Special Climate Change Fund Work Program
Review of 3 Medium-Size and 2 Full-Size Projects
SCCF/LDCF-Council Meeting – December 2006

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Review of Medium-Size Projects of the SCCF Work Program

Although the following 3 projects are proposed as three individual country projects, their common route from an originally regional approach is well presented.

And although three different experts reviewed these 3 projects, the outcome of the overall review is quite consistent: the quality of the three proposals is outstanding and approval of all three projects is warmly recommended.

The 3 projects could serve as a good example to set standards for the design of future medium- and full-size projects.

N°01: Mozambique: Coping with Drought and Climate Change, (UNDP); GEF cost: 960,000 USD; total project cost: 1,889,840 USD

General Comments

The proposed project addresses the future impacts of long-term climate change, increasing the adaptive capacity of local and national stakeholders to cope with an increased frequency and intensity of drought. The project region is located in the Limpopo Basin area (in the Guijá District), which has been recognized as one of the country's most vulnerable areas to long-term adverse effects of climate change (together with zones of Gaza and Inhambane). The project would contribute to the goal of enhancing food security and the capacity to adapt to climate change in agricultural and pastoral systems in Mozambique.

The project is structured around four outcomes: (I) farmers / pastoralists in the selected project site are able to cope with drought; (II) early warning systems provide timely and relevant information to farmers/pastoralist to assist them in coping with drought, (III) drought preparedness and mitigation policies support farmers/pastoralist in coping with drought, and (IV) farmers / pastoralist inside and outside the pilot sites deploy and replicate successful approaches to cope with drought.

In general, the project proposal is well elaborated:

- The project addresses problems which have been identified by the Initial National Communication (INC) to the UNFCCC as a major consequence of climate change in the targeted project region.
- The justification of the selected project site is well documented and illustrated.
- The proposed project is well documented. Meteorological data is used as the baseline of the climate scenarios. Data concerning drought frequency and drought risk zones is comprehensive. And the socio-economic characteristics of the project region are sufficiently described.
- The information about the impacts of climate change is appropriate (e.g.: the degree of increase of mean air temperature, % of reduction of rainfall, the increase of solar radiation and of evapo-transpiration).
- The proposal is soundly structured, and all four outcomes, each with its outputs and indicative activities, are clearly defined and well described. The activities are concrete and soundly targeted to cope with drought.
- The targets are reasonable, and their range is at the level of the problems to be coped with.

- The impact indicators are well defined (relevant and relatively easy to monitor).
- If successfully implemented, there is a real chance for replication in other areas in the country and in neighbouring regions.

Main Concerns

- **The Project implementation scheme seems to be complex.**

  Considering that approximately 17 stakeholders are involved in the project implementation, a clear coordination mechanism must be set up. However, the current project proposal remains as of now inadequate in this respect. The proposal does not yet indicate which is to be the Executing Agency.

  According to table 5 (page 32 of the project brief), it seems that the National Directorate of Environmental Management (DNGA) will assume the role of project coordinator. Nevertheless, we would expect this role to be defined in a more explicit manner.

  For every project output, a considerable number of agencies involved are listed. Even though their role seems to be defined on paper, there is a big challenge for to assure coordination during implementation. The complexity of the coordination may contain risks for failure.

  Therefore we recommend that the institutional arrangements are well clarified before starting implementation.

Conclusions and Recommendations

We fully agree with the project and recommend its approval.

In fact, the quality and clarity of the current medium-size projects is well above the mean level of, for example, GEF full-size projects. Its targets are realistic and the impact indicators are very soundly defined. Therefore we underline its potential to serve as a good example for future project designs, particularly concerning the adaptive strategies to cope with drought, as well as concerning the definition of impact indicators.

Further Comments

- <u>Diversification of crops</u>: “the average maize yield increased by more than 20%”.

  The impact indicator of outcome 1 (paragraph 77 of the Project Brief) is defined as: “the average maize yield increased by more than 20%”. Recognizing the importance of this crop in the project region, the proposed indicator is without any doubt relevant and appropriate.

  On the other hand, the description of outcome 1 mentions not only the improvement of the maize yield, but also the need of a major diversification of the agricultural system *(“A maladaptive characteristic of local agricultural systems is their dependence of a narrow range of crops”)*. In this respect, it is regrettable that no concrete activities are mentioned further to address the diversification of crops and in consequence the project proponents have not designed any impact indicator to evaluate the improvement of the diversification in the local agricultural system.

N°02: Ethiopia: Coping with Drought and Climate Change, (UNDP); GEF cost: 1 million USD; total project cost: 2.9 million USD

General Comments

The goal of the project is to enhance the capacity of agricultural systems in Ethiopia to adapt to climate variability and change. The project contributes to this goal through developing and piloting a range of coping mechanisms for reducing the vulnerability of farmers and pastoralists to future climate shocks.

The project is organised according to four outcomes: (I) increased ability of farmer/pastoralists to cope with drought, (II) the establishment of an early warning system that provides timely information tailored to the needs of farmers/pastoralists, (III) drought preparedness and mitigation policies are elaborated in support of farmers/pastoralists, and (IV), the replication of successful approaches by farmers/pastoralists inside and outside the pilot sites.

The project seems to fit into GEF's focal area "climate change – adaptation". The project design is scientifically and technically sound.

The project was elaborated in close partnership with the local communities, thus securing that the project targets the needs of the local communities. Furthermore, the project stands out due to stakeholder involvement and the consideration of lessons learned from other relevant GEF projects in the region. All this, and the strong support from the Ethiopian Government, are the best requirements to secure its sustainability.

Further, the project is characterised by a very attractive (but very challenging) cost-outcome ratio, when compared with other projects.

Finally, we wish to underline the very high quality of the project document, which is based on a very careful analysis of the local circumstances.

Main Concerns

We have no main concerns.

Conclusions and Recommendations

We expect that the project will deliver significant results by developing and piloting coping mechanisms for the benefit of the local farmers/pastoralists, and, through replication, for the benefit of farmers/pastoralists in the region. Therefore, we fully support the project and recommend its approval by GEF.

Further Comments

Page 52, outcome 3, target and benchmarks:
The targets given for outcome 3 are not meaningful as the baseline value is zero. Please adapt target as adequate

N°03: Zimbabwe: Coping with Drought and Climate Change (UNDP); GEF cost: 983,000 USD; total project cost: 2.139 Million USD

General Comments

The project is well designed, aiming to enhance the capacity of agricultural and pastoral systems in Zimbabwe to adapt to climate variability and change. It addresses future impacts of long-term climate change, increasing the adaptive capacity of local and national stakeholders to cope with increased frequency and intensity of drought. Thus, the project takes up a priority need with regard to adaptation to climate change as identified in Zimbabwe's Initial National Communication.

The project's four outcomes are as follows: (I) livelihood strategies and resilience for vulnerable farmers/pastoralists improved and sustained to cope with drought, (II) enhanced use of early warning systems in agricultural and pastoral systems, (III) drought preparedness and mitigation activities integrated across sectors and at various levels of society, (IV) farmers/pastoralists outside the pilot sites replicate successful approaches to cope with drought.

The project has been developed in line with the UNDP-GEF Adaptation Policy Framework (APF), recognizing that adaptation occurs through public policy-making and decisions made by stakeholders, including individuals, groups, organizations and their networks. The project design is further in line with the eligibility criteria set for adaptation projects funded under the Special Climate Change Fund (SCCF).

Concerns

- The project involves a large number of stakeholders and collaborating partners at different institutional levels. Such arrangements always face operational risks, and the coordination efforts needed often turn out to be more costly and time intensive than anticipated.

- The excellent practical adaptation objectives of the project could be at risk because of onerous, inefficient and ineffective requirements for monitoring, evaluation and reporting.

- The modalities of co-financing seem to be clear. However, the project developers are advised to be aware that co-financing does in practice lead to an increase of complexity at the implementation stage. As GEF funding is targeted to later project phases involving dissemination of lessons learned, the GEF-funded activities could be affected by implementation delays/deficiencies.

Conclusions and Recommendations

The project should be endorsed taking the above comments into consideration.

Review of Full Size Projects of the SCCF Work Program

N°01: Guyana: Conservancy Adaptation Project, (WB); GEF: 3.8 Million USD; total: 20 Million USD

General Comments

The project development objective is to reduce the vulnerability of catastrophic flooding in Guyana's low-lying coastal areas: they are currently threatened by sea level rise resulting from global climate change. It is based on (a) the evidence that Guyana's coastal sea level has risen by 10 mm/year (analysis of data from 1951 to 1979) more than that being experienced world-wide (2-4 mm/year), (b) the fact that three quarters of the Guyanese population live in a 30 km band along the coastal area and (c) the observation that the current area drainage system signals vulnerabilities to the rise of the level sea.

The project addresses the improvement and enhancement of the water management capacity and the flood control system of the East Demerara Water Conservancy (EDWC), a water storage system that provides regional areas with irrigation and drinking water and which links up the network of drainage and irrigation canals of the area. The challenge is to improve the water discharge efficiency by improving the flow characteristics within the capacity of the drainage system.

The project proposal will finance the development of a master plan for future interventions within the EDWC and lowland drainage systems, as well as specific upgrading works and operational improvements aimed at enhancing the flood control capacity of the EDWC. The project will develop tools which will be used to guide future investments and serve as a catalyst to leverage follow-on donor funds.

This project comprises three components referring to:

1. the pre-investment studies for engineering the design of work,
2. the investment in specific adaptation measures, and
3. the institutional strengthening and project management.

The project proposal appears well structured in technical and scientific terms. It aims to apply specific and sound adaptation measures which address the current Guyana threats, such as increasing flood risks resulting from global climate change. In addition, the activities per component appear well-targeted to obtain the project outcomes proposed. The project proposal also fits with the eligibility requirements of the SCCF, principally by addressing the adverse impacts on climate change, by serving as a catalyst to leverage additional resources from donor sources, and by including technology transfer.

Nevertheless we did identify some concerns which are presented below:

Main Concerns

- **Inconsistencies and weakness of the implementation arrangements.**

  The project document contains inconsistencies concerning to the identification of the project Executing Agency (EA). On the cover page of the Executive Summary, the World Bank figures as Executing Agency, whereas Annex 6 of the Project Brief indicates the Ministry of Agriculture as the Executing Agency.

  On the other hand, neither the main text of the Project Brief nor the Executive Summary explicitly mention and comment on the EA. They only outline the two mechanisms that will be implemented: a Steering Committee [SC] (with an orientation function and conformed by representatives of GoG Institutions and Ministries) and a Project Execution Unit [PEU] (housed within the Ministry of Agriculture, but having only the responsibility for administrative and fiduciary aspects of the project).

  The identified inconsistency should be clarified, and a possible double role of the World Bank as “Implementing Agency” and “Executing Agency” should be further explained.

  Furthermore it is not yet clear, where the Project Manager will be institutionally situated, and who will decide on the contracts with the engineering firms.

- **There are no indicators defined that allow an evaluation of project impact.**

  The key indicators relating to the project development objective do not yet allow for the evaluation of a veritable impact of the project measures applied in order to reduce the vulnerability of the area to flooding.

  Recognizing the clarity of the project proposal regarding its activities per component and the respective outcomes, we would also expect more efforts to be made to define the project impact indicators in a still more accurate way.

- **Co-financing not yet fully confirmed.**

  An important portion of the total project (cost 20 million USD) will be covered by co-financing. Thus, the confirmation of the co-financing is crucial for this particular project.

  An important part of the co-financing will be supplied by the Government of Guyana (15 million USD). This co-financing is described as currently “in preparation”.

  The donor for the remaining amount of co-financing of 1.2 million USD is not yet identified.

  The proposal document affirms the close collaboration between the IA and other international agencies and donors regarding the problems addressed by the proposal project. We are thus confident that co-financing will be secured as planned.

Conclusions and Recommendations

We fully support the project proposal and recommend its council approval.

At the same time, we expect the project proponents to respond to our concerns and to integrate the necessary improvements to the Project Appraisal Document for CEO endorsement.

Further Comments

- **Clarify the procedure regarding the contract with the engineering firms.**

  The engineering takes a considerable part of the cost of component 1. Therefore we expect that the basic conditions regarding the contracts with the engineering firms are clarified and explicitly specified in the Project Appraisal Document, namely:
  - Will the contracts be the subject of bidding?
  - Which entity will be responsible for the selection of the firms and for the signing of contracts?

N°02: Kenya: Adaptation to Climate Change in Arid Lands [KACCAL], (World Bank / UNDP); SCCF cost 6,5 million USD (and 0,29 million USD for PDF); total project cost: 51,2 million USD

General Comments

The objective of the current project proposal is "to assist Kenya in adapting to expected changes in climatic conditions that otherwise threaten the sustainability of rural livelihoods in its arid and semi-arid lands". Following the project brief it would "focus on i) improving the ability to reduce the near-term vulnerability to current climate variability and trends in conjunction with the ALRMP[1], and on ii) strengthening the medium and long-term ability to address climate change impacts related to increased climatic variability and higher temperature, associated with changes of magnitude and frequency of extremes".

The project comprises the following components and subcomponents:

1. improve national coordination of information and action for management of climate risk
   - 1.1 improve national and regional coordination for climate risk management
   - 1.2 enhance institutional capacity for provision and operationalization of scientific information related to climate risk
2. integrate a long-term climate-risk perspective into local / district planning and investments and support to engage private sector for climate risk reduction
   - 2.1 integrate a long-term climate-risk perspective into district level (planning, processes and capacity)
   - 2.2 promoting related public and private investments
3. support community driven initiatives to enhance long-term livelihoods strategies
   - 3.1 community capacity building
   - 3.2 capacity building for backstopping services
   - 3.3 micro-projects
4. program management, technical assistance, project and impact monitoring and evaluation, and regional knowledge-sharing

Following the project proponents, the project responds to the guidance of the Special Climate Change Fund (SCCF), and is well embedded in the Bank's and UNDP's strategies and initiatives in Kenya. It will primarily focus on drought, but with less emphasis also on extreme weather events associated with floods and landslides. The project brief indicates that Kenya's "climate variability impacts performance in agriculture, food security, human health, as well as, infrastructure related transport, power and water sectors". It will assess opportunities for economic diversification to reduce vulnerability to climate risk over time.

We fully recognize the dimension of Kenya's challenge regarding adaptation to climate change and support the project objective. We appraise the efforts made with the current project proposal positively. Nevertheless, we have identified a series of issues which are not yet sufficiently identified and require further attention as explained below.

[1] Arid Lands Resource Management Program.

Main Concerns

- **The sectors of intervention are not yet clearly specified. Thus, the potential fields of intervention are too vast.**

  The project brief indicates that “climate variability impacts performance in agriculture, food security, human health, as well as, infrastructure related transport, power and water sectors”. However, the project brief does so far not clarify which of these sectors will be addressed, at the exception of some remarks concerning agriculture and disaster risk management. The project does as of now also not provide information on the vulnerability to climate change of the different sectors. Clear baselines are so far also lacking. We may assume that the project proponents want to keep flexibility for future interventions in accordance with occurrences of climate change events.

  Although we recognize the difficulties of a prioritisation and the advantages of a flexible choice at the time each climate event occurs, we are convinced that one project alone cannot handle all the sectoral and crosscutting challenges of adaptation to climate change and that there is a need for prioritisation.

  A clear concentration and sectoral prioritisation would also facilitate a sound project preparation.

- **The geographical scope is not yet soundly defined, and the 4-5 pilot districts are not yet identified.**

  Following the project brief the activities of component 3 will be concentrated in the 4-5 pilot districts.

  So far, the pilot districts are not yet selected. The selection of pilot districts will be important for (a) a further detailed problem analysis identifying more precisely the vulnerabilities to climate change, (b) a sound definition of the strategies to cope with drought (and possibly disaster risks related to extreme weather events), and (c) to specify specific targets and indicators.

  Not yet clear is why only component 3 appears to concentrate on pilot districts, while component 1 and 2 cover the overall national territory. In terms of securing concrete activities in the field, we wonder if the geographic focus is indeed already well and consistently designed.

  We consider the activities in the pilot districts of key importance in order to feed the coordination mechanisms at national and district levels with content.

- **Component 3 is as of now still too vague.**

  Component 3 plays a key role for project success, as it touches the ground level and provides–with its micro-projects–provide the indispensable feedback for the district level.

  At the moment it is still designed in rather general terms, particularly its subcomponent on micro-projects.

  The most concrete indication regarding component 3 is so far that “it would facilitate additional community-based micro projects by creating a special CDD window with a ‘restricted menu’ specifically targeted at activities with a direct impact on preventing and mitigating the consequences of climate change in the selected districts”. Furthermore, an indirect reference to component 3 asserts that “the project will explore incentive structures to enable the private sector and communities in the commercialization of dryland products (for example aloe, sisal, etc.) that have high value in external markets and are expected to be viable under projected climatic conditions”.

  As long as component 3 is not further specified, it is difficult to assess whether the project might perform well.

  The targets of diversification of the agricultural production and the introduction of crops and varieties less vulnerable to drought alone (if they were explicitly addressed) would require major

efforts that might fill one project with sufficient content, and would require a sound problem analysis and baseline, as well as a sound definition of targets.

There is a need of prioritization and clarification. Even if the menu is “restricted”, as indicated by the project brief, it must be specified and well-sustained.

- **As long as the sector prioritization is not made and the pilot districts are not specified, the preparation of the project remains currently at a rather general level and the implementation arrangements are not yet defined consistently.**

  Due to the current lack of a thematic prioritization and a selection of pilot districts, the overall strategy and mechanism remain so far too flexible.

  Such a flexible approach would require enormous efforts with baselines (for different sectors) and imply coordination mechanisms which are neither focused in a consistent way, nor efficient.

  In addition, it would imply that the project’s targets and performance indicators are only given in very general terms. This would not lend itself to measure and evaluate future project outcomes and impacts, and it would also stand in contradiction to the conclusion and recommendations of GEF’s OPS-3.

- **As of now, there is also a general lack of background information.**

  A further consequence of the lack of prioritization and selection of the pilot districts is that the background information is not yet sufficiently related to the problems.

  For example, aloe and sisal are so far indicated as the only concrete examples of diversification. Thus we would expect further baseline information about these two products. We may also ask how significantly may they contribute to the solution?

- **The Project Result Framework does not yet follow the outline of the project components, and the outcome indicators are so far defined only in rather vague terms.**

  The Project Result Framework is not designed in a consistent manner with the project components. This makes the assessment more difficult. It will be crucial to remove this inconsistency and thus meet expectations on quality of project design.

  The outcome indicators need to be specified further. Also, the intermediate outcome indicators refer mainly to processes but not yet sufficiently to activities in the field. Similarly, the project outcome indicators will need to be designed in an appropriate way.

- **Implementing arrangements!**

  World Bank and UNDP figure both in a double role as Implementing Agencies (IAs) and as Executing Agencies (EAs)!

  We fear that this fusion of the roles of IAs and EAs will not favour country ownership and may hinder project sustainability.

Conclusions and Recommendations

We recognize the challenges Kenya is facing with regard to adaptation to climate change. We fully support the objective of the current project and we also support its approval.

As evident from our comments, the projects merits improvement. Among other aspects, we would expect a prioritization of the sectors of intervention and a selection of the pilot districts of intervention, but also an adaptation of the institutional arrangements with a view to the thematic and geographic choice.

The current project, including the necessary improvement, will have pilot character for adaptation to climate change, and most probably it will serve as an example for other project designs. Therefore, we consider improvement of this project crucial also in this regard. The project developers will also be able to benefit from the three excellent medium-sized SCCF-projects for Ethiopia, Mozambique and Zimbabwe, which address “coping with drought”.