

The Identification and Early Prioritisation of Adaptation



Case Study on an ICF Business case for Nepal

As adaptation moves from theory to practice, there is a need to identify and prioritise adaptation interventions, while ensuring Value-for-Money (VfM). To support this, DFID has produced a framework, report and tool on early VfM adaptation. This uses an iterative climate risk management approach, as recommended in the recent IPCC 5th Assessment Report. This starts with current climate variability and extremes, and then considers future climate change and uncertainty.

This framework can help in sequencing adaptation activities over time and for identifying early actions that offer good returns on investment. While it includes a focus on low- and no-regret options, it also includes priority areas for mainstreaming and early planning for the long-term. DFID is currently testing the framework in several country offices.

DFID ICF Business Case. Nepal is one of the most vulnerable countries in the world to climate change, and DFID is one of the key development partners investing in adaptation in the country. DFID funded an initial phase of a community based adaptation component – as part of the Nepal National Climate Change Programme. This focused on local institutional strengthening and capacity building, in line with the Government aspiration to deliver 80% of adaptation finance at the local level.

As part of the development of a follow-on programme, funded through the International Climate Fund, the results from the Early Value-for-Money (VFM) Adaptation study were used in a case study. This used the framework and tools in the preparation of the Business Case, to build the Strategic Case and outline the need for DFID intervention, as well as to help identify and select responses as part of the Appraisal case.

Delivering Value-for-Money Adaptation using Iterative Risk Frameworks & Low-Regret Options



The first stage in this process was to use the VfM methods to prioritise and map the current and future climate risks in Nepal using an iterative risk framework, to help inform the Strategic Case.

The VfM framework was applied to first identify the key risks of current climate variability (the adaptation deficit), which include disasters such as floods and landslides, and seasonal rainfall variability affecting rain-fed agriculture.

The differences in the pattern of these risks – from the low plains to the high mountains – and from East to West across the country, were also considered. This information was combined with levels of socio-economic development to identify the most vulnerable areas and groups in Nepal.

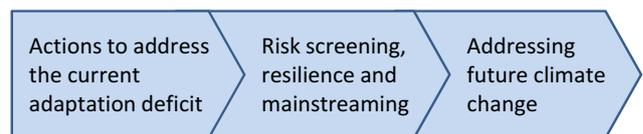
The case study then identified priority long-term risks, related to changes in extremes, water resource availability and shifting climatic zones, the latter a key issue for mountainous regions. Together these short- and long-term aspects were used to help identify priorities.

The analysis then used the information in the VfM tools to build the Strategic Case for intervention. This assessed the economic case (for public intervention) to build the resilience of poor people in Nepal to the impacts of climate variability and future climate change, finding a compelling case due to market and information failures, equity considerations and public goods.

The case study then turned to the Appraisal Case.



This used the VfM tools to consider the ‘effectiveness’ of different interventions, investigating traditional versus community-based options. This found that investing in low-cost forms of risk reduction at the household and community levels were more effective for reducing risks and supporting adaptation, as evidenced by the VfM inventory (and higher benefit:cost ratios). Further analysis was also undertaken to identify high VfM options for each of the priority risks identified in the Strategic Case. Importantly, the analysis also considered early interventions to address medium and long-term risks, to ensure a portfolio approach was adopted in the design of the programme, as set



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