

**Overview of Capacity Building Programme on**

**the Economics of Climate Change Adaptation.**

**A Capacity Building Programme on the Economics of Climate Change Adaptation,** supported by UNDP and ADAPT Asia-Pacific (a USAID financed regional programme), in partnership with the Asian Institute for Technology (based on Bangkok) is currently being launched. Initially targeting countries in the Asia region, the programme aims to develop technical skills within relevant national institutions and advance regional knowledge exchange on the economics of adaptation to support medium and long-term climate resilient development planning and budgeting. In coordination with other ongoing UNDP supported initiatives, this programme will contribute towards further strengthening the competitiveness of countries when seeking international climate change adaptation financing especially from the Green Climate Fund.

The programme, in part, responds to a decision adopted by Parties on formulating National Adaptation Plans (NAP) at the Seventeenth Session of the Conference of the Parties (COP-17) of the United Nations Framework Convention on Climate Change (UNFCCC) (Durban, December 2011). Through this decision the Parties invited the United Nations (UN) agencies, amongst others, to consider establishing support programmes within their mandates, which could facilitate technical support, especially to the least developed countries, to facilitate and advance the NAP processes. This was further echoed and reinforced by the views subsequently expressed by developing countries at SBI36 (in Bonn 2012), including the need for capacity development on incorporating the economics of adaptation in planning and budgeting.

Conscious of the need to fulfill national commitments made on climate change, as expressed in newly established climate change policies and strategies, countries are keen to understand how national budgets can be applied to addressing the challenges of climate change in the most cost effective manner. As an initial step a number of countries have carried out Climate Expenditure Reviews (CPEIRs) to produce baseline climate expenditure figures. While these studies have helped to identify the direction and level of past climate expenditures, they have not been able to make an assessment of whether these expenditures are adequate or productive. Additional analytical approaches are required in order to do this.

Taking into account the support that UNDP is already providing to countries with accessing finance from the Least Developed Country Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF), and advancing initiatives such as CPEIRs, National Communications and others, this complimentary programme is designed to assist countries in Asia to develop and strengthen skills and systems to determine the economic costs and benefits of climate change adaptation in key sectors. The technical, functional and operational capacities developed should enable countries to more comprehensively advance the formulation of National Adaptation Plans (NAPs). This, together with the identification of bankable, efficient adaptation projects, will be critical for countries to position themselves to efficiently capitalize on opportunities from the emerging climate finance architecture, including the Green Climate Fund that is taking shape.

The programme aims to produce a cadre of technical officers in each country who are able to conduct economic analyses of climate change adaptation and to feed those analyses into planning and budgeting processes. Target participants will be officers who are currently involved in sectoral/cross-sectoral planning and budgeting at Ministries of Finance/Planning and line Ministries who, over time, will have to effectively conduct relevant analysis to inform decisions aimed at managing the dynamic nature of climate change impacts. The programme, in coordination with ongoing and planned initiatives mentioned above, will seek to strengthen existing systems of sector level planning and budgeting to incorporate key results from the economics of adaptation so that decisions can be evidence-based.

The total programme period is expected to be approximately 18-24 months, starting with an initial consultation workshop in October that will help (a) identify country specific needs to strengthen national technical capacities on the economics of adaptation and (b) identify a work stream of activities at the country level aimed at developing and institutionalizing the capacities that are built through this programme (please see Annex 1). Following this initial consultative meeting, country teams, to be nominated by the countries, will be trained on established and cutting-edge methods to assess the economic costs and benefits of adaptation at the sector and project level using the platform of country specific applied research on the costs and benefits of priority adaptation options in key sectors. Each country team will undertake country level assessments, focusing on sectors and questions that are relevant to their contexts. Throughout the process of the country level assessment (expected to last 14-18 months), UNDP/ADAPT Asia-Pacific will mobilize and deliver training to the country teams, both in country as well as regionally so that experiences/knowledge can be shared within a network. In the interest of sustaining results over time, capitalizing on ongoing LDCF, SCCF, and AF projects , participating countries will be supported to establish the necessary coordination systems between various line Ministries, Departments and others (e.g., Academia and NGOs) to advance understanding on the economics of adaptation in key sectors. A draft flowchart for the roll out of the programme is outlined in Annex 2. This will be discussed in an initial consultation in October.

While country teams will be expected to lead the work at the country level, training for the teams will be provided by internationally recognized experts on the economics of adaptation and climate change from Yale University (USA), NASA-Goddard Institute (Colombia University), in collaboration with the Asian Institute of Technology (AIT) and others. Discussions are underway to bring in region based experts from networks such as the Economy and Environment Programme for South East Asia (EEPSEA), South Asian Network for Development and Environmental Economics (SANDEE) and others to also support skills development. Experts from other world class institutions such as Climate Systems Group (University of Cape Town, South Africa), and [FondazioneEni Enrico Mattei](http://www.feem.it/) (FEEM) (Italy) are also expected to contribute by providing training on climate modeling, and micro- and macroeconomics of climate change. A search is concurrently underway to identify a region based institutional home for this initiative so that the programme (or a modified version of it) will be sustained after this current UNDP-ADAPT-Asia supported initiative concludes.

In the context of the above, it is necessary to first inform relevant counterparts at the Ministry of Finance/Planning and other line Ministries and Departments (Agriculture, Water, Public Works, in particular) of this capacity building opportunity. Countries interested in participating in this programme should plan to attend a 2.5 day consultation to scope and identify country specific needs at t the end of Oct 2012. This input will help to refine the scope of this planned initiative and lead to country-specific plans of action. The meeting will be used to lay out an overarching schedule and description of training events around a series of sector specific assessments on the economics of adaptation. Costs of participation in the meeting as well as follow up training (that will be delivered at a regional and national level) will be covered by the programme. Countries will be expected to cover in-country expenditures (data collection, time, in country travel etc) through other sources including resources that UNDP has already or is supporting to mobilize from vertical and bilateral funds.

Countries are expected to nominate individuals in line Ministries who are in functional positions that focus on sector level planning/budgeting including those with responsibility to ensure that relevant findings from economic analysis is fed into planning/budgeting decisions. We hope to attract representation for the first meeting at the Director-General level or higher (i.e. decision-makers).

The first meeting for this programme will be held during 24-26 **October 2012** in Bangkok. Country nominations would be necessary by **Sept 15th, 2012** so that travel arrangements can be made accordingly.

Kindly copy your responses to Pradeep Kurukulasuriya, Senior Technical Advisor- Adaptation, UNDP-GEF; [pradeep.kurukulasuriya@undp.org](mailto:pradeep.kurukulasuriya@undp.org)) and Robert Dobias (ADAPT Asia-Pacific; [rdobias@adapt-asia.org](mailto:rdobias@adapt-asia.org)) who will be leading this effort on behalf of UNDP and ADAPT Asia-Pacific, respectively.



**Annex 1: Draft Summary Agenda for Economics of Climate Change Adaptation**

**Regional Scoping Workshop**

**Venue- To be Finalized.**

**Wednesday, 24 October**

Morning

* Registration
* Welcome and participant introductions
* Overview of the Economics of Climate Change Adaptation program
* Overview of workshop objectives and agenda
* Keynote presentation
* The rationale for economic analysis of CCA

Afternoon

* Presentations by about 3 selected national representatives from the infrastructure, agriculture, and water sectors on the need for economic analysis of CCA based on their respective experience
* Methods for economic assessment of CCA and their advantages and disadvantages
* Discussion
* Day 1 wrap up

**Thursday, 25 October**

Morning

* Overviews of sectoral approaches to economic analysis: agriculture, coastal regions, water, and major infrastructure (roads/dams)
* Policy and systemic implications for governments
* Discussion

Afternoon

* Scoping country level capacity development needs on the economics of adaptation
* Presentation and discussion of a proposed calendar of activities
* Individual country discussion groups: identifying major inputs, participating organizations, roles/responsibilities and timetables for each country

**Friday, 26 October**

Morning

* Finalize results of country discussion groups
* Discussion group summary presentations
* Consensus on next steps
* Workshop close



**Annex 2: CONCEPT PAPER**

**ECONOMICS OF CLIMATE CHANGE ADAPTATION: A CAPACITY BUILDING PROGRAM FOR ASIAN GOVERNMENT STAFF**

**DRAFT**

12 July 2012

**RATIONALE AND OBJECTIVES**

Governments in the Asian region require heightened capacity to determine the economic feasibility of climate change adaptation (CCA) projects/programs and investment projects containing adaptation components to support reasoned decision making. A capacity building program will be designed and delivered to help build this capacity.

The objective is to build competence at two levels. The program will train a cadre of government staff at the national, subnational and sector levels who can produce high quality economic analyses of standalone CCA projects and investment projects with adaptation components. The program will also provide guidance to senior staff at central and sector ministries to competently assess such project designs and proposals. The training program will receive support from USAID through the ADAPT Asia-Pacific project, UNDP (at the country, regional and HQ levels), Yale University personnel, as well as an Asia-based facility for organizing and conducting the training.

**TARGETED AUDIENCE**

There are two target audiences in each government. One target is mid-level government staff responsible for economic assessment of projects and programs in their respective sectors. The second target is senior members of finance, planning and sector ministries responsible for assessing the quality of proposed projects and programs that include climate change adaptation objectives. Only representatives from project countries in Asia will be considered for participation in this program.

**OUTCOMES**

The following outcomes are expected at the end of the program:

1. About 100 trained government officials who in turn will be able to mentor/train their colleagues on the economics of CCA.
2. A sustained capacity building program in the region based at a regional institute.
3. Awareness raising about the economics of climate change and adaptation in an Asian context.
4. A learning forum where Asian countries will learn from each other.
5. Tools such as economic models, databases and case studies in affected sectors.
6. Enhanced CCA decision making in the receiving countries and regionally.

**ACTIVITIES**

The program will involve the following main steps over approximately 24 months:

1. **Program design workshop**. This will bring together about 60 people, including international and regional experts in the economics of CCA, mid level government experts who will have to perform CCA economic studies, selected senior government representatives who will have to decide which projects to fund, and representatives of key development agencies. The program will discuss which sectors are likely to be affected by CC and therefore might require CCA. The five-day workshop will also provide regional training for all attendees concerning available analytical and methodological approaches. The trainees will receive training materials including a manual on the economics of CCA. The result of this first meeting will include 1) Raising awareness amongst all participants about the need for CCA in each country and the need for economic analysis of CCA projects. The attendees will then serve as champions for advancing CCA activities generally, and the objectives of the ADAPT Asia-Pacific project specifically. The attendees will also link the capacity development support received through this initiative to ongoing UNDP-supported adaptation initiaitves at the country level, financed by the LDCF, SCCF and AF, where applicable; 2) Training concerning what methods are available to analyze the effectiveness of different CCA interventions. 3) A decision by each country concerning what sectors they wish to prioritize for immediate analysis. 4) Identification of targeted trainees on the economics of adaptation by each country.
2. **Methods and Data regional technical workshop**. This 5-7 day training workshop will target mid-level government officials concerning how to do economic analyses of CCA projects in each of the sector their country has identified as a priority. Attendees will be trained in the microeconomics of CCA projects, what economic models they will need for each sector, and what data is needed to calibrate those models to local conditions in their country. They will return to their respective countries and collect this data. The workshop is expected to last one week.
3. **Analytical regional technical workshop.** The country teams will return for more training once the desired country data has been collected. The country teams will be trained in how to analyze the data they have collected using advanced econometric and GIS techniques. These techniques are likely to be different depending on the sector so that there may be parallel training sessions for each sector. Country data will undergo an initial data analysis Country teams will then return to their country to refine the data analysis. Regional resources (experts) will be available to countries for further advice and training at the country level. The workshop is expected to last one week.
4. **Policy workshop 1**. Technical trainees will return to share the results of their efforts with their colleagues. Selected country teams will discuss problems they encountered and how they overcame technical obstacles. Technical lessons learned will be collected and used to inform subsequent iterations of the program. The workshop will also include presentations of the results and their policy implications to senior government officials. The senior government officials will then have an opportunity to discuss practical issues concerning implementation The trainees will also receive training-of-trainers instruction and materials, including a manual on the economics of CCA, that they can take back to their work places. Country teams will prepare publishable papers concerning their results on CCA. Policy briefs will be written for each sector studied in each country. Senior government officials will begin to develop policy plans for CCA.
5. **Policy workshop 2: Presentation of how the economic analysis results feed into Finance, Planning and Budgeting efforts at each country as well as other relevant national planning exercises supported by UNDP with financing from the LDCF, SCCF and AF.**.
6. **Building a sustainable system**. The cycle of training could easily be repeated for additional personnel or additional sectors. The list of international experts can be expanded to include additional sectors. Even sectors that have been studied can be further developed as more information becomes available and as CCA policies are refined. The regional institute can serve not only as a platform for new cycles but also as a potential site where alumni can gather to share experiences.

The intention of this training program is to work carefully with the experts from each country. As such, the program is designed with the understanding that these national experts will contribute important information from their own experiences to the project. The program is intended to help national governments make better decisions. As such, the program will work with national governments utilizing their existing data to its best use. However, it is understood that many countries do not collect the economic data needed for CCA economic analysis. Accordingly, part of the project design is to collect the data each country needs to know to make sound economic evaluations of their own CCA choices.

**PROPOSED NEXT STEPS**

1. Finalize regional institute for study.
2. Gather country interest in participating. The target countries for this project are the least developed nations in Asia. However, we are interested in having Asian partners from developed and emerging countries as well provided they can self-finance their participation.
3. Identify correct mix of personnel from each country.
4. Develop training materials for first meeting
5. Complete preparations for first meeting on program design in order to deliver the meeting in October 2012 in Bangkok.

**Ongoing LDCF, SCCF, AF financed adaptation projects, CPEIRs, National Communications**

**Complete by June 2013**

**By Dec-2012 or Jan 2013**

**Bangkok, Oct 2012**

**Venue -Bangkok, August 2013**

December 2014

Venue- TBD

**August 2014**

**Venue- TBD**

