

CLIMATE INVESTMENT FUNDS

April 6, 2009

GUIDANCE NOTE ON PPCR REGIONAL PROGRAMS

I Background

1. Following the recommendation of the Expert Group that regional programs be developed for the Caribbean and South Pacific regions, the PPCR Sub-Committee requested the expert group to undertake further analysis, in collaboration with the Multilateral Development Banks (MDBs) and relevant regional organizations, to recommend which cluster of countries should be included in each regional program.
2. To assist the PPCR Expert Group in this work, the CIF Administrative Unit, working with the MDB Committee, has been requested to prepare further guidance to clarify:
 - (a) the proposed objectives, organization and modalities of regional programs;
 - (b) indicate what kinds of activities or program components could best be undertaken at the regional level;
 - (c) what kinds of activities and program components would be better suited to implementation at the country level; and
 - (d) what would be the benefits, synergies and potential lessons to be learned from a regional approach.
3. The present note provides general guidance for regional PPCR pilots along the guidance outlined above, recognizing that the specific programming and activities for each region will be developed by the countries participating in the regional program, in consultation with the MDBs concerned and other development partners such as bilateral donors. The PPCR Expert Group is invited to use this note together with its original TOR to recommend countries to be included in the regional program for the Caribbean and the South Pacific.

II Objectives and rationale of a regional approach

4. The implementation of a regional PPCR pilot is anchored in the overall PPCR objectives to:
 - (a) pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning;
 - (b) strengthen capacities at the national levels to integrate climate resilience into development planning;
 - (c) scale-up and leverage climate resilient investment, building upon other ongoing initiatives; and
 - (d) enable learning-by-doing and sharing of lessons at the country, regional and global levels.
5. In addition, regional PPCR pilots will aim to strengthen cooperation and capacity at the regional level to integrate climate resilience into national and appropriate regional development planning and processes.

6. A regional PPCR pilot is likely to provide significant benefits over a single-country/country-by-country approach in cases where a single country lacks adequate level of resources, knowledge, and capacity (see below) and/or where opportunities for key adaptive measures may only be realized through regional or sub-regional cooperation on the management of transboundary resources. It is expected that this regional approach will optimize the efficient use of PPCR resources within the region, taking into account and building on existing resources and activities at country as well as at regional level.

7. For example, Small Island Developing States (SIDS), in particular, have urgent needs to address their special vulnerability to sea level rise and to the impacts of increased intensity of climatic extreme events, including impacts on water resources, natural resources and ecosystems, cities and ports. Yet, SIDS face a number of barriers in addressing development and climate change related issues largely as a result of limited institutional and technical capacity, small size, and remote location, which would limit the ability of an individual country to benefit from PPCR by itself.

8. Regional PPCR pilots provide an opportunity to overcome many of these barriers while also promoting the transfer of lessons, replication and scale-up of activities in participating countries as outlined below.

III Types of activities at regional level

9. In line with the objectives and goals of PPCR, regional pilots should be designed to integrate climate resilience into development planning and sector policies, where relevant, and to promote scaling-up of actions and investments to achieve greater climate resilience in the participating countries within the pilot. To ensure measurable impacts over the lifetime of PPCR, activities will need to be focused.

10. Participating countries in a regional pilot should share a similar range of climate risks (derived by a similar set of hazards, exposure levels and vulnerabilities) representing a corresponding set of *common risk and vulnerability profiles*. This would enable pilot activities to focus on building responses to climate threats that have high relevance to the pilot region/sub-region and to each participating country¹, recognizing that activities in each participating country could vary to reflect, as necessary, its national circumstances

11. Where possible, regional activities should build on existing collaboration on climate sensitive development issues and/or on prior involvement in regional programs supported through MDBs or other development partners. This will contribute to greater sustainability beyond the timeframe of PPCR support. Depending on the degree of ongoing regional collaboration, capacities, and degree of regional political support of an existing regional institution, the strategic approach and actions on a regional level can take a range of shapes.

¹ Furthermore, to not spread activities in a regional pilot too thinly, the number of countries in a pilot in general should be kept to a limited number (i.e. not exceed 3 to 5 countries; an exception might be in cases where countries are very small states).

12. *In cases where there is currently only limited existing collaboration* with regard to development and/or climate change, the regional approach and activities may be focused on:²

- (a) exchange of lessons learned, including through regional exchange meetings;
- (b) regional technical assistance, e.g., analytical and monitoring services to provide critical climate information and to support the development of regional climate scenarios (where the size of each country does not warrant retaining specific expertise in each country);
- (c) development of tools and methodologies to assess vulnerability to, and impacts of, climate change and integration of climate resilience within development planning, including private sector activities;
- (d) provision of training (including training of trainers) with regard to application of such tools and vulnerability assessments and other capacity building efforts;
- (e) support to regional awareness raising efforts on regional climate threats and likely impacts on a country's development.

13. *In cases where a history of regional cooperation exists*, including a mandated regional institutional set-up (for example where regional political or economic groupings are present), PPCR funded regional activities may include regional cooperation and implementation of an expanded range of issues, such as regional climate monitoring and early warning systems, identification of transboundary opportunities to effectively reduce vulnerabilities and risks, as well as inclusion of climate change in regional planning strategies, policies and financing mechanisms for strengthening climate resilience, in the medium and longer-term.

IV Types of activities to be undertaken at national level

14. The range of activities implemented within national components of the regional pilot is similar to those in PPCR country pilots. National activities will be supplemented and strengthened by the regional activities. In general, national action may include a range of activities, such as:

- (a) engagement of policy-makers, including economic decision-makers and planners, in knowledge building activities on climate impact scenarios – including seminars/workshops and other events for the dissemination of applied research findings – to strengthen their understanding of how climate change will affect economic development and growth.
- (b) institutional strengthening and revisions of relevant policies and/or strategies and plans to integrate climate resilience into development planning and policy reform across sectors. PPCR is to be opportunistically ambitious in taking advantage of ongoing policy reform efforts (e.g. such as upcoming revisions of PRSPs, sector policies and strategies, etc.)

² The list provided is illustrative and does not intend to exclude other possible activities.

- (c) investments to support climate resilience in key sectors and/or in important eco-systems and/or addressing particularly vulnerable groups. This may include, for instance, implementation of measures for integrating climate resilience within spatial planning processes, or modifying building construction standards/codes along with designation of 'no-construction' areas. It may also include improving the enabling environment and access to finance for the private sector to invest in adaptive measures (including innovative adaptation technologies).

V Organization and modalities

Implementation modalities of regional and national activities

15. *Regional activities* will be implemented through a regional entity or entities in agreement with national governments. Depending on the scope of activities and degree of regional cooperation, these can be either established regional institutions, or other entities (e.g. secretariat of a regional program or initiative) able to work across the selected/participating countries in a regional pilot (e.g. a regional university or research institution, NGO, regional meteorological service agency or other).

16. *National components* of the regional pilot program will be implemented by national governments and agencies³. Separate legal agreements between concerned MDBs and country will be entered into for each country.

Financing through PPCR

17. *Funding for phase 1 of regional PPCR pilots (phase 1 grants)*: the maximum funds available for phase 1 activities within a regional pilot may be larger than for PPCR single country pilots due to added transaction cost. Regional pilots may request additional finance in order to adequately cover these additional transaction costs. This additional amount is to be discussed further, recognizing the importance to minimize such added transaction costs and to retain necessary funding for phase 2. .

18. *Phase 2 funding*: implementation of regional activities and national programs within a regional pilot could be supported by the PPCR grant and/or loan component (same as country pilots).⁴

19. *The total PPCR allocation for a regional pilot (including both, regional and national components of phase 1 and phase 2)* should be within the same range of financial support provided by PPCR for single country pilots. Phase 1 and 2 funding should complement and build-up existing programs and activities, including leveraging other sources of funding available at the national, regional or international levels.

³ In accordance with the PPCR principles of supporting country-led approaches

⁴ It is recognised that regional activities implemented by regional institutions would need to be funded on a grant basis.

VI Benefits, synergies and potential lessons to be learned from a regional approach

Benefits and Synergies

20. Regional PPCR pilots provide an opportunity to overcome many barriers to investment related to scale, resources, and capacity constraints of smaller single countries. Focusing on a regional grouping of smaller countries facing a similar set of climate risks/vulnerabilities will facilitate learning and replication of approaches to increase climate resilience across these countries, and with others in the region. Furthermore, a regional approach can share costs and ensure that benefits are more readily shared among participating countries, e.g. by taking advantage of economies of scale for developing and retaining relevant technical capacity on a regional level that would be too expensive to retain on a national level.

21. Possible types and range of benefits that may accrue include:

- (a) support for and sharing of specialized expertise for addressing climate risks and impacts, including climate modeling efforts that may be too costly to pursue and/or are beyond the institutional capacity of each individual country.
- (b) increased institutional and financial resources for managing climate risks. This could include the establishment/strengthening of centers for climate monitoring and early warning systems.
- (c) development of risk sharing mechanisms, such as regional weather index-based insurance mechanisms which are more economically attractive if implemented at regional levels.
- (d) enhancement of replication of successful approaches and innovations across and beyond participating countries, including involvement of the private sector.
- (e) greater leverage of financial resources to finance/co-finance activities related to climate resilience (within PPCR strategic program and beyond).
- (f) identification of, and opportunity to, support adaptation measures requiring transboundary cooperation.

22. An additional benefit of the engagement in regional pilots may be the strengthening of greater regional cooperation for environmental management and/or other development related issues.

Knowledge Management and Learning

23. Regional pilots provide a range of means for creating, capturing and packaging knowledge, communication and awareness raising products that aim at both country and regional stakeholders from governments, civil society and the private sector. This may result in greater awareness and acknowledgement of specific regional vulnerabilities and climate threats as well as climate resilience building approaches in the respective sub-region and increase the sub-regions visibility in international fora. This may also contribute to attracting additional resources to the region.

24. Regional PPCR pilots will include a conscious effort to disseminate and facilitate transfer of lessons learned across countries in the regional grouping through regional meetings and possible exchange visits between government implementing agencies, private sector groups, communities and/or NGOs; emphasis will be given to building on existing regional mechanisms. A regional program can also include training-of-trainers programs. These activities will include financing of PPCR funded efforts as well as enhancing links – through for example the establishment of a dedicated website and other IT supported initiatives – with ongoing efforts supported entirely through the government’s resources, and/or by other development partners (e.g. UN agencies, NGOs, bilaterals, and/or sub-regional banks). A range of innovative ways of exchanging lessons should be piloted.

25. It may be an option to invite more than the participating PPCR countries within the pilot (which are a subset of countries within a specific sub-region) to benefit from the regional knowledge exchange and lessons learned initiatives, which will increase the impacts of the pilot and enhance replication of experiences and lessons learned across the entire region. This would need to be budgeted for in the regional pilot.