst stocks rapidly decline
Climate Information	Lack of institutional mechanisms and operational space for co-production



Impact on the Economy

Climate change is an economic issue: a matter of life and death, and of development and poverty

4 recent disasters in 2002, 2005, 2008 and 2015 have cost the country close to US$1 billion

2015 Floods:

- Displaced 170,000 people
- Damaged 30% of maze
- Killed 106 people (and 172 reported missing)
- Coupled with dry-spells, resulted in 2.86 million people needing food aid.
- Economy lost US$335 million (5% of GDP)
- US$500+ million for recovery and reconstruction

2016 Droughts & Floods:

- 6.5 million people in need of food aid at an estimated cost of US$395.1 million

The SPCR's programmatic approach builds on interlinked investments supporting the INDC and MGDS III priorities

Malawi Growth and Development Strategy III
To create an enabling policy & legal framework for a pragmatic, coordinated & harmonised approach to climate change

Intended National Determined Contribution (2015)

Climate Change Management Policy & Investment Plan (2016)

National Resilience Strategy (2017)

MGD III Areas	Outcome
Agriculture	↑ land under irrigation ↑ agricultural diversification ↑ agricultural risk management
Climate Change	↑ weather & climate monitoring, prediction, IMS ↑ policy environment for climate change & meteorological services ↑ community resilience ↑ climate change research and technology development
Water Resources	↑ access to water resources ↑ integrated water resources management at all levels
Vulnerability & DRM	↑ people-centred EWS ↑ disaster preparedness, response and recovery
Environmental Sustainability	↑ environmental management ↑ environmental degradation preventive measures

INDC Adaptation priorities
Agriculture (crops, livestock, fisheries)
Water resources infrastructure
Land-use planning
Forestry (wildlife)

Gender

- Women comprise 52% of pop. & 70% of agricultural workforce but are still marginalised and at greater risk of climate change impact.

- Women play a critical role in management of natural resource & directly face impacts of land & water degradation and climate change.

- Women are disproportionately vulnerable to climate shocks, facing different risks, lower opportunities & resources for resilience strategies.

The National Climate Change Management Policy prioritizes inclusion of vulnerable and disadvantaged groups in plans.

HDI Gender equality index: ranked 140 of 188 countries.

Gender-responsive SPCR investment designs

Explicit acknowledgment of barriers to outcomes

Indicators included in SPCR results framework

Partnering with NGOs will provide practical support and capacity development at detailed design and implementation

Participatory SPCR process

December 2016 – August 2017

- Individual consultations, large consultations and workshops were organised by the Government's PPCR Focal Points through cross-ministerial engagement and collaboration.

- Participants represented agencies from across government, civil society, academia and the international development agencies present in Malawi.

SPCR Workshops 2017:

- June 12-16
- July 21
- 22-23 August

- 122 participants (31 women and 91 men)

SPCR for Malawi: *Strategic Pillars & Investment concepts*

Cross-cutting thematic strategic pillars	SP1. Building resilience in natural-resources dependent livelihoods SP2. Strengthening sectoral governance of climate change adaptation SP3. Addressing food insecurity & poverty, household to national levels
5 investment identified through SPCR process	Requested PPCR contribution: US$ 50 m (tot SPCR financing: US$ 159 m)

	Investment Concepts	Financing	PPCR	Prep. grant ($)	MDB Fee
1	Climate Resilient Integrated Watershed Management	Total: US$ 84 m 30m (IDA) 8m (GEF) 20m (GCF) 1m (GoM)	**US$ 25 m**	0.3 m	0.50 m
2	Building Climate Change Resilience in Selected Agricultural Value Chains	Total: US$ 26 m 5m (ADF) 10m (GCF) 1m (GoM)	**US$ 10 m**	0.1 m	0.42 m
3	Sustainable Fisheries Sector and Fisheries Value Chain in Malawi through Improved Climate Resilient Lake Ecosystem Conservation and Management	Total: US$ 18.2 m 3m (ADF) 5m (GCF) 0.2m (GoM)	**US$ 10 m**	0.1 m	0.42 m
4	Strengthening Climate Resilience of Smallholder Farmers in Malawi	Total: US$ 13.5 m 2m (FAO) 10m (EU) 1.5m (GoM)			
5	Operationalising Malawi's Climate Services Centre	Total: US$ 17.3 m 12.3m (GCF)	**US$ 5 m**	0.1 m	0.40 m
	TOTAL	US$ 159 m US$ 109m	**US$ 50 m**	US$ 0.6 m	US$ 1.74m

Investment Concept 1

Climate Resilient Integrated Watershed Management

Total: US$ 84 million / PPCR: US$ 25 million

Others: IDA US$ 30m, GEF: US$ 8m, GCF: US$ 20m, GoM: US$ 1m

Objective

Support Shire basin communities, build resilience through sustainable watershed management protecting local ecosystems and increasing livelihood options (especially for women).

Components	Outcome
1: Sustainable Land Management	• Improved capacity for catchment planning and monitoring • Rehabilitation interventions identified in sub-catchment plans and Village Level Action Plans are implemented • Enhanced resilience of Ecosystems • Increased climate resilience and productivity of small-scale farming • Improved land and water management practices
2: Protection of environmental services	• Improved protected areas management sustains the supply of ecosystem goods and services
3: Climate resilient livelihoods on the Lower Shire floodplains	• Increased economically viable and environmentally sustainable livelihood options • Greater resilience of communities and livelihoods to climate change impacts

Investment Concept 2

Building Climate Resilience in Selected Agricultural Value Chains in Malawi

Total: US$ 26 million / PPCR: US$ 10 million

Others: ADF US$ 5m, GCF: US$ 10m, GoM: US$ 1m

Objective

To build resilience of agricultural community livelihoods through adoption of climate smart agricultural practices in production processes, marketing and transportation.

Components	Outcome
1: Climate Smart Agricultural Production Systems and practices	• Land management systems, agricultural production & outputs improved
2: Agro-meteorological information forcrop production, processing, marketing and transportation	• Availability of agrometeorological information enhanced
3: Agribusiness, Value Addition, and Competitiveness Market Access	• Increased value of agricultural products in selected value-chains & market access enhanced
4: Strengthening link between small- and large-scale farmers through enhanced private sector participation	• Private sector participation in identified crop value chains • Enhanced crop production knowledge

Investment Concept 3

Sustainable Fisheries Sector & Fisheries Value Chain through Improved Climate Resilient Lake Ecosystem Conservation & Management

Total: US$ 18.2 million / PPCR: US$ 10 million

Others: ADF US$ 3m, GCF: US$ 5m, GoM: US$ 0.2m

Objective

Enhance resilience in fisheries sector through improved catchment management of Lakes Malawi, Chilwa and Malombe

Components	Outcome
1: Lake Catchment conservation, shoreline protection & management	• Lake catchment environment and aquatic ecosystems protected improving fish resources
2: Establishment of weather and climate variability research and monitoring system	• Fish supplies increased for national consumption and export • Household, community and national income from fish improved • Household, community and national poverty reduced
3: Supporting climate smart fish processing & storage systems	• Fisheries value-chains improved • Households, community and national incomes enhanced • Poverty significantly reduced
4: Promoting innovative fisheries enterprises & business development	• Fisheries sector management improved

Investment Concept 4

Strengthening Climate Resilience of Smallholder Farmers in Malawi

Total: US$ 13.5 million / PPCR contribution request: US$ 0

*Others: FAO: US$* 2m, EU: US$ 10m, GoM: US$ 1.5m

Objective

Increase smallholder farmer resilience and related livelihoods, thereby enhancing food and nutrition security and contributing to poverty reduction in rural areas

Components	Outcome
1: Scaling up community outreach through quality Farmers Field Schools	• Improved community/famer level knowledge, leading to productivity, development of value chains, household income
2: Piloting & scaling up promising technologies/ practices	• Validated new climate adaptation technologies and practices • Upscaling adoption of tested practices
3: Investment in climate change adaptation infrastructure	• Area-wide community level farmer-managed tree regeneration • Promote village-level forest areas of fast maturing tree species coupled with adoption of energy saving cook-stoves & solar. • Micro dams, weirs and subsurface dams used to capture rainwater and used for domestic and agriculture uses.
4: Support to farmer engagement in agribusiness & value chain	• Improved access to markets / agribusiness

Investment Concept 5

Operationalising Malawi's Climate Services Centre

Total: US$ 17.3 million / PPCR: US$ 5 million

Others: GCF: US$ 12.3m

Objective

To strengthen integration and output of climate services through establishment of operational, national Climate Services Center

Components	Outcome
1: Operationalization of the Malawi Climate Services Centre	• Strengthened alignment of institutional mandates • Co-operation across climate services departments • Strengthened technical/ICT physical and staff capacity for advanced analysis
2: Programme of Climate Information Training, Products & Services	• Tailored information products available to range of users (from intermediary/boundary to public), perceived relevant to needs • Greater knowledge and awareness of climate risks to instigate behaviour change. • Build and scale successful performance in climate information production and ensuring delivery to vulnerable local users. • Endorsed and implemented NFCS. • Financial sustainability of the centre addressed.

SPCR for Malawi: *expected SPCR outcomes*

2 levels of transformational and catalytic effects :

- Investments will be leveraged by parallel, large-scale investments of MDBs (in particular watersheds, agriculture & fisheries)
- Investments will have catalytic effect and fill gaps in national activities focused on building resilience (e.g., climate services)

Transformational impacts are centred on opportunities, necessity and incentives that bring agencies together to work beyond traditional boundaries

Strengthening resilience through government capacity and communities' abilities to respond to climate change challenges

2 core indicators at SPCR level :

A2.1 Degree of integration of climate change in national, including sector planning

B2. Evidence of strengthened government capacity and coordination mechanism to mainstream climate resilience.

3 core indicators at SPCR and Project levels:

A1.3. # of people supported by the PPCR to cope with effects of CC

B1. Extent to which vulnerable households, community businesses and public-sector services use improved PPCR supported tools, instruments, strategies, activities to respond to CV&CC

B5. Quality of and extent to which climate responsive instruments/ investment models are developed and tested.

SPCR for Malawi: *examples of expected investment outcomes & results*

More resilient communities in the Shire basin through:

- ✓ Sustainable watershed management practices
- ✓ Increase livelihood options (especially for women)

More resilient agricultural livelihoods through:

- ✓ Adoption of climate smart agricultural practices, marketing and transportation
- ✓ Improved incorporation of meteorological information

Enhanced resilience in the fisheries sector (Lakes Malawi, Chilwa and Malombe) through:

- ✓ Conserving and managing catchments, shorelines and fish breeding grounds
- ✓ Research on aquatic habitats and sector

Increased resilience of smallholder farmers through:

- ✓ Farmer adoption of transformative technologies and practices leading to increased productivity and income
- ✓ Support smallholder farmers engagement in agribusiness

Provision of relevant, user-friendly and timely climate information through:

- ✓ Strengthening integration and output of national climate services with an operational Climate Services Center

Thank you - Zikomo

Photo: Members of a forest co-management group, adjacent to Mangochi Forest Reserve

Theory of Change - Malawi SPCR

1 Problem

1. Malawi's natural resource base, which underpins the livelihood and food security of the majority of the population, is highly vulnerable to impacts of climate change
2. Existing GoM adaptation and investment plans are inadequately budgeted and financed
3. The limited capacity of government officials, and other relevant stakeholders, to understand climate issues and incorporate them into sectoral planning is limited
4. Limited financial and technical support available to support rural communities' build the climate resilience of their livelihood systems
5. Limited information.

2 What PPCR investments will do

Provide responsive funds to support GoM and rural communities build resillience to impacts of climate change through:

A — *Support for policy, planning, and technical and capacity development in key NR sectors: agriculture / fisheries / water resources (Problem areas 1-4)*

B — *Improved climate and weather information and knowledge management (Problem area 5)*

Strategic Pillar 1	Strategic Pillar 2	Strategic Pillar 3
Resilient Livelihoods	*Climate Governance*	*Food Security*

3 Activities

- Increase agribusiness competitiveness and market access for smallholders with a focus on the whole value chain of selected climate resilient, economically viable agricultural products
- Provide to both men and women farmers with direct support on climate smart agriculture by rolling out farmer field schools across the country
- Enhance the climate change resilience of Lake Malawi and Malombe fisheries by improving fisheries management to reduced overfishing, by-catch and discards and improve aquatic eco-systems and habitats to reduce the vulnerability of fisheries sector stakeholders
- Develop institutional capacity for water resources information systems for coordinated basin planning, management and monitoring in the Shire basin
- Rehabilitate catchments in the Shire basin, while also supporting income-generating activities and irrigation development
- Develop and implement forest reserves management and monitoring plans to improve ecological management
- Develop communication products to raise all stakeholders' awareness of climate adaptation and water resource management practices
- Improve Hydromet information gathering and sharing technology and capacity
- Establish a Climate Services Centre to coordinate collection, analysis of weather data and its widespread transmission to different stakeholders across the country

4 Outputs

1. Build climate resilience of both men and women in communities dependent on agricultural and fisheries for their livelihoods by promoting climate-smart approaches and opening up product value chains
2. Build CC resilience of communities in the Shire basin through better planning and management of water resources, to protect local ecosystems and increase livelihood options
3. Develop national capacity to share real-time, relevant weather and climate information to different stakeholders in ways that allows them to respond effectively

5 Outcomes

Improved climate change adaption plans, policies, institutional structures, technologies and programmes that build the resilience of communities reliant on natural resources for their livelihood security

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Decision making of farmers, fisherfolk government officials and other stakeholders is informed and enhanced by reliable and relevant climate and weather information

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Improved climate change adaption practices adopted in Malawi's rural areas

6 Impacts

Climate adaptation becomes mainstreamed in policies, planning and practice

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Widespread understanding of likely impacts of, and ways to respond to, climate change impacts

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Improved resilience of Malawi's rural communities to impacts of climate change impacts