RESILIENT AND EFFECTIVE DEVELOPMENT USING PPCR-PR POLICY ANALYSIS TOOLS

SPREP
Secretariat of the Pacific Regional Environment Programme

50 YEARS

ADB

CIF CLIMATE INVESTMENT FUNDS

The **Pilot Program for Climate Resilience: Pacific Regional Track (PPCR-PR)** is a regional program which aims to strengthen integration of climate change and disaster risk considerations into 'mainstream' policy making and related budgetary and decision-making processes (i.e. 'climate change and disaster risk mainstreaming').

The PPCR-PR is implemented by the Secretariat of the Pacific Regional Environment Program (SPREP) and Asian Development Bank (ADB) and is funded through the Climate Investment Funds (CIF).

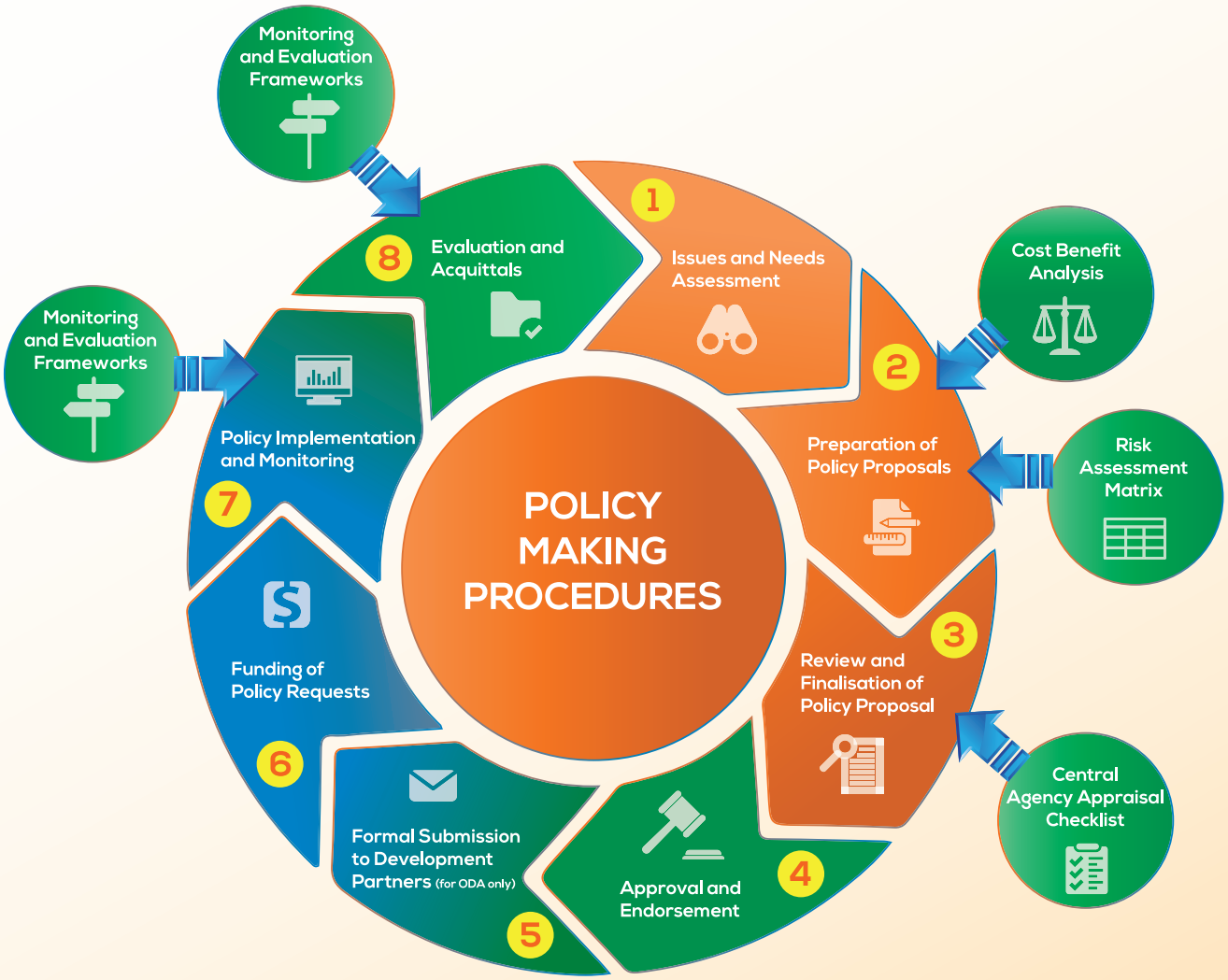
SPREP
Secretariat of the Pacific Regional Environment Programme

50 YEARS

ADB

CIF CLIMATE INVESTMENT FUNDS

RESILIENT AND EFFECTIVE DEVELOPMENT USING PPCR-PR POLICY ANALYSIS TOOLS



REPORT AUTHOR: Aaron Buncle

Executive Summary

Climate related events such as cyclones, extreme tides, and drought can adversely affect a development policy.[1] When these events occur, they can reduce the extent to which the policy is able to achieve its intended development objectives—or even cause it to fail.

In the Pacific, climate related events can affect a wide range of different development policies in diverse ways. However, despite the known impacts of such events, many Pacific island country governments do not, in general, systematically account for these risks as part of 'mainstream' policymaking processes. Rather, consideration of climate change and disaster risk(s) tends to occur in a haphazard and piece-meal manner.

As a result, the design of many development policies in the Pacific does not incorporate adequate measures to deal with climate events, and some policies overlook this aspect altogether. In turn, many development policies are not as resilient to climate events (when they occur) and hence are not as effective at achieving their development objectives as they could be.

The Pilot Program for Climate Resilience: Pacific Regional Track (PPCR-PR) is a regional program that aims to strengthen integration of climate change and disaster risk considerations into 'mainstream' policymaking processes. The PPCR-PR was implemented by the Secretariat of the Pacific Regional Environment Program (SPREP) and Asian Development Bank (ADB) and was funded through the Climate Investment Funds (CIF).

The focus of the PPCR-PR is to adapt and strengthen analytical tools that input to policymaking and related decision-making processes. By improving the quality of analyses that are routinely conducted to inform policymaking processes and by ensuring climate change and disaster risk is appropriately considered as part of these analyses, then:

i. the option(s) put forward to address a given policy problem will be of higher quality and more likely to incorporate measures to deal with climate events (as appropriate); and

ii. decision-makers will be able to make more informed and sound decisions, such that development policies can be expected to be more resilient to climate events and more effective at achieving their intended objectives.

The policy analysis tools that have been adapted and strengthened as part of the PPCR-PR are:

1. a **central agency review tool**;
2. a **cost-benefit analysis tool**;
3. the **risk matrix tool**; and
4. **monitoring and evaluation (M&E) frameworks**.

Each of these tools are 'generic' policy analysis tools/methods such that they make a relatively broad contribution to a given policy-making process, rather than being limited to climate change and disaster risk elements only. This approach reflects the situation that climate change and disaster risks are typically just one of many considerations that need to be taken into account when designing and implementing an effective development policy.

Generally, it is more efficient to incorporate these considerations into existing analytical inputs rather than undertaking separate analyses. The approach also reflects that there is generally a capacity gap to effectively use existing 'foundational' policy analysis tools within small Pacific island country governments. Accordingly, there is limited benefit of additional and specialised analyses that only consider climate change and disaster risk without strong foundational policy inputs and core policy

1 'Policy' can take a range of different forms, including new regulation – such as through the introduction of certain licensing requirements or taxation; as well as the delivery of direct programs to the community such as education services or health care services. Policy is a generic term to capture all government interventions that are proposed through the annual budget and related overseas development assistance procedures.

design. If the foundational analyses are not undertaken well, policies will still likely be ineffective at achieving their development objectives, even after rigorously accounting for climate change and disaster risk elements.

The PPCR-PR policy analysis tools have been piloted on a range of policy problems in Tuvalu and Kosrae State (Federated States of Micronesia). These applications show the tools can meaningfully contribute to the design and implementation of better quality policies.

The tools have also been thoroughly reviewed by Tuvalu and Kosrae State Government officials as well as other 'experts' working in the region, and refinements have been made to the tools based on associated feedback.

The tools are now considered:

- clear and understandable;
- practical and workable in the Pacific island country government context; and
- to 'strike the right balance' between climate change and disaster risk and other important policy considerations, consistent with the purpose and methodological framework of the tool.

The tools are available for consideration by other Pacific island country governments and development partners.

In addition, experiences from the pilot countries indicate that the PPCR-PR policy analysis tools are best implemented as part of a broader governance-strengthening reform effort that also aims to improve the rigour of underpinning policy procedures. The substantive work of public policy—the technical, creative, and intellectual rigour that is provided for in the PPCR-PR policy analysis tools—must be complemented by a rigorous approach to procedure that ensures each domain (e.g. central agencies) is afforded its proper role. One key opportunity to support this broader reform effort is through the Green Climate Fund (GCF) Readiness Programme.

Further, it is hoped the tools will facilitate a movement toward better alignment and harmonisation of overseas development assistance (ODA) with Pacific island country government systems, consistent with commitments under the Paris Declaration for Aid Effectiveness. The PPCR-PR policy analytical tools have been developed with development partner involvement and support in mind, especially for larger and more complex policy analysis applications. To this end, the tools are based on 'best-practice' analytical methods that are commonly used by many development partners. They are flexible and adaptable so they can accommodate certain requirements (e.g. the use of certain monitoring formats). They are also well-suited to being used in a participatory and collaborative fashion so that the tools meet the needs of both Pacific island country governments and development partners.

Acronyms

ADB: Asian Development Bank

AF: Adaptation Fund

CBA: Cost-benefit analysis

CIF: Climate Investment Fund

CROP: Council of Regional Organisations of the Pacific

GCF: Green Climate Fund

GIZ: Deutsche Gesellschaft für Internationale Zusammenarbeit

M&E: monitoring and evaluation

ODA: overseas, or official, development assistance

PACC: Pacific Adaptation to Climate Change project

PPCR-PR: Pilot Program for Climate Resilience: Pacific Regional Track

SPC: the Pacific Community

SPREP: Secretariat of the Pacific Regional Environment Programme

TA: technical assistance

Introduction

Climate related events such as cyclones, extreme tides, and drought can adversely affect a development policy. When these events occur, they can reduce the extent to which the policy is able to achieve its intended development objectives—or even cause it to fail.

In the Pacific, climate related events can affect a wide range of different development policies in diverse ways. However, Pacific island country governments do not, in general, systematically account for these risks as part of 'mainstream' policymaking processes. Rather, consideration of climate change and disaster risk(s) tends to occur in an haphazard and piece-meal manner.

As a result, the design of many development policies in the Pacific does not incorporate adequate measures to deal with climate events, and some policies overlook this aspect altogether. In turn, many development policies are not as resilient to climate events (when they occur) and hence are not as effective at achieving their development objectives as they could be.

The Pilot Program for Climate Resilience: Pacific Regional Track (PPCR-PR) is a regional program which aims to strengthen integration of climate change and disaster risk considerations into 'mainstream' policymaking processes. The PPCR-PR was implemented by the Secretariat of the Pacific Regional Environment Program (SPREP) and Asian Development Bank (ADB) and was funded through the Climate Investment Fund (CIF).

The focus of the PPCR-PR is to adapt and strengthen analytical tools that can be used to provide input to policymaking and related decision-making processes. The logic is that by improving the quality of analyses that are routinely used in policymaking processes and by ensuring climate change and disaster risk is appropriately considered as part of these analyses:

i. the option(s) put forward to address a given policy problem will be of higher quality and more likely to incorporate measures to deal with climate change and disaster events (as appropriate); and

ii. decision-makers will be able to make more informed and sound decisions. As a result, development policies can be expected to be more resilient to climate events and more effective at achieving their intended objectives.

This report provides an overview of the analytical tools that have been adapted and strengthened for the small Pacific island country context as part of the PPCR-PR. It describes the process of tool selection and adaption, thoroughly explains the elements of each tool to facilitate utility, and demonstrates their successful application through the use of case study examples. The report also highlights key contextual factors to consider for effective adoption of the analytical tools by prospective users.

The report is therefore organised into three parts:

Part A provides background information on the approach that the PPCR-PR has taken to develop the policy analysis tools. It first explains the 'mainstreaming' framework and process followed for selecting the tools that were adapted and strengthened under the PPCR-PR. It then outlines the activities that have been taken to pilot and refine the tools for the small Pacific island country government context.

Part B provides an overview of each of the tools. For each tool, it first outlines the (generic) purpose of each analytical tool and how can be used to support policymaking and related decision-making processes. Second, it explains how the tools have been adapted and strengthened as part of the PPCR-PR. Third, this section illustrates how the tools have been used to inform select policy-making and related decisions. Further details about each tool are provided in the tool documentation.

Part C reflects on some of the experiences and insights gained from piloting the tools in Tuvalu and Kosrae State. Based on these experiences, it outlines some complementary reform work that would support effective operationalisation of the tools in other small Pacific island country governments considering adoption of the tools.

Some concluding remarks are also offered at the end.

Part A: the approach taken by the PPCR-PR

USE OF THE PACC MAINSTREAMING CLIMATE CHANGE INTO DEVELOPMENT IN THE PACIFIC FRAMEWORK

The approach taken to strengthen integration of climate change and disaster risk considerations into 'mainstream' policymaking processes is broadly based on the framework for *Mainstreaming Climate Change into Development in the Pacific (SPREP 2014) developed as part of the Pacific Adaptation to Climate Change (PACC) project*.

This framework employs a policy cycle approach to help structure and understand policy making. Then, based on this understanding of policy making processes, the framework 'mainstreams' climate change and disaster risk considerations into the analytical inputs used at each stage of the policy cycle (as appropriate).[2]

In effect, this approach aims to simultaneously consider climate change and disaster risk alongside other important policy considerations (e.g. other causes of a given policy problem, and other drivers of policy risk) important for developing and implementing good quality development polices. In this way, the framework contributes to both the resilience and the effectiveness of development policies together.

Figure 1 illustrates this approach using a policy cycle for the Kosrae State Government.[3]

FIGURE 1. POLICY CYCLE FOR THE KOSRAE STATE GOVERNMENT

2 Mainstreaming climate change and disaster risk is about embedding climate change and disaster risk considerations into the policy analysis methods, screening criteria, monitoring templates etc. (hereafter referred to as 'tools') that governments normally use for (i.e. to input to) each step of the policy cycle. Mainstream is another word for normal, or common.

3 This is Procedure for Requesting and Receiving ODA (Procedure No. AD103).

PROCESS AND RATIONALE FOR SELECTING THE PPCR-PR ANALYTICAL TOOLS

The PPCR-PR was piloted in two countries: Tuvalu and the Federated States of Micronesia (Kosrae State). These pilots are both small jurisdictions (<100,000 people) with small governments.

The process for selecting the analytical tools to be adapted and strengthened as part of the PPCR-PR was first to undertake a 'Situation Analysis' in each pilot country. Essentially, this analysis examined the policy-making and related budgetary processes that are in place in the countries as well as the policy analysis tools that are used to provide information to support these processes.[4] Special emphasis was allocated to analysing the extent to which climate change and disaster risks are considered within these processes and tools.

Based on the Situation Analysis, a number of potential policy-analysis tools were identified. These 'potential' tools were then screened against three criteria:

1. tools are 'generic' analytical methods such that they make a relatively broad contribution to a given policy-making process rather than being limited to climate change and disaster risk elements only;
2. tools are commonly used by Pacific island country governments and/or development partners;
3. tools are versatile such that they:
    a. can be applied to policies from a wide range of different sectors;
    b. are flexible and adaptable such that they can accommodate different templates, reporting formats, etc.; and
    c. can be applied with differing degrees of rigour, according to the importance of the policy objectives and resource consequences in view.

The three selected criteria (generic, commonly used, and versatile) are considered important in the small Pacific island country government context for the following key reasons:

1. climate change and disaster risks are typically just one of many considerations that need to be taken into account when designing and implementing an effective development policy. Accordingly, it is generally more efficient to incorporate these considerations into existing analytical inputs rather than undertaking separate and standalone analyses.
2. there is generally a capacity gap to effectively use existing 'foundational' tools within small Pacific island country governments. Accordingly, there would be limited benefit to undertake additional and specialised analyses that just look at climate change and disaster risk when the foundational policy inputs are not being undertaken well. If the foundational analyses are not undertaken well, then policies will still likely be ineffective at achieving their development objectives, even if climate change and disaster risk elements are rigorously accounted for.
3. there are many different development partners supporting policy-making in the Pacific region and making related 'investments'. Accordingly, tools need to be consistent with 'accepted practice' and need to be readily applied in a flexible, participatory and collaborative manner.

4 Broadly consistent with the framework for Mainstreaming Climate Change into Development in the Pacific (SPREP 2014)

After this screening, the shortlist of tools was presented to the pilot country governments to make final selections (three tools per country). The tools selected by the pilot countries and subsequently adapted and strengthened under the PPCR-PR were:

1. a **central agency appraisal tool** (Kosrae only);
2. a **cost-benefit analysis tool** (Kosrae and Tuvalu);
3. a **risk matrix tool** (Tuvalu only); and
4. **monitoring and evaluation (M&E) frameworks** (Kosrae and Tuvalu).

Further, the tools selected were to be adapted and strengthened with the view they will become the 'standard' policy analysis tool (of its type) of the government. This standardisation reflects the finding in the Situation Analyses that differing versions of policy analysis tools—as are used by various development partners—tend to create confusion and inefficiencies for government officials in Tuvalu and Kosrae and, in this way, appear to be impeding government efforts to build technical capacity and strengthen systems more generally.[5]

PROCESS FOR PILOTING THE TOOLS

The PPCR-PR analytical tools were piloted over a two and a half year period. This process involved three key activities.

First, the tools were applied to a number of different policy problems in each country. Typically, this process involved two to three case studies per tool per country. Case study applications were generally performed by running a workshop to apply the tool to a given policy problem[6] in a participatory manner.[7] For more complex policy analyses, particularly relating to cost-benefit analysis and the preparation of M&E frameworks, case-study applications further involved technical assistance to complete the analysis.

Government official feedback on 'what worked well' and 'what did not work so well, and could be improved' was solicited for every case-study application. Additionally, reflections from technical assistants involved in the case-study applications were solicited on an asneeded basis.

Second, the tools were peer-reviewed by a number of experts working in the Pacific region. In addition to SPREP and ADB, this included experts from the Regional Advisory Services Program (funded by the Australian Government), the Pacific Community (SPC), and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Third, a series of participatory evaluation workshops were undertaken to solicit in-depth feedback from pilot country officials. More specifically, these workshops investigated what changes could be made to ensure the tools (i) are clear and understandable, (ii) are practical and workable in the Pacific island country government context, (iii) appropriately integrate climate change and disaster risk considerations[8], and (iv) are sustainably used. A one-day workshop was conducted for each tool in each country. The workshops were facilitated by an independent evaluation consultant who also synthesised the feedback and prepared findings and recommendations.

Throughout these activities, the tools were regularly refined and improved. The final versions of the tools were completed in April 2017.

5 This approach is further intended to facilitate a movement toward better alignment and harmonisation of ODA with Pacific island country government systems, consistent with policy directions outlined in the pilot countries Aid Policies as well as the commitments under the Paris Declaration for Aid Effectiveness.

6 Selecting a problem that was a priority issue for the pilot Government at that time.

7 The workshops were typically dual purpose, aiming to (i) build awareness of and capacity to use the tool and (ii) apply the tool to inform a given policy-making process.

8 That is, to strike the right balance between climate change and disaster risk and other important policy considerations, consistent with the purpose and methodological framework of the tool.

TABLE 1. TOOL DEVELOPMENT TIMELINE

DATES (APPROXIMATE)	TASK
2nd and 3rd quarters 2014	Situational Analyses
3rd and 4th quarters 2014	Tool selection
4th quarter 2014 and 1st quarter 2015	Tool adaption and strengthening
1st quarter 2015 to 4th quarter 2016	Case study applications
2nd quarter 2015 to 1st quarter 2016 (intermittent)	Peer review
1st quarter 2017	Participatory evaluation workshops
2nd quarter 2017	Finalisation of Tools
2nd quarter 2017	Formal endorsement of Tools by Tuvalu and Kosrae State Governments

Part B: Overview of the PPCR-PR tools

As outlined in Part A above, the policy analysis tools adapted and strengthened under the PPCR-PR are:

1. a **central agency review tool** (Kosrae only);
2. a **cost-benefit analysis tool** (Kosrae and Tuvalu);
3. the **risk matrix tool** (Tuvalu only); and
4. **monitoring and evaluation (M&E) frameworks** (Kosrae and Tuvalu).

For each tool, the document first provides an overview explaining the overarching purpose of the analytical tool and how it fits into the policy cycle. It then outlines how the tool has been adapted and strengthened under the PPCR-PR. This includes general changes to fit the small Pacific island country context as well as adaptions to more strongly emphasise climate change and disaster risk elements. Lastly, three case-study applications illustrate how the tools have been used to inform policy making and related decision-making in the pilot countries.

Table 2 provides some brief background information on each of the case study policy applications.

TABLE 2. CASE STUDY ILLUSTRATIONS

	CASE STUDY 1	CASE STUDY 2	CASE STUDY 3
Policy objective	Reduce the volume of green waste going to landfill in Funafuti	Increase access to affordable and reliable energy (for cooking) in the outer islands of Tuvalu.	Increase coastal communities' capacity to adapt to coastal flooding risks in the Malem and Utwe areas of Kosrae.
Policy options	Policy analysis identified and looked at a range of policy options targeting improvements to: a.segregation at collection points; b.efficiency of green waste collection and conversion services; and c.use of (and demand for) recycled green waste product (e.g. woodchip, mulch, compost).	Policy analysis focussed on household biogas technologies that use pig dung as a fuel source.	Policy analysis initially looked at options to relocate the coastal road inland (lack of a public road was a key barrier affecting communities' ability to relocate to safer areas inland). It was later expanded to also look at options to reduce other barriers constraining coastal communities' capacity to adapt to coastal flooding risks in Kosrae (access to credit/finance and land ownership).
Climate change and disaster risk considerations	Climate change and disaster risks were a relatively small consideration for this policy and pertained to cyclones and, to a lesser degree, drought.	Climate change and disaster risks were a major consideration for this policy and pertained to coastal flooding (associated with extreme tides, storm surge, cyclones) and, to a lesser degree, drought.	Climate change and disaster risks—in the form of coastal flooding risks—was the primary problem this policy was trying to address.

1. The PPCR-PR Central Agency Appraisal Tool

OVERVIEW

'Central agency appraisal' is the analysis of the adequacy, feasibility, and quality of a new policy proposal from a whole-of-government and whole-of-society point of view and the provision of related advice.[9] The purpose of this advice is to help inform decisions about:

- how to improve the adequacy, feasibility and quality of the policy proposal; and
- whether governments should invest in the policy proposal.

Appraisals are undertaken before the proposal is submitted to Cabinet (or other resource allocation decision-makers within government or development partners, where applicable) for their consideration (Figure 2).

When an appraisal finds certain policy preparation work has not been adequately done or is unclear, advice—in the form of an official 'comment'—will be provided back to the officials responsible for preparing the new policy proposal to assist them to change and improve this aspect(s).[10]

FIGURE 2. CENTRAL AGENCY APPRAISAL INPUTS TO THE POLICY CYCLE

9 The responsibilities for conducting appraisals are typically within central government agencies. Some PIC Governments may also have other inter-agency committees or similar groups that also undertake these functions.

10 In practice, new policy proposals may go through several revisions and iterations before they are forwarded on. Iteration is an important part of developing good quality proposals and making informed decisions. In this way, appraisal plays a very important 'gate-keeping' function to ensure that only good quality policy proposals are submitted to decision-makers and that decisions to invest in these proposals are informed by sound advice and evidence.

The approach to central agency appraisal used in the PPCR-PR tool is based on a standard economic appraisal structure and on *THE GREEN BOOK: Appraisal and Evaluation in Central Governments* (HM Treasury 2014) in particular.[11]

How the tool has been strengthened and adapted under the PPCR-PR

GENERAL

The adaptions made in the PPCR-PR appraisal tool are to shorten and simplify 'THE GREEN BOOK' guidance. This has been achieved by synthesising the content into eight key steps of analysis as follows:

FIGURE 3. SEQUENCE OF ANALYSIS FOR CENTRAL AGENCY APPRAISAL

Within each step, a set of (check)list questions is outlined. The intention is for the (check)list to guide analysis of the proposal in a structured and systematic manner, commensurate with the importance of the policy objectives and resource consequences in view.

Adaptions have also been made to tailor the guidance to the specific government system in place in the pilot country to ensure that it is clear how the tool is used and that it coherently integrates with the existing governance arrangements in place. Examples of these adaptations include explaining how appraisals are used within the Kosrae overseas development assistance (ODA) procedures (Procedure No. AD103) and related budgetary processes, explicitly drawing linkages with the Kosrae Strategic Development Plan, and making references to Kosrae-specific policy analysis tools where applicable.[12]

11 A wide range of review/appraisal tools used by other Pacific island countries (e.g. Cook Islands and Tuvalu), development partners (e.g. World Bank Project Appraisal Document 2009 and USAID Project Appraisal Practitioners Guide 2009), and larger governments (New South Wales Government Guidelines for Economic Appraisal 2007, Northern Territory) were reviewed as part of developing the PPCR appraisal tool. These tools differ quite markedly in their scope and level of detail. An economic appraisal structure was preferred because it follows a very clear and logical sequence of analysis that is appropriate for a whole-of-government and whole-of-community appraisal/review analysis as is undertaken by a central government agency. Note, the Cook Islands appraisal tool is primarily limited to reviewing the 'results framework' for a proposal and does not consider a range of other aspects that are important for a good quality proposal, such as (i) whether the nature, extent, and underpinning causes of a policy problem are well understood, (ii) whether a range of policy options were considered, (iii) whether the policy is expected to generate benefits beyond the life of the intervention (i.e. sustainability), etc.

12 More specifically, it checks that:
- analytical tools have been used, as appropriate, to input to policy design;
- these analytical inputs are of a sufficient detail and quality, commensurate with the importance of the policy objectives and resource consequences in view; and
- evidence generated from analytical tools are used, as appropriate, by decision-makers to inform their decisions.

In this way, central agencies create demand for the policy analysis tools.

CLIMATE CHANGE AND DISASTER RISK

The PPCR-PR review tool includes a greater emphasis on specifically analysing climate change and disaster risks compared to what is included in *THE GREEN BOOK: Appraisal and Evaluation in Central Governments* (HM Treasury 2014) and appraisal tools used by most other development partners and larger governments.

The key way this is done is by including specific climate change and disaster risk-related checklist questions within Step 5 (Assess Risks and Uncertainties). A number of checklist questions are included here to ensure that the nature and extent of the risks are well understood, to ensure that appropriate risk-treatment measures have been incorporated into the policy design to deal with these risks, and to check the additional costs of the risk treatment measures have been estimated (if possible).

The other key ways climate change and disaster risk is integrated into the appraisal tool are by:

- including a checklist question within Step 1 (Establish the need and rationale for government policy) asking whether all barriers or constraints that affect individuals' or organisations' capacity to adapt to climate change have been identified. This is relevant for proposals where climate change and disaster risk (or some variation on the theme) is the primary problem the policy proposal is trying to address;
- including a checklist question within Step 4 (Identify costs and benefits of each option) asking whether an (potential) unintended impact of the proposal to increase communities' exposure or vulnerability to certain climate hazards in the future (e.g. by encouraging development of infrastructure in low-lying areas prone to coastal flooding); and
- including a checklist question within Step 7 (Assess proposed arrangements for management, monitoring and evaluation, and sustainability) asking whether the M&E framework for the proposal accounts for key climate change and disaster risks, where this is important.

POLICY APPLICATION OF THE TOOL

The central agency appraisal tool was only used in Kosrae. One application in Kosrae was case study 3 (increase coastal communities' capacity to adapt to coastal flooding risks in the Malem and Utwe areas of Kosrae). At the time of the appraisal application, the proposal was at an early (concept) stage of development and was intended to be submitted as part of a broader FSM-wide proposal to the Adaptation Fund (AF).

An excerpt of the select appraisal advice ('comment') prepared is provided below.

BOX 1. EXCERPT OF SELECT APPRAISAL ADVICE PREPARED FOR THE MALEM UTWE ROAD AND RELOCATION COMPONENT OF THE AF PROPOSAL, UTILISING THE CENTRAL AGENCY APPRAISAL CHECKLIST TOOL

It is not clear from the proposal documentation what the extent of the coastal flooding risks are for the Malem and Utwe coastal areas (e.g. what is the expected likelihood of major coastal flooding events occurring in the short-, medium- and longer-term future; what assets and populations are located in these coastal hazard zone areas). The proposal would benefit from some further information from the Kosrae Shoreline Management Plan and other relevant studies to clearly establish this.

Similarly, it is not clear from the proposal whether all underpinning barriers constraining the capacity of the Malem and Utwe communities to manage coastal flooding risks (i.e. the underpinning causes of the policy problem) have been identified. The proposal outlines a lack of a public road to access safer areas inland as one key barrier. However, there is no discussion of other barriers that are likely to affect the management of flooding, such as access to credit and land ownership issues. Note, if these other such barriers are material and are not addressed, it is unlikely that the policy intervention (primarily the inland road) will achieve its intended policy objectives.

The proposal does not clearly demonstrate the size or importance of the benefits that are expected to be generated from the proposal. Given that the costs of the proposal are very substantial (in the order of USD 6 million just for road network construction costs) and that Kosrae State Government will be funding a significant proportion of these costs, this aspect will need to be further developed. This is needed to (i) confirm the proposal is indeed a high-priority investment for the Kosrae State Government and should be progressed, and (ii) to demonstrate to the Adaptation Fund (AF) Board that the proposal meets economic efficiency investment criteria. To this end, it is recommended that a cost-benefit analysis study be undertaken.

RESULT

Each of the appraisal comments outlined in Box 2 were considered, and these aspects of the proposal were strengthened. As recommended in the appraisal, a cost-benefit analysis study was also undertaken and used to help improve the proposal (discussed further in the next section). The proposal has now been approved by the AF Board.

2. The PPCR-PR Cost-Benefit Analysis Tool

OVERVIEW

Cost-benefit analysis (CBA) is a standard economic analysis tool that weighs up different costs (losses) and benefits (gains) associated with different policy options and expresses them as a net economic gain or loss for society.[13]

The main purpose of the CBA tool is to help inform and demonstrate:

i. which option(s) is the best one to address a given policy problem and thus should be included in a given policy proposal;

ii. which option(s) best deal with certain risk factors—for example, which policy option (or policy design modification) most efficiently manages climate risks; and

iii. whether the proposed policy option(s) represents a worthwhile use of resources (relative to other competing uses) and whether governments should invest in the policy.

As shown in Figure 4, CBA studies are typically undertaken (or managed) by line agency officials responsible for preparing a new policy proposal. For larger policy proposals, external technical assistance or CROP agencies are typically engaged to conduct the detailed analysis.

CBA studies are also used by central government agencies, Cabinet, and development partners as part of the 'evidence base' considered when appraising new policy proposals and making related investment decisions.

FIGURE 4. COST-BENEFIT ANALYSIS INPUTS TO THE POLICY CYCLE

13 All related costs (losses) and benefits (gains) of a policy option are considered, including potential impacts on human lives and the environment. Also, costs and benefits are assessed from a whole-of-society perspective, rather than from one particular individual or interest group (that is, a public and not a private perspective is taken). Further, costs and benefits are expressed as far as possible in monetary terms (i.e. quantitative analysis).

Many development partners and Funds have 'economic efficiency' criteria as one of key criteria they use to make their investment decisions. One such example Fund is the Green Climate Fund (GCF)[14]. CBA can be used as key supporting evidence to demonstrate a proposal meets economic efficiency criteria and other related criteria.

How the tool has been strengthened and adapted under the PPCR-PR

GENERAL

The specific CBA tool that has been strengthened and adapted as part of the PPCR-PR is a 'CBA workplan tool'. The purpose of the workplan tool is to help the officials responsible for preparing a policy proposal to efficiently manage a CBA study and to do this in a way that fully meets the policy-making needs of the Pacific island country government. The workplan tool complements a regional CBA guideline titled *Cost Benefit Analysis for Natural Resource Management in the Pacific* (Second Edition, 2016).[15] Consistent with the regional CBA guideline, the workplan follows a logical and systematic sequence of steps to undertake a cost-benefit analysis.

A key intention of the workplan is to facilitate a multi-disciplinary approach to conducting a CBA. Among other things, this approach helps to ensure that (i) all relevant information and data are included in the analysis and (ii) any assumptions employed in the analysis are valid.

When a consultant is to be engaged to assist with the CBA[16], the workplan is further intended to facilitate a participatory approach to conducting a CBA. This is important to ensure (i) there is a good understanding among Pacific island country government policy makers regarding the methodology and results of the analysis; (ii) the CBA results and recommendations are effectively communicated; and (iii) the CBA is appropriately used to inform decision-making.

The workplan can be used for a wide range of policy applications, from relatively small and simple policy proposals up to very large and complex policies.[17] [18]

14 The GCF Investment Framework (2014) further defines economic efficiency as the benefit-cost ratio of the activity: impact per US dollar delivered by the Fund.

15 This 'regional CBA guideline' has been collaboratively developed by a wide range of agencies working in the region including, but not limited to, SPREP, SPC, PIFS, GIZ, the Commonwealth Secretariat (ComSec), UNDP, and USAID. This guideline builds on previous work undertaken as part of the Pacific Adaptation to Climate Change (PACC) project.

16 Cost-benefit analysis of complex policies requires significant technical skills. Given the small size of most Pacific island country governments, this means that external technical assistance will be needed to complete most such CBA studies. The intention of the workplan here is to make sure the CBA studies are completed in a participatory manner and that CBA studies deliver on the needs and expectations of Pacific island country governments in particular.

17 Officials responsible for preparing a policy proposal are further encouraged to use the CBA workplan as an analytical input in and of itself, as appropriate. The CBA workplan is a very helpful way to critically think through the 'pros' and 'cons' of different policy options in qualitative terms. In this way, a well-developed CBA workplan can serve as a preliminary CBA study or a basic 'pre-feasibility' study.

18 For many policy applications—especially small policies with only a few alternative options—a preliminary qualitative may be enough to help inform decisions about what option is the preferred option to include in a given policy proposal or a proposal 'concept'. It is not always necessary, or desirable, to go on and complete a detailed quantitative (cost-benefit) analysis. Analyses should always be commensurate with the importance of the objectives and resource consequences in view and focussed on informing policy decisions (not an academic or unnecessarily onerous exercise for its own sake).

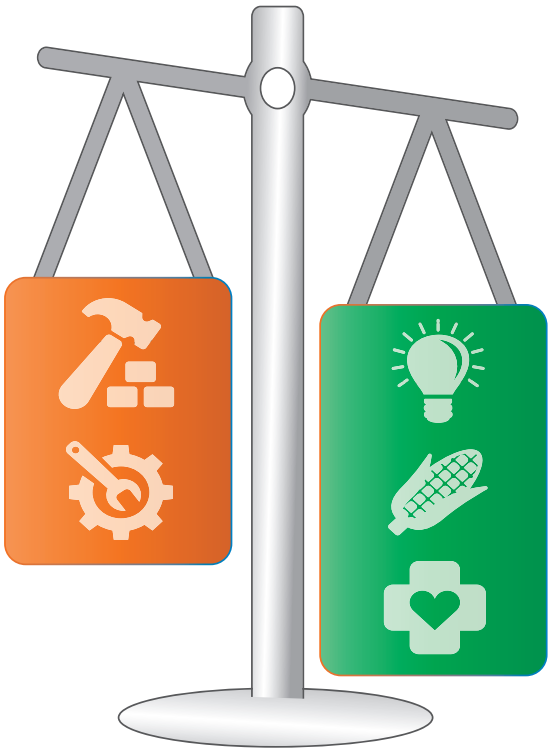
CLIMATE CHANGE AND DISASTER RISKS

Climate change and disaster risk considerations are integrated into the CBA workplan tool in two key ways.

The first key way is to consider formulating key CBA questions or sub-questions specifically pertaining to climate change and disaster risk. Key CBA questions ask the questions to which stakeholders 'really need to know' the answers from the CBA study. These CBA questions in turn provide direction and focus for the activities and analyses of the study. The tool further provides an example climate change and disaster risk-related CBA question that could be considered: "to what extent are the different policy options resilient to changes in the frequency of extreme tide events in the medium and longer-term future? That is, to what extent are the different policy options expected to generate a net economic benefit under different future climate (extreme tides) scenarios?"

The second key way climate change and disaster risk considerations are integrated into the CBA workplan tool is through the sensitivity analysis procedure (Step 5). This part identifies variables or parameters used in the analysis for which there may be some uncertainty and which need to be 'tested' (by re-running the analyses) in order to establish the robustness of the CBA results and hence the confidence in related recommendations. The frequency and intensity of future climate hazard events are identified here as potentially uncertain variables or parameters, particularly for analyses which span a long time horizon. The workplan further suggests these uncertainties are explored by determining "upperbound", "most likely", and "lowerbound" parameter values and emphasises these alternative parameter values should be based on available studies, reports, expert judgement, etc.

In addition, where the primary objective of a given policy is to reduce climate change and disaster risks[19], climate change and disaster risk considerations will be a focus of the steps of the CBA workplan pertaining to the identification of costs and benefits (Step 3) and the valuation of costs and benefits in monetary terms (Step 4). More detailed (technical) information on how to do this is provided for in the regional CBA guideline titled *Cost Benefit Analysis for Natural Resource Management in the Pacific* (Second Edition, 2016).



19 or some variation on this theme.

POLICY APPLICATIONS OF THE TOOL

The policy applications of the CBA tools were all relatively large policies, with corresponding investments ranging from USD 600,000 to USD 9 million. Accordingly, the CBA studies were detailed quantitative analyses.

The CBA inputs contributed to a range of different policy decisions. Select case study examples are summarised below.

TABLE 3. DECISIONS INFORMED BY CBA POLICY APPLICATIONS

CASE STUDY	WHICH OPTION(S), OR ALTERNATIVE SOLUTIONS, SHOULD BE SELECTED?	SHOULD GOVERNMENTS INVEST IN THE POLICY?	CLIMATE CHANGE AND DISASTER RISK RELATED QUESTIONS/ DECISIONS
1. Reduce the volume of green waste going to Funafuti landfill	The CBA considered four options to better manage green waste in Funafuti, which essentially differed in the scale of investment. The CBA showed that Option 3 is the preferred option.[20] The recommended option was subsequently selected by the policy makers and included in the Tuvalu Integrated Waste Policy and Action Plan (now endorsed by Cabinet).	The CBA demonstrated that Option 3 would generate a net economic gain for society and represents a worthwhile use of resources. The CBA was submitted to the European Union, along with the Tuvalu Integrated Waste Policy and Action Plan, as part of the evidence base used to trigger draw down of available EDF 11 bilateral funding.	The CBA study showed that the preferred green waste management option (Option 3) will not be materially affected by drought events, even in the worst-case future drought scenarios. The CBA study also showed that Option 3 would still be economically viable under the range of different future cyclone scenarios.
2. Increase access to affordable and reliable energy (for cooking) in outer islands of Tuvalu	n/a – analysis focussed on one option only (relative to the 'do nothing' option)	The CBA confirmed that investment in household biogas systems will generate a net economic gain for society and that government and development partners should proceed with the project.	The CBA study showed that coastal flooding hazards will materially impact the achievement of project benefits if risk is not properly managed. Design modifications were subsequently incorporated into project design to ensure that household biogas systems are not located in areas most exposed to coastal flooding hazards and that pig dung that is contaminated by floodwater is not used as input in biogas systems.
3. Increase coastal communities' capacity to adapt to coastal flooding risks in the Malem and Utwe areas of Kosrae	The CBA compared a proposal to relocate a coastal inland road inland against alternative options of (i) maintaining the existing coastal road in its current form and (ii) up-grading the existing coastal road to make it more resilient to coastal flooding hazards. The CBA showed that relocating the road inland is the preferred option.	The CBA demonstrated the Malem to Utwe inland road will generate a net economic gain for society—provided some other complementary measures are also implemented—and represents a worthwhile use of resources. Based on the CBA, the Malem to Utwe inland road was elevated to be a higher priority within the Kosrae Infrastructure Development Plan. The CBA was further used as key evidence in support of a project proposal to the Adaptation Fund (AF). In particular, the CBA was used to demonstrate the proposal meets AF investment criteria pertaining to economic efficiency. The proposal has been approved by the AF Board.	The CBA showed that the coastal inland road is the most economically viable option under the range of different future coastal flooding hazard scenarios. The CBA further highlighted that several other barriers that are affecting communities' capacity to relocate (e.g. access to finance) will also need to be addressed if the road investment is to achieve its intended objectives of reducing coastal flooding risks to coastal communities.

20 This option included initiatives to add value to the mulched green waste by adding pig dung and converting it to compost. Without this initiative, the CBA showed that the policy is unlikely to achieve its objective of reducing green waste going to landfill.

3. The PPCR-PR Risk Matrix Tool

OVERVIEW

The Risk Matrix is a commonly used qualitative methodology to assess policy risk (AusAid 2003, NZ MFAT 2007).

A Risk Matrix is used to understand how and to what extent the range of risk events are expected to affect a policy and to determine the most appropriate measure(s) to treat them (if any) so the policy stands the best chance of achieving its intended development objectives.[21]

As shown in Figure 5, Risk Matrix assessment studies are typically undertaken (or managed) by line agency officials responsible for preparing a new policy proposal.

Risk assessment studies are also used by central government agencies, Cabinet, and development partners as part of the 'evidence base' considered in appraising new policy proposals and making related investment decisions.

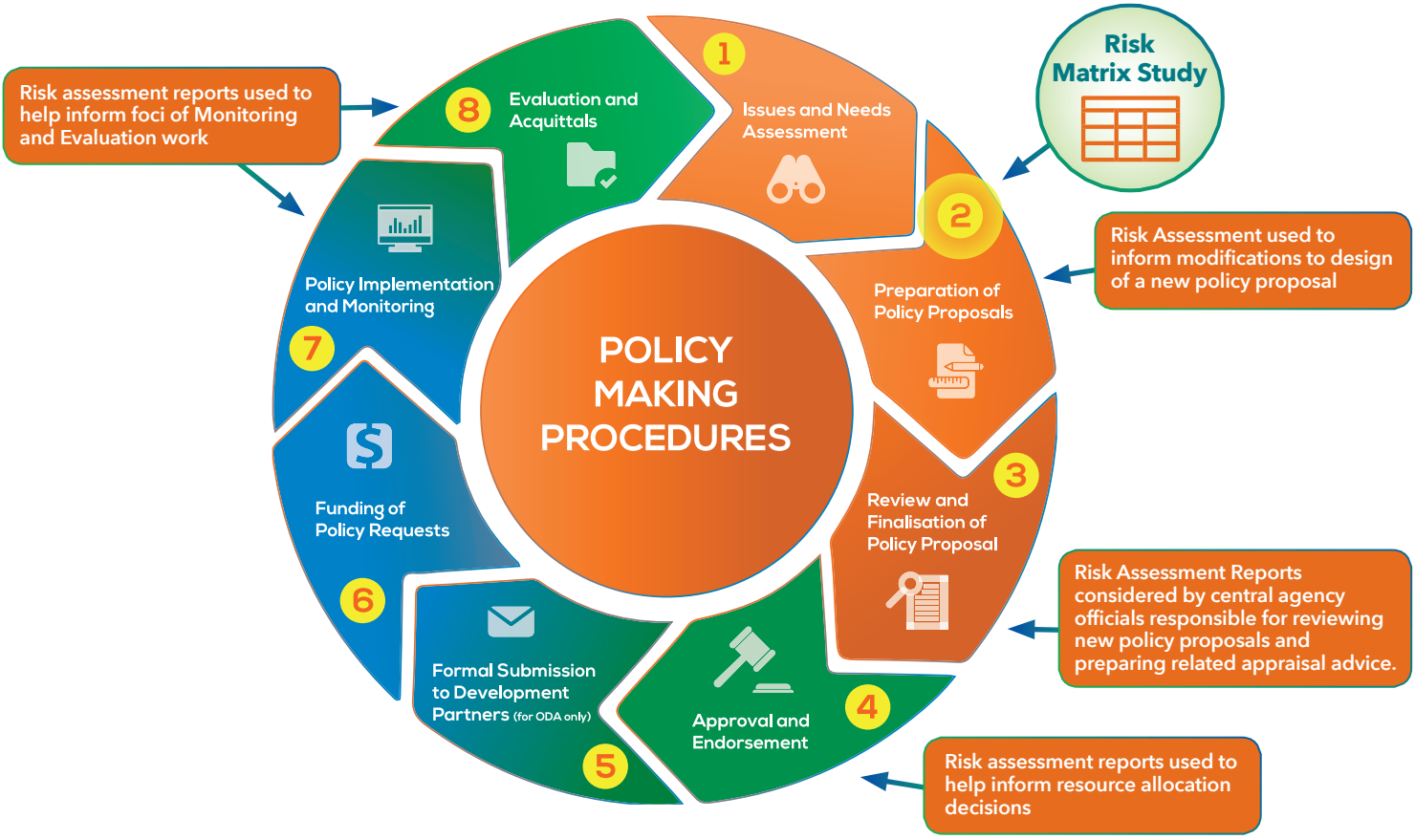


FIGURE 5. RISK MATRIX TOOL INPUTS TO THE POLICY CYCLE

The key feature of the risk matrix tool is the 'matrix' which is outlined in Figure 6 below.

The matrix sets out the likelihood of a given risk event occurring along the rows of the matrix (categorised as almost certain, likely, possible, unlikely, and rare) and sets out the consequences for the policy from the risk event across the columns of the matrix (categorised as insignificant, minor, moderate, major, and severe).

21 Compared to CBA, the risk matrix tool is narrower in its scope, focusing only on assessing (generic) policy risk. The other key differences are (i) it is qualitative rather than quantitative, and (ii) it is relatively easier to apply. The risk matrix tool is particularly well-suited for inputting to smaller policy proposals (e.g. <USD 1 million) for which a detailed quantitative CBA is generally not warranted.

The matrix is used to make an overall rating of the risk level for a given policy risk (either low, medium, high, or extreme). This rating is done by finding the cell of the matrix where the relevant category of likelihood intersects with the relevant category of consequence for a given policy risk.

For example, suppose a policy faces a drought event that is expected to occur with a likelihood of 'possible' and which would have 'major' consequence for the policy if it were to occur. Using the matrix, the practitioner moves across the 'possible' likelihood row until it intersects with the 'major' consequence column. The resultant cell is an orange cell designated H (high). The rating of the risk level for drought risk is thus assessed as high.

The overall rating of risk level establishes the relative importance of a given policy risk and thus indicates how much policy effort should be allocated to treating it.

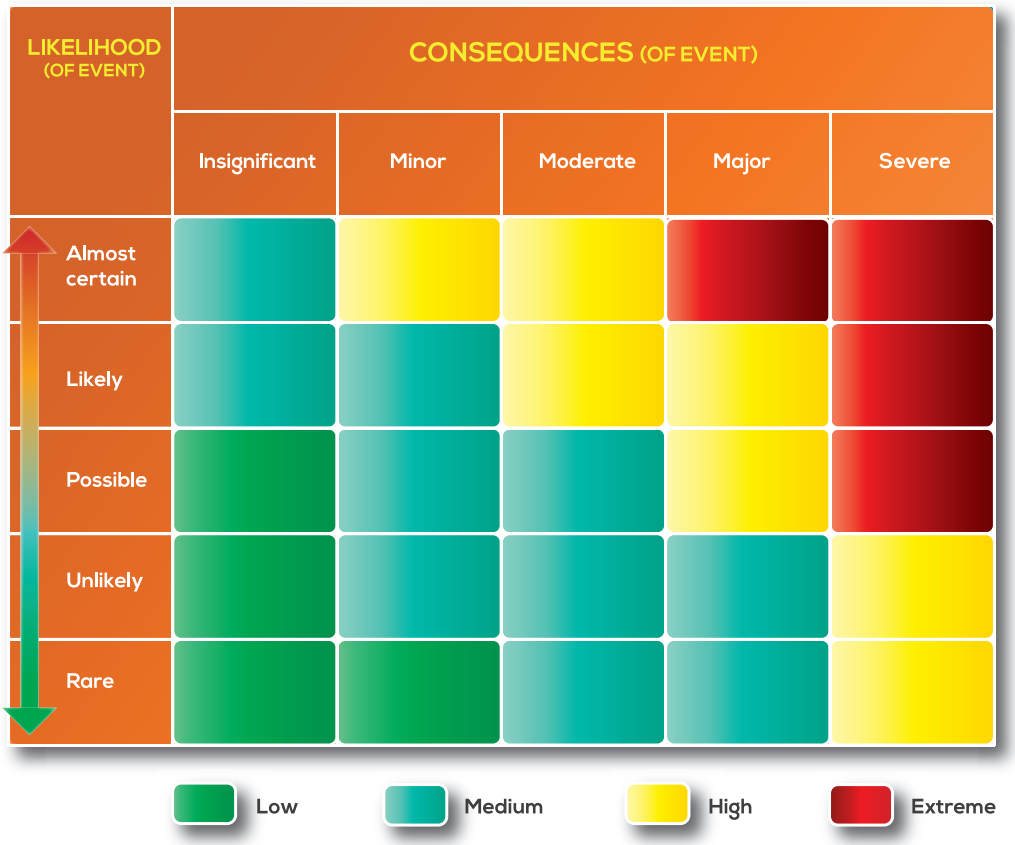


FIGURE 6. RISK MATRIX

A key advantage of the Risk Matrix is that it guides policy makers to analyse policy risk in a straightforward, yet systematic fashion. In this way, the matrix can be readily used by many policy officers from a range of disciplinary backgrounds.

Another advantage is that the Risk Matrix is very versatile. That is, it can be used to assess a wide range of different risk types (including climate change and disaster risks), for a wide range of different policies. Also, the level of detail or rigour that is applied can be adjusted/tailored according to the scale or importance of the objectives and resource consequences in view as well as the perceived threat that risk events present to the policy.

How the tool has been strengthened and adapted under the PPCR-PR

GENERAL

Adaptions have been made to tailor the guidance to the specific government system in place in the pilot country so it is clear how the tool is used and that it coherently integrates with the existing governance arrangements in place. Examples of this are (i) to explain how risk assessments are used within the Tuvalu ODA procedures and related budgetary processes; (ii) to make reference to relevant parts of the Te Kakeega III: National Strategy for Sustainable Development; and (iii) to include a specific emphasis on assessing climate change and disaster types of risk.

The tool further includes a section to assist central agency officials—as part of their roles to appraise new policy proposals—to check that risk assessment work is done properly and that risk treatment measures included in ODA policy design are cost-effective and supported by sound evidence.

CLIMATE CHANGE AND DISASTER RISK

Climate change and disaster risk is emphasised in the generic Risk Matrix tool by providing specific guidance for assessing climate change and disaster types of risk in particular. This is done by:

- clarifying that climate change and disaster risk is a type of policy risk where the random event is a climate or weather event (e.g. cyclones, extreme tide events, and drought). These events may be rapid or slow in onset, lasting for a few hours or leading to longer-term changes;
- explaining that the likelihood component of the Risk Matrix (for applications to climate change and disaster risk) refers to the frequency and/or intensity of relevant climate events; and
- explaining that the consequence component of the Risk Matrix refers to the impacts on policyrelated assets and populations (and consequential effects on policy objectives) if the climate event were indeed to occur. The magnitude of these impacts, in turn, depends on:
  - the exposure of assets and populations to the climate event (e.g. infrastructure located in the cyclone path or crops located in the coastal flooding hazard zone); and
  - the vulnerability or susceptibility of assets and population to loss and damage from the climate event, if it were to occur (e.g. fragility of infrastructure construction, or sensitivity of a crop to saline conditions).

The tool further emphasises that, under the effects of human-induced climate change, the frequency and/or intensity of relevant climate events is expected to change in the medium- to long-term future. Moreover, the extent (and direction for many climate variables) of this change is unknown. That is, the likelihoods of some climate events in the medium to long term are uncertain[22].

In these instances, the tool recommends repeating the risk assessment procedure with alternative likelihood information to see if the rating of risk level changes. Where the assessed levels of risk do change, selection of risk treatment measures must take this into account.

The tool also outlines two key principles that can be kept in mind when designing risk treatment measures under conditions of climate change uncertainty:

- **Incorporate flexibility**: allow for the possibility of adjustment in the future to cope with effects that are more or less severe than anticipated, or to adapt incrementally. For example, building a flood barrier that can be extended in the future or installing rainwater collection units that can be incrementally expanded in the future is a more flexible approach.

22 The reasons for this uncertainty are, among other things, (i) global climate models do not know with a sufficient degree of confidence by how much temperature and precipitation will increase from a given increase in greenhouse gas emissions, and (ii) global climate models are limited in their ability to predict climate at the regional or local level. Projections that reach further into the future have greater uncertainty

- **Increase resilience**: design the activity to tolerate a wider range of climate conditions, while retaining the same basic structure and functioning. For example, by building a bridge higher or installing a larger size of rainwater rank than would otherwise be done will provide more resilience for more extreme events.

POLICY APPLICATION OF THE TOOL

In the PPCR-PR, the Risk Matrix tool was applied in Tuvalu only.

The risk assessments contributed to several policy design modifications and also informed (i) appraisal of related policy proposals and (ii) formulation of monitoring and evaluation (M&E) frameworks for policy implementation.

Select examples of how risk assessments contributed to climate-related policy design changes are summarised in Table 4.

TABLE 4. MODIFICATION OF POLICY FOLLOWING RISK ASSESSMENTS

CASE STUDY	CLIMATE CHANGE AND DISASTER RISK TREATMENT MEASURES INCORPORATED
1. A proposal to reduce green 'waste' going to Funafuti landfill, Tuvalu	Informed inclusion of cyclone/storm-surge resilient design measures for composting facility, including siting of facility and additional capacity for peak loads expected if cyclone occurs.
2. A proposal to expand household biogas production and use in Tuvalu	Confirmed that the risk treatment measures recommended in CBA study (i.e. location of biogas systems away from flooding hazard zones) are appropriate. Informed inclusion of drought response measures to be included into technical training elements of project design. This would include use of 'green waste' as a temporary substitute for water. It would also ensure that existing rainwater tank infrastructure is properly maintained and that contingency storage is available when droughts occur.

4. The PPCR-PR Monitoring and Evaluation Framework

OVERVIEW

A monitoring and evaluation (M&E) Framework sets out how M&E will be performed over the lifespan of a policy (more specifically, programs or projects).

Monitoring is the ongoing and continuous collection of basic information—primarily data on specified indicators—to provide an indication of the progress of implementation against stated objectives. Monitoring information is often compiled into progress reports to support everyday management decision-making as well as providing (internal and external) accountability.[23]

Evaluation, in contrast, is the periodic and more in-depth analysis of the policy in key areas, building on the monitoring information. Key areas of analysis include (OECD 2010a):

- whether a policy design and approach is/was suitable in terms of achieving its objective and working within a given context (relevance/appropriateness);
- the extent to which outcomes and objectives were achieved, or are expected to be achieved, and the underpinning reasons for this achievement (effectiveness);
- how efficiently inputs are/were converted to outputs (efficiency);
- the contribution of the policy to the achievement of longer-term goals (impact); and
- the extent to which the benefits of a policy are expected to continue beyond the project lifetime (sustainability).

The main interests of evaluation are learning for (project) improvement, including for more strategic decision making.

23 Information gathered during the monitoring process also provides the basis for the evaluative analysis. However, on its own, monitoring information is generally not sufficient to provide for an in-depth assessment of the project. In particular, monitoring information is not able to explain the reasons why or why not objectives (or performance areas more generally) were achieved.

As shown in Figure 7, M&E frameworks are typically developed toward the latter part of the policy preparation stage (Step 3) and elaborated on at an early stage during policy implementation (see Step 7: Implementation and Monitoring).

Information and knowledge generated through the application of the M&E framework is primarily used for Steps 6 (Implementation and Monitoring) and 7 (Evaluation and Acquittals)[24]. Importantly, M&E information and knowledge is also used as key inputs to Step 1 (Issues and Needs Assessment) Step 2 (Preparation and Design of New Policy Proposals), Step 3 (Appraisal of New Policy Proposals), and Steps 4 and 5 (Resource Allocation decisions). In this way, policymaking processes should be thought of as a continuous and integrated cycle, with the planning and design of (ongoing and new) policies building on and learning from knowledge generated from M&E.

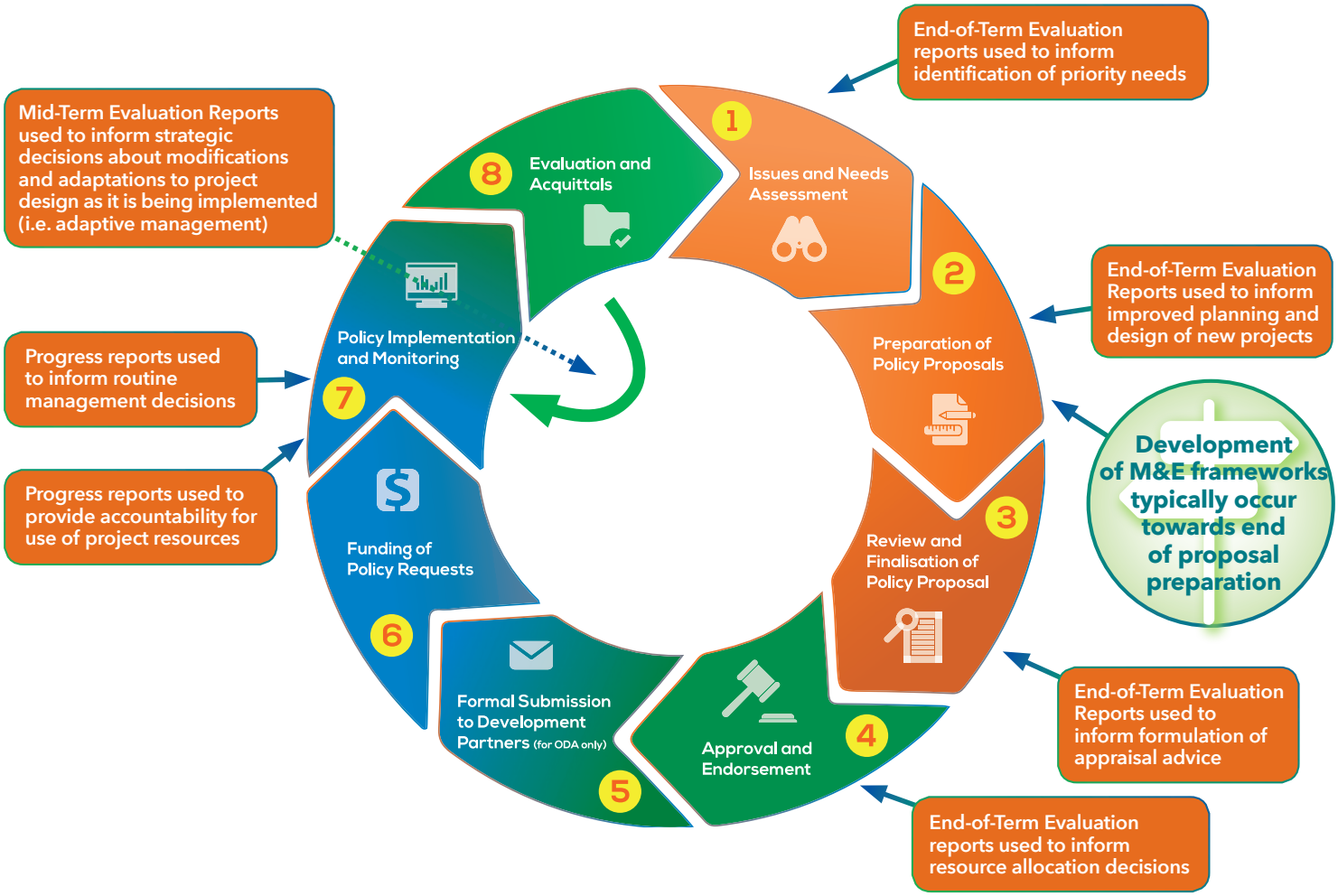


FIGURE 7. M&E FRAMEWORKS AND THE POLICY CYCLE

The approach outlined in the guidance note for developing a M&E framework is based on a Program Theory-Driven Evaluation structure (Donaldson 2007) and is consistent with a contemporary, purposeful planning approach known as 'Results-Based Management'.

24 Increasingly, M&E frameworks are also being developed concurrently with, and inform, a policy proposal and design.

How the tool has been strengthened and adapted under the PPCR-PR

GENERAL

The guidance note emphasises a few key features that are considered important for undertaking M&E work in the small Pacific island country context that are not similarly emphasised in most other M&E guidance materials used by development partners in the Pacific region. These features are:

- to focus the M&E on answering 'the right questions'. The intention is that, by focusing the M&E work in this way, the learning needs of Pacific island country governments in particular will be better served. Moreover, this feature is also intended to promote a more practical and achievable approach to collecting monitoring information, rather than formulating over-ambitious and over-engineered Monitoring Plans that tend to lead to poor execution and execution failure;
- to keep M&E methods flexible and adaptable. The tool provides generic guidance for developing a M&E framework in a structured and stepwise fashion. The templates, formats, and methodologies, etc., used within each step can be adjusted according to the preferences of the responsible Pacific island country government staff and development partners. This feature is in recognition that it will take time for a given Pacific island country government to fully develop its M&E capacity and for its many development partners to align and harmonise with Pacific island country government systems; and
- to place a special emphasis on analysing climate change and disaster risk elements, where appropriate. M&E plays a very important role in assisting Pacific island countries to adapt to and effectively manage climate change and disaster risks, especially given that there is a high degree of uncertainty about many aspects of these risks and that many Pacific island country government agencies (and development partners) are only just starting to account for climate change in the design of their development policies.

The tool also tailors the guidance to the specific government system in place in the pilot country so it is clear how the tool is used and that it coherently integrates with the existing governance arrangements in place. Examples of this tailored application are (i) explaining how M&E is used within the ODA procedures and related budgetary processes and (ii) explaining linkages with National Strategic Development Plans and planning processes.

CLIMATE CHANGE AND DISASTER RISKS

The tool integrates climate change and disaster risk into the (generic) *Guidance Note for Developing an M&E Framework* in three key ways.

The first way is to ensure that there is a sound understanding of the climate change and disaster risks affecting a policy before the core task of developing a M&E framework is started. This understanding is needed so that climate change and disaster risk is incorporated into the M&E framework in a meaningful way.

The second way is to consider formulating key evaluation questions or sub-questions specifically pertaining to climate change and disaster risk. Key evaluation questions ask the questions to which stakeholders 'really need to know' the answers as part of the M&E work. These evaluation questions in turn provide direction and focus for the activities and analyses of the M&E work. The guidance note outlines a number of suggested climate change and disaster risk evaluation questions. One of those questions is "to what extent is (was) the adaptation measure, i.e. design modification/risk reduction measure, effective at making the policy resilient to coastal flooding events? What are (were) the key factors of success/failure?"

The third way the tool integrates climate change and disaster risk is by providing some specific advice for formulating monitoring indicators to measure climate change and disaster risk elements.

POLICY APPLICATIONS OF TOOLS

The policy applications of the M&E frameworks were all relatively large policies, with corresponding investments ranging from USD 600,000 to USD 9 million.

Select examples of how M&E frameworks will support learning (for adaptive management + policy design and resource allocation for future government interventions) about climate change and disaster risk aspects of policy design and implementation are summarised in Table 5.[25]

TABLE 5. EVALUATION AND MONITORING AIMS AND ACTIVITIES IN THE THREE CASE STUDIES

CASE STUDY	CLIMATE CHANGE AND DISASTER RISK RELATED EVALUATION QUESTIONS	RELEVANT MONITORING ACTIVITIES	RELEVANT EVALUATION ACTIVITIES (TO BE PERFORMED EVERY 2.5 YEARS)
1. Reduce the volume of green waste going to Funafuti landfill	To what extent have climate change risk management measures (i.e. climate-proofing new transfer station) been effective in minimising damage to transfer station and ensured the ability to accommodate additional volumes of green waste following cyclones? Why? Why not?	Unit cost of collection services ($/m^3) Total cost of collection services ($/quarter) Number of service disruptions (days/quarter), disaggregated by reason	• Time series analysis of indicator data, including examination of climate variability/events (drivers of deviations) where applicable. • Semi-structured interviews with key stakeholders (SWAT operational staff in Funafuti, Kaupule in Outer Islands)
2. Increase access to affordable and reliable energy (for cooking) in outer islands of Tuvalu	To what extent were key climate risk reduction strategies effective in preventing related damages and losses from any climate hazard events (storm surge, cyclone, drought – if these events occurred during project implementation)? What worked well and what did not work so well? Why?	Indicator 1.3: Loss of production experienced in 6 week period following a storm surge event (cubic metres[26]), disaggregated by island Indicator 1.4: Damage to biogas asset infrastructure (no damage, partially damaged, fully damaged), disaggregated by island Indicator 1.5: Loss of production during drought (cubic metres[27]), disaggregated by insufficient water, incorrect feed stock, and island Indicator 1.1.2: Number of households that have 'fully adopted' key climate risk management practices and methods	• Analysis of Progress Reports • Key informant interviews • Interviews/consultations with island Falekaupule and Kaupule • Interviews/consultations with participating and non-participating households • Case studies of three participating islands
3. Increase coastal communities' capacity to adapt to coastal flooding risks in the Malem and Utwe areas of Kosrae	What proportion of Malem and Utwe households are planning, preparing, ready to relocate, or have already done so? What is enabling and constraining readiness for relocation by households from Malem and Utwe?	% of Malem and Utwe HH relocated inland	• Analysis of Progress Reports • Key informant interviews

Furthermore, the M&E Framework for Case Study 3 was developed concurrently with, and informed, the design of the program. In particular, the process of defining the policy design was instrumental in crafting a clear and a more comprehensive 'theory of change' for the program. In particular, it helped to clarify the overall program objective (longer-term impact level), determine various sub-objectives that need to be achieved to reach the overall goal (end-of-program outcome level), and formulate clear strategies to logically achieve each of the sub-objectives.

25 Most of the M&E frameworks are just starting to be implemented, and so the substantive contributions to informing policy design decisions will happen at a later date: at the mid-term point and at the end of term (for subsequent policy proposals).

26 if direct measurement of cubic metres is problematic, then better to use 'Number and value ($) of bottles of LPG gas and litres of kerosene used per year' as alternate indicators.

27 For the purposes of this monitoring plan, 'fully adopted' is defined as households actively employing all of the key practices and methods as prescribed in the toolkit for managing climate change and disaster risks. Key practices and methods are:
1. situate infrastructure away from flooding hazard zones, based on community mapping;
2. when a pig pen is inundated from coastal flooding, do not use dung until pig pen has been cleaned out;
3. substitute water inputs with greenwaste during drought events, if shortage of water; and
4. expel gas from biogas system when cyclone warning is issued.

Part C: Facilitating and enhancing the use of the policy analysis tools

Experience from the PPCR-PR as well as other mainstreaming initiatives (e.g. environmental mainstreaming, gender mainstreaming, and climate change and disaster risk mainstreaming) undertaken in the Pacific region and internationally indicates that strengthening and adapting policy analysis tools—and providing related trainings and mentoring—does not necessarily translate to systemic use of the tools. To facilitate and enhance ongoing application, some other changes (or 'complementary reform efforts') are also often required.

Changes that are considered most important in the small Pacific island country context, and documented in the participatory evaluation report for the PPCR-PR, relate to (i) procedural integrity; (ii) organisational changes; (iii) development partner alignment; and (iv) regional technical support.

Each of these factors are discussed further below.

i. Procedural integrity

To (consistently) achieve good quality policy, rigorous policy analysis—as provided for in the PPCR-PR analytical tools—must be complemented by a rigorous approach to procedure where each domain is afforded its proper role (Althaus et al. 2007).

Where policy-making procedures are not followed, the complex web of activities that marks any public policy endeavour will not be integrated, and key analyses will either not be undertaken or not be appropriately used. In other words, the policy-making tools will not contribute to the preparation and implementation of better quality policies as much as they could.

In the PPCR-PR pilot countries, good progress is being made to strengthen policy-making procedures. For example, in Kosrae, a new procedure to better administrate overseas development assistance (ODA) was endorsed in 2016. Similarly, in Tuvalu, a range of its policy-making procedures are being changed as part of its efforts to become a national implementing entity for the Adaptation Fund and Green Climate Fund. The PPCR-PR has also supported these reform efforts by developing an ODA Handbook, which is a quick reference guide to assist government officials to fulfil their requirements under the respective procedures. However, this reform program is only partially implemented, and procedures are not yet rigorously followed. Further work and support is still needed.

One key opportunity to support this reform effort is through the GCF Readiness Programme.

ii. Organisational changes

Changes to government organisations are also often required to facilitate and enhance actual application of the policy analysis tools (Gigli & Agrawala 2007, Perrson & Klein 2008). Examples of such organisational changes range from small adjustments of individual job descriptions, to creation of temporary inter-departmental working groups or committees, to substantive changes in responsibilities and functions of departments or agencies.

In the PPCR-PR pilot countries, some important organisational changes are being made to this effect. In Tuvalu, a Monitoring and Co-ordination Unit has recently been established within the Office of the Prime Minister, with dedicated staff positions tasked with strengthening monitoring and evaluation (M&E) systems.

In Kosrae, the ODA Co-ordination Unit based within the (central) Department of Administration and Finance is now formally tasked with appraising all new ODA requests. This change in particular is considered a key part of facilitating the use of the policy analysis tools as, through their appraisal role, central agencies check that (i) analytical tools have been used, as appropriate, to input to policy design; (ii) these analytical inputs are of a sufficient detail and quality, commensurate with the importance of the policy objectives and resource consequences in view; and (iii) evidence generated from analytical tools is used, as appropriate, by decision-makers to inform their decisions. In this way, central agencies create demand for the policy analysis tools.

In addition to the changes mentioned above, another organisational change that would be expected to substantially facilitate the use of the policy analysis tools (and is recommended for both the PPCR-PR pilot countries and other prospective Pacific island countries) is to establish an inter-departmental working group to oversee implementation of the policy-making procedures pertaining to ODA and to promote the use of policy analysis tools therein (including with development partners). The advantage of an inter-agency working group is that it would bring together all of the key government stakeholder groups that need to work together to implement more rigorous policy procedures and analysis (a process is only as good as its weakest link). This inter-departmental working group would be a temporary working group (i.e. around two years) and could be further underpinned by a M&E framework to support learning for improvement.

iii. Development partner alignment with Pacific island country government systems

As discussed in Part A, development partners (including Council of Regional Organisations of the Pacific [CROP] agencies) tend to use differing versions of (essentially the same) policy analysis tools, especially for monitoring and evaluation. This partial duplication causes confusion among government officials and negatively affects capacity building in these tools and functions more broadly. Indeed, this impact was a key rationale for developing country-specific tools under the PPCR-PR.

It is important therefore that development partners renew their efforts to align and harmonise ODA with Pacific island country government systems, consistent with commitments under the Paris Declaration for Aid Effectiveness.

The PPCR-PR tools are based on ‘best-practice’ and ‘standard’ analytical methods that are commonly used by many development partners. The tools are flexible and adaptable so they can accommodate certain requirements (e.g. the use of certain monitoring formats), and in this way, the tools meet the needs of both Pacific island country governments and development partners.

iv. Regional technical support

Capacity constraints are a fact of life for small Pacific administrations. In general, there is a small number of officials, each with a relatively wide range of responsibilities. At the same time, there is a high level of turnover of staff moving between different roles and departments.

This means that, for larger and/or more complex policies (e.g. USD >0.5 million), there will be an ongoing (and critical) role for development partners and CROP agencies to help use the PPCR-PR tools, especially CBA and developing M&E frameworks.

It also means that there is benefit in development partners and CROP agencies incorporating a training element into ODA design and preparation activities, including additional workshops as appropriate, as well as mentoring of local staff.

The PPCR-PR tools have been purposely designed so they can be used in a participatory and collaborative fashion.[28] The benefit of a participatory approach to technical assistance is that it enables the host government to have greater ownership over the policy-making process and helps ensure the analyses meet the needs and expectations of the government.

This was the broad approach employed in the PPCR-PR for larger and/or more complex policy analysis. Participants reported this approach to work well.[29] Pilot countries further reported that this approach is preferred to a model in which development partners manage and undertake such analyses in a more solitary fashion.[30]

28 with the possible exception of the central agency appraisal checklist tool.

29 External TA engaged under the PPCR-PR to undertake the applications also reported that analyses were more accurate where participation and contributions from country officials was strong and hence more useful at contributing to policy-making.

30 As part of the participatory evaluation workshops, a dedicated session was undertaken to solicit feedback from the pilot governments on the appropriate balance between outside technical assistance and input from the host government for various types of policy analysis inputs. This session explored three broad approaches to the issue: exclusively using outside expertise; maintaining all the technical capacity within the government; or adopting a mixed mode of delivery where both contribute (the balance might differ in each case) (Table 6).

Table 6: Models for policy analysis execution

Host Government	Mix	Outside Technical Assistance
Prepare Terms of Reference	Prepare Terms of Reference (host government)	Prepare Terms of Reference
Manage activities outlined in ToR	Manage activities outlined in ToR (host government)	Manage activities outlined in ToR
Design detailed analytical methodologies	Design detailed analytical methodologies (outside TA)	Design detailed analytical methodologies
Conduct research	Conduct research (outside TA lead, participatory involvement of relevant government officials)	Conduct research
Funding of research/analysis (host government)	Funding of research/analysis (direct budget support)	Funding of research/analysis (development partner)

The consensus view from the session was that a mixed approach for more complex policy analysis inputs, such as quantitative CBA and some M&E frameworks, was the most efficient and preferred approach.

Concluding Remarks

PRACTICAL AND WORKABLE ANALYTICAL TOOLS FOR THE SMALL PACIFIC ISLAND COUNTRY GOVERNMENT CONTEXT

The PPCR-PR has adapted and strengthened a number of policy analysis tools to input to Pacific island country government policy-making processes:

1. a **central agency appraisal tool**;
2. a **cost-benefit analysis tool;**
3. a **risk matrix tool;** and
4. **monitoring and evaluation (M&E) frameworks.**

These tools integrate climate change and disaster risk considerations. This integration reflects the situation in the Pacific where climate events (e.g. extreme tide events or drought) impact a wide range of different policies—often substantially. Moreover, in the medium- and long-term future, these risks are expected to further increase under the effects of human-induced climate change, presenting a major development challenge for Pacific island countries.

Importantly, the tools are also:

1. '**generic**' analytical methods that can make a relatively broad contribution to a given policy-making process;
2. **commonly** used by Pacific island country governments and/or development partners; and
3. **versatile** such that they:
   a. can be applied to policies from a wide range of different sectors;
   b. are flexible and adaptable such that they can accommodate different templates, reporting formats etc; and
   c. can be applied with differing degrees of rigour, according the importance of the policy objectives and resource consequences in view.

These characteristics mean that climate change and disaster risks are systematically considered alongside other key policy dimensions to develop good quality policies in the Pacific context. In this way, the tools contribute to policies that are both more climate-resilient and more effective at achieving their development objectives.

The PPCR-PR policy analysis tools have been piloted on a range of policy problems in Tuvalu and Kosrae State.

The tools have also been thoroughly reviewed by Tuvalu and Kosrae State Government officials as well as other experts working in the region, and refinements have been made to the tools based on the associated feedback.

The tools are now considered:

- clear and understandable;
- practical and workable in the small Pacific island country government context; and
- to 'strike the right balance' between climate change and disaster risk and other important policy considerations, consistent with the purpose and methodological framework of the tool.

The tools are available for consideration by other Pacific island country governments and development partners.

COMPLEMENTARY GOVERNANCE REFORMS

The policy analysis tools will be most effective if they are complemented by several other related reform efforts (i.e. as part of a broader governance-strengthening reform program) to:

- improve the rigour of underpinning policy-making procedures; and
- make organisational changes to some organisations, such as establishing Monitoring and Co-ordination Units and/or an inter-departmental working group to oversee implementation of the policy-making procedures. Particular attention should be paid here to strengthening the role of central agency appraisal units.

One key opportunity to support this reform effort is through the Green Climate Fund (GCF) Readiness Programme.

REGIONAL TECHNICAL SUPPORT AND DEVELOPMENT PARTNER ALIGNMENT

Small Pacific island governments are familiar with capacity constraints and high staff turnover. For larger and/or more complex policies (e.g. >USD 0.5 million), there will be an ongoing (and critical) role for development partners and CROP agencies to help use the PPCR-PR tools, especially the CBA and M&E tools.

Development partners are encouraged to actively support the use of the PPCR-PR tools (and government procedures more generally) for all their ODA in these small Pacific island countries, reducing confusion from multiple versions of policy analysis tools.

The PPCR-PR tools have been purposely designed with development partner involvement and support in mind. The tools are based on 'best-practice' and 'standard' analytical methods that are commonly used by many development partners. The tools are flexible and adaptable so they can accommodate certain requirements (e.g. the use of certain monitoring formats). They are also well-suited to being used in a participatory and collaborative fashion[31]—so that the tools meet the needs of both Pacific island country governments and development partners.

NEXT STEPS

This 'knowledge product' report details a set of analytical tools which can effectively support decision making to mainstream climate change and disaster risk considerations into Pacific government policymaking processes.

Building on the successful pilot applications in Kosrae and Tuvalu, the resources are now available for consideration by other Pacific island country governments and development partners.

Furthermore, it is hoped the tools will facilitate a movement toward better alignment and harmonisation of ODA with Pacific island country government systems, consistent with commitments under the Paris Declaration for Aid Effectiveness.

31 with the possible exception of the central agency appraisal tool.

References

Althaus C., Bridgman P., and Davis G. (2007) *The Australian Policy Handbook Fourth Edition.* Allen and Unwin, Crows Nest

Australian Government/AusAid (2003) *AusGUIDElines: Managing Risk.* Government of Australia, available at http://portals.wi.wur.nl/files/docs/ppme/ausguidelines-risk_management.pdf

Donaldson S.I. (2007) *Program theory-driven evaluation science: Strategies and applications.* New York, NY: Psychology Press

Gigli S. and Agrawala S. (2007) *Stocktaking of Progress on Integrating Adaptation to Climate Change into Development Co-operation Activities.* Paris: Organisation for Economic Co-operation and Development, 83 pp.

HM Treasury (2014) *The Green Book: Appraisal and Evaluation in central government.* Government of the United Kingdom, available at www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-governent

New Zealand Ministry of Foreign Affairs and Trade (2009) *Activity Design Document.* NZ MFAT, available at www.google.ws/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=New+Zealand+Activity+Design+Document

OECD DAC (2010) *Evaluating development co-operation: Summary of key norms and standards (2nd ed.).* Paris: OECD DAC, available at www.oecd.org/development/evaluation/dcdndep/41612905.pdf

Perrson A. and Klein R. (2008) *Mainstreaming adaptation to climate change into official development assistance: integration of long-term climate concerns and short-term development needs*. Available at www.academia.edu/2668140/Mainstreaming_adaptation_to_climate_change_into_official_development_assistance_integration_of_long-term_climate_concerns_and_short-term_development_needs

The **Pilot Program for Climate Resilience: Pacific Regional Track (PPCR-PR)** is a regional program which aims to strengthen integration of climate change and disaster risk considerations into 'mainstream' policy making and related budgetary and decision-making processes (i.e. 'climate change and disaster risk mainstreaming').

The PPCR-PR is implemented by the Secretariat of the Pacific Regional Environment Program (SPREP) and Asian Development Bank (ADB) and is funded through the Climate Investment Funds (CIF).

SPREP
Secretariat of the Pacific Regional Environment Programme

50 YEARS

ADB

CIF CLIMATE INVESTMENT FUNDS