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SHORTLISTING CLIMATE CHANGE ADAPTATION PROJECTS

AN EASY-TO-USE CHECKLIST FROM THE INDIA NABARD EXPERIENCE

ADAPTATION FINANCE KNOWLEDGE SERIES

Since 2011, USAID Adapt Asia-Pacific has been helping countries develop bankable climate change adaptation projects and improve their access to related funding. These experiences, published in this USAID Adapt Asia-Pacific Adaptation Finance Knowledge Series, are based on work with government officials, multilateral institutions, regional organizations, consultants and other experts.

As governments find ways to minimize the increasing threat of climate change, and given limited financing available for climate change adaptation, they need to be able to prioritize adaptation projects and decide which of them should be funded first.

This document is the third publication in the USAID Adapt Asia-Pacific Adaptation Finance Knowledge Series. It includes an easy-to-use checklist and general criteria to help governments select climate change adaptation projects. This checklist is based on USAID Adapt Asia-Pacific's work with India's National Bank for Agriculture and Rural Development (NABARD).

Cover photo: Women of a local slum in Gujarat, India participating in community discussions. Raising awareness among local communities is critical to scaling up adaptation projects (photo credit: Gates Foundation, via Flickr).

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DETERMINING ADAPTATION PRIORITIES IS KEY TO GOOD PROJECT PREPARATION

With the effects of climate change increasingly impacting Asia-Pacific countries, many governments have been developing strategies and plans to prioritize and take actions to address climate change.

However, just having a plan isn't enough to turn priorities into concrete, implementable projects. First and foremost, you would need to attribute accurate costing to your plans and then identify realistic potential sources of funding, whether domestic or international. Only then could you start narrowing down which adaptation priorities will be turned into projects for implementation.

According to the United Nations Environment Programme, adaptation costs could climb as high as US$250 to US$500 billion per year by 2050, even with current emissions reductions in place. These figures are two to three times higher than previous 2010 World Bank estimates of US$70-US$100 billion per year by 2050.

Given the extent of adaptation needs and their high costs, how should your ministry or line agency go about deciding which projects to finance, after you have identified your funding source? And how do you then decide which projects to bring to scale at the national level?

This USAID Adapt Asia-Pacific knowledge product on "Shortlisting Climate Change Adaptation Projects" helps you to answer those questions.

This document shares an example from USAID Adapt Asia-Pacific's experience working with India's National Bank for Agriculture and Rural Development (NABARD) to design an easy-to-use tool – or checklist – for selecting projects to be financed by the Adaptation Fund.

This experience is transferable to a wide range of government agencies in Asia-Pacific, especially those seeking to determine which adaptation priorities to turn into full project proposals.

Coastal Protection

Farmers planting mangroves to protect shorelines against coastal flooding in Andhra Pradesh, India *(photo credit: M. S. Swaminathan Research Foundation).*

STARTING SMALL

Based on our experience directly helping government officials in the region develop solid adaptation project proposals, which were subsequently funded and implemented by multilateral donors (e.g. the Asian Development Bank and the United Nations Development Programme), we find that the best way to begin is to start small.

Indeed piloting a small set of projects in local communities is an important first step to demonstrate the effectiveness, relevance, and necessity of climate change adaptation. More significantly, the success of these pilot projects can help raise awareness among communities and leaders, gaining political traction and commitment.

WHAT DO PILOT PROJECTS LOOK LIKE?

Piloting a small set of projects to demonstrate the effectiveness and relevance of adaptation is a good way to raise awareness and gain political momentum.

Such pilot adaptation projects should ideally have the following features.

1. **A low hurdle for implementation:** this increases the likelihood of success and provides opportunities for practitioners to gain experience.
2. **High visibility:** this is the key for local awareness raising and future scale-up.
3. **Low regret:** the project should increase the climate resilience of the targeted area, but should also bring development benefits irrespective of climate conditions. This will ensure that benefits of the project become visible even when the climatic conditions remain unchanged for a few years.

To scale up pilot projects, raising awareness among local communities and other stakeholders is critical before, during and after project implementation. Some practical methods to raise awareness are suggested by the World Bank:

- Establishing confidence and dialogue with communities with the help of trusted local intermediaries (e.g. non-governmental organizations, community groups, extension workers or government bodies) to avoid conflicting information on climate change issues from "non-trusted" sources
- Educational activities for youth through open discussions, peer learning and training
- Village-level "knowledge centres" targeting community-based organizations
- Cultural activities, such as drama, singing and the use of visual media (movies, short videos, documentaries, etc.)
- "Exhibition farms" that successfully demonstrate the use and adoption of innovative techniques and adaptation options (i.e. improved soil management and introduction of new stress-resistant breeding varieties)
- Orientation programmes and workshops addressing climate change impacts on specific activities (e.g. water management)
- Field visits and guided tours as experiential learning opportunities.

Source: *OECD. Integrating Climate Change and Development Co-Operation: A User Guide for Practitioners Working at the Project Level. 2009* http://bit.ly/1KwNsE3.

NABARD'S SUCCESS IN ACCESSING THE ADAPTATION FUND

In June 2012, NABARD became Asia's only (and the world's 12th) agency to be accredited as a National Implementing Entity – or NIE – of the Adaptation Fund. This status allows them to receive direct financial transfers to prepare and carry out climate change adaptation projects in India.

Attaining NIE status at the Adaptation Fund is just the first step. Receiving actual financing, however, is a completely different ball game.

NIEs have to decide which project concepts to turn into full project proposals. They then need to submit project proposals that are up to standard, proceeding logically to make key decisions regarding what to present, in what sequence, at what level of detail, and, importantly, how to respond to any queries from the Adaptation Fund.

In addition, NIEs also need to support and guide their on-ground project partners – also known as the Executing Entities (EEs). As project proponents, EEs take the main responsibility for project preparation, preparing proposals for appraisal by the NIE before submitting to the Adaptation Fund. The EEs are also responsible for implementation. Successful EEs have a track record in the sector and the skills to prepare a project proposal to the standards required by the Adaptation Fund.

Since January 2014, USAID Adapt Asia-Pacific has been collaborating with NABARD's climate change office to prepare strong project proposals that pass the scrutiny of the Adaptation Fund Secretariat, and are given consideration by the Board.

The actual amount of funds allocated by the Adaptation Fund is relatively small, considering the size and scale of India. So the best thing NABARD can do with the money is to trial pilot projects that could then later be scaled up.

USAID Adapt Asia-Pacific provided technical assistance in the design of these pilot projects, working with NABARD officials as well as five EEs – experienced rural development practitioners in India – identified by NABARD as partners for the Adaptation Fund pilot projects. They were all first-time proponents for the Adaptation Fund. The EEs are:

1. Bharatiya Agro Industries Foundation in Pune;
2. Development Research Communications and Services Centre in Kolkata;
3. M. S. Swaminathan Research Foundation in Chennai;
4. Royal Bank of Scotland Foundation India in Mumbai, and
5. Towards Action And Learning in Bhopal.

The knowledge gained from the NABARD experience working with the EEs above and shortlisting a set of rural climate change adaptation projects for submission to the Adaptation Fund has been captured and developed into an easy-to-use checklist below.

By 2014, a total of US$3.2 million had been awarded to NABARD to finance two pilot adaptation projects that will restore degraded mangrove wetlands, protect the livelihoods of small farmers, and increase the resilience of over 22,000 people living in India. To date in 2015, one more project has been approved and two more are in the pipeline for a total value of US$10 million, the total budget allocated by the Adaptation Fund.

To access NABARD's full project documents submitted to the Adaptation Fund, visit: https://www.adaptation-fund.org/projects-programmes/endorsed-concepts/.

Resilient Livelihood

A local guard in Madhya Pradesh, India, patrolling a fishing pond that strengthens food security and resilience to climate change *(photo credit: USAID Adapt Asia-Pacific)*.

CHECKLIST FOR NABARD ON SHORTLISTING PROJECTS

Based on the project documents submitted by the five EEs to NABARD, we have helped develop an easy-to-use checklist to select the best projects to pilot.

- ☐ Is the sector selected the most appropriate to address climate change adaptation and rural development needs in the area or region? *(How exactly was the sector – forestry, agriculture, water, etc. – selected?)*
- ☐ Is there appropriate data analysis to establish climate variability?
- ☐ Has a Vulnerability Assessment been done to identify the most affected communities? *(Has village micro-planning with a community been undertaken to ensure technical prescriptions are responsive to the social and economic needs of the community and environmental sustainability of the area? Are marketing arrangements clear for livelihoods products that will be promoted by the project?)*
- ☐ Have approved technical standards been adopted for proposed interventions?
- ☐ Are adaptation actions appropriate vis-à-vis business as usual? *(Is there strong justification for the adaptation project and financing?)*
- ☐ Are adaptation interventions cost-effective? *(Is there a cost-effectiveness, least-cost, or cost-benefit analysis presented? Is there a cost comparison with NABARD or other cost norms?)*
- ☐ Does the proposal offer potential for scaling up or replication of adaptation actions? *(Do similar problem areas exist in the same or nearby locality or other regions? How many affected people are there?)*
- ☐ Is the proposal aligned with the respective State Action Plan for Climate Change? Also, are there arrangements to inform Government of progress and results and work with them to facilitate replication with government funds in future? *(Are there provisions for periodic meetings and workshops with state and local agencies and local leaders?)*
- ☐ Has the capacity of the EE (and its partner organizations) been assessed to ensure successful program implementation? *(Documentary evidence to show that the EE or its partner organizations effectively implemented similar projects in the past or was NABARD's rating chart used to assess capacity?)*
- ☐ Does the project duplicate or complement other agency initiatives? *(Any other domestic or international funding for similar projects in the area? Will the project make use of their experience?)*
- ☐ Is the project proposed to be fully supported by the Adaptation Fund? *(Will the project be co-financed or cost-shared?)*
- ☐ Is there an adequate project implementation plan for project monitoring and evaluation? *(Any partnership with local organizations? And if yes, what are the management, reporting, and monitoring responsibilities?)*
- ☐ Is the Project Results Framework (PRF) consistent and aligned with the Adaptation Fund's Results Framework?
- ☐ Is there a detailed budget and disbursement schedule? *(Are budget heads consistent with project components and output-specific—as per the PRF?)*
- ☐ Is there an arrangement for knowledge dissemination? *(Are there provisions for workshops, meetings, publications, etc. to generate awareness and share results and success stories and support sustainability?)*
- ☐ Is the AF project template fully completed? And are the tables, charts, diagrams, etc. clear and accurate?
- ☐ Are there project risk management measures that are clearly identified and listed in the PRF?

OUR RECOMMENDATIONS
SHORTLISTING CRITERIA YOU CAN USE

The example checklist from the NAABRD experience gives you an idea of the thinking behind this prioritization exercise. Based on this experience, we have developed a set of general criteria for shortlisting adaptation projects that will be helpful and applicable for anyone seeking international climate change financing.

1. Urgency and vulnerability to climate change impacts

The urgency of the need for adaptation in a sector or location is the first priority. For example, a coastal zone project for community protection from sea-level rise has a higher immediate priority than an area that may become vulnerable in future. Secondly, how vulnerable are the local communities to actual or anticipated climate change impacts? The characteristics of the affected communities need to be understood through a vulnerability assessment. For the case of India, the Climate Change Action Plans at the state level and their most recent revisions should be cited – the project will have greater credibility if it complies with macro-strategic priorities. Location-specific data should be also included. Climate analysis needs to be rigorous, showing past trends and projections based on an analysis by a recognized institution; rigorous discussions with local communities to get their take on climate change aspects and the best options for climate change adaptation solutions are also required.

2. Technical aspects are sound

Technical suitability is based on sound scientific reasoning to address the conditions and reduce risks faced by the communities involved. Proven technologies endorsed and recommended by national agencies are preferable. For example, water-saving, land and soil quality improvement measures, sustainable and higher productivity practices, integrated ecosystem management, energy-saving and pollution-reducing measures should be sought via technology transfer.

3. Logical design by an experienced agency

The proposal is based on consistent logic that clearly links the background information and context to the anticipated project outcomes, outputs, and likely activities. The budget should be realistic and in line with the funder's requirements. For example, in an Adaptation Fund project the budget is described on the basis of key outputs. The proponent has a sound track record of project implementation, with good governance standards and experience of managing international funds.

4. Livelihood adaptation options are understood

In rural areas where agriculture, livestock, fisheries, aquaculture, and natural resource management-based livelihoods predominate, a good understanding of the baseline situation is needed. More resilient livelihoods can be promoted, for example, using value-added market assessments, improved production techniques, conservation of resources, and vocational skills development.

5. Socio-economic aspects are well-defined

The socio-economic and demographic features of target communities require thorough analysis for well-designed projects. The most vulnerable and at risk groups including the population living below the poverty line, landless groups, socially and communally marginalized groups, and gender considerations need to be identified. Ways to best improve their situation through local level governance improvement and dialogue need to be included.

6. Environmental issues are well-defined

In addition to the climate analysis, the proposal should outline the core environmental constraints and risks that need to be addressed. Knowledge of the Adaptation Fund's Environment and Social Policy helps proponents to address key concerns.

7. Knowledge management is included

A specific knowledge management component is advisable to provide a baseline of knowledge from existing sources on the climate change issues, vulnerabilities, and options for future solutions in the location or sector concerned, bringing together the work of the project. Combined, these will strengthen the case for future actions at a larger scale.

8. Fund template requirements

Proposals need to show that proponents understand the scope of information required to complete a successful application. International funds, like the Adaptation Fund, usually have templates for program and project submissions. The Adaption Fund's templates can be found here: https://www.adaptation-fund.org/apply-funding/apply/project-proposal-materials/.

USAID ADAPT ASIA-PACIFIC

CLIMATE CHANGE ADAPTATION PROJECT
PREPARATION FACILITY FOR ASIA AND THE PACIFIC

The USAID Adapt Asia-Pacific project (2011-2016) helps countries in Asia and the Pacific obtain financing to address climate change impacts, through a combination of technical support in project preparation, and capacity building at the regional, national, and local levels for accessing climate change adaptation finance. For more information, visit: www.adaptasiapacific.org.

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