

## A New Vehicle for Climate Adaptation in South Asia

The proposed South Asia Region Climate Adaptation and Resilience program (SARCAR) presents a new and ambitious approach to mobilizing resources and transforming the region's efforts to reduce climate risks. The SARCAR program is fully aligned with, and provides a vehicle to operationalize, the 2019 **World Bank Action Plan on Climate Change Adaptation and Resilience**. It focuses specifically on the first two pillars: (i) **Boost adaptation financing** to US\$50 billion over FY21–25; and (ii) Drive a mainstreamed, **whole-of-government programmatic approach**. SARCAR will enhance the access to and effectiveness of climate adaptation financing and ensure a strong focus on climate resilience for future development financing in SAR.

*The new program  
will work at  
two levels*

- 1 at the regional level, creating a strong evidence base to inform and guide policy dialogue, guidelines, standards and decision making; and
- 2 at the national level, supporting a whole-of-government approach in countries to mainstream climate risk management in policy, planning, and investment design.



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# South Asia Region

*Climate  
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Climate Adaptation and Resilience Program

## Adaptation – Building Resilience to Climate Change

Climate change presents a critical threat to global development and undermines development achievements, especially for the most vulnerable and poor. Going forward, development gains will require effective and mainstreamed adaptation.

Climate change adaptation aims to reduce risks and vulnerabilities and increase resilience to future risk. This requires a different approach from business as usual: Ensuring that governments, the private sector, and communities ready themselves to better mitigate climate change's future negative impact. Upstream funding spent on adaptation will reduce financial costs of future impacts such as increasingly disastrous cyclones or changing precipitation patterns. For every dollar spent on resilience, society saves six dollars in reconstruction, which can be invested in further development.

## A Regional Program for Regional Challenges

SARCAR will support a **regional** approach to fostering dialogue, generate and broker knowledge and mobilize resources to promote greater resilience. It will:

- 1. Create a regional cloud-based open access platform** for easy access to hazard, vulnerability, exposure, and hydrometeorological data.
- 2. Generate and facilitate access to knowledge, expertise, global best practices, and technical assistance.** Priority interventions will be identified and supported. Climate resilient design standards and guidelines will be developed for key thematic areas, based on country/sector demand and priorities.
- 3. Establish a regional dialogue mechanism** for two-tier policy dialogue, knowledge sharing, and collective action for a whole-of-government approach with national finance and planning ministries and a regional technical dialogue on resilience with SAR line ministries to catalyze planning, policy reforms, and investments.
- 4. Strengthen regional financial resilience** through preparatory work to establish and scale up the use of disaster risk finance instruments such as risk transfer mechanism/s (e.g. insurance, CAT Bonds, etc.) in SAR.



## A National Whole-of-Government Approach

At the **national level**, SARCAR will support a whole-of-government, systems approach to climate resilience mainstreaming:

- 1. National dialogue on transformational resilience policies and planning that** will engage finance, planning, and line ministries to embed climate resilience in strategic planning, programming and investments, increasing the share of climate-resilient operations and programs.
- 2. Technical support to World Bank government clients** to prepare climate-smart operations. Through the Bank's collaboration with technical and regional organizations, SARCAR will provide technical support to sectoral ministries to include transformational sectoral policies and institutional capacity building components in existing or emerging projects.

## A Regional Approach for SAR

SAR countries have a shared geography, including the annual monsoon as well as the Karakoram-Hindu Kush-Himalaya mountain range and its associated ten river basins, linking the region by its provision of water, food, and energy to more than 1.9 billion people. Climate change does not adhere to ecological or jurisdictional boundaries and will affect all SAR countries. It is one of the most critical development challenges in SAR with the potential to roll back hard-won development gains and push large numbers of people into poverty.

A regional approach will support collaboration, economies of scale and innovative solutions to move beyond one-off isolated national-level adaptation and resilience policies and investments. Alignment and cooperation across borders are required to meet the challenge of climate change in SAR.

## Leveraging Resources

SARCAR will be implemented through two parallel and mutually supportive mechanisms:

- (i) The South Asia Climate Adaptation and Resilience Partnership (SCARP) - Bank-executed technical assistance funded through trust funds; and
- (ii) The Climate Adaptation and Resilience for SAR project (CARE for SAR) – an investment operation funded by Regional IDA funding to be implemented by select regional organizations.

SARCAR will leverage resources for increased investment in adaptation in SAR, focusing on the poor and most vulnerable in IDA countries. This approach will allow selected operations in IDA countries to access regional IDA financing, over and above the national allocation, for enhanced climate resilience. It will also explore options for increased private sector funding for resilience. Private sector stakeholders will be invited to participate in regional dialogue events to explore opportunities to collaborate with regional organizations, and a specific focus on risk financing will ensure a clear private sector role, in areas like risk analytics and insurance.

## How the Regional Program Will Support Regional Ambitions

SARCAR provides a robust path for SAR to develop and showcase a climate resilient portfolio. The program will ensure a strengthened focus on adaptation across the SAR portfolio and an uptake in climate co-benefits in key sectors, allowing SAR to continue surpassing the World Bank requirement of 28% of financing generating climate co-benefits.

SARCAR will increase the World Bank's direct financing for climate adaptation and contribute to the global commitment to spend an average of US\$10 billion per year on adaptation in FY21–25—more than doubling the FY15–18 spending. SARCAR will also transform SAR's approach to adaptation from an incremental cost in individual investments to a core development strategy, addressing climate risks in policy planning, investment design, and implementation.

DfID has provided funding for critical early activities to be implemented under SCARP, including key analytical knowledge products and support for critical sectoral selected climate-smart investments.