CLIMATE INVESTMENT FUNDS

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LESSONS FROM PHASE 1 FOR DEVELOPING STRATEGIC INVESTMENT FRAMEWORKS FOR CLIMATE-RESILIENT DEVELOPMENT (CONFERENCE PAPER)

BACKGROUND

1. During its last meeting in October 2014, the PPCR Sub-Committee reviewed document, PPCR/SC.13/3.Rev.1, *PPCR Semi-Annual Operational Report,* and welcomed the work that had been initiated to assess the process, experience and lessons learned from the preparation of investment plans and related capacity building by the PPCR. The Sub-Committee requested that the outcome of the work be presented to the Sub-Committee for discussion at its next meeting.

2. The CIF Administrative Unit commissioned a study, *Lessons from Phase 1 for Developing Strategic Investment Frameworks for Climate-Resilient Development,* reflecting the experiences of PPCR pilot countries, in progressing through the PPCR programming process. The report also explores the extent to which PPCR funding has supported activities in pilot countries to enhance or develop strategic investment frameworks for climate-resilient development using a programmatic approach.

3. This conference paper was prepared by Camille Bann with additional written and editorial input from Pamela Stedman Edwards. Guidance was provided by the CIF Administrative Unit and the MDBs. A final version of the paper will be published by the Climate Investment Funds Administrative Unit later in 2014.

Pilot Program for Climate Resilience

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

Conference Paper

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Note

– All currencies denoted by $ are in US dollars unless otherwise stated

List of Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
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

1. The Pilot Program for Climate Resilience (PPCR) is a targeted program of the Strategic Climate Fund (SCF), one of two funds within the Climate Investment Funds (CIF). The PPCR supports a **programmatic approach** and provides scaled-up financing to low-income countries to mainstream climate resilience into development planning and investments. The PPCR is presently the largest dedicated financing mechanism for adaptation finance. PPCR preparatory resources ("Phase 1 grants") were made available to assist 9 countries and two regions[1] in preparing a national **Strategic Program for Climate Resilience** (SPCR).

2. Evidence from this review of Phase 1 activities confirms that a preparatory phase can greatly assist in **setting the stage for implementation** of large-scale and diverse investments through a well-planned programmatic approach. It is also suggests that a preparatory phase is a necessary stage which varies in time and scope based on country circumstances. For most PPCR countries, the development of the SPCR could not have been undertaken without the Phase I grant, and the technical support provided by the MDBs. For the majority of countries, PPCR Phase 1 funding has set the foundation for the development of the SPCR, both technically and institutionally.

3. The funded **Phase 1 activities** included: analysis of climate risks, institutional analysis, knowledge and awareness raising, capacity building, and consultation processes. Phase 1 activities were generally conducted in a manner consistent with the principles of the PPCR, namely they were country-led and country-driven, supported by stakeholder consensus, and built on and complemented existing studies and adaptation funds. Strategic Programs for Climate Resilience are an outcome of a comprehensive, inclusive planning process and consistent with the countries' development and poverty reduction goals.

4. Of note is that Phase 1 activities and objectives evolved into a **longer-term support mechanism** for the PPCR and resilience activities supported by other development partners. The scope of Phase 1 activities was expanded to include longer-term analyses to inform the design and implementation of the SPCR, capacity building, institutional strengthening, and activities to improve and sustain the enabling environment for PPCR implementation. In most cases, Phase 1 activities have overlapped with the start of SPCR implementation to provide a much needed bridge between Phase 1 and 2. That is, Phase 1 support became important for initiating activities important for the sustenance of the programmatic approach, creating the glue which holds the program together.

5. The studies undertaken and structures set up during Phase 1 will support implementation of SPCR activities, and many will be further developed and strengthened through the implementation phase. Of particular note are the coordination units that were established, which will support implementation of investments, and the stakeholders mobilized during Phase 1, who will be engaged in implementation 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 process as well as the larger resilience agenda.

[1] PPCR pilots: 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)

6. To be successful, the PPCR has to be flexible in providing support taking into account different country circumstances. The selected pilot countries represented a range of climate change vulnerabilities and risks and are at different stages in in their development planning and budgeting processes. Consequently, implementation of Phase 1 was significantly shaped by the **country's readiness** in terms of its institutional arrangements, technical capacity, and existing technical studies and priority-setting exercises. This review finds that the PPCR and Phase 1 in particular was sufficiently flexible regarding the scope, financing, and timing of activities across the pilot countries to accommodate their different needs and capacities.

7. Building on and strengthening the core characteristics of a programmatic approach – country ownership, consultation, capacity, and collaboration – created the enabling conditions for implementation of the SPCRs. Many countries cited the availability of experts and good teamwork between stakeholders, including the MDBs, and government agencies as a key strength of Phase 1.

8. Lessons learned from the experience with Phase 1 related both to the process, funding effectiveness of Phase 1 in achieving its objectives are outlined below.

Phase 1 Process and Funding

9. Readiness in PPCR pilots to implement large-scale adaptation programs was driven by a number of factors, including prior assessments and analysis, existing national and regional strategies, consensus-building, and institutional structures for climate change. These likewise affected the amount of funding required, the pace of development of the Phase 1 proposal and its implementation, and the need for support from the MDBs. While the role of the MDBs in supporting Phase 1 was generally considered positive, the review revealed some challenges with the complexity of compliance with MDB procedures. These challenges, along with frequent underestimation of the time required to complete Phase 1 activities, meant that the completion of SPCRs and other Phase 1 activities generally took longer than expected.

10. **Funding required for the preparation phase will vary, depending on the particular country's needs as well as the scope of preparatory activities included in Phase 1.** Greater support was needed for countries with lower capacities and requiring additional studies, priority setting exercises, consultations and institution building. Lower institutional and human resources capacities have a direct link to lower absorptive capacity which slowed the programming process. Countries using Phase 1 funds for preparatory activities beyond the development of the SPCR require larger grants.

    - **Clear operational guidance, support to administrative capacity, and a consistent funding structure are necessary to facilitate the process of program development and implementation**. For some pilot countries, the complexity of MDB procedures posed a challenge. Inadequate knowledge of MDB procurement guidelines and processes combined with limited local administrative capacity contributed to delays and misunderstandings. Uncertainty about Phase 2 funding drove some countries to truncate Phase 1.

    - **Phase 1 activities beyond the development of the SPCR, both in terms of scope and implementation period, have set the stage for maintaining a programmatic approach in SPCR implementation.** Continuing institutional support into Phase 2 serves to bridge the gap between the two phases and will provide the programmatic architecture for PPCR implementation. However, in countries where bridging activities between SPCR endorsement and start of project implementation led to disruptive gaps.

- **MDBs were critical catalysts during Phase 1 and the resulting SPCRs.** Effective joint missions and an unprecedented level of collaboration among the MDBs contributed to the efficient development of both Phase 1 proposals and SPCRs. The involvement of more than one MDB in some countries had positive impacts, although it also created management challenges.

Contribution of Phase 1 to the Development of a Programmatic Approach

11. 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. A set of core factors contribute to the delivery of a programmatic approach: country ownership, institutional capacity, coordination mechanism (across government departments, sectors, stakeholders and donors), stakeholder engagement and collaboration, including with the private sector. This review assessed the PPCR preparatory phase "Phase 1" in terms of its effectiveness in promoting these core factors.

- **Fostering country ownership from the outset facilitates the preparation process, increases commitment to the program, and ensures that the SPCR reflects country priorities.** Phase 1 was country-led in some of the pilot countries and MDB-led in others, depending on the country capacity to lead the process. In countries where MDBs took the lead, ownership was built up through the collaborative planning process, including regular consultations.

- **Capacity development 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 Phase 1 played a critical role in capacity development and analytic work. Also noteworthy were the regular meetings of PPCR pilot countries supported by the CIF that allowed participating countries to learn from each other. Greater investment during Phase 1 in systemic capacity building, diagnostic work, and setting up a programmatic monitoring framework would have strengthened the program but slowed the process.

- **Institutional and inter-governmental coordination is essential for developing and maintaining a programmatic approach that will support mainstreaming climate resilience.** Phase 1 was largely successful in supporting sustainable institutions for integrating climate resilience, although some may require additional support. Anchoring the PPCR in a strong lead ministry with coordinating capacities is one of the most reliable measures for ensuring inter-governmental cooperation.

- **Consultations undertaken during Phase 1 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 engagement, particularly with civil society. The process of building stakeholder consensus was time-consuming and sometimes burdensome for participants.

- **The private sector has a critical role to play in climate change adaptation and resilience-building, but several major barriers limit private sector engagement in the PPCR pilot countries.** These include the underdevelopment of the formal private sector in the countries, lack of strong national development banks that can act as financial intermediaries, 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 from other countries, a longer timeframe for developing projects, and improving policies laws and regulations incentivizing private sector investments and building the capacity of existing private businesses.

- **A regional program can provide benefits to countries with limited capacity facing shared challenges, like the Caribbean and Pacific small island development states (SIDS).** SIDS 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 and national programs are supplemented. Both regional programs focused heavily on individual countries as the efficient starting point for building a regional program. A regional component supports knowledge sharing and investments which may benefit more than one country.

12. Overall, support of the building blocks for country readiness with Phase 1 funding was effective in preparing the pilot countries to develop and implement the investment plans. Phase 1 could be improved in terms of process through simplification of MDB operational procedures and increased clarity regarding funding availability and resource needs. In terms of increasing country readiness, the PPCR would benefit from: (i) maintaining the flexibility of the preparatory phase; (ii) allowing sufficient time and resources for building country ownership and consensus, and for developing necessary analytic work; (iii) ensuring that bridge funding is made available which closes the perceived gap between SPCR endorsement and start of project implementation. Greater emphasis on the continuity between Phase 1 and Phase 2 could allow for a smoother transition, reducing lost time and momentum, strengthening outputs, and improving efficiency of use of funds; and (iv) recognition of the multiple challenges to private sector engagement.

1 Introduction

1. This review takes stock of what has been achieved with Phase 1 financing. It documents lessons learned and experiences regarding the relevance and effectiveness of Phase 1 activities and funding for developing the SPCR and in creating an enabling conditions for its implementation. It draws on PPCR documents and consultations with relevant stakeholders, including PPCR country focal points, CIF Administrative Unit and MDB staff, and other partners as well as reflections from the pilot countries on the programming process and lessons learned.[2] Lessons learned could inform any future modifications to the modalities of the PPCR as well as inform other institutions and finance mechanisms supporting adaptation and building climate resilience.

2. Evidence from this Phase 1 review suggests that a preparatory phase can greatly assist in setting the stage for the implementation of large-scale and multi-sectoral investment plans based on a programmatic approach. It also suggests that a preparatory phase is necessary. However, for the preparatory phase to be successful, efficient and effective support must be provided to countries with a view to establishing conditions for mainstreaming climate resilience. While the review reveals some challenges that arose during Phase 1, it also found that Phase 1 successfully provided financial and technical resources to prepare for the investment plan implementation through projects and programs.

3. Section 3 provides background information on the PPCR and Phase 1 modalities. Section 4 examines the experiences of the pilot countries and regions with the PPCR process and procedures for Phase 1. Section 5 explores the effectiveness of Phase 1 in promoting the building blocks for a programmatic approach that creates the conditions necessary for mainstreaming climate resilience: country ownership, multi-sectoral coordination, communication and collaboration, capacity building, and private sector engagement. Country examples are provided to illustrate the lessons learned. Section 6 provides conclusions and identifies some recommendations for strengthening the preparatory phase of the PPCR and similar efforts.

2 Background

2.1 Pilot Program for Climate Resilience

5. The Pilot Program for Climate Resilience (PPCR) was established in 2008 under the Strategic Climate Fund (SCF), which is one of two funds within the Climate Investment Funds (CIF). The PPCR provides **scaled-up financing** designed to demonstrate ways to integrate climate resilience into core development planning and implementation in low-income countries. Lessons learned in designing and implementing priority actions on adaptation and resilience can be taken up by countries and regional groupings, the Adaptation Fund and other funding instruments, and the future climate change regime, including the Green Climate Fund.

[2] Annex 4 provides the template used to collect pilot country views. Written inputs were solicited from the 16 countries and one regional organization receiving Phase I grants and responses were received from 11 countries and one regional organization.

6. To initiate transformational change, the PPCR seeks to move away from the typical project-based approach to a **programmatic** and coherent strategy to achieve climate resilience at the national level. PPCR programs are designed to mainstream climate resilience into development planning and investments. They are expected to be country-led, building on National Adaptation Programs of Action (NAPAs) and other priority setting exercises and complementing existing development and poverty reduction efforts. PPCR funds are channeled through the five multilateral development banks (MDBs): the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and the World Bank Group, including the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC).

7. 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; and
   - enable learning-by-doing and sharing of lessons at country, regional and global levels.

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

   (i) funding for **technical assistance** to enable developing countries to build upon existing national work to integrate climate resilience into development plans, strategies and financing. This includes grant funding for policy reform, capacity building, and long-term institutional strengthening; and

   (ii) additional financial resources to help **fund a program of public and private sector investments** identified in national or sectoral development plans or strategies addressing climate resilience, financed through a combination of grants and near-zero interest credits.

9. The PPCR is being implemented in nine pilot countries: Bangladesh, Bolivia, Kingdom of Cambodia, Republic of Mozambique, Nepal, Republic of Niger, Yemen, Tajikistan and Zambia, and two regions – the Caribbean (including Dominica, Grenada, Haiti, Jamaica, St. Lucia and St. Vincent and the Grenadines) and the Pacific (including Papua New Guinea, Samoa, and Tonga). Pilot countries were selected based on risk and vulnerability profiles, capacity to integrate climate resilience into development planning and sector policies, and potential to promote the scaling-up of activities. The selected countries also reflect a representative distribution across regions.

10. The PPCR is being implemented in two phases – a preparatory (programming) phase (Phase 1) and an implementation phase (Phase 2). The aim of Phase 1 is to lay the foundation for climate resilience to be mainstreamed into development planning, including supporting countries in the development of a national **strategic program for climate resilience** (SPCR). Phase 2 focuses on implementing the SPCR through support for policy reform, institutional capacity building, and the scaling-up of investments in key sectors. Although implemented through discreet projects, the PPCR programmatic approach is maintained by continuing the work in partnership with all actors and through the complementarity of actions across the investments. Phase 2 allocations range from $20 million to $110 million per country.

11. To facilitate the rapid development of the SPCRs, Phase 1 preparatory grants of up to $1.5 million were made available to the pilot countries and regional organizations and were requested by all but two countries (Bangladesh and Niger) and the Pacific regional track.

Table 1: Overview of Phase 1 Grants

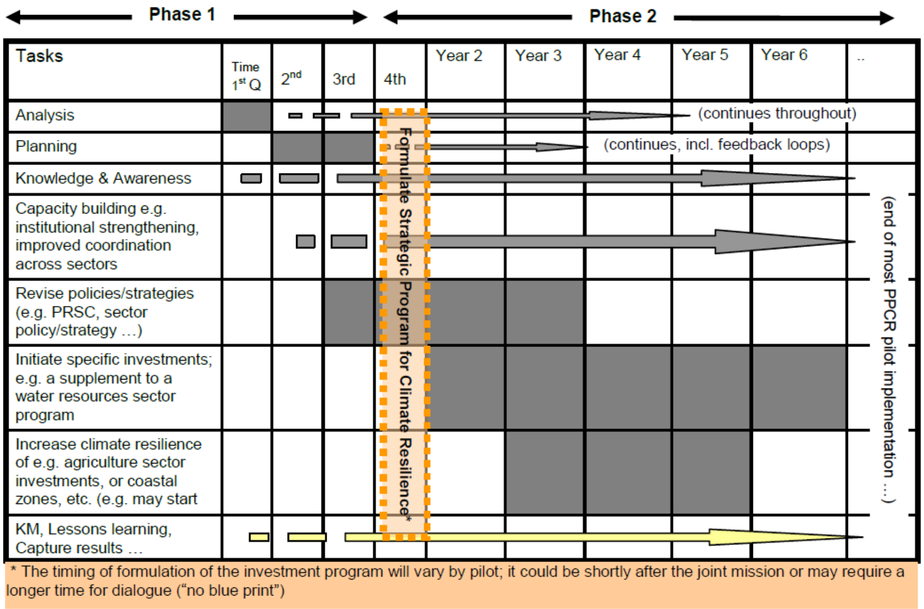
Country/Region	Approved Phase 1 grant ($ millions)	Cumulative Disbursement (as of Dec. 2013)	Commitments not yet disbursed /Status
Bolivia	1.5	0.88	0.62
Cambodia	1.31	1.31	Closed
Mozambique	1.5	.88	Closed
Nepal	0.21	0.21	Closed
Tajikistan	1.46	1.46	Closed
Yemen	1.5	1.01	0.49
Zambia	1.5	1.42	Closed
Papua New Guinea	0.40	0.40	Closed
Samoa	0.42	0.42	Closed
Tonga	0.20	0.20	Closed
Pacific Regional Track	n.a	n.a	n.a
Dominica	0.31	0.25	Closed
Grenada	0.27	0.27	Closed
Haiti	0.45	0.24	0.21
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 December 31, 2013.

2.2 Rationale for Phase 1 and Key Principles

12. As initially conceived, Phase 1 financing was intended primarily to support the formulation of the SPCR, including the cross-sectoral dialogue necessary to arrive at a common vision of climate resilience. 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).

Figure 1: Illustrative outline of phase 1 tasks of PPCR and transition to phase 2



13. Phase 1 activities and objectives evolved over the course of development and implementation beyond just preparation of the SPCR. The scope of Phase 1 activities was expanded to include longer-term analyses to inform the design and implementation of Phase 2, as well as capacity building, institutional strengthening, and other activities to improve and sustain the enabling environment for PPCR implementation. As a result, some activities initiated in Phase 1 continued after the completion of the SPCR and the initiation of Phase 2. Figure 1 outlines potential Phase 1 tasks and the transition to Phase 2, 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.

2.3 Phase 1 Activities

14. The CIF provided operational guidelines to countries for the preparation of their SPCR. First, 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. Second, the SPCR should be based on a solid analytical and participatory process during Phase 1, including assessment of climate risks for vulnerable groups, natural resources or ecosystems and economic sectors, and consensus-building efforts. Where possible it should build on the NAPAs and other relevant country studies and strategies, avoiding duplication of these efforts. Likewise, it should complement existing adaption funds, including the Adaptation Fund. As Phase 1 evolved to include the smooth transition to Phase 2, the activities originally intended to support the development of the SPCR took on a broader role in supporting the implementation of the SPCR. Box 1 outlines the tasks involved in developing the SPCR.

Box 1: Key tasks in the development of the SPCR during Phase I

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; and 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 above.
(b) Identify cross-ministerial/sectoral institutional gaps and overlaps, resource needs, and recommendations to promote sectoral coordination to promote/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 communication channels such as the media and other networks.

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 to provide inputs from a wide range of actors, such as NGOs and other civil society groups, including specifically vulnerable groups.

15. The selected PPCR pilot countries span a range of climate change risks and vulnerabilities; and represent a diversity of developmental and environmental circumstances. Thus the extent and duration of Phase 1 tasks were expected to vary among pilot countries, 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 dialogue and planning discussion. In countries where the NAPA or a similar process had already created a platform for analytical work and exchange, Phase 1 was expected to advance more quickly.

2.4 PPCR Regional Programs

16. 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.

17. Countries participating in a regional pilot should share a similar range of climate risks (created by a similar set of hazards, exposure levels and vulnerabilities). This should enable pilot activities to focus on building responses to climate threats that have high relevance to the pilot region and to each participating country, recognizing that activities in each country could vary to reflect its national circumstances as necessary. Regional programs were expected to differ depending on the existing regional institutions and the degree of existing regional collaboration. The range of activities implemented within national components of the regional pilot is similar to those in single PPCR country pilots.

18. Both PPCR regional programs are proceeding along two tracks including region-wide activities focused on climate monitoring, institutional strengthening, capacity building, and knowledge sharing; and country-based investments in several island states[3].

3 Review of Phase 1 Funding and Processes

3.1 Funding Requirements

19. **Funding required for the preparation phase varies, depending on the particular country's needs as well as the scope of preparatory activities included in Phase 1.** 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 limited, which slowed the process. Countries using Phase 1 funds for preparatory activities beyond SPCR development require larger grants. Phase 1 grants were approved between March 2010 and April 2011 and ranged from $0.2 million to $1.5 million and totaled $10.32 million (Table 1). 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.

20. Table 2 provides an overview of the components approved for Phase 1 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. The Phase 1 activities that were funded closely matched the intended scope of Phase 1 as set out in the CIF guidance.

Table 2: Overview of Planned Uses of Phase 1 Funding by Pilot Countries

PPCR Pilot	Use of Phase 1 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, technical training on the use and generation of climate scenarios using the Bayesian approach, and investigations of 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; and • preparing an environmental and social safeguards framework.
Cambodia	• mainstreaming climate resilience at national and sub-national levels; • science-based adaptation planning and outreach; • civil society and gender considerations in climate change; and • assessment of private sector opportunities in climate change adaptation.

[3] For the Caribbean Region these are Haiti, Jamaica and four small island states from the Organization of Eastern Caribbean States (Dominica, St. Lucia, St. Vincent and the Grenadines and Grenada). For the Pacific Region they are Papua New Guinea, Samoa and Tonga.

Mozambique	• assessment of strategic climate resilient livelihood options in drought prone areas in the Limpopo Valley (to inform detailed design of adaptation investments); • 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; and • a weather index insurance study.
Nepal	• building government capacity and expertise to prepare the investment plan and investment proposals according to PPCR guidelines; and • a consultative process to facilitate broad-based ownership and agreement on expected achievement of impact, outcome and outputs.
Tajikistan	• preparatory work in key sectors, including sustainable land management, energy, river-basin approaches, and governance arrangements for coordinating climate resilience efforts; and • establishment of a PPCR secretariat which is coordinating the implementation of the SPCR and other adaptation-relevant activities.
Yemen	• data gap analysis for spatial, temporal and quality of climate data as well as institutional and capacity gap analysis, including tech software and hardware; • awareness raising for all stakeholders through multi-media outreach • a rapid multi-risk assessment to identify vulnerable areas and communities for identification of pilot investments; • assessments of the climate information system and how to mainstream climate change resilience into national development planning and sectoral policies; capacity building of the EPA as the technical secretariat of the Inter-Ministerial Committee for Climate Change to coordinate the preparation and implementation of PPCR; and • regional consultations in Taiz and Ibb.
Zambia	• technical assistance, studies, stakeholder engagement, and training /capacity-building initiatives; • consultation on policy and legal framework for long-term institutional framework and formulation/finalization of the National Climate Change Strategy; • set up of a multi-sectoral instructional arrangement for climate change coordination--i.e Interim National Climate Change Secretariat; • 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; • scaled-up targeted awareness and communication before and during project implementation start up; and • development of a strategy/ financing framework for a national program for climate resilience
Caribbean regional program	• climatologic data assessments and projections; • review of 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; and • evaluation of data collection and management systems within the region, and development of 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

21. Among PPCR pilots, a range of capacities (technical and institutional) affected funding needs for building readiness for deploying large-scale adaptation finance and also affected the ability to effectively utilize larger grant amounts. The difficulty of absorbing the funds within the limited timeframe of the preparation of the SPCRs meant that for a number of countries other Phase 1 activities had not been completed when the SPCR was approved. In fact, for most countries, Phase 1 funding was needed not only to draft the SPCR but also to build up technical capacity, national consensus, and institutional structures that support the implementation phase. These distinct needs were not clearly defined at the beginning of Phase 1, but it is clear that these additional preparatory activities necessitated larger grants.

22. In **Samoa**, for example, the Phase 1 grant supported: (i) new and updated situation analyses, including risk profiles, institutional analysis, review of plans and policies for considerations of climate change adaptation and disaster risk reduction; public participation plans; and plans for up-scaling community- and ecosystem-based adaptation; (ii) establishment of the PPCR Steering Committee and Project Management Unit; mainstreaming climate change considerations into policy, planning and budgetary processes; and capacity development for climate risk assessment; (iii) preparation of a National Climate Change Program and Plan and Climate Resilience Investment Program, including strategic environmental and social assessment and preparations for implementation; and SPCR monitoring and evaluation framework and reports to the Steering Committee. Some of these outputs deliberately overlapped with implementation of projects identified in the SPCR, with the purpose of reducing the gap between the SPCR endorsement and implementation.

23. 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 SIDS 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 (the “regional track”) (CIF 2012). The Pacific regional track was developed without Phase 1 funding but benefited from the preparation efforts in the three countries participating in the program and existing analytical work.

Box 2: Nepal – a country-driven process based on a small PPCR Phase 1 grant

Among single-country pilots, Nepal requested the smallest Phase 1 grant of $0.21 million 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 Phase 1 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 Phase 1 did not gain ground in Nepal as a broader preparatory phase, funding was definitely 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, 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 prioritization 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.

24. Countries that elected not to use Phase 1 funding drew on existing resources and avoided the additional investment of time and resources needed to prepare and implement Phase 1. **Bangladesh** and **Niger** both prepared the SPCR within their existing processes and using other resources. In both cases, the countries decided not to apply for the preparatory grant funding for reasons of expediency and because analytical work was already underway. Passing over the Phase 1 grants allowed these pilots to focus immediately on the preparation of the SPCR.

Box 3: Bangladesh - a pilot country not requesting a Phase 1 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 process. This includes 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), which has the mandate 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 as it has pre-existing relationships with MDBs and a high level of authority to convene across various ministries that play a role in cross-sectoral issues of climate change.

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, and some stakeholders felt that PPCR roles and responsibilities were not clearly defined (Rai 2013b).

3.2 Complexity of Procedures

25. **Clear operational guidance, support to administrative capacity, and a consistent funding structure are necessary to facilitate the process of SPCR development and implementation.** For PPCR pilot countries, the complexity of PPCR and MDB procedures posed a challenge. Inadequate knowledge of MDB procurement guidelines and processes combined with limited local administrative capacity contributed to delays and misunderstandings. Uncertainty about Phase 2 funding drove some countries to truncate Phase 1.

26. Most of the pilot countries expressed general satisfaction with the PPCR and MDB processes for accessing PPCR funding for Phase 1. However, some pilot countries cited operational procedures as one of the greatest challenges. As a new program, PPCR procedures were still in flux in the early stages of Phase 1 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 Phase 1 resources to the government. 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, all of which were time consuming. Even where grants were executed by MDBs, standard bidding procedures for consultants' services and close consultation with government agencies were required. Nevertheless, Phase 1 was generally implemented more quickly under MDB-executed grants than country-executed grants. This issue is discussed further in section 4.1.

27. MDB task teams and government counterparts struggled to reconcile the need to move quickly with the need to follow their standard processes. Where grants are recipient-executed, as generally required by the MDBs, task teams and recipient governments can accelerate the process somewhat by ensuring, where possible, that recipient entities are already accredited for procurement and financial management and have experience managing externally financed programs. MDBs worked to ensure this in the PPCR countries, all of which already have experience working on MDB-financed programs.

28. The development and implementation of Phase 1, including the completion of SPCRs, took longer than expected. Originally it was estimated that countries would need up to 18 months to design their SPCR. However, contract delays were common. In addition, the nature of the PPCR contributed to delays. For example, climate resilience is a relatively new and specialized field, and much of the knowledge lies with individual experts and academic institutions. Hiring of consultants for climate resilience issues does not lend itself easily to the cost- and quality-based selection typically promoted by MDBs, which tends to attract large, unspecialized firms. Limited administrative capacity also slowed the process, as did language barriers in some cases. The time required to hire consultants and the delays between grant approval and the start of work were generally underestimated, with delays of 4-5 months common. Likewise the time required to assemble multi-sectoral and multi-stakeholder committees added to delays and the complexity of contract management under Phase I.

29. In **Samoa**, Phase 1was extended by a year in order to complete the planned activities. Implementation fell behind schedule in part due to delays in mobilizing the procurement and technical assistance required to undertake the analytical work. These problems were related to the multiple responsibilities of the limited staff in the Climate Resilience Investment Coordination Unit, which was charged not only with managing the Phase 1 grant but also many other climate activities. Many of the Pacific Island countries face similar limitations in capacity. In the **Caribbean** regional program, problems arose because the design of Phase 1 deliverables was not consistent with the actual flow of work and outputs. The disjoint between the constant and intense nature of the coordination activities and the design around outputs continued throughout Phase 1.

30. Uncertainty about funding for Phase 2 also affected decisions about Phase 1. 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 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 original plan was for nine SPCRs from individual countries and two regional SPCRs, but with SIDS participating in the regional program developing not only a regional track but also national SPCRs, the number of SPCRs increased to twenty. Pilot countries perceived this as an additional pressure on funds.

31. As a result, some countries, such as **Mozambique,** were motivated to fast-track Phase 1 in order to ensure access to Phase 2 funds. This limited the time available for implementing Phase 1 activities that provide the basis for Phase 2, 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 rapid preparation of the investment plan.

3.3 Timeframe for Preparatory Phase

32. The variation in the duration of Phase 1 among the pilot countries is largely explained by country readiness at the initiation of Phase 1. In addition, the pilots requesting Phase 1 grant resources spent considerable time in preparing the Phase 1 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 Phase 1 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.

33. Pilot countries with lower readiness levels were more likely to experience delays due to administrative challenges, inadequate coordination within the government, and government instability. The countries needing the most time to prepare their SPCR (**Haiti**, **Papua New Guinea** and **Yemen)** were impeded in part by low capacity and lack of existing climate change studies and analytical work. More rapid preparation was possible in **Samoa,** which benefited from an existing enabling environment for climate adaptation, and in **Tajikistan** where, at the Government's request, the process was led by MDBs.

Box 4: Mozambique—time needed for Phase 1

In Mozambique, the Phase I grant accelerated the production of the SPCR through the: (i) quick deployment of a coordination team to support cross-sector coordination and organization of local, regional and national consultations on the SPCR document; (ii) quick deployment of a consultant who, working with the MBDs and the team of coordinators, assisted the Government in drafting the SPCR document; and, (iii) quick preparation of consultation workshops in two sites where the SPCR projects are being implemented 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** Phase 1 grant as procurement of consultancy services took more time than expected, complicated by the fact that there was only one financial officer with no procurement assistance, and the time and funds required for analytical work were also underestimated. As a result of the lack of time and resources, several Phase 1 studies have been supported by other funding sources or delayed until Phase 2.

34. Most of the pilot countries faced delays in the implementation of Phase 1, and were granted extensions. The most common causes of Phase 1 delays, as reported by the pilot countries, reflect the fact that Phase 1 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 has 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 Phase 1 grant approval and SPCR endorsement and some momentum and awareness that was built up during Phase I consultations was lost.

Table 3: Overview of timeframes for Phase 1 Process

COUNTRY/ Region	Selection Date	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		
Bolivia	Jan-09	Jun-10	Nov-11	34	17	June-14
Cambodia	Jan-09	Jun-10	Jun-11	29	12	April-13
Mozambique	Jan-09	Jun-10	Jun-11	29	12	Nov-13
Nepal	Jan-09	Mar-10	Jun-11	29	15	
Niger	Jan-09	n/a.	Nov-10	23		
Tajikistan	Jan-09	Jun-10	Nov-10	23	5	June-11
Yemen	Oct-09	Jun-10	May-12	31	22	June-14
Zambia	Jan-09	Mar-10	Jun-11	29	15	Sept-13
Pacific Regional Track	Oct-09	n/a.	Apr-12	30		
Papua New Guinea	Oct-09	Oct-10	Nov-12	37	25	
Samoa	Oct-09	Jan-12	Apr-11	18	6	March- 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	June-13
Saint Vincent & the Grenadines	Oct-09	Nov-10	Apr-11	18	5	March-12
(Average)				**27.0**	**13.6**	

34. The PPCR has also identified some causes of delays that are not addressed by Phase 1 activities and are likely to pose similar problems for Phase 2 (CIF October 2013). These include natural disasters, changes in government and institutions, an unfavorable climate for private sector investment, and political challenges. For example, SPCR preparation in **Yemen** was suspended for a year due to political instability, and was temporarily suspended in **Cambodia** due to political issues over land rights.

35. In **Haiti,** the PPCR process was delayed for a year by the earthquake of 2010. Haiti was also held back by its limited capacity. **Haiti's** Phase 1 proposal takes account of the difficult national situation, paying particular attention to the limitations of existing institutional capacities and human resources. The SPCR development took 25 months to complete from the time the Phase 1 grant was approved. However, it was felt that this time was not 'lost' but necessary to ensure that everyone understood the issues. It also allowed for consensus-building and for all stakeholder points of view to be integrated in the investment plan. As a result, there is broad buy-in for the plan, which should facilitate its implementation.

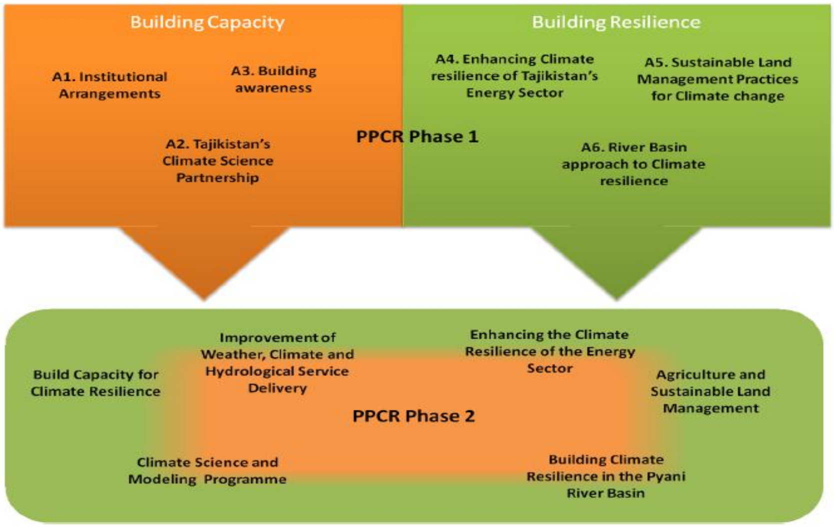
3.4 Overlap of Preparation with Implementation

36. **Extension of Phase 1 activities beyond the development of the SPCR, both in terms of scope and implementation period, had positive impacts for SPCR implementation**. Continuing Phase 1 activities and institutional support into Phase 2 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 Phase 2 led to disruptive gaps.

37. For many countries there was an overlap between Phase 1 and SPCR implementation (e.g. Haiti, Zambia, Yemen, Samoa, Tajikistan and Mozambique). This overlap resulted in part from delays in implementation of Phase 1 but also from the expanded range of activities initiated with Phase 1 funding. Technical assistance grants were extended in many cases to provide a bridge between Phase 1 and Phase 2, preventing the gap that could undermine the accomplishments of Phase 1 and programmatic nature of the SPCR implementation. That is, Phase 1 support became important for the sustenance of the PPCR program. 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 Phase 1 created the glue which holds the program together throughout its implementation.

38. The studies undertaken and structures set up during Phase 1 will support implementation of SPCR activities, and many will be further developed and strengthened through Phase 2. Of particular note are the coordination units that were established, which will support implementation, and the stakeholders mobilized during Phase 1, who will 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 Phase 2 and beyond, as well as providing leadership for the larger national resilience agenda.

Figure 2: Tajikistan's SPCR: Phase 1 Activity and Phase 2 Investments



3.5 Role of MDBs

39. **MDBs were critical catalysts in the process and development of the Phase 1 and the resulting SPCRs.** Well-coordinated joint missions and collaboration among the MDBs contributed to the efficient development of both Phase 1 proposals and the SPCRs. The involvement of more than one MDB in most countries had positive impacts, although it also created management challenges.

40. 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 implementing entities and the MDBs. For most of the pilot countries, there was 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, with country governments expected to lead and coordinate the missions. Broad participation was encouraged in order to promote country ownership of the PPCR program as well as to promote partnerships among the government, national stakeholders, and development partners. Joint missions were also to explore how to use the PPCR to build a partnership framework for integrating climate resilience into national processes, including those that engage other development partners.

41. 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 Phase 1 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; and
- Technical assistance to undertake the design and development of the SPCR (including timelines and financial proposals).

42. 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.

43. Two joint missions were undertaken in **Dominica**, providing technical assistance for the design and development of its SPCR. Preparation of the SPCR required scoping, review, analysis, and integration of ongoing plans and programs. The PPCR team fielded by the World Bank worked with the national team and other stakeholders to explore the range of options for building resilience to climate variability and change. The team assisted the Environmental Coordinating Unit in Dominica in organizing a series of stakeholder workshops and national consultations. This process not only raised awareness but also assisted stakeholders in identifying and developing priority project concepts for possible funding through the PPCR and facilitated agreement on the implementation arrangements.

44. 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,** 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 IFC in the private sector, in all cases building on existing work or specific expertise. However, a significant amount of coordination was required among the MDBs, which created challenges. Country governments also had to deal with different MDB mechanisms and be clear on the particular strengths of the MDBs.

45. In some cases the Phase 1 proposals outlined the particular roles of the MBDs and specified the lead MDB. For example, in **Cambodia** the World Bank, as the Executing Agency for the Phase I 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 take the lead responsibility.[4] However, CIF procedures did not clearly formalize the role of lead MDB for the SPCR. This role has now been clarified, which will enhance accountability, improve administration, and support the programmatic approach through the implementation phase.

4 Contribution of Phase 1 to the Development of a Programmatic Approach

46. 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. This section reviews the achievements of Phase 1 financing in terms of these key factors. For the majority of countries, PPCR Phase 1 funding set the foundation for the development of the SPCR, both technically and institutionally, and facilitated its timely completion. The pilot

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

countries report that Phase 1 funding also improved their overall readiness to implement the SPCR.

4.1 Country Ownership

47. **Establishing country ownership from the outset facilitates the Phase 1 process, increases commitment to the program, and ensures that the SPCR reflects country priorities.** Phase 1 was country-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 the collaborative process.

48. It is widely recognized that, 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. In countries where greater capacity building was needed, the Phase 1 grant could be MDB-executed[5] or led. Where coordination between ministries was lacking, government ownership is typically weaker and the ability to design a programmatic approach more limited. Phase 1 accommodated different levels of country ownership, including a variety of country-led and MDB-led processes.

Country-led

49. The PPCR Phase I 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. Leadership by the Zambian Government in key missions and the engagement of local authorities gave legitimacy and acceptability to the design of Phase 2. In **Nepal,** the Phase 1 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.

Recipient-executed, but strong MDB involvement

50. In **Yemen** the World Bank was heavily involved in the Phase 1 process. However, high-level political commitment to the PPCR in Yemen 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 (CIF, 2010 PPCR/SC.7/3).

MDB-executed, but strong government lead

51. Phase 1 grants for the pilot countries in the **Caribbean** and the **Pacific regions** were largely MDB executed. These countries have limited human resources and the MDBs' involvement facilitated the process. However, in order to promote a country-led process, all activities were

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[5] When a grant is recipient-executed, as is the case for most World Bank grants, the recipient takes responsibility for all procurement. In special cases, a waiver can be sought allowing for a Bank-executed grant, with the Bank taking responsibility for procurement.

undertaken at the request of the country, as if it were a recipient-executed grant. In the case of the Caribbean, the countries took the lead in preparing the terms of reference (TOR) and selecting consultants. However, the World Bank formally executed the grant to help the countries avoid cumbersome processes associated with recipient-executed activities.

52. In **Jamaica,** for example, the grant was MDB-executed, although 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.[6] 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.

53. In **Papua New Guinea,** the support provided in Phase 1 enabled a participatory approach to the design of the SPCR, emphasizing country ownership and collaboration of government and civil society. The Government was committed to ensuring a 'whole-of-government' approach flowing from the Prime Minister's Office, in accordance with the Prime Minister's role in driving climate change strategies and plans at the national level.

MDB-led

54. For countries at a relatively nascent stage in addressing climate issues, more support was required in Phase 1 from the MDBs and consultants. For example, in **Tajikistan** country ownership was initially low. However, the PPCR process evolved to be country-led, with leadership from the Deputy Prime Minister (see box 5).

Box 5: Tajikistan – country ownership and sustainability issues

PPCR pilot countries were selected by an expert group with little involvement of the proposed countries, and for some countries, such as Tajikistan, ownership was initially low. At the outset of Phase 1, Tajikistan did not have a NAPA which could be used to develop the SPCR 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 Phase 1 supported institutional capacity building and the establishment of a coordination unit. The PPCR Secretariat was set up as a dedicated function within Government, for which the Government took ownership. 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 through the SPCR, 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.

Priority setting

[6] 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. PIOJ is one of only 15 agencies to become an accredited national implementing entity and the only among PPCR pilot countries.

55. The degree of country readiness affected the strength of country ownership of PPCR priorities. Countries such as **Bangladesh** and **Zambia** were able to identify priorities for their investment plans based on existing studies and supplemented by stakeholder consultations regarding SPCR priorities. Zambia based the components of the SPCR on the transformation themes and priorities of the National Development Plan. A national component will provide institutional and technical support for Zambia's emerging Climate Change Program. Two other components will be implemented in priority sub-basins of the Zambezi River. In **Tajikistan**, the targeted program of investment and capacity-building activities under Phase 2 reflect the outcomes of the joint missions and other discussions at the technical level between MDB teams and their Government counterparts, and consultations with stakeholders, including international organizations, donors and civil society.

Box 6: Papua New Guinea-- identifying priority areas

With the support provided under Phase 1, Papua New Guinea followed a five-step process to identify the priority areas for PPCR support. The steps and their outcomes were as follows:

Step 1: Stocktaking of (a) policy, legal, and institutional frameworks for climate change adaptation planning and management in the country; and (b) current and proposed climate change programs and projects in the country and the Pacific region. This step highlighted the range of development programs being provided to Papua New Guinea and the need for improved donor coordination and national capacity building for climate change programming.

Step 2: Assessment of Climate Change Risk, providing for the first time a ranking and rationalization for priority action. The assessment estimated, evaluated, and ranked climate change risks affecting individual vulnerable communities and sectors.

Step 3: Assessment of Capacity for Adaptation, focused on vulnerable sectors and communities, and involved three elements: a household survey; an assessment of national capacity for adaptation; and a community, civil society and gender issues study. The capacity assessment highlighted the work and resources needed for mainstreaming efforts in vulnerable communities and sectors and building capacity for climate change risk management at the local level and in the private sector.

Step 4: Priority Action Needs/Investments were defined by stakeholders to ensure that the proposed SPCR investments meet priority needs, support implementation of Vision 2050 and the Climate Compatible Development Strategy, and address current exposure to climate extremes and variability in vulnerable communities. The impact of climate change on food security is one of PNG‘s priority risks; stakeholders considered the best application of PPCR investments, given other ongoing work in agriculture, to be in climate change resiliency in fisheries at the community level.

Step 5: Resilience Assessment was undertaken to ensure that proposed SPCR investments promote and enhance resilience in vulnerable communities, sectors, and nationally.

4.2 Capacity Building

56. **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 Phase 1 played a critical role in capacity development and analytic work. The convening of regular CIF-supported pilot country meetings allowed participating countries to learn from each other. Greater investment in systemic capacity building, diagnostic work, and M&E would have strengthened the program.

57. Strong technical capacities are required to adequately respond to climate change and to ensure the promotion of sustainable and viable investments. Considerable capacity development and analytic work within each pilot country is typically necessary to scale up experience from planning or projects to program- or strategic-level action, given generally limited experience in this area. Across the range of pilot countries, technical support and training provided by the MDBs was seen as crucial to the success of Phase 1. Many benefits will carry over to strengthen Phase 2 implementation. Capacity building was provided across a broad range of areas, demonstrating the program's flexibility in meeting pilot countries' needs. Many countries cited the availability of experts and good teamwork between experts, stakeholders, MDBs and government agencies as a key strength of Phase 1. Pilot country meetings and interactions convened by the CIF created learning opportunities that also strengthened the SPCRs. Together these created a cohesive program, enabled challenges to be overcome, and expedited preparation of SPCRs. Nevertheless, pilot countries identified additional needs for capacity building.

58. Identifying, training and investing in 'national champions' is considered critical to the long-term sustainability of a climate change program. Selecting a cohort of champions that is broad-based, and at their early-to-mid career levels, will ensure their long-term contribution. In **Zambia**, Phase 1 targeted promising national champions for specialized on-the-job training, including training on climate modeling, project management, and crowdsourcing tools. Phase 1 also enabled the core Secretariat staff in Zambia to gain considerable capacity in community participatory adaptation knowledge, procurement, financial management, and safeguards.

59. Technical support is necessary for project management and technical backstopping across a wide range of skills. This support was generally provided through the joint missions and through regular phone calls between the country focal points and the MDBs. Since many of the countries were facing a lot of new processes, joint working and the availability of ongoing technical advice to resolve issues quickly was fundamental to delivering the work. Technical support included, but was not limited to:

- Support to government institutions, for example in Jamaica the Water Resources Authority for the development of water quality testing and the Office of Disaster Preparedness and Emergency Management for the development of disaster response software;

- Project management, such as the development of project steering committees;

- Preparation of the SPCR, including developing financial proposals, procurement plans, TORs, and program results frameworks;

- Public education and outreach programs;

- Stocktaking, reviews (e.g. legislative reviews and reviews of technical reports and documents), and analysis and technical studies (e.g. agriculture, hydromet);

- Climate change risk assessment including prioritization and ranking of climate change risks, priority needs, and investment opportunities;

- Stakeholder consultations;

- Capacity assessments (institutional, systematic, individual) for public and private sector, vulnerable communities, and sectors; and

- Capacity building, e.g. in agriculture and food security, livelihoods, the economy, water security and quality, national poverty alleviation and procurement.

60. Some pilot countries felt that a more systematic capacity-development approach was needed for developing curriculum and building technical skills in key disciplines, rather than the focus on short workshops, seminars and conferences. For example, it was suggested that government agencies, CSOs and private sector organizations would benefit from more support to carry out site-specific vulnerability assessments.

61. Technical assessments and studies, such as sector risk assessments, provided the technical foundation of the SPCR and greatly assisted the identification and prioritization of activities. However, many of the SPCRs would have benefitted from more sophisticated diagnostic work. Some countries, including **Samoa,** were challenged by a lack of user-friendly and accessible data. The analytic work supported by Phase 1 was intended to inform the investments, but this did not happen in some countries, including Mozambique, because the information was not available within the timeframe with which the government wanted to move. Synchronization of the analytic work with the production of the SPCR was also challenging. Sometimes events overtook the diagnostics – for example if a project was approved before the completion of a feasibility assessment, the money for the assessment was reallocated. While some countries had substantial analytic work completed before entering the Phase 1 process, others needed more time to undertake comprehensive analytical assessments. Allowing for the overlap of Phase 1 and implementation addresses this issue in part, but SPCRs would benefit from more complete information.

62. Additional support for the incorporation of monitoring and reporting (M&R) processes into the design phase of the SPCR is also needed. At the outset of Phase 1 there was limited capacity for M&R in many countries, and M&R development was not a focus in Phase 1. Moreover, the initial PPCR Results Framework was overly complex, making it difficult for the pilot countries to use. A simplified framework has since been instituted and is now being used by all PPCR pilots, including those with investment plans that pre-dated its adoption.

63. In **Cambodia,** the World Bank Country Office regularly provided administrative and technical support to the PPCR coordination team and other stakeholders throughout Phase I implementation. For several months, the Ministry of Environment had in-house technical assistance from an international technical advisor, who greatly facilitated implementation. In **Zambia,** Phase 1 funded a dedicated communications expert, a participatory adaptation advisor, and a financial management specialist who complemented the core staff at the Secretariat. In **Yemen**, Phase 1 supported training in geographic information systems (GIS) and information technologies as well as reporting. The direct communication channels established between the PPCR national team and World Bank team meant that support and guidance could be sought at any time.

64. In **Grenada,** strengthening national capacity in data collection and management, GIS, climate impact assessment, and related areas is an ongoing process. The Phase I grant provided funds to support a regional knowledge-sharing component in Grenada, which brought together geospatial data managers and IT practitioners from the Caribbean region. Through broad participation from regional data management practitioners, an online community of practice was initiated which provides an important platform to improve knowledge sharing and increase the information-base among participating countries. Additionally, a fruitful partnership with the University of the West Indies in Trinidad and Tobago was created. Likewise, in **Papua New Guinea** the PPCR Focal Point obtained tools and capacity building that will enable key climate change planning and assessment activities to be undertaken internally, with minimal external assistance going forward.

65. A few countries identified the need for additional support. For example, in **Jamaica** additional resources would have been useful to strengthen the country's hydro-meteorological network and develop downscaled climate scenarios for the country, as well as supporting a communications strategy. In the case of **Samoa,** additional support could have been used to

build capacity within CSOs, in the form of a Climate Change Adaptation/Disaster Risk Reduction advisor, as preparation for the main project activities, and for data management, including publishing information on current and anticipated risks in a user-friendly form.

4.3 Coordination and Institution Building

66. **Institutional and inter-governmental coordination is essential for developing and maintaining a programmatic approach that will support mainstreaming of climate resilience.** Phase 1 was largely successful in developing sustainable institutions for integrating climate resilience, although some may require additional support. Anchoring the PPCR in a lead ministry is one of the most reliable measures for ensuring inter-governmental cooperation.

67. The development of institutional coordination structures within the pilot country governments, capable of delivering a strategic program and sustaining the PPCR through Phase 2 and beyond, has been one of the major achievements of Phase 1. To be effective, the PPCR institutional structure needs to be respected across government departments, be seen as permanent, and be capable of driving forward the strategic investment program set out in the SPCR. Most important, it must be able to ensure coordination across government departments, which is the heart of the programmatic approach.

68. Anchoring the program in a lead ministry, such as the Ministry of Finance or Planning, as intended in the design framework of the PPCR, provides a strong basis for inter-governmental coordination. The support and leadership of these senior ministries is crucial if the PPCR is to achieve its goal of mainstreaming climate change and achieving transformational change across sectors. However, there is often tension between the traditional ministries responsible for climate change, such as the Ministry of Environment, and the lead ministries over ownership of the PPCR. This tension was evident in many of the pilot countries. But because climate change is not just an environmental issue but a development issue, requiring support of budgeting and finance, there is a risk that the program will be less effective if it is led by a sector ministry with limited power to support a whole-of-government approach. Where coordination is weak, it is hard to select projects that contribute to an overall program, and standalone projects, often related to areas of concern of individual ministries, are more likely to prevail. PPCR implementation can clearly benefit from leadership by an entity with the authority to implement projects across ministries, increasing confidence that the program will achieve its objectives. Typically, finance or economic ministries have the highest convening authority. Moreover, the MDBs have established working relationships with these ministries, which facilitates funding processes.

69. In Phase 1, although countries opted to anchor the PPCR in various government entities, most selected the Ministry of Finance, Planning, Prime Minister's office or the cabinet office as the institutional lead (Rai 2013c). Table 5 lists the institutional leads for the single country pilots.

Table 5: Overview of Pilot 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**: the Ministry of Finance has a focal administrative role while the Ministry of Environment has an execution role, with Ministry of Finance playing a key role in decision making.
Central Presidential or Prime	**Tajikistan:** PPCR is attached to the PM’s office.

Ministerial office	**Mozambique**: PPCR Phase 1 was administered bythe 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.

70. The approach taken to building the institutional mechanisms for 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.

Harness or enhance existing institutions.

71. In countries with clear institutional arrangements for climate change, PPCR has built on or enhanced existing institutions.

72. 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 built on this existing arrangement, in particular strengthening the CCD and the Climate Change Technical Team through the technical assistance component of the SPCR.

73. In **Nepal**, the PPCR integrated into existing institutions that were built on the NAPA process, as well as setting up some new institutions to steer the PPCR process. The SPCR is coordinated through the Ministry of Science, Technology and Environment (MoSTE), although different implementing agencies are involved in each component that works in partnership with an MDB. New mechanisms set up to steer the SPCR components include: a high-level PPCR coordination committee co-chaired by MoSTE and the National Planning Commission, and a dedicated steering committee for the individual adaptation projects.

Transition from an ad hoc to a long-term institutional arrangement

74. At the start of the PPCR Phase 1, **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: 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

75. In a number of countries, the PPCR has successfully supported the establishment of new institutions to address climate risk.

76. In **Tajikistan,** stakeholders agreed that successful PPCR coordination required the establishment of an institutional governance mechanism at the heart of government. The ADB provided financial support during Phase 1 to establish the PPCR Secretariat, and Phase 2 funding is supporting its operation. The Secretariat will facilitate the effective implementation of PPCR activities and maximize their development impact.

77. In **Samoa,** the Climate Resilience Coordination Unit (CRICU) established by Phase 1 has been fully mainstreamed in the Ministry of Finance, with a budget allocation. CRICU will have operational responsibility for the coordination of all climate resilience activities in Samoa. **Mozambique** established a National Climate Change Coordination Unit under the Sustainable Development Council, with plans to fund this body initially from the technical assistance component within its SPCR and eventually with national funds.

78. The sustainability of national PPCR institutions is uncertain in some cases. For example, the institutional arrangements in **Tajikistan** are dependent on political will and the ability of the national government to take responsibility for these institutions in future, including their financing. In some countries, there was some hesitancy to make commitments under Phase 1 on the part of line ministries 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 the training and career opportunities offered by Phase 2.

4.4 Stakeholder Engagement and Collaboration

79. **Consultations undertaken during Phase I 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 engagement, particularly with civil society. The process of building stakeholder consensus was time-consuming and sometimes burdensome for the participants.

80. Broad-based stakeholder consultation and participation is critical for delivering a programmatic approach. Stakeholder collaboration and cross-sector dialogue in the PPCR process are necessary for ensuring that the definition of country priorities and proposed investments incorporate the views of civil society, the private sector, and ministerial stakeholders. Engagement and communication activities were a strong feature of Phase 1 across all the pilot countries, with stakeholder consultations typically seen as critical to the elaboration of the SPCR. Pilot countries credited Phase 1 with galvanizing a high level of stakeholder input into the design of the SPCR. Beyond Phase 1, cross-sector coordination capacity and permanent dialogue are considered central to developing and maintaining dynamic engagement of sectors in all SPCR activities. There is a clear correlation between the level of stakeholder involvement and the level of cooperation with implementation. Yet countries also encountered challenges in the process of stakeholder consultations included

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.

81. Collaboration and stakeholder involvement took various forms in Phase 1:

- ***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 was seen as beneficial.

82. Stakeholder consultations provided a strong basis for SPCR development and for Phase 2 implementation. 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. In **Yemen** the PPCR reflects a highly consultative process across all stakeholders. All of the consultations were well attended and the process, results, and outputs documented. These consultations were instrumental in shaping the focus and design of the Phase 1 proposal.

83. A clear organizational structure for stakeholder consultation can facilitate the process and ensure that it is inclusive and efficient. In **Cambodia,** stakeholder participation was achieved through meetings, involvement in studies, and national workshops held to discuss draft reports. Phase 1 increased awareness and understanding within government and built policy and institutional capacities to support and mainstream climate change resilience into planning and development. However, the process would have benefitted from a clear strategy for engagement with all relevant line ministries and provincial departments, local community and provincial authorities of the four provinces targeted for PPCR support, NGOs, the private sector, and women's groups.

84. 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. However, 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 NGOs active at the community level (Thapa 2011).

4.5 Private Sector Engagement

85. **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, including financial intermediaries, 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.

86. The private sector contributes to building countries' resilience to the impacts of climate variability and change through mobilization of resources, scaling up adaptation measures, and developing innovative technologies. Private sector actors can support broader national resilience initiatives through engagement with national planning and strategy development, directly through their own operations, or as participants in public projects. However, this requires an enabling environment for private sector investment in climate resilience, which was largely lacking in the PPCR countries. As of March 2014, six PPCR private sector operations, including investments and advisory services activities in Bangladesh, Nepal and Tajikistan, have received PPCR funding approval, for a total value of US$ 38.5 million. Additional private sector investments planned for implementation in Mozambique, Niger, and Zambia are experiencing delays for reasons described below.

87. Engagement of the private sector (businesses, insurance companies and banks) in Phase 1 and in the investment plans faced a number of obstacles. First, the PPCR is focused on low-income countries where formal private sector activity and capacity is extremely limited. As a result there were few private sector partners interested or able to participate in stakeholder consultations in Phase 1 or able to comply with the MDBs' social, environmental and financial standards necessary for participation in Phase 2. Selection criteria for the PPCR countries did not take into account the feasibility of engaging with the private sector in low-income countries. 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 make it extremely challenging to define viable private sector investments for Phase 2.

88. Second, 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.

89. Third, 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; and investment plans should provide opportunities for private sector involvement.

90. Finally, the timeframes for Phase 1 did not match well with private sector needs. The slow process of consultations in Phase 1 was not readily compatible with private sector participation, particularly since business associations are few or non-existent in these countries. Participation was also limited because, without a direct stake in the outcomes, the private sector has little incentive to participate in time-consuming discussions. The timeframe and scope for the SPCR development tended to discourage meaningful private sector participation. 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. In sum, in these countries considerable upstream capacity building needs to be undertaken to facilitate private sector investments, whether through Phase 1 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 commercial concepts, and create an enabling environment and preconditions for successful investment.

91. The CIF Administrative Unit has been working to support sharing of experiences among MDBs, PPCR pilot countries, contributor countries and observers to better understand the degree and nature of upstream work required to lay the groundwork for private sector involvement. In addition, a PPCR private sector set-aside has been created to encourage private sector involvement (see box 7).

Box 7: PPCR Private Sector Set-Aside (CIF 2013)

Of the 62 projects and programs identified within SPCRs, only 10 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 in near-zero interest credits 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 resources from this set-aside 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. The PPCR Sub-Committee approved a second round of set aside funding, concluding in April 2014, to allocate the remaining $29 million. 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.

4.5 The Regional Track

92. **A regional track can provide benefits to countries with limited capacity facing shared challenges, like the Caribbean and Pacific small island development states (SIDS).** SIDS 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.

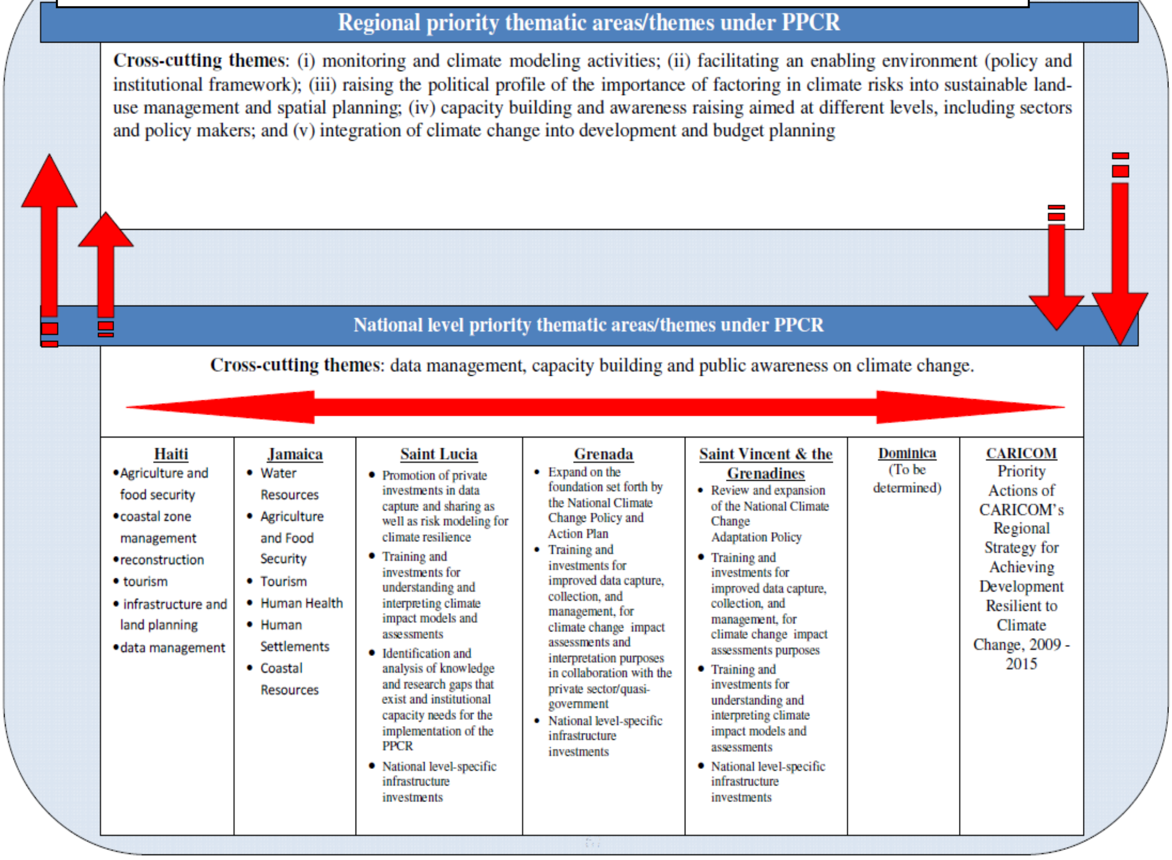
93. Regional tracks were expected to optimize the use of PPCR resources within a region, taking into account and building on existing resources and activities at the country as well as the regional level. SIDS in particular have urgent needs to address their special vulnerability to sea-level rise and the impacts of increased intensity of extreme climatic events. Yet SIDS face a number of barriers in addressing development and climate change related issues, largely as a result of limited institutional, technical and absorptive capacity, small size, and remote location. Regional PPCR pilots provide an opportunity to overcome many of these barriers while also facilitating learning and replication of approaches across countries in the region.

94. The regional track requires a degree of coordination and collaboration that goes beyond that required at the country level, necessitating country engagement with the regional track, cooperation among countries, and capacity and effective leadership at the regional level. As noted above, the pilot countries within the regional tracks each developed their own SPCR, which further complicated the process and created a need for additional resources.

95. In the **Caribbean**, the number of agencies and countries involved in the implementation of the proposed SPCR, coupled with the required link to the national programs, made coordination critical. This was especially so given there was some divergence of objectives and differences in desired approach. There was also some distrust between countries and regional organizations. This challenge was largely met by extensive consultation and working toward consensus on key issues. In general, the work carried out under Phase 1 resulted in a clearer understanding among all partners of their respective roles in the implementation of the SPCR. This required resources that were not initially anticipated. Going forward, an area of concern is the need for additional financial resources for more cross-institutional dialogue and interaction, which is needed to ensure program coherence, given the complexity of the program and the number of agencies involved. Figure 2 provides an overview of the linkages between the national and regional track PPCR in the Caribbean.

96. 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 Phase 1 (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.

Figure 3: National and Regional PPCRs in the Caribbean



97. The **Pacific regional program** consists of three national programs (Papua New Guinea, Samoa, and Tonga) and a regional component which aims at increasing the capacity and scale up good practices in the other island countries. **Samoa** is considered a regional leader and has been instrumental to the design of the PPCR regional component.[7] Samoa has a well-established programmatic approach for the use of international funding that is in alignment with PPCR objectives and will support effective use of PPCR funding. Other SIDS have not made such fundamental changes in managing international assistance.

98. Given regional political sensitivities and a history of competitiveness, a neutral platform is necessary for sharing experiences and good practices, a function which will be provided by the Pacific regional institutions through the Pacific regional program track. In the past, collaboration on adaptation and disaster risk reduction has been compromised by poor interaction and institutional coordination among relevant regional stakeholders. Phase 1 of the Pacific Regional track has brought the regional institutions together using a collaborative approach to promote a shift toward partnership. Non-PPCR SIDS in the region are expected to benefit from the regional track in particular through its regional technical support mechanism (RTSM). The RTSM will develop a network of climate change adaptation experts from a range of organizations who will provide technical assistance to the Pacific region countries to address the challenges associated with climate variability and change.

[7] See *Case Study: Samoa's PPCR Phase I* published by the CIF Administrative Unit in June 2014,

5 Conclusions

99. Overall, the deployment of Phase 1 grants to support the building blocks for country readiness was effective in preparing the pilot countries to develop and implement SPCRs. By taking a flexible approach to funding a combination of diverse activities that strengthened country-ownership, technical capacity, coordination and institutional development, collaboration rooted in broad-based stakeholder consultations, and efforts to engage the private sector, Phase 1 grants set the foundation for high-quality SPCRs, and established enabling conditions for the implementation phase. Challenges 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.

100. Funded activities closely matched the intended scope of Phase 1 and were conducted in a manner consistent with the principles of the PPCR, namely they were country-led and country-driven, built on the NAPAs and other relevant country studies and strategies, and complemented existing adaption funds. Phase 1 was **highly flexible** in terms of scope, financing, and timing, adapting to the diverse circumstances and needs of the pilot countries. Flexibility proved to be an important and necessary principle to adhere to across Phase 1 implementation, allowing governments to absorb and prepare for PPCR according to country-specific needs and capacities.

101. Phase 1 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 a response. The same limitations that Phase 1 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 Phase 1 grant 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.

102. In terms of **operational efficiency**, lack of familiarity with MDB safeguards and procurement processes, the need to meet multiple MDB and national requirements, and limited administrative capacity were probably one of the greatest challenges for Phase 1 implementation. In addition, Phase 1 implementation delays resulted from poor estimations of the time needed to engage consultants and carry out analytic work and organize meaningful stakeholder consultations. Beyond these administrative matters, the admixture of activities designed to support preparation of the SPCR with activities that extend into the implementation phase created additional complications although, as noted, also important benefits. On the positive side, many countries cited the availability of experts and good teamwork between experts, stakeholders, MDBs and government agencies as a key strength of Phase 1. This created a cohesive program, enabled challenges to be overcome, and expedited the preparation of SPCR.

103. In terms of developing pilot country **readiness to implement a programmatic approach** to climate resilience, Phase 1 supported the key building blocks, namely country ownership, capacity building, coordination and institution building, communication and collaboration, including governments, 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 Phase 1 investments, 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 PPCR Phase 1 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. For the regional programs, which had to coordinate across a number of governments, this was especially true.

104. Countries' readiness also correlated with the level of country ownership of the Phase 1 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 preparatory phase was not needed. However, for most of the pilot countries, building institutional and technical capacity was an important focus of the preparatory 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 Phase 2 and beyond, was considered the most significant achievement of Phase1. Notable shortcomings of Phase 1 include the need for more extensive and accessible data and analysis, particularly for diagnostic purposes, the need for greater attention to M&E from the outset of the process, and the need to further increase stakeholder capacity, most particularly in civil society and the private sector. Continued investments in these areas will be essential for a successful implementation phase.

105. Of note is that Phase 1 evolved from being focused on SPPR preparation and 'readiness', as designed, into a longer-term support mechanism sustaining the PPCR through its implementation stage. This **sustenance function** has the great benefit of allowing for the capacity-building efforts, analysis, and institutional support initiated in Phase 1 to continue into the implementation phase, preventing a gap that could lead to loss of momentum and undermine Phase 1 achievements. Welcoming the overlap acknowledges the considerable capacity development generally required by the pilot countries to scale up prior experience from planning or projects to a program or strategic level. However, a clear distinction was not drawn between activities needed for development of the SPCR and activities addressing readiness for implementation, an oversight that generated some uncertainties about funding following completion of the SPCR and continuity within the program. A more **seamless linking of Phase 1 and Phase 2 funding and implementation** 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 preparatory 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.

106. Phase 1 activities went some way toward meeting intermediate objectives of the PPCR, demonstrating the substantial overlap between preparatory activities and implementation. These objectives include the improved integration of climate resilience into planning, processes, and implementation; increased consensus on an approach to climate resilient development appropriate to each country; increased finance availability (e.g., scaled-up investment commitment) in approaches to climate resilient development; and enhanced learning and knowledge sharing on integration of climate resilience into development. Beyond the intermediate term, Phase 1 has contributed to building technical capacity, stakeholder consensus, intergovernmental collaboration and civil society cooperation, and to sustainable institutional arrangements that will support country-led climate resilience programs to meet the long-term goals of the PPCR. The box below discusses some early lessons from Phase 2 implementation.

5.1 Recommendations

107. Several broad recommendations can be drawn from the lessons learned discussed in this Phase 1 review, which could inform for the PPCR and other climate resilience programs.

- **Integration of preparatory phase with implementation phase:** Recognizing that the overlap of the preparatory and implementation phases is beneficial, implementation could be strengthened by enhancing the integration of the two phases to further reduce disruptive gaps, inefficiencies and uncertainties. Before embarking on the country programming process, countries should carefully assess their needs, with clear definition of the investments needed to prepare the SPCR, to prepare the ground for implementation, and to support sustainable mainstreaming of climate resilience for the long-term. This would allow for a more seamless transition between phases, reducing lost time and momentum, and improving efficiency of use of funds.

- **Operational procedures:** It is important to ensure that processes and procedures for developing and facilitating the implementation of the SPCR through a programmatic approach are designed to optimize efficiency as well as accountability. This requires :

- Simplified and straightforward procedures and guidelines to enable eligible countries to be clear on how to **efficiently access funding**. These procedures and guidelines, as well as the role of the lead MDB, need to be clearly defined and communicated at the outset to project stakeholders and ideally, remain consistent throughout.

- **Clarity on needs and absorptive capacity**. The PPCR should be prepared to do more in low capacity countries. However, this does not necessarily mean more money, since low capacity countries may have difficulty absorbing large grants. Greater technical assistance may be more effective than increased funds. Within low and middle income countries capacity (technical and institutional) will vary and this needs to be clearly quantified as it underpins the success of the design and delivery of the strategic plan.

- **Programmatic approach:** Building a solid technical, institutional and social basis for a programmatic approach is essential in the short-term for the development of the investment plan and over the longer-term for its sustainable implementation. This requires that the program:

    - Maintain a **flexible approach** so that Phase 1 support can be tailored to meet specific needs of individual countries and regions. The different timeframes, funding amounts, and activities for the PPCR programming process in the pilot countries and regions underscore the need to respect country and regional circumstances when prioritizing adaptation actions and allocating PPCR resources.

    - Ensure that programs are **nationally driven** and responsive to specific national needs and circumstances, even when development of ownership will slow the preparatory process. Country ownership is critical for defining and delivering on a national investment plan.

    - Emphasize a **highly consultative process** across all stakeholders, recognizing that it may require substantial capacity building for civil society, including outreach and communications activities, through both the preparatory phase and implementation. A clear organizational structure will facilitate this process and ensure inclusivity.

- Allow sufficient time and resources for **analysis.** In countries with limited baseline data, a longer timeframe is needed to undertake comprehensive analytical assessments for diagnostic purposes. Substantial capacity building for analysis may need to precede the development of the SPCR.

- Ensure sustainability of **institutional support** to strengthen both Phase 1 and Phase 2. The program should be anchored in an entity which has the capacity and leverage to coordinate across sectors, and provision should be made to ensure long-term sustainability of institutions.

- Increase **capacity building** for both civil society and the private sector. Beyond short-term capacity building, a more systematic capacity building approach, including development of curriculum and technical skills in key disciplines is needed to ensure sustainability.

- Recognize the challenges to **private sector involvement** from the beginning of the process to ensure realistic objectives for participation and 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.

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7 Annexes

Annex 1: Summary of PPCR Phase 1 Strengths and Challenges Reported by Pilot Countries

This table summarizes the strengths and challenges of the PPCR Phase 1 process, as reported by the country focal points on the Phase 1 review template responses.

Summary of Phase 1 Strengths and Challenges in Introducing a Programmatic Approach

Category	Strengths	Challenges
Capacity development	Provision of resources to undertake consultation & 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	Incentivizing government involvement
	Complementarity with existing national initiatives, policies & strategies	
	Ministry of Finance focal point	
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 rigidities, which resulted in delays
		Changes in procedures and inadequacy in operational standards
		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

Annex 2: Phase 1 review study template

Pilot Program for Climate Resilience

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

Template for initial feedback from pilot country & 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 an 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-resilient.

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)[8]: ________________________

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 I? 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 I 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 I activities and the SPCR activities? Did Phase I 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

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