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Enhancing Climate Resilience and Food Security Project



OVERVIEW

Project Amount-\$25,950,000

Loan: \$4,000,000- OCR

Grant: \$21,950,000

\$17,950,000- ADF

\$3,000,000- JFPR

\$1,000,000- ORCATF

Planning



Monitoring

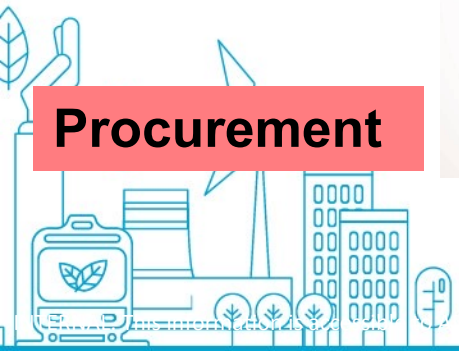
Procurement

Reporting

Outcome: Vulnerability of island communities to climate risks reduced

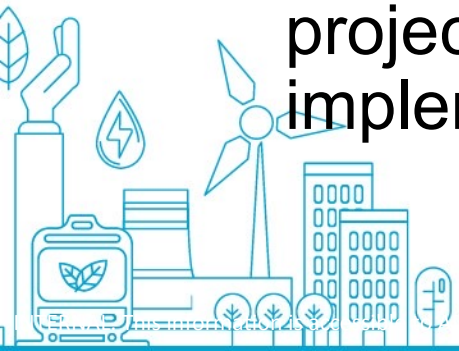
Outputs:

1. Institutional and community capacity on climate adaptation improved
2. Effective flood and coastal protection with nature-based solutions implemented
3. Climate-smart technologies and practices in agri-food systems promoted
4. Climate adaptation businesses and services, and urban farming implemented



Risk Assessment and Risk Management Plan

1. Macroeconomic and external shocks restrict the ability of the government and private sector to execute planned investments.
2. Political instability and global price volatility lead to increased project cost and delayed project completion.
3. SDFC cannot identify applications that meet eligibility criteria for the matching grant due to unexpected economic or financial situations.
4. Limited staff procurement capacity in PMU to meet ADB and project implementation requirements will delay project implementation.



Risk Assessment and Risk Management Plan

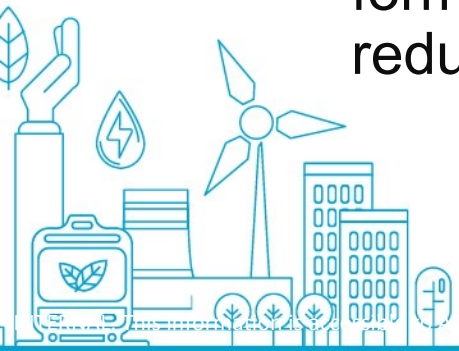
5. For HAC, incremental recurrent expenditures are expected to significantly increase due to the operation and maintenance needs arising from the project assets. Under the Output 4, the subprojects are currently unknown. There is a risk that insufficient funds are available for operating and maintaining project assets, hampering the sustainability of the project.
6. Detailed FM arrangements for the grant scheme has not yet been formalized. The accounts staff position in the PMU is vacant and there might be frequent staff turnover. The internal audit may not have adequate capacity to cover the project.
7. The declining trend in governance indicators may signal an increase in corruption risk in the medium term.



Portfolio Level Issues

These lessons are based on issues we have experienced within our project portfolio

- **Land Acquisition Issues:** Land-related conflicts and delays have significantly hampered project progress. To prevent this:
 - Conduct thorough consultations with communities and relevant authorities **before** finalizing land selection.
 - Secure firm commitments and agreements **during the current government's tenure**, as priorities may shift with changes in administration.
- **Policy Changes:** Policy shifts can derail project alignment.
- **Limited MOFP Involvement:** Lack of early MOFP engagement has led to discrepancies and component duplication.
 - Build the capacity within MOFP to be actively involved from the project formulation stage. This will ensure projects are financially viable, avoid redundancies, and maximize impact.



Lessons Learned

These lessons are based on issues we have experienced within our project portfolio

- **Fiscal Constraints:** Government's inability to meet financial commitments has caused contractor terminations and project slowdowns.
 - Formulate future projects with a **minimal government financial component**, maximizing the utilization of donor funding to cover all essential project components.
 - Explore other options for government's contribution: Current mechanism of % share of government contribution has a complicated process.
- **Inadequate Budgeting and Financial Planning:** Projects have experienced significant cost overruns due to inflation and other unforeseen factors, often necessitating substantial additional financing.
- Project implementation timelines have been affected by **lengthy procurement processes.**



Future Plans

- **Portfolio-Level Risk Mitigation Strategy:** Develop and implement a comprehensive risk mitigation strategy at the portfolio level within the MOFP. We can have risks from individual projects as well as risks on a country level in our portfolio of projects.
- **Regular Monitoring Mechanisms:** Establish robust monitoring mechanisms to ensure consistent project progress and timely intervention.
- **Enhanced Capacity Building:** Invest in continuous capacity building initiatives for all key stakeholder agencies.
- **Improved Coordination:** Strengthen coordination with the donor and all key stakeholders to foster effective collaboration.
- **Diversified Funding Sources:** Actively diversify funding sources to reduce reliance on limited donor funding and increase private sector engagement in project financing.

