

Ecosystem-based Adaptation: Step by Step

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Approach to Adaptation and Accessing Adaptation Finance

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Climate Change Adaptation Projects Financing Guidelines

Based on official guidance and practical experience from e.g. the LDCF, SCCF, AF and PPCR, the following seven fundamental eligibility criteria are proposed:

- 1. Adaptation rationale and additional cost argument**
- 2. Urgency and prioritization**
- 3. Weighting of project activities**
- 4. Sustainability of intervention**
- 5. Cost-effectiveness**
- 6. Institutional setup and comparative advantage of implementing institution**
- 7. Results-based management and logical framework.**

1. Adaptation rationale and additional cost argument

The adaptation rationale consists of 3 important questions:

- 1. What is the likely business-as-usual (BAU) development for the targeted sector in the absence of climate change?**
- 2. What are the observed and current climate variability and the projected physical impacts of climate change based on available climate models and scenarios and how will these impacts be manifested in terms of climate vulnerabilities to BAU development in the targeted sector and region?**
- 3. What are the specific adaptation activities to be implemented to reduce the climate change vulnerability compared to the BAU situation?**

1

Starting Situation: No development scenario

2

“Business-as-Usual (BAU) development scenario

3

Climate Change Vulnerabilities in BAU scenario

4

Adaptation Action (activities to reduce CC vulnerability in in BAU scenario

Poor access to water leads to water shortages in agriculture which can lead to:

- Health issues
- Food insecurity
- High work load to get water from streams

Improve access to water:

- Digging wells to reduce dependence on surface water
- Constructing dams for irrigation and to store water for dry season
- High work load to get water from streams

- Constructed wells dry up due to reduced rainfall
- Dams are insufficient to meet demand during prolonged dry periods resulting from CC
- Established frameworks and committees do not have the capacity to address CC impacts on water availability

- Digging deeper, additional wells ; rain water harvesting, storage tanks, ground-water recharge zones
- Increasing capacity of dams to meet demands of changed hydrology
- Updated water management framework, policies to account for CC impacts

2. Urgency and prioritization

The successful project concept should aim to show that the targeted region and sector/subsector is both:

- (a) Among the most vulnerable to climate change based on objective criteria (e.g. magnitude of economic impacts, livelihood impacts, risks to lives or vital infrastructure) and evaluated through a comprehensive multi-stakeholder V&A assessment**
- (b) Politically determined as a national priority based on broad national consultation and subsequent high level political adoption/ratification of the outcome (NCs, NAPAs and TAPs are great examples of this).**

3. Weighting of project activities

Three broad categories of activities should be considered:

- 1. Investment activities are those adaptation activities that lead to concrete, measurable impacts on the ground (e.g. building a sea wall, investing in climate resilient water supply systems, introducing drought resistant crops, etc.)**
- 2. Capacity building activities: activities that increase the adaptive capacity of institutions and individuals to deal with the impacts of climate change, but do not necessarily lead to immediate physical and measurable results**
- 3. Project management comprises the administrative activities needed to manage, implement and document the project's activities.**

4. Sustainability of intervention

Most donors will require the project proponent to clearly discuss and articulate how the project will ensure that its interventions are maintained beyond the lifetime of current project funding. This can include, e.g.:

- **Commitments from national governments to provide sufficient budget to maintain installed infrastructure and human capacity**
- **Building local capacity to perpetuate and upscale pilot activities**
- **Developing a strategy for securing additional external funding for extending and/or scaling up the project activities post project**
- **Choosing adaptation measures that require low maintenance as opposed to those that are heavily dependent on the availability of financial and human capacity (e.g. mangrove restoration as opposed to sea walls).**

5. Cost-effectiveness

Cost-effectiveness of the funded activities (achieving maximal impacts per dollar invested) is one of the guiding principles for most bilateral and multilateral donors. The concept is best applied when outputs/outcomes across a number of potential actions can be measured by (or converted into) a single factor of comparison. To illustrate, a number of potential adaptation options may be available to reduce climate change vulnerability of coastal agriculture, such as (i) building a sea wall, (ii) introducing salt tolerant crops or (iii) relocating agricultural activities inland. Each option will have a very different financial, social and environmental cost structure, and these should be considered when deciding between the options. The aim is for an optimum mix of maximized adaptation benefits and minimized costs. Such a discussion is best kept at a qualitative level, and this is generally accepted by donors.

6. Institutional setup and comparative advantage of implementing institution

Project developers should carefully consider the institutional setup of the proposed project and how it will ensure that its activities are effectively mainstreamed into on-going sector development planning and activities. Two questions should be considered:

- Who will implement the project (this may include several levels of implementing and executing institutions) and what are their comparative advantages and capacity compared to other potential implementing institutions?**
- How will the project be coordinated with (and/or mainstreamed into) related development activities of the targeted sector?**

7. Results-based management and logical framework.

The principles of results-based management (RBM) are increasingly being adopted in the management of bilateral and multilateral development funding, and in most adaptation funds. RBM is a way of managing projects whereby the manager (developer) ensures that all processes, products and services contribute to the achievement of desired results. There is a strong focus on directly linking all project activities to clear, measurable adaptation ‘outputs’, ‘outcomes’, and ‘impacts’, which in turn are linked to a number of indicators and specific reporting requirements.

To demonstrate the logical links between inputs, activities, outputs, outcomes and impacts, most donors will request that the project idea is presented in the form of a ‘logical framework’ structuring the project idea based on the principles of RBM.