

The Identification and Early Prioritisation of Adaptation



Case Study on a National Climate Fund in Rwanda

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 and tools in several country offices. One of these case studies applies the framework to the national climate fund context.

Rwanda's Climate and Environment Fund.

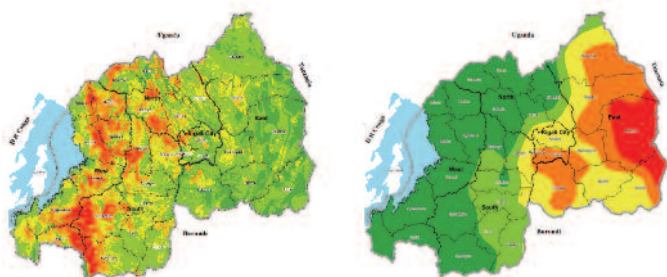
The Government of Rwanda established an Environment and Climate Change Fund in 2012 – FONERWA – which was capitalised by DFID.

This is a national basket fund through which environment and climate change finance is channelled, programmed, disbursed and monitored. The fund is demand driven. During the first four calls for proposals, 20 projects have been accepted. These cover a range of projects, including adaptation and mitigation projects.

Recent discussion, especially in the light of the potential for international climate finance, has raised a question over the future strategic direction of the fund. In response, the case study evaluated the fund against the VfM framework. This undertook a review of overall portfolio, as well as an analysis of the 20 individual projects.



The first stage was to prioritise and map the current and future climate risks in Rwanda using an iterative risk framework, then to compare this to the coverage of the fund portfolio. The fund was found to cover the most urgent risks comprehensively, delivering high current benefits, though one omission (droughts) was identified. However, a detailed analysis of the project applications found little consideration of future climate change: identifying a future resilience risk.



The mapping showed good coverage against extreme precipitation risks (left), but not for drought (right).

The portfolio also includes some projects that have a longer-term perspective. These were also found to be in areas likely to deliver VfM, notably with projects on urban land-use (spatial planning and design). However, a number of major long-term risks were omitted. The analysis then reviewed the individual adaptation activities and options across the fund. This found a wide range of activities, including capacity building and information, as well as soft and hard options. Most of the projects were found to be forms of early low- and no-regret activities, due to their focus on current climate variability.

An analysis of benefit to cost ratios for the options, using the supporting VfM tools, also found they had high effectiveness. As examples, early (VfM) options included climate smart agriculture (soil conservation, rain water harvesting, agroforestry), watershed rehabilitation, and strengthening of weather and climate services. Additional options with high VfM, i.e. that could be priorities for the portfolio going forward, were also identified.

Overall, the assessment provided a useful way to check the current performance of the fund, to identify potential gaps, and to provide a basis for future prioritisation using an iterative risk framework and value-for-money focus.

The case study is currently being extended to provide an options paper, to set out the findings of the analysis, to highlight the existing gaps and potential future priorities, and to outline activities that could be considered, should the fund move from the current demand-led to a more strategic approach.

For more details of the VfM tools, please contact:

- Annika Olsson (A-Olsson@dfid.gov.uk)
- Paul Watkiss (paul_watkiss@btinternet.com)

Front page picture – terraces in Rwanda: one of the FONERWA projects that demonstrates early low-regret adaptation.

