



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: LDCF

PART I: PROJECT IDENTIFICATION

Project Title:	Implementing urgent adaptation priorities through strengthened decentralized and national development plans.		
Country(ies):	Malawi	GEF Project ID	5015
GEF Agency(ies):	UNDP	UNDP project ID	4958
Other Executing Partner(s):	Ministry Development Planning and Cooperation	Re-submission date	July 18 2012
		Re-submission date	August 1 2012
GEF Focal Area (s):	Climate change adaptation	Duration	60 months
Name of parent program: For SFM/REDD+		Agency fee	450,000

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	LDCF	Indicative grant amount (\$)	Indicative co-financing (\$)
CCA-1	<u>Outcome 1.1:</u> Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas	<u>Output 1.1.1:</u> Adaptation measures and necessary budget allocations included in relevant frameworks		1,300,000	4,100,000
CCA-1	<u>Outcome 1.2:</u> Reduce vulnerability in development sectors	<u>Output 1.2.1:</u> Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability.		2,500,000	5,700,000
CCA-2	<u>Outcome 2.2</u> Strengthened adaptive capacity to reduce risks to climate-induced economic losses	<u>Output 2.2.2</u> Targeted population groups covered by adequate risk reduction measures		500,000	4,200,000
Sub-total				4,300,000	14,000,000
Project management cost				200,000	1,500,000
Total project cost				4,500,000	15,500,000

B. PROJECT FRAMEWORK

Project Objective: To reduce the vulnerability of rural communities to the adverse impacts of climate variability and change in Malawi						
Project Component	Grant type	Expected Outcomes	Expected Outputs	LDCF	Indicative Grant Amount (\$)	Indicative co-financing (\$)
Component 1: Integrated adaptation planning at District and	TA	Outcome 1. Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	Output 1.1 Climate public expenditure and institutional analysis carried out to determine CCA expenditures and CCA expenditure gaps within District level budgets. Output 1.2 Professional training on climate		500,000	4,200,000

Provincial levels			<p>change integration in local development planning, policies and regulation developed and delivered to 80 District staff in 4 Districts, in line with decentralization efforts.</p> <p>Output 1.3: Participatory vulnerability and adaptation assessments carried out with project communities to prioritise community CCA measures from the perspective of livelihoods upliftment.</p> <p>Output 1.4 Community meetings organized to develop district-level disaster risk reduction and climate change adaptation plans for 4 vulnerable districts.</p> <p>Output 1.5 CCA priorities integrated into the <u>District Development Plans</u> and budgets, and <u>Local Council</u> annual investment plans.</p> <p>Output 1.6 CCA resilience principles, CCA priorities and role definition integrated into development of <u>district policies and regulations</u>.</p> <p>Output 1.7 CCA resilience principles integrated into results based management training undertaken in UNDP-supported governance programmes so that governments and communities together can generate evidence of CCA impact and develop spending plans on the basis of results and lessons learned.</p> <p>Output 1.8 CCA vulnerability/CCA resilience indicators and data collection protocols agreed and added to district level databanks (developed in UNDP-supported governance programmes) for planning purposes.</p> <p>Output 1.9 Roles defined and agreed by stakeholders, capacity needs assessed, a capacity development and incentive plan developed and implemented to support the effective deployment of roles and responsibilities.</p>			
Component 2: Implementing urgent adaptation measures through decentralized planning processes	INV	Outcome 2: Reduced vulnerability in development sectors	<p>Output 2.1: Baseline rural development investments funded by the Local Development Fund (infrastructure) are adjusted to become resilient to climate change.</p> <p>Output 2.2: Adaptation measures defined by communities during the development of the District-level adaptation plans are implemented, in collaboration with relevant district-level sector officials and budgets, to promote drought and flood management and other adaptation measures to promote climate resilience.</p>		2,500,000	5,700,000

			<p>Output 2.3: Technical training and other support as defined by communities provided in order to implement the CCA plans sustainably.</p> <p>Output 2.4: Weather forecast information on short timescales provided by Met Services and used by farmers to manage risks to their livelihoods, to complement to the DRR use of forecast information.</p>			
Component 3: Implementing urgent adaptation measures through support to climate change policy processes and development of regulatory and fiscal frameworks at national level.	TA	Outcome 3. Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas	<p>Output 3.1 Budget preparation guidelines issued by Ministry of Finance adjusted to include climate change adaptation.</p> <p>Output 3.2 Training developed and rolled out to 100 technical staff and managers in 5 relevant ministries to facilitate the investment plan development process.</p> <p>Output 3.3 Sector Working Groups convening the planning units within relevant line ministries to develop economic costings of adaptation priorities, based on public expenditure review and gap analysis.</p> <p>Output 3.4 Support programme for climate change adaptation costing work set up and made operational.</p> <p>Output 3.5 Integration of adaptation costings into a national, multi-sector adaptation investment plan using structures and processes established by the National Climate Change Programme.</p> <p>Output 3.6 By 2014, spending plans in 3 relevant ministries adjusted to incorporate adaptation investment priorities.</p> <p>Output 3.7 Regulatory and fiscal incentives to stimulate climate risk reduction by the non-government sector identified and work plan for implementation agreed with Government of Malawi for three priority sectors.</p>		1,300,000	4,100,000
Sub-total					4,300,000	14,000,000
Project management cost:					200,000	1,500,000
Total project costs					4,500,000	15,500,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Government budgets in 4 Districts	Grant	5,000,000
National Government			
Local Government			
GEF Agency	UNDP	Grant	10,500,000
Bi-lateral Donor			
Bi-lateral Donor			
CSO			
Total Co-financing			15,500,000

D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREAS AND COUNTRY

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Project amount (a)	Agency Fee (b)	Total c=a+b
UNDP	LDCF	CCA	Malawi	4,500,000	450,000	4,950,000
Total GEF Resources				4,500,000	450,000	4,950,000

PART II: PROJECT JUSTIFICATION**A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:****A.1.1 THE GEF FOCAL AREA STRATEGIES:**

The Republic of Malawi signed the UNFCCC in June 1992 and ratified it in April 1994, when it became a Party to the Convention. Its Initial National Communication was submitted in 2002, and the Second National Communication has been finalized and launched in 2012. The country prepared a National Adaptation Programme of Action (NAPA) in 2006, launched in 2008.

The Project is in line with CCA 1: Reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level, where it will contribute to Outcome 1.1 and Output 1.1.1 and CCA 2: Increase adaptive capacity to respond to the impacts of climate change, including variability, at local, national, regional and global level, where it will contribute to Outcome 2.2 and Output 2.2.2.

A.1.2 FOR PROJECTS FUNDED FROM LDCF/SCCF: THE LDCF/SCCF ELIGIBILITY CRITERIA AND PRIORITIES:

The project conforms to the three principles of the LDCF. a) Country-drivenness: the project is in line with the Government's medium term strategy – MDGS II - and other plans and projects as outlined above in Section A2. b) Implementing NAPA priorities: this project addresses three of the five NAPA priorities, which are as follows: NAPA priority 1: Implementing community resilience to climate change through the development of sustainable rural livelihoods, NAPA priority 3: Improving agricultural production under erratic rains and changing climate conditions, NAPA priority 4: Improving Malawi's preparedness to cope with droughts and floods c) Supporting a learning-by-doing approach: the project will demonstrate how climate change adaptation can be mainstreamed into economic governance approaches for meaningful capacity development of district and central government planners, how climate resilience can be integrated into current spending plans and budgets to ensure that domestic resources implement urgent and immediate adaptation needs, and the project will demonstrate how climate resilience can be mainstreamed into rural development programming.

A.2. NATIONAL STRATEGIES AND PLANS OR REPORTS AND ASSESSMENTS UNDER RELEVANT CONVENTIONS:

The MGDS II (2011-2016) is the overarching medium term strategy for Malawi designed to attain Malawi's long term aspiration as spelt out in its Vision 2020. The objective of MGDS II is to continue reducing poverty through sustainable economic growth and infrastructure development. The MGDS II identifies six broad thematic areas. These thematic areas are: (i) Sustainable Economic Growth; (ii) Social Development; (iii) Social Support and Disaster Risk Management; (iv) Infrastructure Development; (v) Improved Governance; and (vi) Cross-Cutting Issues. The thematic areas are the pillars that support the nine key priority areas which include (i) Agriculture and Food Security; (ii) Transport Infrastructure and Nsanje World Inland Port; (iii) Energy, Industrial Development, Mining and Tourism; (iv) Education, Science and Technology; (v) Public Health, Sanitation, Malaria and HIV/AIDS Management; (vi) Integrated Rural Development; (vii) Green Belt Irrigation and Water Development; (viii) Child Development, Youth Development and Empowerment; and (ix) Climate Change, Natural Resources and Environmental Management. On climate change, a number of key strategies are set out, including: mainstreaming climate change issues into sectoral policies, plans and programmes, promoting climate change-related education, training, awareness and capacity building, enhancing the implementation of climate change mitigation and adaptation programmes and implementing a comprehensive national climate change investment plan.

“Disaster Risk Management” is Sub-Theme Two of Theme Three of the MGDS. **The draft National Disaster Risk Management Policy – 2013-2017** provides a coherent framework to mainstream disaster risk management in development planning and policies of all sectors and at all levels of planning (i.e. village, area, district and national) to reduce the impact of disasters and ensure sustainable development in the country. The long-term goal for disaster risk management in Malawi is to sustainably reduce disaster losses in lives and in the social, economic and environmental assets of communities and of the nation. The objective of the NDRM Policy is to create an enabling framework for the establishment of a comprehensive disaster risk management system for Malawi. The outcomes of the NDRM policy are as follows:

1. Mainstreamed DRR in sector plans and policies at all levels;
2. Increased resilience of communities to disaster risks; and
3. Improved preparedness for, response to and recovery from disasters.

Six priority areas have been identified towards the achievement of the policy goal:

- Mainstreaming disaster risk management into sustainable development
- Establishment of a comprehensive system for disaster risk identification, assessment and monitoring
- Development and strengthening of a people-centred early warning system
- Promotion of a culture of safety, and adoption of resilience enhancing interventions
- Reduction of underlying risks
- Strengthening preparedness capacity for effective response and recovery

The goal of the draft National Agriculture Policy (2011) is to improve food security of the population. The goal implies increasing agricultural productivity as well as diversity and sustainable agricultural growth and development. It has four main policy objectives:

- To ensure that all Malawians at all times have both physical and economic access to enough nutritious food for an active, healthy life.
- To ensure that the ways in which food is produced and distributed should be environmentally friendly and sustainable.
- To ensure that both the production and consumption of food are governed by social values which are just and equitable as well as moral and ethical? The ability to acquire food is ensured;
- To ensure that the food is obtained in a manner that upholds human dignity.

The draft agriculture policy has a thematic area on climate change and environment whose objective is to promote adaptation and mitigation technologies and interventions to minimize future adverse effects of climate change on agricultural production and rural livelihoods.

The Malawi Agricultural Sector Wide Approach (A-SWAP) 2011 -2015 is the means to achieve the agricultural growth and poverty reduction goals of the MDGSII. It envisages a single, comprehensive programme and budget framework for a total projected budget of US\$1.68 billion, to be sourced through domestic resources and development partnerships. It recognizes that in the shorter-term there will be an evolutionary transition from project to programme funding, with funding for the ASWAP coming from parallel projects to pooled resources. It identifies three focus areas – Food Security and Risk Management; Commercial agriculture, agro-processing and Market Development; and Sustainable Agricultural Land and Water Management – and two key support services – Technology Generation and dissemination; and Institutional strengthening and capacity building. ‘Food Security and Risk Management’ focuses on increasing maize productivity, reducing post-harvest losses, diversifying food production, managing risks associated with food reserves at national level. ‘Commercial agriculture, agro-processing and Market Development’ will entail promoting commercial agriculture production involving smallholder farmers, agricultural diversification, agro-processing, developing the domestic markets for inputs and outputs and developing more public-private partnerships. ‘Sustainable Agricultural Land and Water Management’ focuses on sustainable land and water use. The main focus of the component are conservation

farming, afforestation, protection of fragile land and catchment areas, rehabilitation of degraded agricultural land, water use efficiency and expanding irrigation.

The goal of the Forestry Policy (1996) is to sustain the contribution of the national forest resources to the quality of life in the country by conserving the resources for the benefit of the nation. Its objective is to provide an enabling framework for promoting the participation of local communities and the private sector in forest conservation and management, eliminating restrictions on sustainable use of essential forest products by local communities, and promoting planned harvesting and regeneration of the forest resources by Village Natural Resources Committees (VNRC's):

The goal of the Water Policy (2005) is to promote sustainable management and utilization of water resources, in order to provide water of acceptable quality and of sufficient quantities, and ensure availability of efficient and effective water and sanitation services that satisfy the basic requirements of every Malawian and for the enhancement of the country's natural ecosystems, and to establish preparedness and contingency plans for water-related disasters and emergencies as an integral part of water resources management. It has a number of policy objectives:

- To achieve sustainable and integrated water resources development, conservation and management that provides equitable access and use of water to all individuals and entrepreneurs.
- To ensure the existence of strategic and contingency water resources development and management plans that guarantee availability of water in cases of droughts, floods and population pressures.
- To ensure that all persons have convenient access to sufficient quantities of water of acceptable quality and the associated water-related public health and sanitation services at any time and within convenient distance.
- To promote the empowerment of user communities to own, manage and invest in water resources development.
- To promote public and private sector participation in water resources management, development supply, and conservation.
- To participate in the enactment and implementation of local, regional and international obligations and agreements with regard to exploitation and management of water resources taking due regard of national integrity, security and sovereignty.
- To facilitate and initiate scientific investigations and research in the occurrence, development, utilization of water resources and disposal of wastewater in order to use the information for sustainable exploitation of water resources.
- To promote and advocate water and sanitation services' pricing and charging systems that recognize water as both a social and economic good in order to institute cost recovery principles.
- To promote user-friendly technologies to enable easy access to water and sanitation services by all manner of people.
- To improve assessment of impact of water-related disasters and undertake effective response to prevent mortality and reduce morbidity and suffering among affected communities;
- To ensure timely provision of potable water and sanitation for vulnerable communities especially children and women during water-related disasters;
- To provide basic requirements of potable water supply to all affected areas.

The National Environmental Policy (2004) goal is the promotion of sustainable social and economic development through the sound management of the environment and natural resources. It has three guiding principles: 1) to promote the sustainable use and management of the country's natural resources and, where appropriate, encourage long term self sufficiency in food, fuel wood and other energy requirements 2) facilitate the restoration, maintenance and enhancement of the ecosystems and ecological processes essential for the functioning of the biosphere and produce use of renewable resources and 3) promote the ecosystems management approach so as to ensure that sector mandates and responsibilities are fully and effectively channeled towards sustainable environment and natural resources management.

GoM has adopted an integrated approach to rural development, enabled by the adoption of the Decentralization Policy and Local Government Act. The approach calls for thorough re-organization of rural development administrative structures and projects/programmes, significant human resource mobilization and empowerment; and service delivery improvements in areas such as market linkages, credit extension, microfinance and social security and protection, and employment, including labour market information systems. To achieve these goals, GoM has prioritized administrative and operational level integration; implementing partnership strengthening, and leadership, ownership and low-cost technology transfer to communities. The integrated rural development approach views the transformation of the rural areas as the most effective way of accelerating socio-economic development through establishment of satellite towns, promotion of small-scale industries in rural areas, increasing agricultural production, provision of credit facilities and improvement of infrastructure on specified geographical scale.

B. PROJECT OVERVIEW:

B.1. DESCRIBE THE BASELINE PROJECT AND THE PROBLEM THAT IT SEEKS TO ADDRESS:

THE PROBLEM

Malawi's unimodal rainfall pattern is characterised by high spatial and temporal variability. According to Global Circulation Models (GCMs) and RCMs (Regional Climate Models), the predicted effects of climate change (CC) are expected to exacerbate this situation, with some areas expected to get wetter while others will become drier (see Annex 5). Furthermore, the predicted temperature increase of 1.1 to 3.0°C by the 2060s and 1.5 to 5.0°C by the 2090s (Initial National Communications, 2006) will exacerbate the effects in areas receiving lower rainfall due to higher potential evapotranspiration. In the absence of adaptation, these changes will have significant, potentially devastating negative effects on the livelihoods of the people and the economy of Malawi.

The Government of Malawi reports that as a result of these, from 1970 to 2008, Malawi has experienced more than 40 weather-related disasters, with 16 of these occurring between 1990 and 2008. Floods occur in the south, particularly in the Shire River valley and the low lying lakeshore areas of Lake Malawi, Lake Malombe and Lake Chilwa, as well as in the lower reaches of the Songwe River in the northern region. Droughts exacerbate Malawi's already high levels of income poverty, causing a 1.3 percentage point increase in poverty, which rises to almost 17 percentage points during a 1-in-25 year drought (this is equivalent to an additional 2.1 million people falling below the poverty line). The UN Country Assessment, which was undertaken in 2010, and which forms the basis of the new UNDAF and CPD, states that the geographical coverage of floods and drought has increased: Before 2001 only 9 districts in Malawi were classified as flood-prone; in 2010 14 districts are classified as flood-prone. More importantly the number of people affected by these disasters has increased sharply since 1990, with currently some 15% of the rural population living on the fringes of high flood-risk areas, and dry spells being a common occurrence in many parts of the country, which can cause between 20-30% of the losses of total yield/ha.

Extreme weather events adversely impact on food security, water security, energy supply, infrastructure, human health and the sustainable livelihoods of family households. In terms of costs, droughts and floods have caused irreversible and damaging effects on crop and livestock production in the impacted areas. A recent evaluation of the impacts of the natural hazards using probabilistic risk analysis¹ for Malawi and Mozambique reported that Malawi loss on average 4.6% of the maize production (nationally) each year due to droughts, and 12% to flooding in the southern region, where about one-third of Malawi's maize is grown. These losses equate to 1.7 percent of the gross domestic product, equivalent to almost US\$22 million in 2005 prices. Economic losses are much higher during extreme droughts; for example, during a 1-in-25 year drought experienced in 1991/92, GDP contracted by as much as 10.4 percent. A recent FAO Government of Malawi (GoM) joint study (2009) reported

¹ World Bank, Global Facility for Disaster Risk Reduction and others: 2009; Economic Vulnerability and Disaster Risk Assessment in Malawi and Mozambique: Measuring Economic Risks of Droughts and Floods

that CC is likely to increase post-harvest loss of grains due to delayed harvest, production losses and post-production losses. Additionally, the combination of changes in temperature and humidity are likely to create new environments for new pests and pathogens to successfully breed and prosper, increasing the number of pests and diseases which attack stored crops, for which no local or traditional knowledge of management and control exists. Reduced yields will increase food prices.

Unsustainable natural resource use costs Malawi USD191 million or 5.3 percent of GDP every year and the percentage of forest cover in the country has decreased from 41 percent in 1990 to 35 percent in 2008. Increased climate variations experienced in the form of prolonged dry spells, droughts, floods, and temperature variability, have compounded the stress on the natural resource base, in turn negatively affecting the performance of sectors such as water and irrigation, agriculture, natural resources and energy, thereby aggravating poverty, especially for the already vulnerable population in marginal areas. Alternative energy technology to burning of natural bio-fuels (98.7 percent of the population still depends on solid fuels, against a MDG target of zero percent in 2015) is either not readily available or expensive, and policies supporting natural resources exploitation and environmental management are not well coordinated.

The GoM has been active in providing social support to the most vulnerable and strengthening Disaster Risk Management (DRM). Nonetheless, challenges are many: key regulatory instruments for targeted programme implementation are undeveloped, sustainable financing is absent, whilst programme continuity is unavailable. Direct assistance and social transfers are also limited in coverage, largely due to financial constraints. An inconsistent national evidence base and lack of capacity to leverage existing data towards policy making and planning, imply that inefficiencies in the development process have not been properly identified and addressed. In addition, the country has been suffering from a chronic human resource capacity deficit at all levels, evidenced by low levels of functional literacy and numeracy, as well as a limited number of professionals such as medical doctors, lawyers, accountants and teachers. Public sector capacity for implementation and service delivery has been chronically under-resourced and, despite progress in recent years, is yet to meet recognized standards of efficiency, effectiveness and accountability.

The independent MGDS review of 2010 highlighted weak capacities in the key functional areas of public financial management and procurement. A training needs assessment for climate change management was carried for the Ministry of Development, Planning and Cooperation out in May 2011. The assessment noted that for climate change adaptation there are significant skill gaps in the following areas: Climate change adaptation awareness; Climate change adaptation projects identification and development; Climate change mainstreaming in policies, strategies and M&E systems; Environmental Impact Assessment; Geographic Information System (GIS); Climate change forecasting/projection; Adaptation cost assessment; Sustainable tourism management; Integrated soil and water management; Climate change and food safety; Climate change and environment related diseases; Climate change and urbanization; Land cover and land use diagnostics; Crop yield and crop suitability projections; Flood forecasting and Early Warning System; and Hazard mapping. The assessment also showed that there is an average of almost 30-40 percent vacancy rate across government establishments. In some key institutions such as the Forest Institute of Malawi (FRIM), the rate is more than 80 percent and yet it is a leading organisation on forest research. The picture shows that either some key positions that are critical to climate change management are not filled in the various departments or the few personnel who are there are combining several roles, thereby overstressing their capabilities. This will likely affect implementation of the NAPA, and it makes it all the more important that the Government should identify and use all possible mechanisms – including private sector and NGOs –to deliver services that promote adaptation.

The Government of Malawi adopted the Decentralisation Policy in 1998. This aims to involve the local citizenry in the planning and implementation of development spending in their communities, thereby contributing to their economic empowerment. The intension is for finances to be devolved from central government to district governments so that they would be responsible for service delivery to its people. While there is a measure of fiscal devolution for some sectors, for others the process is only just starting. Decentralisation of authority for development planning and spending is

experiencing setbacks which have constrained the performance and influence of District Councils as efficient and accountable service providers. Some of these include resistance to change, staffing problems, limited discretionary funding, limited capacities, weak monitoring and evaluation systems, limited dialogue and knowledge about decentralisation, limited accountabilities and limited coordination of the non-state sector.

The backdrop to all of this is high poverty levels: 39% of the population lives below the national poverty line. The proportion of ultra poor has stagnated at 15%, as has the share of the poorest 20% in national consumption at 10%. Low impact of growth on vulnerable groups including women is a manifestation of lack of targeted policies and strategies to ensure access by the poor to employment and income. The private sector, key to employment generation and poverty reduction, faces major challenges in accessing innovations, trade opportunities and finances.

BASELINE INVESTMENTS: The project will be based on UNDP programmes on climate change, disaster risk reduction and natural resources management, rural development and economic governance, as well as District level budgets. The UNDP baseline programmes are as follows:

<p><u>National priority: Sustainable economic growth</u></p> <p><u>UNDAF Outcome 1:</u> National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016.</p> <p><u>UNDP CPD programme II:</u> DRM, Climate Change, Environment and Sustainable Development.</p>
<p>Disaster Risk Management programme support to Malawi (2012-2016)</p> <p>UNDAF Outcomes 1.3 & 1.4.</p> <p>Lead implementing partner: Department of Disaster Management Affairs</p> <p>Budget: \$4.5m</p> <p>Location: 15 disaster prone districts. TBD</p> <p>Co-financing for the project: \$2.6 million</p>
<p>The main pillars of this Programme Support Document are as follows: mainstreaming disaster risk reduction into sustainable development policies and planning processes at all levels of government; the establishment of an effective system to identify, assess and monitor disaster risks under data and information knowledge including early warning systems (EWS's); and strengthening coordination. UNDP is the coordinator of the UN system for recovery planning after disasters, collaborating with the World Bank, European Commission and other partners in integrating tangible risk reduction commitments into post-disaster needs assessments and recovery frameworks.</p>
<p>Environment and Natural Resources Management Programme Support Document to Malawi (2012 – 2016)</p> <p>UNDAF Outcome 1.3</p> <p>Lead implementing partner: Environmental Affairs Department</p> <p>Budget: \$5.4m</p> <p>Location: National & 15 disaster prone districts TBD</p> <p>Co-financing for the project: \$4.4m</p>
<p>The programme builds on the achievements and lessons from a number of projects that were developed and implemented under the UNDP Malawi Country Programme, as part of the ENRM agenda. These include: a) Environment & Energy for Pro-poor Growth, b) the Poverty Environment Initiative (PEI) and c) National Climate Change Programme, including the Africa Adaptation Programme (AAP). The results and lessons learnt from the Country Programme Evaluation of 2011 were used to develop the new UNDP Country Programme (2012-2016) within the framework of the new UNDAF (2012-2016). The programme will support appropriate policy and investment frameworks, fostering a better understanding of ENRM at all levels and the crucial importance of better management of natural resources, upskilling of personnel and direct investments to improve data collection and dissemination, with the ultimate goal of providing sustainable growth based on improved natural resources management of resource poor households in vulnerable areas.</p>
<p><u>National priority: Improved governance</u></p> <p><u>UNDAF Outcome 4:</u> National institutions effectively support transparency, accountability, participatory democracy and human rights.</p> <p><u>UNDP CPD programme I & IV:</u> Governance and public sector management reform.</p>
<p>MLOGSIP: Malawi Local Government Strengthening and Investment Programme (2011-2014)</p> <p>UNDAF Outcome 4.1</p>

Lead Implementing partner: Min of Local Government & Rural Development Budget: \$6m. [Local Development Fund, since 2009: \$70m among 28 Districts]. Location: 14 District Councils. Northern: Nkhata Bay; Central: Ntcheu, Dedza, Mzimba Mchinji, Kusungu; Southern: Thyolo, Nsanje, Machinga, Chiradzulu, Chikwawa Mangochi, Phalombe, Zomba. Co-financing for the project: \$3.5 million (taking into account predecessor programmes)	
The programme is the follow-up programme to the Malawi Decentralised Governance Programme. UNDP has been supporting the local government programme of work since 1994, for example in the development and adoption of the Decentralisation policy and Local Government Act, the development of the District Development Planning system and handbook, developing of training manuals for the Village Development and Area Development Committees and the establishment of integrated financial management and information systems in 15 Districts by 2004. MLOGSIP will support activities in all four components of the National Decentralisation Programme. District councils are the key delivery agents.	
Total UNDP baseline investments	10.5

District level budgets comprise of i) devolved sectoral budgets & own revenues and ii) the Local Development Fund (LDF).

- i) Sector devolution plans are in place, and the number of devolved sector budgets has moved from three in 2005/6 to 14 in 2011/12, with a transfer of revenues amounting to \$59 million. Health and education devolved budgets are by far the largest transfers to Districts, followed by agriculture (\$2.2 million). ‘Sectors’ such as irrigation, forestry, environment and water have had very small budgets transferred as yet. Local authorities raise around \$22 million per year in own revenues. Transferred and own revenues are mainly to pay for recurrent costs such as salaries.
- ii) The LDF was created in 2009 as an inter-governmental fiscal transfer mechanism to allocate development resources equitably across the 28 districts in the country and to develop implementation capacities and accountability, eventually to become the only revenue transfer mechanism. The LDF is being implemented within the framework of the Malawi Growth and Development Strategy and the national decentralization policy, and is managed by a Technical Support team in the Ministry of Finance. LDF allocations to District Councils are based on formulas that use population as a key factor. The table below sets out the LDF objectives and their main focus.

Table 2: The Local Development Fund

<u>LDF window</u>	<u>Focus</u>
Community	Demand-driven community, socio-economic infrastructure investments and services directly managed by communities.
Local Authority	Capital investments, labour intensive public works programmes and projects and local development initiatives contained in Local Authority Plans.
Performance	Capacity enhancement. Designed to finance capacity development requirements identified by local councils in the management of their core functional areas and to reward good performance through annual performance assessments.
Urban	Socio-economic infrastructure in urban areas, including growth centres, as prioritised in District Development Plans or Urban Development Plans. The emphasis is on deepening enterprise, growth centres development and economic infrastructure development.

As of June 2011, there are three sources of finance for the LDF, making a total of over \$100 million (Water Aid, 2011):

- Government of Malawi: \$16 million (Community window)
- World Bank: \$64 million over five years (Community and Local Authority windows)
- African Development Bank: \$28 million (Urban, Local Authority, Performance windows).

In addition, German Development Group is expected to contribute \$15.5 million for the Urban window.

There is a recognition that the LDF could potentially be an effective development mechanism that would attract a greater volume of revenues, but that lack of transparency and capacities to make good proposals are preventing resource flows to the LDF. The following is a sample of quotes from external partners about the LDF (Water Aid, 2011):

DFID

District Councils should be proactive in developing proposals and submitting them to development partners.

In order to build stakeholder confidence and create a platform for increased funding from other development partners, there is need for information on how LDF operates and evidence that the LDF system is currently working for the poor in a manner that is transparent and accountable. There is also need for information and demonstration of improved district capacities to manage development resources effectively.

UNICEF

Ensuring that District Councils are able to demonstrate prudence and accountability in the management of resources is an important aspect of building the confidence of potential donors to put their funds within LDF or even increase support to the districts.

Japanese International Cooperation Agency (JICA)

Key concern is the capacity of districts in terms of having enough human resources to be able to implement the functions assigned to them.

CCA planning approaches could be used to build the capacity of district councils which would enable Districts to attract revenues and implement expenditures from central government for climate resilient development measures.

B.2.INCREMENTAL ADDITIONAL COST REASONING

The project will work in four Districts –the location and number to be confirmed by stakeholders during the PPG phase. The districts should be chosen from among the 14 districts covered by the MLOGSIP programme, 12 of which have been long-term partners of UNDP and four of which are highlighted in the NAPA as being vulnerable to climate change, and they should also overlap within the 15 vulnerable districts that UNDP will be working to implement disaster risk reduction. Within this selection of districts, stakeholders will need to review which vulnerable districts would be most effective in implementing the project, taking into account the location of the two other LDCF investments, the ECRP (see section B6 for details) and District Authority and community interest to engage in the project. It is suggested that this LDCF project does not work in the three CARLA districts (two of which overlap with MLOGSIP) or the ECRP districts (6 of which overlap with MLOGSIP, and, incidentally, also overlap with the three CARLA districts) because of some of the similarities in approach in the community level work. The UNDP climate-proofing LDCF project will be working in two districts (to be defined). This LDCF project wishes to avoid complicating or competing for attention at the District level. There are many thousands more needy households and plenty of scope to work with other Districts and communities, and the need for livelihoods resilience to climate change is great.

There are three points of logic underpinning the approach: a) planning and coordination capacities are a critical need to get adaptation implemented in an efficient, effective and sustained manner b) community capacity to engage in planning and implementation of adaptation strategies is a critical need in order to identify and sustain adaptation strategies and c) institutional strengthening of central government, as well as district level councils is a critical need to achieve sustained CCA benefits and to replicate CCA measures within regular development budgets.

The first point of logic, developed over a number of years experience in programming CCA, is that in order to bring about sustained and replicated adaptation benefits, institutional coordination and planning processes should be made effective for three key reasons: i) to make the necessary budget allocations for CCA within the regular domestic budget envelope, which will help to replicate and sustain CCA beyond the project grant, ii) to ensure that the main budget envelope is not being implemented in such a way as to erode resilience and iii) for LDCs especially, where there is likely to be a multitude of external partners funding CCA-relevant initiatives, that the results of all interventions, whether externally funded or not, are duly measured and reported to the local authorities, for use in future planning exercises. Thus the benefits accrued to communities in the implementation of CCA investments during the project lifetime are important, but equally important for the medium to longer-term implementation of urgent and immediate adaptation needs is the catalytic value of building CCA planning capacities of the public sector and communities. The LDCF project will work in the context of UNDP-supported planning processes and the regular institutional architecture to attach CCA resilience principles, recognizing the work being done to improve the quality of governance more generally (see baseline description below, under Component 1). UNDP will capitalize on the experience and investments it has made in the area of democratic governance and decentralized planning processes in Malawi for over 18 years, for example in implementing financial management systems, developing expenditure plans, results-based management and information management for planning purposes, as well as capitalizing on the convening and decision-making powers of the UNDP-support governance processes and institutions such as the National Local Government Finance Committee, the Inter-Ministerial Technical Committee on Decentralisation, the Cabinet Committee on Local Governance and Rural Transformation, the Malawi Local Government Association and the Local Government Service Commission. The lead implementing partners for each of these four projects are different ministries (Ministry of Local Government and Rural Development; Office of the President and Cabinet; Department of Disaster Affairs and Ministry of Economic Development and Planning), which provides an opportunity for this LDCF project to bring about joint working between them and the projects, using CCA as the entry point.

The second point of logic is that adaptive capacity among local communities is built up through enabling choice in the development of climate change adaptation strategies, and choice is a function of various factors such as information, flexible decision-making, access to technologies and resources, and availability of safety nets to enable households to take risks in investing in innovations and higher income-generating livelihoods (Overseas Development Institute, 2011). The project will take an approach to the community CCA planning exercise that ensures that communities make the choices that suits them most on CCA measures. A CCA budget per district (for example \$400,000) will be put at the disposal of communities to allocate to CCA priorities. The transparent availability of a budget per district would serve to strengthen the CCA planning process detailed in Component 1, and to empower communities to take an active role in decision-making in public policy processes, thereby creating a positive feed-back loop to the governance programmes that the LDCF project will be working hand in hand with. CCA priorities that are fully owned by the project communities are much more likely to yield sustained benefits over the longer-term, backed up with technical training and support. The planning and implementation aspects of Components 1 and 2 will be implemented in an integrated manner.

The third point of logic is that an effective decentralized government needs an effective central government. In the context of implementing CCA, this translates to institutional strengthening of central government as well as district level councils to achieve sustained CCA benefits and to replicate CCA measures within regular development budgets. Central government has an important role to play in terms of setting service delivery standards, developing enabling policies and establishing economic incentives, transferring adequate level of resources to district councils for implementation of district development plans (which should include CCA components) and in the process of guiding capacity development for the creation of an enabling environment at the decentralized level. At the national level, the LDCF project will co-implement components with the DRR programme and the national climate change programme, to ensure a seamless DRR/CC approach and to strengthen the connection between central government and district council plans and policies. The purpose of the national level component will be to mainstream adaptation within sectoral planning processes and budgets, which will help to justify central government transfers provided at a level that includes CCA needs. CCA will also be included in national level guidance to district councils.

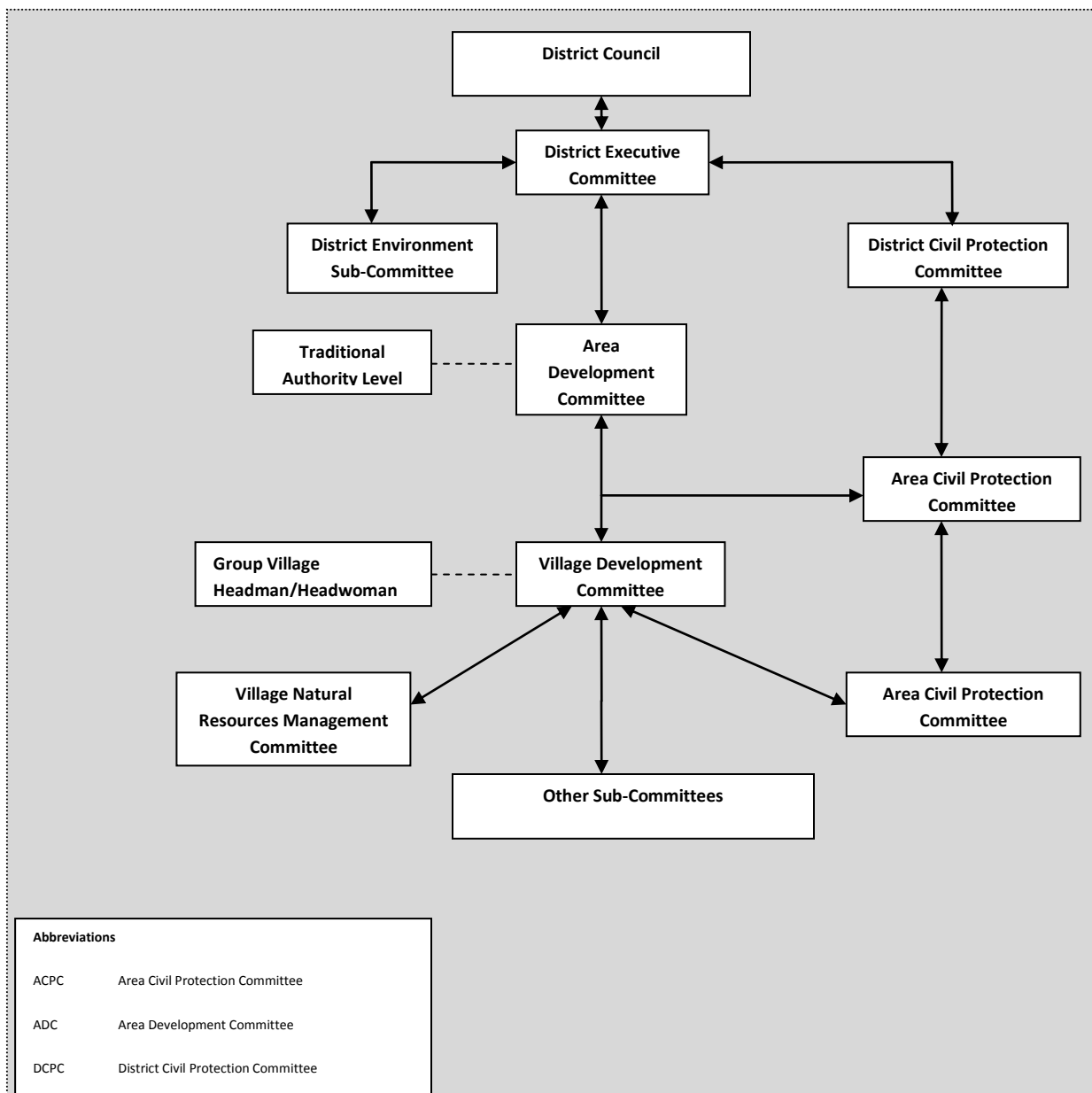
Outcome 1: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level

Baseline context

The Government of Malawi sees the implementation of decentralization policy as a key vehicle and instrument for achieving the Millennium Development Goals by 2015. These sentiments have been captured in a number of government documents: Vision 2020, Malawi Poverty Reduction Strategy, the Malawi Growth and Development Strategy and the National Decentralization Policy. These Strategies have been elaborated in many programmes like the National Decentralization Programme I (2001-2004), and the Integrated Sustainable Rural Development Programme (ISRDP). Government has designed a National Decentralization Programme II to enable it to complete the decentralization process.

District level institutions have core functions or responsibilities that include the following: i) make policy and decisions on local governance and development for the respective districts; ii) consolidate and promote local democratic institutions and democratic participation; and iii) promote infrastructural and economic development through district development plans. the District Council (referred to as District Assembly in the policy and legislation instruments) is structured with the District Councillor, as the head, supported by directorates that include planning and development, finance, administration as well as sector directorates such as agriculture, irrigation and water development, forestry, environment, disaster management and education, among others. Decision making at the District Council is guided by the District Executive Committee (DEC), the technical advisory body which facilitates the process of district development planning and implementation (Figure 1). Membership of the DEC includes heads of the sector directorates mentioned above, NGOs operating in the respective districts and traditional leaders. The DEC has sub-committees . Coordination of development planning and implementation at the community level is done by the Village Development Committee (VDC) which is at the Group Village Head level, premised on being people-centred, adopting bottom-up approaches, participatory and district focused. A number of VDCs are represented by the Area Development Committee (ADC) which is further supported by the Area Executive Committee (AEC) that comprises technical personnel from government sectors and NGOs that reside and operate in the respective areas.

Figure 1. Key institutions or structures at the District Council levels that may be used for climate change adaptation and mitigation interventions.



Reference: Phiri.G, 2012

The main challenges with decentralisation include the following:

- A truncated decentralization and local government framework that is incapable of providing services on a sustainable basis and boost local economies, which clearly manifest through a weak local government system with very low capacity that fails to support successful local development.
- Inconsistent and uncoordinated policy regime for local governance.
- Lack of economic development as reflected through unfavorable business environment, limited access to finance services for business, poor marketing systems, lack of policy and guidance on local enterprise development.
- National institutions for implementing the National Decentralisation Programme II are not provided with the necessary incentives and resources to function.
- Local institutions at the district level not provided with the required authority, capacity and resources to function and deliver on their responsibilities.
- Unreliable, uncoordinated ad-hoc systems for the provision and delivery of services at the local level.
- Gender disparities in development decision-making and access and control of economic resources.

In addition, a review of the Malawi decentralization process, undertaken for Government of Malawi, with support from Irish Aid, in December 2010 concluded the following:

- Line agencies have not been fully integrated into one administrative unit with composite budgeting, and although there is cooperation and sharing of resources in the implementation of district-level activities, full integration has not been achieved.
- Sector development budgets are still, by and large, centralized, and many development projects are budgeted and managed by the centre;
- District data banks are not functional. Coupled with poor record keeping, up-to-date information to facilitate decision-making is not readily available.
- Lack of strategic leadership skills within the administrative structures, impeding coordinated planning;
- Limited scheduled meetings of the DEC, which usually convene on an ad-hoc basis, and limited supervision of the VDC and ADC, which limits the effectiveness of these bodies;
- A proliferation of community –level structures, with little training and guidance;
- Limited feedback from DEC about submitted project priorities from communities and limited delivery;
- Limited coordination and synchronisation of activities of non-state actors, as well as limited accountability.

In a review of climate change response best practices (Ministry of Development Planning and Cooperation, March 2012), the author notes that key governance challenges as they relate to climate change responses are as follows:

- Poor coordination and collaboration between institutional structures and poor inter-sectoral collaboration;
- Inadequate M & E on impacts of climate change and development interventions on vulnerability;
- Weak linkages between the District Councils and the community levels;
- Lack of human and financial capacity;
- Poor understanding of what climate change is and how to address it;
- Inadequate decentralization of sector ministries to the district level;
- Poor definition of roles of community level structures.

The best practice review revealed that each district surveyed (the five NAPA vulnerable districts) had many ongoing climate change adaptation and mitigation initiatives or activities (Table 1), but when the DEC were asked to provide detailed information necessary to profile the initiatives, usually only a few had sufficient information for this purpose and generally on much fewer initiatives than had been presented. In addition, although two or three sectors indicated to be working in partnerships, DEC members generally did not appear to be conversant or aware of initiatives going on at district level outside their own sectors.

Table 1. Summary of existing or ongoing initiatives in the five NAPA vulnerable districts of Malawi.

District	Number of initiatives presented	Number of initiatives with profiles
Chikhwawa	10	13 ²
Karonga	32	18
Kasungu	33	11
Mulanje	9	6
Salima	19	4

Source: Phiri.G, 2012.

During the DEC meetings, it was further observed that although some of the districts have developed, or are in the process of setting up capacity for monitoring and evaluation (M&E), this capacity was hardly applied to evaluating impacts on the beneficiaries of the multiplicity of climate change initiatives that were presented. As a result, in situations where impact was indicated, this was largely anecdotal rather than being evidence-based. For most, they could not present quantifiable benefits, even where initiatives had been implemented over several years.

Baseline investments

The project will work with the following UNDP baseline investments:

National priority: Improved governance	
UNDAF Outcome 4: National institutions effectively support transparency, accountability, participatory democracy and human rights.	
UNDP CPD programme I & IV: Governance and public sector management reform.	
MLOGSIP: Malawi Local Government Strengthening and Investment Programme (2011-2014)	
Location: 14 District Councils. Northern: Nkhata Bay; Central: Ntcheu, Dedza, Mzimba Mchinji, Kusungu; Southern: Thyolo, Nsanje, Machinga, Chiradzulu, Chikwawa Mangochi, Phalombe, Zomba.	
Co-financing for the component: \$3.5 million (taking into account predecessor programmes)	
Output 1: Policy and regulatory framework	<ul style="list-style-type: none"> • Policies and regulations reviewed and revised to adapt to local requirements • Revision of HR procedures and manuals.
Output 2: Institutional capacity development	<ul style="list-style-type: none"> • Facilitate committee and task team meetings. • UNDP supporting five personnel in Dept of Local Government Services to provide support to various decentralisation committees • Support national level institutions to provide technical services and backstopping to local authorities; • Activities to support effectively performing councillors and local council staff in developing expenditure plans, disburse funding and mobilise resources • Develop and implement training programme • Develop District databases of information relevant to sector planning • Management training. • Development of local government HR plan.
Output 3: Investments and service delivery	<ul style="list-style-type: none"> • Enterprise development, skills development, infrastructure provision
National priority: Sustainable economic growth	

² Additional profiles were sought from CADECOM who have climate change related activities but did not attend the DESC meeting.

UNDAF Outcome 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016. UNDP CPD programme II : DRM, Climate Change, Environment and Sustainable Development.	
Disaster Risk Management programme support to Malawi (2012-2016) Location: 15 disaster prone districts. TBD Co-financing for the component: \$300,000	
Output 1: Disaster risk management mainstreamed in policies, plans and development	<ul style="list-style-type: none"> • Integrate DRM into District Development plans in the 15 vulnerable districts. • Develop and operationalise district, area and village disaster risk management plans, procedures, protocols, and coordination of existing institutional arrangements. • Develop and support linkages between different DRM information databases and vulnerability maps.
Output 2: Data and knowledge in the impact of natural disasters collected and made accessible to decision-makers in government, private sector, civil society and communities.	<ul style="list-style-type: none"> • Baseline vulnerability study in the 15 vulnerable districts • Establishment of DRR information centres.
Output 3: Coordination mechanisms and implementation arrangements for DRM/DRR established and used at national level and in the 15 disaster prone districts.	<ul style="list-style-type: none"> • Review institutional arrangements for DRM/DRR in selected disaster prone districts and strengthen coordination mechanisms.
Environment and Natural Resources Management Programme Support Document to Malawi (2012 – 2016) Location: National & 15 disaster prone districts TBD Co-financing for the component: \$400,000	
Output 1: Environment and natural resources mainstreamed into policies, development plans and programmes at national level and implemented in 15 disaster prone districts.	<ul style="list-style-type: none"> • Tenure reform and land titling; • Research on Payments for Eco-system Services, develop and implement relevant schemes; • Strengthening of strategic land-use planning; • Integrate development and land-use plans at District level; • Training at district level for national and district officers of ENR planning.
Output 2: Data and knowledge on the impact of climate change, environment and natural resource degradation and natural disasters collected and made accessible to decision makers in government, private sector and civil society.	<ul style="list-style-type: none"> • Review data collection system on ENR • Establish ENR database; • Capacity development of District Extension, NR and other agents on ENR; • ENR/development information centres.
Output 3: Coordination mechanisms and implementation arrangements for ENR established and used at national level and in disaster prone districts	<ul style="list-style-type: none"> • Policy, strategic plans and SEA for Districts by new SEA.

Adaptation alternative

The project will work with District planning processes to ensure that climate-adaptation priorities are integrated into the District Development Plans and Local Council annual investment plans using entry points in the MLOGSIP, DRR and ENRM programmes by first a) carrying out an expenditure review in each of the districts to determine CCA-relevant

expenditures and gaps and to bring the information to the attention of the DEC b) develop a community level adaptation investment plan based on participatory methods, and which fully bring in the ideas, energy, entrepreneurialism and funding of the non-state sector in adapting lives and livelihoods c) integrate the priorities and costs indicated in the adaptation investment plan into the District Development Plan and budgets d) agree on roles for CCA implementation and ensure adequate capacity to carry out those roles, to ensure that District- level investments are climate resilient and that efforts are coordinated and efficiently undertaken and e) build capacity of M & E units of District councils and the District Executive Council to use results based management so that the lessons of past and present experiences and lessons can inform the planning and design of future CCA-relevant initiatives. The project will look for ways to incentivize DEC ownership of the planning process, and their involvement in VDC and ADC planning processes. The LDCF project will integrate the following outputs to the implementation of the baseline programmes:

- Climate public expenditure and institutional analysis carried out to determine CCA expenditures and CCA expenditure gaps within District level budgets to develop institutional ownership of CCA. Add to the SEA process undertaken by the ENRM programme.
- Professional training on climate change and adaptation in local development planning, policies and regulation developed and delivered to 20 District staff in 2 Districts, to feed into broader decentralisation training programme. Training developed in an integrated manner with DRR and ENRM principles.
- Community meetings convened in the four Districts to develop CCA & DRR plans to feed into decentralised planning processes, and mainstreamed into District Development Plans and Local Council annual investment plans, and the development of local regulations and policies. This will be carried out in coordination with the land-use planning activities under the ENRM programme.
- CCA resilience principles fed into training in RBM for District Councils so that government and communities together can generate evidence of CCA impact and develop spending plans on the basis of results and lessons learned.
- Vulnerability/resilience indicators agreed, as well as collection protocols developed, for addition to District level databanks for planning purposes. Relevant ENR and vulnerability indicators will be developed.
- Role definition among the different institutions that are responsible for implementing CCA, capacities assessed, a capacity improvement and incentive plan developed and implemented to support the effective deployment of roles and responsibilities. Development of the capacity and incentive plan with appropriate connections with the 'Performance' window of the LDF will be explored.

The project will take an approach to the community CCA planning exercise that ensures that communities make the choices that suits them most on CCA measures, using the decentralization planning structures. A CCA budget per district (for example \$400,000) will be put at the disposal of communities to allocate to CCA priorities. The transparent availability of a budget per district would serve to strengthen the CCA planning process detailed in Component 1, and to empower communities to take an active role in decision-making in public policy processes, thereby creating a positive feed-back loop to the governance programmes that the LDCF project will be working hand in hand with. CCA priorities that are fully owned by the project communities are much more likely to yield sustained benefits over the longer-term, backed up with technical training and support.

Outcome 2: Reduced vulnerability in development sectors

Baseline context

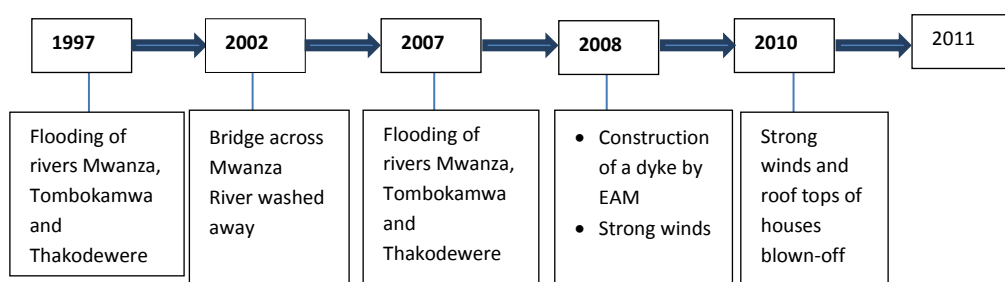
Almost all districts in Malawi now regularly experience climate change related and environmental degradation exacerbated hazards of droughts, dry spells and floods which are all directly disrupt livelihoods and the country's aspirations of poverty reduction and economic growth. In the lakeshore districts, floods have, for some time now, been the single most destructive hazard leading to loss of life, crops and assets, including houses and livestock, which would otherwise significantly contribute to community resilience, and pose major health and sanitation problems. Climate

change accentuates these disasters by altering their frequency and/or intensity, increasing community vulnerability, and threatens the sustainability of development efforts. In fact, a recent country assessment by UNDP indicates that before 2001, only 9 districts were classified as flood-prone whereas in 2010, 14 districts were classified as such (UN in Malawi, 2010).

Climate change is also causing changes in pest and disease pressures, post-harvest loss of grains due to delayed harvest, production losses and post-production losses. Major impacts of these risks on agricultural production include: crops drying before maturity; crop damage (due to floods), soil degradation (soil erosion, loss of soil fertility, siltation of fields), shortage of water, loss of land, destruction of infrastructures (roads, bridges, houses), reduction in yield and consequently food insecurity. The stress on the natural resource base has been aggravated, thereby aggravating poverty, especially for the already vulnerable population in marginal areas.

These challenges are illustrated by a case study developed for a community in the Chikwawa district (Phiri.G, 2012), which has suffered by floods and also by shifting rainfall patterns.

Figure 2. Time series of major events in the area of Traditional Authority Chapananga in Chikwawa district with particular focus on Tombondela Village.



Participants at both Chibisa ADC and Tombondela VDC independently agreed that the first major floods in the area occurred in 1997 when three rivers: Mwanza, Tombokamwa and Thakodewere flooded (Figure 1). These floods led to loss of human lives and the wash away of houses, crops and livestock. Some people were relocated to higher grounds while others refused to move. In 2002, there was another major episode of flash floods during when a bridge in the area across Mwanza River was washed away. The floods also disrupted the rural piped water system and washed away crops, houses, and livestock. Following these floods, World Vision Malawi (WVI), Evangelical Lutheran Development Services (ELDS), and Catholic Development Commission (CADECOM) intervened in different ways. While CADECOM and ELDS promoted afforestation and conservation agriculture, WVI built primary school teachers' houses. The Irrigation, Rural Livelihoods and Agricultural Development (IRLAD) project intervened in 2004 through promotion irrigation in the area and provided some of the affected households with treadle pumps. Floods affected the area again in November 2007 when, in addition to Tombokamwa and Thakodewere rivers, Mwanza, Kakoma and Mphete rivers flooded. Again, human lives were lost and livestock and crops were washed away. Following these floods the people that refused to move in 1997 accepted to move to the higher grounds. In addition to the floods, strong winds on 9 September 2007, and 8 September 2008 respectively, blew off roofs. The strong winds recurred in 2010 causing similar types of damage.

Another major event was the onset of the rainy season that is critical to their rain-fed agriculture whose onset in the pre-1990s would usually be in October, but with the trend shifting towards November and becoming less certain. In pre-1990s, the rainy season extended till the month of March whereas in the recent periods, rains generally terminate in early February. This shift in rainfall duration and increasingly erratic patterns are having impact on the staple food situation at household levels which becomes scarce over extended periods. This is however being alleviated by the presence of early maturing maize varieties when the rains are reasonably reliable. The shift in the rainy season onset and termination was also indicated to be manifested in the availability of forage: in the pre 1990s, forage would only be scarce during the

month of October contrary to recent seasons when the shortage is being experienced over extended periods (September-November) with direct negative impacts on livestock production.

A further challenge for the area is the cutting of trees for burning bricks that are used in development projects such as school building, under the LDF.

Baseline investments

Local Development Fund disbursements in 2010/11 achieved the following things, among others:

- 958 primary school staff houses constructed
- 471 projects implemented in various sectors;
- Over 300,000 beneficiaries from public works programme;
- Projects in rural growth centres under construction;
- Establishment of various institutional management systems;
- Finalisation of the District development planning system handbook and staff performance management system.

For the years 2012-13 to 2013-14, the following is planned:

- 150 physical infrastructure investments
- 220,000 public works beneficiaries;
- 2000 sub-projects implemented;
- 2000 houses constructed;
- School infrastructure reconstruction programme.

The project will work with the following UNDP baseline investments:

<u>National priority: Sustainable economic growth</u> <u>UNDAF Outcome 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016.</u> <u>UNDP CPD programme II: DRM, Climate Change, Environment and Sustainable Development.</u>	
Disaster Risk Management programme support to Malawi (2012-2016) Location: 15 disaster prone districts. TBD Co-financing for the component: \$0.7 million	
Output 1: Disaster risk management mainstreamed in policies, plans and development	<ul style="list-style-type: none"> • Implement DRM plans in the 15 vulnerable districts.
Output 2: Data and knowledge in the impact of natural disasters collected and made accessible to decision-makers in government, private sector, civil society and communities.	<ul style="list-style-type: none"> • Review of early warning systems. Needs assessment. Provision of equipment and training. • Produce and disseminate hazard and vulnerability maps at relevant scales. Training and equipment provided. • Provide training and equipment for effective dissemination of early warning information in 15 disaster prone countries; • Cash for work schemes and TA for flood control schemes

Adaptation alternative

The project will work in two ways at the district level:

- Strengthen the resilience of infrastructure investments funded by the Local Development Fund: LDF grant could be added, in some cases, to LDF investments to ensure implementation of resilient investments. The need and scope of these additional investments from the LDCF grant will be assessed with stakeholders during the PPG phase;
- Implement community CCA priorities scoped during the development of the community CCA plans, in collaboration with the relevant district-level sector officials and delivering integrated DRR and CCA solutions. Recognizing that in Malawi agriculture is the priority sector for adaptation (NAPA, 2006), likely activities to be supported will be land-use related e.g. climate smart agriculture, including increasing crop diversity, low / zero tillage, conservation agriculture, agroforestry, also options for crop diversification from maize monocrops to a wider range (reducing risk and improving nutritional status) and changes to livestock varieties / herd composition. A CCA budget per district (for example \$400,000) will be put at the disposal of communities to allocate to CCA priorities. The transparent availability of a budget per district would serve to strengthen the CCA planning process detailed in Component 1, and to empower communities to take an active role in decision-making in public policy processes, thereby creating a positive feed-back loop to the governance programmes that the LDCF project will be working hand in hand with. CCA priorities that are fully owned by the project communities are much more likely to yield sustained benefits over the longer-term, backed up with technical training and support.

Technical training and other support as requested by communities will be provided to implement the CCA plans, through connections to baseline/co-financing initiative where appropriate (to be scoped during the PPG phase), for example, finance, agricultural inputs and other adaptation technologies, storage facilities, management support, links to markets and other value chain needs. The intention would be to move away from a 'handout' model, which promotes dependency, to fostering a sense of personal responsibility and 'can do' around CCA through an initial package of support, following beneficiaries' interest. The empowerment of communities around the planning and budgeting process for CCA will set the standard for public participation that can be disseminated to central government, donors and other districts as a model of good practice. This will be one way of promoting leadership and responsibility for CCA. The second way of promoting leadership and responsibility for CCA will be to ensure that the appropriate package of CCA measures are delivered to communities to address the main barriers so that benefits to communities are maximised, which will incentivize the continuation of good practice.

The project will work with the Meteorological Services to develop weather forecast information on short timescales for use by farmers to manage risks to their livelihoods, for example in better managing their planting calendar, in deciding when to apply fertilizer and in deciding which crops to plant, and longer-term timescales for infrastructure projects. On shorter-term timescales, the plan is to promote the use of weather forecast information, not just to avert disasters- which is being covered somewhat by the DRR initiatives in Malawi and will be the focus of more work under the UNDP DRR programme - but in a more progressive way to adapt livelihood strategies flexibly in light of the seasonal and shorter timescale forecast information. The PPG phase will determine how this project should connect to existing work in this area in the chosen districts and what the work programme over the five years should be depending on needs.

Outcome 3: Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas

Baseline context

The MGDS II (2011-2016) has nine key priority areas, including climate Change, Natural Resources and Environmental Management. On climate change, a number of key strategies are set out, including: mainstreaming climate change issues into sectoral policies, plans and programmes, promoting climate change-related education, training, awareness and capacity building, enhancing the implementation of climate change mitigation and adaptation programmes and implementing a comprehensive national climate change investment plan. This broad-level policy ambition needs to be translated into investment planning by line ministries. Programmatic entry points

will be the DRR and ENRM planning processes, to which will be added a forward looking, climate risk management perspective.

Baseline investments

The project will work with the following UNDP baseline investments:

National priority: Sustainable economic growth UNDAF Outcome 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016. UNDP CPD programme II: DRM, Climate Change, Environment and Sustainable Development.	
Disaster Risk Management Programme support to Malawi (2012-2016) Location: 15 disaster prone districts. TBD Co-financing for the component: \$1.6 million	
Output 1: Disaster risk management mainstreamed in policies, plans and development	<ul style="list-style-type: none"> • Review Disaster Preparedness Act • Finalise and operationalise the national disaster risk management policy • Review policy on environment and inter-ministerial processes • Introduce DRM into school curricula
Output 2: Data and knowledge in the impact of natural disasters collected and made accessible to decision-makers in government, private sector, civil society and communities.	<ul style="list-style-type: none"> • Establishment of a disaster database • Production of documentaries. • Develop website. • Establish a technical resource centre at university level • Formulate and operationalise a national risk communication strategy
Output 3: Coordination mechanisms and implementation arrangements for DRM/DRR established and used at national level and in the 15 disaster prone districts.	<ul style="list-style-type: none"> • Establishment of a Malawi National Platform to coordinate DRM/DRR • Develop and support linkages between DRM information databases. Develop a Data and Information sharing Act. • Review of DODMA's damage assessment methods and protocols; • Operationalise the Sector Working Group on Vulnerability and Disaster and Risk Management. Training of line ministry focal points • Review institutional arrangements for DRM/DRR in selected disaster prone districts and strengthen coordination mechanisms.
Environment and Natural Resources Management Programme Support Document to Malawi (2012 – 2016) Location: National & 15 disaster prone districts TBD Co-financing for the component: \$4 million	
Output 1: Environment and natural resources mainstreamed into policies, development plans and programmes at national level and implemented in 15 disaster prone districts.	<ul style="list-style-type: none"> • Review ENRM and lands legislation and institutions; • Harmonise sectoral and legislation & policies; • Support SEA for Malawi basin; • Develop alternative accounting methods; • Legal framework for equitable benefit and distribution; • Develop and update District Environment Management Manual; • Training at national and district level for national and district officers of ENR planning.
Output 2: Data and knowledge on the impact of climate change, environment and natural resource degradation and natural disasters collected and made accessible to decision makers in government, private sector and civil society.	<ul style="list-style-type: none"> • Operationalise NE and CC communication strategy; • Support functioning of national spatial data centre; • Develop ENRM website; • Establish IT network for ENRM; • Develop ENRM indicators and survey methods; • Include ENR module in national statistical surveys; • Establish statistical capacity in 5 pilot Districts; • Incorporate ENR education in primary, secondary and tertiary teacher training; • Production of State of Environment report;

	<ul style="list-style-type: none"> • Best management guidelines and practices developed; • Academic research supported; • Knowledge fora and symposia supported;
Output 3: Coordination mechanisms and implementation arrangements for ENR established and used at national level and in disaster prone districts	<ul style="list-style-type: none"> • Establish EPA; • Review roles and responsibilities re consents and regulatory framework; • Support and training for National Council of the Environment; • ENR training at tertiary institutions; • Feasibility assessment into setting up Trust Fund for ENR projects; • Support to and training of SWG; • Support for environmental NGOs • ENRM SWAP

Adaptation alternative

The project will work at the national level to mainstream climate change adaptation into sector budgets by a) working with the Ministry of Finance to adjust budget preparation guidelines, which should provide a top-down directive to integrate climate change in the annual budgeting process b) operationalize the new climate change policy by working with relevant ministries to develop sectoral adaptation plans through the development of economic costings c) developing capacity for economic costing work and climate change more generally through trainings and the operation of a national support programme with primary service providers chosen from among Malawian institutions, supported by partnerships with international organizations where necessary d) integrating sector adaptation plans into one integrated, multi-sector adaptation investment plan, which will mean bringing ministries together to evaluate, discuss and agree synergies and trade-offs in a transparent and participatory manner with ministries e) adjusting sector budgets in 2014 to implement the costed adaptation priorities, and f) developing a shared understanding among government of the fiscal and regulatory instruments needed to incentivize adaptation action from the non-state sector, as well as agreeing a timeline and workplan for developing such instruments.

The CC scenarios generated by the World Bank to be used in the agriculture sector (developed under the national Climate Change Programme) will be extended for use in other key sectors, specifically: water resources, human health, energy, forestry, fisheries and wildlife, to ensure that all key sectors can devise appropriate area-specific adaptation advice / interventions. The project will work closely with Universities in Malawi, research institutions (e.g. ICRAF and ICRISAT) and professional bodies (*inter alia* meteorology, engineering, architecture, environment, agriculture, irrigation) to devise an appropriate technical support programme at the national level to support these sector costings. The programme should also ensure that activities in Malawi benefit from and share lessons with wider international developments in CC – avoiding the costly and time-wasting tendency to “re-invent the wheel”. The UNDP methodology on Investment and Financial Flow Analysis already piloted in a number of countries in UNDP globally will be considered as a total economic costing model for use in the sector adaptation costing work.

The project will complement the DRR programme to add a forward-planning view of climatic risks, as well as strengthening the guidance and influencing the budget allocation for DRR and CC to the decentralised structures. The LDCF project will complement and strengthen the harmonisation of ENRM legislation and policies and capacity development with a national adaptation policy and analytical process. The PPG phase will explore whether the sector working groups convened for DRR and ENRM can also be a useful mechanism by which to get the CCA sector analyses done and dialogue strengthened between ministries. The national level technical support programme, will complement the academic research programme supported by the ENRM programme. The LDCF project will generate CC impact information that can be used in the ‘alternative accounting’ methods workstream of the ENRM programme.

The project aims to encourage responsibility for mainstreaming results by line ministries to ensure that spending plans are consistent with the principles of climate resilience, and that spending plans across sector lines are ultimately integrated to make best use of resources. The project aims for adjustments to be made to budgets in 2014, so that urgent and immediate adaptation priorities are implemented in the mainstream development budget. This is the first way the project intends to scale up urgent and immediate adaptation needs. Some of the effort in this component will also be about promoting understanding about how adaptation can be implemented by the non-state sector, and enabling policies and instruments needed to catalyse these investments, thereby providing a second mechanism for scaling up adaptation. A coherent and integrated cross-government impact assessment and CCA planning exercise will help to make sectoral guidance that is prepared for Districts by the Centre more coherent and integrated too, which will help Districts implement CCA coherently on the ground.

The approach taken by the project will bring about transformational change at the national planning levels, in the sense that a small amount of money should have a large multiplier effect using the DRR and ENRM programmatic entry points, to make most efficient and effective use of domestic resources for urgent and immediate adaptation.

B.3. DESCRIBE THE SOCIOECONOMIC BENEFITS TO BE DELIVERED BY THE PROJECT AT THE NATIONAL AND LOCAL LEVELS, INCLUDING CONSIDERATION OF GENDER DIMENSIONS, AND HOW THESE WILL SUPPORT THE ACHIEVEMENT OF GLOBAL ENVIRONMENT BENEFITS. AS A BACKGROUND INFORMATION, READ [Mainstreaming Gender at the GEF](#).

The project will work in four vulnerable Districts (location and number to be confirmed during the PPG phase), directly benefitting around 50,000 households. Households who will benefit indirectly through planning processes that build in climate resilience principles could be another 100,000. The target beneficiaries will be identified during the PPG phase.

In terms of adaptation benefit expected, to some extent, this will be dependent on the district selected for project implementation, which will be agreed during the PPG phase. An appropriate results framework, indicators and targets will be designed to reflect the benefits expected from an improved design of LDF investments and the CCA priorities scoped out by stakeholders. As agriculture is the mainstay of the rural economy, it is expected that project indicators and targets will be related to resilient agricultural methods that seek to reduce production losses from climate change impacts, such as diversification of crop-mix, micro-irrigation, agro-forestry and agro-pastoral activities, or conservation (ecosystem restoration, reforestation, improvement of water infiltration and water retention in the soil). This will have a direct impact on income and food security of families. Thus project vulnerability targets could be expressed as increases in income.

Direct and indirect benefits will be explored during the PPG phase and an appropriate results framework designed. The equal participation of women, men and children will be ensured during project preparation to ensure that the project is designed to maximize adaptation benefits, to promote gender equality, and for maximum sustainability.

B.4. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS THAT MIGHT PREVENT THE PROJECT OBJECTIVES FROM BEING ACHIEVED, AND IF POSSIBLE, PROPOSE MEASURES THAT ADDRESS THESE RISKS

The main risks faced by the project are expected to be primarily operational in nature. The following table sets out the main risks foreseen at this stage. The full range of risks will be determined during the PPG phase.

RISK	MITIGATION MEASURE
Insufficient ownership and engagement in the project by key stakeholders.	The project's ultimate success hinges partly on decision-makers at different levels of government, particularly District Councils, being persuaded of the development value of allocating budgetary resources to Climate Change Adaptation. This in turn will depend partly on the degree to which the project is able to demonstrate the value of adaptation to decision-makers. This risk will be mitigated through a combination of awareness raising, capacity development and policy advocacy targeted at key government planners and decision-makers at different levels.
Weak community	The project will use decision-making structures and discussion forums to promote participation of

engagement and interest in the project.	communities in the project. The project team will listen to their needs and preferences and design the CCA interventions accordingly. It is expected that communities should be motivated by the project if it responds to their livelihood needs.
Community interest and engagement may wane if project interventions do not generate tangible benefits,	Project interventions will be chosen on the basis of community preferences. Communities will be in the driving seat in the design and implementation of the pilot projects.
Droughts and floods during the project implementation period could shift stakeholders' attention towards emergency relief thereby reducing the resolve of government and communities to focus on longterm adaptation.	The project should be designed to mitigate these risks, and so, should they occur during project implementation, they will be a good test of project effectiveness. CCA measures will be selected by communities themselves which, together with a skillful climate forecasting system, should improve the likelihood that they will protect communities against climate shocks. There is a risk that emergency procedures would disrupt planning work. The project will adapt implementation schedules accordingly.

B.5. IDENTIFY KEY STAKEHOLDERS INVOLVED IN THE PROJECT INCLUDING THE PRIVATE SECTOR, CIVIL SOCIETY ORGANIZATIONS, LOCAL AND INDIGENOUS COMMUNITIES, AND THEIR RESPECTIVE ROLES, AS APPLICABLE:

Responsibility for disbursing funds will reside with line ministries at the central government and District level, to promote integration of climate resilience into spending plans and programming at the Central government and District levels. Stakeholders during the PPG phase will identify the Districts to work with during the PPG phase, based on the location of the UNDP governance programmes, where other CCA initiatives are operating and interest to participate from the District authorities and communities themselves. Partnerships will be carefully selected so that project produces results that are sustainable. The following table sets out stakeholders expected to be involved in the delivery of outputs. The PPG phase will determine the final shape of stakeholder involvement in the project.

STAKEHOLDER	ROLE
Local communities in the project districts	Contributors to the CCA plan development process and owners of the community level adaptation plans. Contribution of time and expertise in the implementation and maintenance of community CCA measures; contribution to M & E process..
Non-government organisations	Service providers to mobilize communities' participation into CCA planning exercises; Co-implementation of CCA priorities,
District Councils (to be identified during the PPG phase)	Contributor of staff and technical inputs and expertise including direction of and participation in planning processes.
Ministry Development Planning and Cooperation The main planning and coordinating ministry for development initiatives. Coordinates the preparation of public sector investment programmes, which is the main instrument that informs the national development budget. Chair of National CC Steering Committee	Implementing Partner (Responsible and accountable for delivery of project Outcomes).
Ministry of Finance. Consolidates and presents the National budget, based on sector budgets. Is also the seat of the Debt and Aid Division which coordinates development aid and is the official liaison with development Partners.	Responsible Party (responsible for output delivery)
Ministry Environment and Climate Change: Addresses the sustainable use of Malawi's natural resources and the environment, including effects of Climate Change. Ministry includes Environmental Affairs Department (EAD), Department of Forestry and the Department of Climate Change and Meteorological Services (DCCMS).,DCCMS chair of CC Technical Committee. EAD: UNFCCC and GEF focal point	Responsible Parties (responsible for output delivery). Technical input to project

Ministry of Energy and Mining. Holds the Energy Portfolio (under the Department of energy), which in Malawi is closely linked to Natural resources Management (98% of house-hold energy provision from biomass, in particular woodfuel and charcoal). This has also the link with Climate Change through Low carbon, energy efficient strategies.	Responsible Parties (responsible for output delivery). Technical input to project
Ministry of Local Government and Rural Development.: Provides guidance and support to District Councils. Acts as a link between central Government and District Councils. Coordination, planning and monitoring at District level.	Responsible Parties (responsible for budget spend for a particular output). Technical input to project
Ministry of Agriculture Irrigation and Water Development: Comprises of the following Departments: Crop production, Animal Health and Livestock Development, Land Resources Conservation, Fisheries, Agricultural Research Services, Extension services.	Responsible Parties (responsible for budget spend for a particular output). Technical input to project
Department of Disaster Management Affairs : Under the Office of the President and Cabinet. Responsible for National and District Disaster Management, contingency planning, etc. Role: Risk Assessments, EWS and contingency planning around natural disasters at local level	Technical input to project to ensure coordination and complementarity

***Note:** ‘Implementing Partner’ is the UNDP definition for the entity responsible and accountable for managing a project - including the monitoring and evaluation of project interventions - and achieving project Outcomes. ‘Responsible Party’ is an entity selected to act on behalf of the Implementing Partner on the basis of a written agreement or contract to purchase goods or provide services using the project budget.

B.6. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The project is aligned to and follows the priorities of Malawi Growth and Development Strategy II for 2011 - 2016 (MGDS II), the 2012-2016 United Nations Development Assistance Framework (UNDAF) and UNDP Country Programme Document (CPD). The project operationalizes the relevant plans and strategies, focusing on the following themes: Mainstreaming; Data and Knowledge Management; and Co-ordination (at national and district levels).

The project is directly linked to the MDGS II priority areas on Agriculture and Food Security and Climate Change, Natural Resources and Environmental Management. The project is in line with the ASWAp in relation to mainstreaming climate risks in agriculture-led development and to strengthen institutional capacities to make implementation more effective, in order to drive national development within the context of the Malawi Growth and Development Strategy. The project is also closely aligned with the following policies and programmes: a) National Disaster Risk Management Policy - 2013-2017 b) National Agriculture Policy - 2011 and c) Water policy – 2005

The LDCF project will co- implement the National Climate Change Programme, using the structures and processes it is establishing for enhanced policy coordination and the development of a national climate change planning framework for different sectors. An integrated climate change policy that recognizes the multiple dimensions and cross-cutting nature of climate change is currently being formulated in 2012. Other tasks it will be carrying out over the next four years include revision of linked sectoral policies, revision of the NAPA, development of a climate change investment plan, developing carbon financing strategies, improving data and knowledge and knowledge dissemination, and working with Districts to mainstream climate change.

Section B2 describes how the project will work with baseline/co-financing programme. The project also recognizes the two NGO consortia of NGOs implementing ‘Enhancing Community Resilience Programmes’ funded by DFID to the tune of \$3 million over three to four years, benefiting 600,000 people (c.120,000 households). The consortia will be operating in 6 of the 15 MLOGSIP districts. The approach is to enable communities to switch to resilient livelihoods working with the District Council and other local structures. Stakeholders will need to decide whether to co-locate this project in the

some of the same districts. A positive point to note would be the bigger resource envelope and the larger institutional and intellectual effort to address the challenges in getting district structures to work effectively. Partners need to be ready to work together. This readiness will be scoped during the PPG phase.

The project recognises the planned approaches and efforts of the two other LDCF projects: the CARLA project and the 'Climate-proofing of Local Development' LDCF projects. The main differences in approach to the CARLA and 'climate-proofing' projects are as follows:

1. By integrating climate resilience inputs into long-standing governance programmes, and making the relevant connections the governance components of DRR and ENR programmes, the project will be capitalizing on cost efficiencies in the development of CCA management systems, working in collaboration with MLOGSIP and DCP programme staff; and established working relationships and networks with the decentralized governance structures and processes, which is likely to develop CCA planning capacities more effectively and sustainably, ie not just training, but by enhancing district level management systems to integrate climate resilience principles. The primary entry points will be governance-related, rather than agricultural-related.
2. The project will engage with district level planning processes in the following ways: i) enabling communities to be at the centre of deciding which CCA measures they wish to implement, together with ii) the support package to make it happen iii) within a set budget at the disposal of the community to build trust in the planning process, and by iv) supporting the integration of these community plans into district development planning processes and plans v) strengthening the main institutional architecture to incorporate CCA to increase sustainability;
3. Influencing district level budgets, so that investments from regular development budgets improve, rather than erode resilience. Building the capacity and incentives for district officials to make the case for budgeting allocations will strengthen fiscal decentralization, enabling leveraging of regular development resources for climate-resilient investments.
4. By strengthening the connections between the decentralized CCA planning process and the central government CCA planning process, recognizing the essential role that central government has in promoting coordinated and coherent decentralized implementation of CCA. A detailed and extensive programme of capacity development is proposed for Component 3.

B. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

The mid-term review of the 2008/11 Country Programme (CP) and the 2010 Assessment of Development Results (ADR) for Malawi concluded that close working relations with the Government and civil society have enabled UNDP to technically support new policy frameworks in Disaster Risk Management (DRM), aid effectiveness and management, electoral support, the environment-poverty nexus and the evolution of the MGDS.

The new UN Division of Labour (DoL) sees UNDP in the forefront on its traditional areas of comparative advantage i.e. Governance, Climate Change, Disaster Risk Management (DRM) and gender issues, including the management of pooled fund arrangements. The MGDS II priorities and the UNDP Corporate Strategy and its Regional Strategy for Africa emphasize the continued importance of capacity development, aid effectiveness, poverty reduction and growth, democratic governance, sustainable development, energy and environment and gender equality. In keeping with UNDP's mandate, comparative advantage and development experience, the country programme is designed to support four strategic and inter-related priority areas: sustainable and inclusive economic growth; climate change, energy and environment and disaster risk mitigation; MDG achievement (Gender and HIV/AIDS); democratic governance and public sector management. These areas correspond to UNDAF Outcomes (1), (3) and (4). The CP establishes synergies between capacity development and resource management, as key constraints in MDG achievement. Support to public administration reform will be reinforced by a national Results-based Management practice, further support to aid management and negotiations, and evidence-based planning and policy making.

UNDP is uniquely positioned in Malawi, as an agency with a track-record of successfully implementing up-stream programmes and can provide a vital co-ordination role to catalyse CC resilience in Malawi, in part using the approaches and tools outlined in the recently published UNDP Low-Emission and Climate-Resilient Development Strategies (LECRDS) documents³. Under the last Country Programme, UNDP's portfolio in Malawi had 30 active projects under 4 clusters namely: Environment/Climate Change/Disaster Risk Reduction, Growth and Millennium Development Goals, Capacity Development, and Governance. The portfolio balances between policy and programme support, spanning from national facilitation to local level implementation support.

At the policy level, UNDP is supporting the government to mainstream climate change considerations into national development through the National Climate Change Programme (US\$4,200,000, with contributions from DfID, Norway, Spain and Flemish Government, routed through the One UN Fund). The National Climate Change project partners with the Africa Adaptation Programme (US\$3,900,000 from the Japanese Government), another project supported UNDP, to build the capacity of national and local government institutions and key civic-society stakeholders towards climate change. Piloted in the 7 NAPA districts, the partnership programme supports the development of comprehensive climate change adaptation strategies linked to long-term investment plans. Coordinated by the Ministry of Finance and Development Planning (MoFDP, in April 2012, with the ascendance of the new President in Malawi, split into the Ministry of Finance and Ministry of Development Planning and Cooperation), the programme works with other Priority Sector Ministries, most notably the Ministry of Natural resources, Energy and Environment (also split in April 2012 into the Ministry of Environment and Climate Change, and the Ministry of Energy and Mining), as well as non-state implementing agencies and coordinating institutions that are represented in the National Climate Change Technical Committee. The programme is overseen by the National Climate Change Steering Committee. Experiences and lessons gained from this partnership will inform component 2 of the proposed LDCF project on: mainstreaming climate change considerations into the district development programmes, and climate proofing the decentralization policy implementation. Further mainstreaming experience, knowledge and lessons is being provided by additional initiatives: UNDP-UNEP Poverty and Environment Initiative (PEI) which supports the Government to include environmental sustainability as a core objective in national development planning (e.g. Malawi Growth and Development Strategy) & implementation so that poverty reduction and other economic development objectives are not undermined by the unsustainable use of natural resources. Practical field level experiences will be provided through the current portfolio of field-based initiatives, primarily through the expansive Small Grants Programme, which has to-date implemented projects worth USD 7 million in Malawi, several of them on climate change initiatives (both mitigation and adaptation).

Another core area of UNDP's programme is on economic governance and development. Programmes have included: "Financial Inclusion in Malawi (FIMA): 2007-2011"; a partnership between UNDP and the United Nations Capital Development Fund (UNCDF) that supports the Ministry of Finance to expand the participation of local communities in the financial sector, and "Democracy Consolidation and Improved Local Service Delivery", which aims at increasing the effectiveness of participation of communities in decision-making, and in advocating changes to policies, laws, and practices which affect their livelihoods and rights; including holding public bodies accountable. Under the new UNDAF 2012 – 2016, emphasis is being laid on the support to Government to prepare and operationalize the Integrated Rural Development Strategy, which will take forward elements of District planning processes, economic development and inclusive financial services, in coordination with other Development Partners (Norway, GiZ)

C.1. INDICATE THE CO-FINANCING AMOUNT THE GEF AGENCY IS BRINGING TO THE PROJECT:

The baseline financing that UNDP brings to the project is expected to be \$10,500,000. The details are in the following table:

National priority: Sustainable economic growth

³http://www.beta.undp.org/undp/en/home/ourwork/environmentandenergy/focus_areas/climate_strategies/green_lecrds_guidancemanualsandtoolkits.html

UNDAF Outcome 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016.	
UNDP CPD programme II: DRM, Climate Change, Environment and Sustainable Development.	
Disaster Risk Management programme support to Malawi (2012-2016) UNDAF Outcomes 1.3 & 1.4. Lead implementing partner: Department of Disaster Management Affairs Budget: \$4.5m Location: 15 disaster prone districts. TBD Co-financing for the project: \$2.6 million	
Environment and Natural Resources Management Programme Support Document to Malawi (2012 – 2016) UNDAF Outcome 1.3 Lead implementing partner: Environmental Affairs Department Budget: \$5.4m Location: National & 15 disaster prone districts TBD Co-financing for the project: \$4.4m	
National priority: Improved governance UNDAF Outcome 4: National institutions effectively support transparency, accountability, participatory democracy and human rights. UNDP CPD programme I & IV: Governance and public sector management reform.	
MLOGSIP: Malawi Local Government Strengthening and Investment Programme (2011-2014) UNDAF Outcome 4.1 Lead Implementing partner: Min of Local Government & Rural Development Budget: \$6m. [Local Development Fund, since 2009: \$70m among 28 Districts]. Location: <u>14 District Councils.</u> Northern: Nkhata Bay; Central: Ntcheu, Dedza, Mzimba Mchinji, Kusungu; Southern: Thyolo, Nsanje, Machinga, Chiradzulu, Chikwawa Mangochi, Phalombe, Zomba. Co-financing for the project: \$3.5 million (taking into account predecessor programmes)	
Total baseline investments	10.5

A full co-financing plan will be developed during the PPG phase.

C.2. HOW DOES THE PROJECT FIT INTO THE GEF AGENCY'S PROGRAM (REFLECTED IN DOCUMENTS SUCH AS UNDAF, CAS, ETC.) AND STAFF CAPACITY IN THE COUNTRY TO FOLLOW UP PROJECT IMPLEMENTATION:

The following three programmes in the UNDP country programme are relevant for this proposed project:

Programme Component I: Sustainable Economic and Inclusive Growth (UNDAF priority 1)

UNDP will provide financial and technical support for entrepreneurial innovation, inclusive market development, pro-poor business models and financial inclusion. The above objectives will be achieved by strengthening capacities of institutions in the provision of small and medium enterprise services and to enable pro-poor business models to link farmers to markets in innovative value chains.

Programme Component II: DRM, Climate Change, Environment and Sustainable Development (UNDAF priority 1)

UNDP's support will focus on improved coordination, investment planning, mainstreaming and knowledge management at the national and district levels to ensure a low emission and climate-resilient development. These objectives will be achieved by strengthening the policy environment, improving data and information management, and enhancing capacities for resource mobilization, coordination and monitoring of institutions responsible for climate change mitigation and adaptation,

environment and natural resources management, disaster risk management and energy planning. With 15% of the population living in or on the fringes on flood-prone areas, and with the frequency and severity of natural disaster likely to increase under the influence of climate change, UNDP will expand its efforts in DRM by leveraging its relationships with the Government at central and district level, civil society and UN agencies. DRM will be mainstreamed in 14 disaster-prone districts.

Programme Component IV: Governance and Public Sector Management Reform (UNDAF priority 4)

UNDP will assist the Public Sector Management Reform Unit to operationalize a SWAp to improve public implementation and service delivery at central as well as decentralized levels. This effort will link into a continuity of cooperation with GoM and UNCDF in decentralization and the emerging policies and strategies in Integrated Rural Development. Synergetic capacity development plans will be developed, with other UN agencies, for the key SWApS, such as Health, Education and Agriculture. To this effect, UNDP is leading the way in developing sector capacity diagnostics tools.

The following are the UNDAF outcomes and outputs of relevance, which form the basis for the UNDP Country Programme:

Key Priority 1: National policies, local and national institutions effectively support equitable and sustainable economic growth and food security by 2016.

Outcome 1.3 Targeted population in selected districts benefit from effective management of environment, natural resources, climate change and disaster risk by 2016

- Output 1.3.1: Environment, natural resources, climate change, and disaster risk management mainstreamed in policies, development plans and programmes at national level and implemented in 14 disaster-prone districts.
- Output 1.3.2 : Data and knowledge on the impact of climate change, environmental and natural resources degradation and natural disaster collected and made accessible to decision makers in Government, Private Sector and Civil Society.
- Output 1.3.3: Targeted population in selected districts benefit from effective management of environment, natural resources, climate change and disaster risk by 2016.

Key Priority 4: National institutions effectively support transparency, accountability, participatory democracy and human rights by 2016.

Outcome 4.1 National institutions foster democratic governance and human rights to promote transparency, accountability, participation and access to justice for all especially women and children by 2016

- Output 4.1.3 City and District Councils, Area and Village Development Committees (VDC) in targeted districts have capacity to conduct participatory planning, budgeting and manage integrated rural development in line with the national decentralization policy

Outcome 4.2 Public institutions are better able to manage, allocate and utilize resources for effective development and service delivery by 2016

- Output 4.2.1 Capacity for public sector management strengthened for effective service delivery
- Output 4.2.2 National institutions utilize RBM systems for planning, monitoring and evaluation to enhance ownership and leadership for achievement of development results
- Output 4.2.4 National institutions have the capacity to align policies, programmes and budgets with national development strategies and MDGs for efficient achievement of development results

The UNDP Country Office (CO) has 4 programme clusters that are implementing the country programme: 1. Millennium Development Goals Achievement (including Integrated Rural development); 2. Capacity Development; 3. Governance;

and 4.Environment,Energy and Climate Change (including Disaster risk reduction). These are fully fledged clusters, led by Assistant Resident Representatives, and with 3 – 4 Programme Analysts each that are following some 6–8projects per cluster, with delivery amounting to some USD 20 – 25 million annually (with some 8 – 10 million TRAC core resources). Each cluster has also some 2 – 3 specialist Advisers, normally under programme resources, either at the CO or in the main Implementing Partner (e.g. the Environment Cluster has a Climate Change / ENRM Mainstreaming Adviser in the Department of Development Planning, an SLM / ENR adviser in the Environment Affairs Department, and a DRR Adviser in the Department of Disaster Management Affairs).


PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

NAME	POSITION	MINISTRY	DATE (MM/DD/YYYY)
Dr Aloysius Kamperewera	GEF OFP	Environmental Affairs Department	May 10 2012

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.

Agency Coordinator, Agency name	Signature	Date	Project Contact Person	Telephon e	Email Address
Mr. Stephen Gold UNDP/ GEF Officer-in- Charge		01 August 2012	Jessica Troni Regional Technical Advisor Pretoria, S.A. Gr-LECRDS	+27 12 354 8056	Jessica.troni@undp. org