

Aide Memoir OKACOM Application to the Green Climate Fund

March 2017

This Aide Memoir seeks to provide details on a number of fundamental issues related to the interaction between OKACOM (as a Regional River Basin Organisation) and its Member States (acting in their own right) in applying for resources from the Green Climate Fund. The paper seeks to provide contextual information to clarify three key areas for decision makers and key stakeholders in Member States. These are:

- The extent to which the planned OKACOM application either complements or provides the platform to scale up current Member State grants or proposals to the GCF. This is especially important in relation to the (approved) Namibian grant for US\$ 10m for Climate Resilient Agriculture in three of the Vulnerable Extreme northern crop-growing regions (CRAVE) programme.
- A concise explanation on the planned OKACOM programme, including detail of the proposed 'paradigm shift' that underpins the OKACOM application. This will include an indication of the innovation - especially linking climate change, vulnerability, livelihoods opportunities and climate resilience – which have been applied in designing new approaches that link the national and regional climate change efforts at different scales - Member States, OKACOM and SADC.
- An outline the extent to which the GCF funding to OKACOM could complement (and avoid compromising, if possible) the Member State allocations under current CGF funding arrangements.

CRAVE and OKACOM: Stronger Together, Tackling Climate Change at the Regional Scale

CRAVE sets its paradigm shift as follows '**..... to enable vulnerable small-scale farmers (SSF) to penetrate the local and national agricultural economy from a purely subsistence production model towards full market penetration**'. The CRAVE proposal is underpinned by a recognition that vulnerable and marginalised people in the Namibian portion of the Okavango Basin will be increasingly impacted by climate change unless they can participate in enterprise opportunities that allow them to graduate from subsistence into the formal economy. The elements of the CRAVE intervention set up the conditions for this transformative (and climate resilient) social, economic and environmental shift for the central Okavango basin.

OKACOM sets up its paradigm shift¹ to address climate adaptation (at the basin level) by '**strengthening of value-chains and integration of farming communities into agriculture and tourism sectors to lift rural households out of subsistence living and transform their livelihoods**' as well as contributing to mitigation by '**innovative introduction of solar in irrigation schemes, also achieving mitigation co-benefits**'. The OKACOM proposal is underpinned by detailed basin-level climate projections from 2017 (considering the 'upper basin' and the 'lower basin' separately as they fall into two distinct climate zones), by a detailed analysis of livelihoods conditions, options and impact on formal investments (through the Multi-Sector Investment Opportunity Analysis MSIOA). The OKACOM proposal is framed by the approved Basin Vision; 'the economically prosperous, socially just and environmentally healthy development of the Cubango-Okavango River Basin'.

¹ See next paragraph for more detail on all aspects of the OKACOM value proposition/paradigm shift

In summary, the CRAVE intervention and the OKACOM proposal are substantially aligned, even though they are at different spatial scales. Namibia considered the vulnerability of their citizens in the mid-Okavango region, and concluded that the most climate-resilient development pathway was a transformative social, economic and environmental programme to take subsistence farmers into the mainstream value chains. The CRAVE intervention is designed around this transformation. OKACOM has used a different set of climate and development diagnostics to analyse exposure, sensitivity, impacts and adaptive capacity of vulnerable Basin stakeholders at the transboundary level. However, they came to the same conclusion at the basin scale – providing enterprise opportunities for currently vulnerable subsistence farmers, and incentivising their transition to better opportunities in the formal sector is the key to reducing their vulnerability and improving their climate resilience.

The OKACOM proposal, at the Basin level, is directly aligned to the CRAVE intervention at the National level, and this gives rise to significant opportunities for synergies, added value and scale-up. CRAVE is good for Namibian subsistence farmers in the mid-Okavango, and the CRAVE outputs could become a valuable resource to inform transformative, climate-resilient change in the upper basin (Angola) and in the lower basin (Botswana). The OKACOM proposal, guided by the Basin Vision, provides the ‘vehicle’ to link the National and Regional climate agendas, adding considerable value to National efforts in addressing climate change in southern Africa.

Climate Vulnerability at the Regional Scale: OKACOM Proposal

The OKACOM proposal has the following ‘Impact potential’ – increasing the adaptive capacity of the most vulnerable communities living in the basin, benefiting an estimated 500,000 people directly and up to 1,2 m people indirectly. The design is underpinned by a number of important, recent activities in OKACOM, details of which are provided below:

- Detailed basin-level climate projections, conducted in the ‘upper basin’ (Angolan highlands, dominated by the Inter-Tropical Convergence Zone ITCZ climatic zone, and where over 90% of the Basin’s water is generated) and in the ‘lower basin’ (including the mid-Okavango, Delta and associated ephemeral river systems, falling into the climatic zone called the Dry Descending Arm of the Hadley Cell – a hot and dry semi-arid and arid zone of southern Africa). This work formed part of the OKACOM ‘Climate Resilient Development Pathways’ assignment, including consideration of exposure, sensitivity, impacts and adaptive capacity of vulnerable communities.
- A detailed analysis of livelihoods conditions, options and impact on formal investments through the Multi-Sector Investment Opportunity Analysis MSIOA. This study, funded by DFID but administered through the World Bank, is currently concluding, and considers investment opportunities throughout the Basin. A substantial ‘livelihoods investment programme’ is proposed as a baseline investment (irrespective of which formal-sector investments are subsequently planned) to underpin long-term social, environmental and economic objectives.
- The OKACOM proposal is framed by the approved Basin Vision agreed by Member States in late 2015, which is ‘the economically prosperous, socially just and environmentally healthy development of the Cubango-Okavango River Basin’. This provides the legitimacy for the social equity and justice as well as sustainable growth and long-term environmental outcomes that Member States have agreed upon through OKACOM.

The programme will deliver activities and outputs in order to strengthen the adaptive capacity of vulnerable communities and to reduce their exposure to increasing climate risks by providing viable, sustainable enterprise opportunities outside of their (current, and vulnerable) subsistence existence. In addition, the outputs will help reduce the rate of deforestation (driven by domestic energy demand) and clearing of land for subsistence agriculture. This will help to reduce the secondary impacts of erosion and siltation, which have significant consequences for water quality and environmental outcomes throughout the Basin's aquatic, water supply and productive water systems.

The OKACOM Basin proposal is planning to deliver through four components: (i) small-scale, rural, climate resilient irrigation infrastructure to increase water management and water security of vulnerable farming communities, (ii) adoption of climate smart agriculture to increase productivity (iii) value-chain analysis to integrate communities into the agriculture, tourism and other key sectors, and (iv) strengthened institutional capacity and knowledge management in climate-risk management of OKACOM and service providers.

The 'paradigm shift' potential of the proposal is underpinned by an understanding that climate variability and change and ecological constraints are problems that should not be understood merely as a physical phenomenon, but in a much broader social and economic sense. Reflecting this understanding, a holistic, river basin approach which implements investments to address communities 'lived' experience of climate risk, while at the same time supporting the socio-economic investment priorities identified by the three Member States will be employed. This will result in a paradigm-shift in the way the Basin achieves its Vision – and subsequently on the way land and water resources are managed across the basin - taking into account current and future impacts of climate change on water security for livelihoods and the potential of the agriculture, energy and tourism sectors for the three Member States. The programme will focus on:

- Strengthening of value-chains and integration of farming communities into agriculture and tourism sectors to lift rural households out of subsistence living and transform their livelihoods
- Innovative introduction of solar in irrigation schemes, also achieving mitigation co-benefits (to be fully explored during feasibility)
- Support to OKACOM capacity building and knowledge management systems to allow for potential knowledge and learning across other transboundary river basin institutions
- Scalability of transboundary, holistic river-basin approach, building on Member State initiatives (e.g. CRAVE) and specifically in market systems approach and models of climate resilient infrastructure with solar power
- Environmental co-benefits: climate resilience of one of the most globally valuable ecosystems in the world
- Social co-benefits: increased farmers' food security and household incomes, resulting in improved water and sanitation and health outcomes, with a particular focus on addressing the specific set of vulnerabilities faced by women
- Economic co-benefits: climate-proofed agriculture and tourism basin economies, contributing to national and regional scales
- Gender-sensitive development impact: while the proposed programme is expected to benefit both men and women in the targeted areas, women will particularly benefit as they are subject to gender-specific vulnerabilities worsened by climate change security for farmers aim to make SSF part of this entire value chain

National Approaches Supplemented by Regional Leveraging?

It is not clear at this stage what effect that a potential Regional application may have on any formal or informal allocation to each of the Member States in their own right. A number of facts appear to be clear – first that the GCF has not yet decided on (or in fact had to deal with) regional proposals at this stage. As a consequence, the second fact is that the GCF has therefore not developed any guidelines or established any precedents. Third, the GCF have been encouraging the concept of the development for regional approaches, because they too see the added value of fitting national responses into a much richer regional response dialogue.

If the OKACOM proposal is funded, it will be at a significant scale, possibly in excess of \$100m. This amount will provide a significant upscaling compared to the amounts that are available to individual countries. In the case of Namibia, there is an opportunity to use the outcomes of CRAVE to inform upscaling, and then to use the PKACOM funds to go to scale.

So at this stage, we can say that the issue is actively being addressed, and that the GCF are encouraging appropriate regional organisations (and their Member States) to make applications so that they are in a sense forced to address the issue. This point is very important; if Member States strongly support their regional organisations, and make a coherent supporting case – thereby signalling strong demand for a regional response to add value to National efforts – then the initiative stands a good chance of leveraging additional resources through the system. It makes good conceptual sense to tackle most climate issues in a coordinated, regional response – the procedural case must now be made through the Member States to the GCF.