

CLIMATE INVESTMENT FUNDS

PPCR/SC.15/6
October 17, 2014

Meeting of the PPCR Sub-Committee
Washington, D.C.
November 18, 2014

Agenda Item 6

**PROCEDURES FOR AN EXPANDED PPCR SET-ASIDE TO INCENTIVIZE INNOVATIVE PRIVATE
SECTOR INVESTMENTS IN CLIMATE RESILIENCE AND ADAPTATION**

PROPOSED DECISION

The PPCR Sub-Committee reviewed document PPCR/SC.15/6, *Procedures for an Expanded PPCR Set-Aside to Incentivize Innovative Private Sector Investments in Climate Resilience and Adaptation*, and

- (i) agrees to expand the PPCR set-aside mechanisms to invite [eligible low and lower middle income CIF countries] [all SCF countries and low and lower middle income CTF countries] for incentivizing innovative private sector investments in climate resilience and adaptation;
- (ii) approves the procedures for the expanded PPCR set aside to incentivize innovative private sector investments in climate resilience and adaptation;
- (iii) requests the CIF Administrative Unit and the MDBs to make all necessary arrangements for the process of initiating the “calls for proposals” under the expanded PPCR private sector set aside should a minimum of USD [50][80] million in PPCR resources become available,
- (iv) agrees on the following four dates for the final submission of concepts:
 - a. DATE
 - b. DATE
 - c. DATE
 - d. DATEand
- (v) looks forward to select concept notes based on the recommendation of the expert group in accordance with the agreed procedures.

I. INTRODUCTION

1. At its meeting on June 27, 2014, the PPCR Sub-Committee reviewed document PPCR/SC.14/4, *Options for the Use of Potential New Funds under the PPCR*, and agreed to the further development of the option to demonstrate and further incentivize innovative private sector investments in climate resilience and adaptation in current PPCR pilot countries and by expanding private sector activities to low and lower middle income¹ CIF countries and recognizing the need for appropriate technical assistance, training, and country engagement in existing PPCR countries and other low income countries.

2. This paper responds to the request by the PPCR Sub-Committee and outlines the proposed scope and procedures for allocating on a competitive basis PPCR resources to [low and lower middle income CIF countries] [all SCF countries and low and lower middle income CTF countries] for incentivizing innovative private sector investments in climate resilience and adaptation.

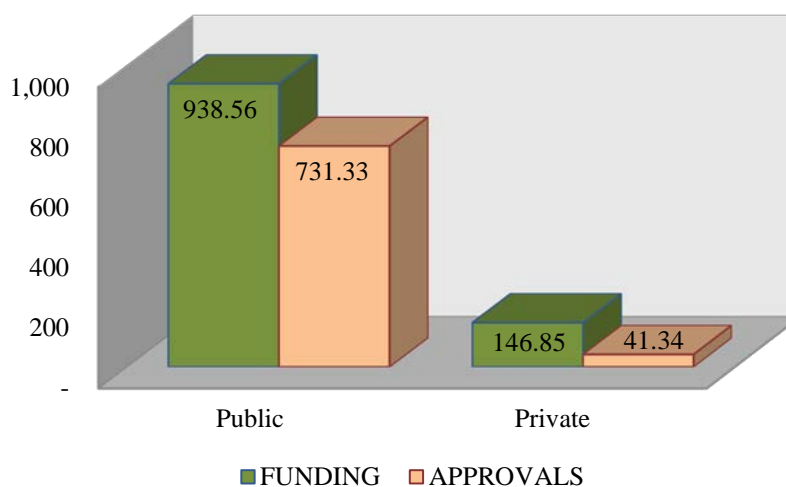
II. BACKGROUND

Status of Private Sector Engagement in the PPCR

3. Over the past year, the PPCR Sub-Committee has been informed on a regular basis about the progress with the development and implementation of PPCR-funded private sector operations which address the challenges associated with climate variability and change.

4. The PPCR portfolio of projects and programs supported under endorsed investment plans is primarily composed of public sector operations, with only 16 out of 71 projects and programs involving the private sector².

Figure 1: Distribution of Approvals between Public and Private Sector Operations (USD million)



¹ Based on World Bank country classification by income (<http://data.worldbank.org/about/country-and-lending-groups>)

² PPCR Semi-Annual Operational Report (PPCR/SC.14/3).

5. The underlying reasons for this distribution are threefold:
 - a) Recognizing the critical role that Governments have to play in terms of adaptation finance and the fact that the demand for resources for public sector investments in resilience-building far outweighs the available PPCR resources, the bulk of the resources have been allocated to public sector investments;
 - b) There are significant barriers for private sector programs to be developed and implemented in the current set of PPCR pilot countries; and
 - c) Private sector arms of the MDBs have a limited track record of financing resilience projects; hence there has been a learning curve for the MDBs, resulting in a slower rate of adoption compared to public sector operations.

6. Barriers for private sector investments in the current set of PPCR pilot countries vary across sectors, and include:
 - a) limited access to finance due to financial institutions' lack of knowledge on climate risks and the opportunities to finance adaptation;
 - b) limited availability of co-financiers due to higher risk and lesser-developed financial (and other) markets in low-income PPCR countries,
 - c) lack of scale and limited role of the private sector in many PPCR countries' economies
 - d) lack of appropriate policies and regulatory frameworks resulting in an unfavorable investment environment for private sector development;
 - e) low in-country technical and financial capacities (for businesses, farmers, bankers);
 - f) lack of reliable data and information;
 - g) limited appropriate infrastructure;
 - h) low level of awareness in the country on the role of the private sector in climate-resilient development;
 - i) novelty of the topic adaptation – for the private sector the value proposition of investments in adaptation is not fully understood yet;
 - j) lack of financial incentives for the private sector to explore and test out innovative approaches; and

- k) limited potential private sector clients that could comply with the MDBs social, environmental and financial standards.

Lessons from the PPCR private sector set-aside (Round 1 and 2)

7. In response to the strategic challenge to enhance private sector engagement in the PPCR, the PPCR Sub-Committee agreed in November 2012 to set aside resources for allocation through a competitive process, to additional private sector programs and projects that further the objectives of the PPCR investment plans. Programs and projects financed from the set aside were to be either for private sector clients working through the MDB private sector arms or for public sector entities working through the MDB public sector arms, provided that a minimum of USD 25 million in capital is allocated to programs and projects for private sector clients working through the MDB private sector arms. As of September 1, 2014, two rounds of allocating PPCR resources under the PPCR private sector set-aside have been completed.

8. During the first round, eleven concepts totaling USD 108 million were received by the CIF Administrative Unit for review by the expert group. Proponents from the following PPCR pilot countries submitted concepts through the MDBs: Dominica, Haiti, Jamaica, Mozambique, Saint Lucia, and Tajikistan. Additionally, one multi-country proposal was submitted for Zambia, Niger, and Mozambique. At its meeting in November 2013, the PPCR Sub-Committee reviewed the expert group report and prioritized recommendations of project concepts submitted under the first round of the PPCR private sector set-aside, and endorsed six project concepts totaling USD 40.85 million for further development.

9. For the second round, eight concepts were submitted for review totaling USD 62.5 million and for future projects in Bolivia, Cambodia, Jamaica, and one project addressing regional opportunities in Africa. At its meeting in June 2014, the PPCR Sub-Committee endorsed four project concepts totaling USD 29 million for further development and invited the resubmission of three additional concepts for a decision by mail. Two projects were resubmitted and endorsed through in September 2014 for a total USD\$10.5million.

10. In total, for round 1 and 2 of the PPCR private sector set aside, the PPCR Sub-Committee has endorsed 12 concepts allocating USD 80.35 million in near-zero interest PPCR credits.

11. In November 2013, the CIF Administrative Unit, in collaboration with the MDBs and the pilot countries, was requested to analyze and share lessons learned on the private sector set-asides with the respective Sub-Committees and external stakeholders with the view to generate lessons from engaging the private sector in the CIF and recommendations for future funding of private sector engagement in the CIF.

12. The CIF Administrative Unit contracted the firm *Vivid Economics* for the consultancy. The final assessment report is available as information document CTF-SCF/TFC.13/Inf.5, *A Review of the Private Sector Set-Asides of the Strategic Climate Fund*.

13. For the PPCR private sector set-aside, the report identifies the following relevant lessons:
- a) The strategic objective of the PPCR set-aside was met, in particular the number and value of private sector projects in PPCR pipeline has doubled.
 - b) A number of projects submitted under the PPCR set-aside were considered to be particularly innovative and of high quality (e.g. Tajikistan).
 - c) The overall number of project concepts submitted to the PPCR set-aside was limited.
 - d) Restricting the eligibility for accessing resources from PPCR set-aside resources to the current PPCR pilot countries significantly limited the number of high quality project concepts submitted and endorsed.
 - e) The availability of concessional loans only and not grants limited the number and diversity of concepts submitted.
 - f) A lack of awareness and, in some cases, capacity of potential project developers has also proved challenging.
14. The assessment report identifies a number of measures that may improve the mechanism of the PPCR private sector set-aside that could be implemented in a relatively short timeframe.
- a) *Measure 1: Provide grant funding for MDBs to develop proposals.* This would aim to improve incentives and reduce the risk for MDBs to develop concepts and projects.
 - b) *Measure 2: Regularize the timing of the call and provide sufficient time for submissions.* A number of stakeholders, particularly MDBs and project developers, noted that this could improve MDB engagement and smooth the process of project development and submission by having more predictability regarding timing and resources.
 - c) *Measure 3: Place less emphasis on MDB co-finance in assessing and selecting concepts.* Although there are significant benefits of securing MDB and other co-financing, less emphasis on the amount of co-financing may lead to greater innovation of submitted concepts.
 - d) *Measure 4: Allow expansion of the PPCR set-aside to other SCF and/or CIF countries.* This would likely increase the number of high quality projects submitted, and make regional projects more feasible (e.g. for creating risk insurance schemes).
 - e) *Measure 5: In addition to concessional loans, the PPCR set-aside mechanism should provide grant funding and local currency loans to projects that need*

upfront grant funding to cover risks and stimulate the market. Expanding the use of grant resources might be particularly valuable in enhancing private sector capacity through technical assistance and improving the enabling environment for the private sector to conduct its business successfully in a country.

- f) *Measure 6: Develop a strategic plan for enhanced outreach on the opportunities associated with the PPCR private sector set-aside.* The majority of stakeholders – including expert group members and pilot country representatives - believe that improved outreach for (potential) project developers would help increase the number of high quality proposals. Different actors have various strengths and weaknesses in conducting outreach, and it is most likely to be effective if these actors collaborate within a single coherent strategic plan.

15. These above presented lessons from the first two rounds of the PPCR private sector set-aside process and suggested measures to improve the effectiveness of the mechanism have been taken into account in the design of the expanded competitive set-aside under the PPCR described in the next section.

III. ELABORATION OF THE PROPOSED EXPANDED COMPETITIVE SET-ASIDE UNDER THE PPCR

16. Based on the analysis of the current PPCR portfolio and emerging lessons from the first two rounds of the PPCR private sector set aside process, it has become apparent that new approaches are required to support additional private sector investments in adaptation under the PPCR. At the same time, there are promising examples available of private sector investments in addressing the impacts of climate variability and change in non-PPCR countries which might stimulate interest and replication opportunities in the PPCR pilot countries. On several occasions, the PPCR pilot countries have expressed interest in learning from innovative private sector investments in non-PPCR pilot countries and understanding the conditions for success.

17. Taking into account the above considerations, the PPCR Sub-Committee agreed to expand the scope of the set-aside to allow concepts to be considered for PPCR funding for activities that advances PPCR objectives in current PPCR pilot countries and by expanding private sector activities to low and lower middle income³ CIF countries. In addition, the Sub-Committee recognized the need for appropriate technical assistance, training, and country engagement in existing PPCR countries and other low income countries.

18. During the discussion on the procedures proposed in this document, the PPCR MDB Committee discussed the potential of this option to explore new opportunities in the context of the decision by the PPCR Sub-Committee. The MDBs shared the view that by inviting only low and lower-middle income⁴ CIF countries to participate in the expanded PPCR private sector set-aside (in addition to the current PPCR pilot countries), the potential to generate innovative private sector investments will remain limited. The MDB PPCR Committee underscored that private sector operations and related learning can be maximized if the PPCR private sector set-

³ *Ibid.*

⁴ *Ibid.*

aside would be expanded to all SCF countries as well as to low and lower middle income CTF countries. This expansion would introduce more flexibility, market reach and enhance the opportunities for learning from countries which are highly vulnerable to the impacts of climate variability and change but have stronger technical and financial capacities.

Purpose and Scope

19. The purpose of the expanded PPCR private sector set-aside would be to explore market opportunities for the private sector to engage in climate resilience and adaptation activities by including a wider range of countries, including [low and lower middle income⁵ CIF countries][all SCF countries⁶ and low and lower middle income CTF countries]. The expansion would enhance the competitive scope of the set-aside, allowing the best opportunities and projects to be funded while good practices are deepened and South-South learning be enhanced. Regional proposals are welcomed if well justified within the scope of the expanded PPCR set-aside.

20. The set aside would continue to function as a competitive allocation of available PPCR resources and concepts continue to be reviewed based on assessment criteria agreed by the PPCR Sub-Committee. It would be expanded so that project activities to be implemented in any [low and lower middle income⁷ CIF country][SCF country and low and lower middle income CTF country], including the existing set of PPCR pilot countries could be considered. Competition would be generated through a “call for proposals” taking into account the lessons learned from rounds 1 and 2 of the PPCR private sector set-aside.

21. The “call for proposals” would be established as follows:

- a) Subject to the availability of resources, the PPCR Sub-Committee would agree on an annual envelope for the expanded PPCR private sector set-aside; at least one fourth of the annual envelop will be available each quarter, and any unendorsed amount of funds will roll-over to the next quarter.
- b) A consultation process will take place with interested CIF pilot countries to articulate country-specific themes which could be addressed through the “call for proposals” to address national priorities and enabling environment conditions (some examples are presented further below);
- c) Four dates within the year will be established by when concept notes may be submitted for consideration. Once each date has passed, received concepts would be reviewed virtually by an expert group. The expert group would interact with the MDBs and project proponents as described further below. The report of the expert group would be submitted to the PPCR Sub-Committee 2 weeks after the four submission dates for a decision by mail or during an inter-sessional meeting of the PPCR Sub-Committee held virtually or in-person;

⁵ *Ibid.*

⁶ Allowing the expansion of the private sector set aside to low and lower middle income countries only would restrict the use of the mechanism to only one additional country in Latin America.

⁷ *Ibid.*

- d) MDBs may submit project concepts and programmatic proposals;
- e) Concept notes identified by the expert group with potential for improvement may be revised and resubmitted either for the same or the next submission date of the “call for proposals”.

22. Countries which are interested in thematic national “call for proposals” may want to consider focusing on some of the following potential themes. This list is not exhaustive and only provides examples of potential themes to be considered. It is recommended that countries should not limit the “call for proposals” to a few themes but rather be encouraged to allow for flexibility that is necessary to generate private sector interest, broaden market reach in PPCR related activities and innovation in addressing the impacts of climate variability and change:

- a) dedicated financing facilities to scale up finance for climate resilience measures in vulnerable sectors (e.g. agriculture, residential/commercial property, manufacturing, renewables, tourism);
- b) targeted finance for making privately owned/managed infrastructure more climate-resilient (e.g. transport, ports, roads, power and energy, housing, natural resources, water use infrastructure);
- c) insurance-based mechanisms to help businesses and households cope with climate-driven risks and shocks;
- d) access to climate information and services for the end users in vulnerable sectors (e.g. water, agriculture, roads, health, disaster risk management);
- e) waste water recovery and improved water resource management, or
- f) agriculture and agribusiness supply chain resilience.

Eligibility

23. The Sub-Committee agrees that all [low and lower middle income⁸ CIF countries][SCF countries and low and lower middle income CTF countries], including all current PPCR pilot countries would be eligible to access funding under the expanded PPCR private sector set aside (“eligible CIF countries”). Annex 1 provides the list with eligible CIF countries.

24. It is proposed that PPCR resources should be set aside for allocation to programs and projects in eligible CIF countries, selected on a competitive basis, to provide PPCR funding to:

- a) private sector clients working through MDB private sector arms, or

⁸ *Ibid.*

- b) public sector entities working through MDB public or private sector arms which would in turn benefit private sector recipients, through innovative, competitive mechanisms such as competitive allocation of concessional financing to private sector entities, public-private partnerships, or results-based financing.

Policy Framework for Projects and Programs Supported under the Expanded PPCR Private Sector Set-Aside

25. The PPCR private sector set-aside is a funding mechanism under the PPCR. Hence, all decisions on policy and funding related to the PPCR private sector set-aside need to be consistent with the *PPCR Design Document*. Decisions on funding are made by the PPCR Sub-Committee.

26. For the current set of PPCR pilot countries, the *Programming and Financing Modalities for the PPCR*⁹ and the *PPCR Financing Modalities*¹⁰ apply. This includes that projects or programs need to contribute to furthering the objective of the endorsed PPCR investment plan.

27. For eligible CIF countries under the extended PPCR private sector set-aside in the CTF, FIP and SREP, the *Programming and Financing Modalities for the PPCR* and the *PPCR Financing Modalities* would apply as well. However, in absence of an endorsed PPCR investment plan, proponents would need to present a relevant national programming context such as an approved National Adaptation Plan of Action (NAPA) or a National Plan on Adaptation (NAP) or an equivalent national-level climate policy or plan.

Procedures

28. The following procedures are to be followed to select the project and program concepts to be funded from the expanded PPCR private sector set-aside.

Information Sharing and Outreach

29. Information on the set aside and the agreed procedures, including a common format for presenting concepts; a timeline for the completion of steps, and links to the investment plan and other relevant information will be made available through the dedicated page on the CIF Administrative Unit's website and, as appropriate, the websites of the MDBs and the countries' national channels of communication.

30. Recognizing the need for proactive outreach and awareness,

- a) the CIF Administrative Unit, in collaboration with the MDBs will inform all eligible CIF countries of the opportunity to access PPCR resources under the expanded PPCR private sector set-aside and share the information how to access the resources, including the procedures and the template for presenting concepts;

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https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_Programming_and_Financing_Modalities.pdf

¹⁰ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_Financing_Modalities_final.pdf

- b) the MDBs, supported by the CIF Administrative Unit if needed, will facilitate information sharing and awareness raising on the PPCR private sector set-aside, including information sessions for MDB task teams at their HQ offices or through video conferences as needed;
- c) for interested eligible CIF countries, the CIF Administrative Unit and the MDBs will facilitate a consultation process with interested partners, including the country focal point, to agree on country-specific themes for the “call for proposals”;
- d) if appropriate and requested, up to USD 10,000 per pilot country will be provided to eligible CIF countries from the approved resources available to cover for country outreach and awareness activities. Such resources will be approved by the MDB Committee.
- e) if requested, the CIF Administrative Unit may facilitate consultations between the expert group and the country focal points to enhance the understanding on countries’ priorities in the context of their national development and adaptation agendas. This consultation will cover generic aspects of the call for proposals and will not discuss specific concept notes.

Concept Development and Submissions

31. To be considered for PPCR funding, concept notes should be submitted by an MDB to the CIF Administrative Unit. Concepts will be developed by the MDBs and proponents in consultation with relevant partners as appropriate.
32. Only project and program concepts that were submitted by the agreed date and by an MDB to the CIF Administrative Unit will be reviewed by the expert group.
33. Based on the lessons learned from the first two rounds of the PPCR private sector set-aside, the financial envelope for the expanded PPCR private-sector set-aside should provide for a mix of grants (for technical assistance, advisory services, investments) and concessional finance (loans, equity, and guarantees) consistent with the *PPCR Financing Modalities*.
34. To support the investment origination and concept development efforts by the MDBs in the context of the “call for proposals”, it is proposed to provide grant resources for up to USD 1 million to each MDB at the beginning of the submission year. The resources would be provided through the CIF Administrative Budget. These grants would be used to fund, for example, cost-benefit analysis for various adaptation measures that specific private sector clients in eligible CIF countries may consider, with the goal of demonstrating the financial viability and strategic business values those investments would provide.

35. Grants should be made available for the further development of the projects and programs once the concept has been endorsed and funding been allocated. Preparatory grants for the project or program would be part of that endorsed allocation.

Assessment Criteria

36. The expert group will review the concept proposals and make prioritized recommendations based on the extent to which the concept proposals meet the below criteria. For each criterion, a weight has been assigned to guide project proponents and the expert reviewers when considering concepts.

- a) *Further advancement of the objectives of the endorsed SPCR or contribution to national climate resilient development goals, including the implementation of other relevant national policies and plans addressing climate change (e.g. NAPA or NAP)(15%):* The degree to which the proposed project meets the objectives and purpose of the PPCR¹¹.
- b) *Level of innovation related to a specific market proposed (20 % weighting):* this may include innovation in terms of technology, business models, financial instruments or structure in a country or region. The "level of innovation proposed" needs to be justified in the country- or sector-specific context of the proposal.
- c) *Readiness (20% weighting):* feasibility of MDB board approval within 12-18 months of the endorsement of the concept by the PPCR Sub-Committee. An assessment of readiness may also include as to whether the national policy and regulatory framework is supportive of private sector investments and the implementation risk.
- d) *Level of increase of benefits to vulnerable groups or of decrease of vulnerability of economic sectors impacted by climate variability and change (20% weighting):* how the project/program may benefit vulnerable or marginalized groups or economic sectors impacted by climate variability and change, and how gender considerations will be taken into account.
- e) *Sustainability and replicability of intended results (15% weighting):* the likelihood of the PPCR-supported investment to produce results which can be sustained and replicated by the market over time without additional external concessional financing support or have a demonstrative character to be scaled up through markets.

¹¹ http://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_design_Document_final.pdf

Expert Group

37. An expert group will be established to review on a quarterly basis the proposals submitted under the expanded private sector set-aside. Experts should have relevant operational experience with relevant private sector operations in countries affected by climate variability and change. Meetings of the expert group will be held virtually. The review of the concept proposals submitted under the expanded PPCR private sector set aside would be undertaken by the same expert group as for the first two rounds assisted by a representative from the CIF Administrative Unit. If individuals selected to participate as experts under the first two rounds of the PPCR set-aside are unavailable to participate in the new round, the CIF Administrative Unit will consult with the MDBs and the PPCR Sub-Committee to propose new experts for approval by the Sub-Committee.

38. The expert group will assess the submitted concepts against the weighted criteria listed in paragraph 34 above and, if needed, request clarification on issues to the submitting MDB. The MDB will prepare a written response to these issues. If necessary and requested, the CIF Administrative Unit will facilitate a dialogue between the expert group and the proposing MDB.

39. Thereafter, the expert group will prepare a list of priority concept proposals that it recommends PPCR resources to be allocated to. To ensure consistency in assessing received concept notes throughout the year, the expert group should include in each report a qualitative explanation of the methodology used to assess and prioritize concept recommendations based on the guidelines described in this document. The draft report will be shared with the MDBs for comments.

40. The final report of the expert group with a priority list of concepts will be submitted together with a balance sheet on the set aside resources envelope, including endorsed and still available resources, for a decision-by-mail by the Sub-Committee. The Sub-Committee will endorse concept notes for further development and PPCR funding approval. If there are not a sufficient number of good quality concept proposals by the end of the forth call within the year, then the expert group need not recommend a full allocation of the resources.

Processing

41. In order to facilitate the preparation and consideration of program and project concepts, a common format for presenting such concepts is presented in Annex 2. Once a concept has been endorsed, the further development of the project or program will follow the procedures agreed for the PPCR.

Learning Lessons and Managing Knowledge

42. The CIF Administrative Unit, the MDBs, and the eligible CIF countries are requested to collect lessons and reflections about the effectiveness and value-added of the expanded PPCR private sector set aside and the modified competitive selection process with a view to drawing lessons for the future. The lesson-learning process will include assessment of the contribution to transformative change through scaled-up private sector investment and knowledge transfer of

good practice in private sector engagement in addressing the impacts of climate variability and change to PPCR pilot countries and other [low and lower-income CIF countries][all SCF countries as well as low and lower-income CTF countries].

43. Based on experience and lessons learned in funding projects from the set aside, the Sub-Committee may consider whether new funding may be made available to finance projects in eligible CIF countries.

Annex 1: List of Eligible CIF countries under the expanded PPCR Private Sector Set Aside

Country	CIF Program	World Bank Country Classification by Income	Comment
Armenia	SREP	Lower-middle-income	Endorsed Investment Plan (IP)
Bangladesh	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Benin	SREP (New)	Low-income	New SREP country (no IP)
Bolivia	PPCR	Lower-middle-income	Endorsed SPCR
Brazil	FIP	Upper-middle-income	Endorsed IP
Burkina Faso	FIP	Low-income	Endorsed IP
Cambodia	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Congo, Dem. Rep.	FIP	Low-income	Endorsed IP
Dominica	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Egypt	CTF	Lower-middle-income	Endorsed IP
Ethiopia	SREP	Low-income	Endorsed IP
Ghana	FIP/ SREP (New)	Lower-middle-income	Endorsed FIP IP, New SREP country (no IP)
Grenada	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Haiti	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Honduras	SREP	Lower-middle-income	Endorsed IP
India	CTF	Lower-middle-income	Endorsed IP
Indonesia	CTF/FIP	Lower-middle-income	Endorsed CTF and FIP IP
Jamaica	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Kenya	SREP	Low-income	Endorsed IP
Kiribati	SREP (New)	Lower-middle-income	New SREP country (no IP)
Lao PDR	FIP	Lower-middle-income	Endorsed IP
Lesotho	SREP (New)	Lower-middle-income	New SREP country (no IP)
Liberia	SREP	Low-income	Endorsed IP
Madagascar	SREP (New)	Low-income	New SREP country (no IP)
Malawi	SREP (New)	Low-income	New SREP country (no IP)
Maldives	SREP	Upper-middle-income	Endorsed IP
Mali	SREP	Low-income	Endorsed IP
Mexico	CTF/FIP	Upper-middle-income	Endorsed IP
Mongolia	SREP	Lower-middle-income	No IP
Morocco	CTF	Lower-middle-income	Endorsed IP
Mozambique	PPCR	Low-income	Endorsed SPCR
Nepal	PPCR/SREP	Low-income	Endorsed SPCR and SREP IP
Nicaragua	SREP (New)	Lower-middle-income	New SREP country (no IP)
Niger	PPCR	Low-income	Endorsed SPCR
Nigeria	CTF	Lower-middle-income	Endorsed IP
Papua New Guinea	PPCR	Lower-middle-income	Endorsed SPCR
Peru	FIP	Upper-middle-income	Endorsed IP

Country	CIF Program	World Bank Country Classification by Income	Comment
Philippines	CTF	Lower-middle-income	Endorsed IP
Rwanda	SREP (New)	Low-income	New SREP country (no IP)
Samoa	PPCR	Lower-middle-income	Endorsed SPCR
Sierra Leone	SREP (New)	Low-income	New SREP country (no IP)
Solomon Islands	SREP	Lower-middle-income	Endorsed IP
St. Lucia	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
St. Vincent and the Grenadines	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Tajikistan	PPCR	Low-income	Endorsed SPCR
Tanzania	SREP	Low-income	Endorsed IP
Tonga	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Uganda	SREP (New)	Low-income	New SREP country (no IP)
Ukraine	CTF	Lower-middle-income	Endorsed IP
Vanuatu	SREP	Lower-middle-income	New SREP country (no IP)
Vietnam	CTF	Lower-middle-income	Endorsed IP
Yemen	PPCR/SREP	Lower-middle-income	Endorsed SPCR; New SREP country (no IP)
Zambia	PPCR/ SREP (New)	Lower-middle-income	Endorsed SPCR; New SREP country (no IP)

**Annex 2: Common Format for Project/Program Concept Note for the Use of Resources
from the Expanded PPCR Competitive Set-Aside**

PILOT PROGRAM FOR CLIMATE RESILIENCE				
Expanded Private Sector Set-Aside Concept Note				
1. Country/Region:			2. CIF Project ID#:	
3. Country participating in:	<input type="checkbox"/> CTF	<input type="checkbox"/> PPCR	<input type="checkbox"/> FIP	<input type="checkbox"/> SREP
4. Project/Program Title:				
5. Date of Endorsement of the Investment Plan (if applicable):				
6. Funding Request (in million USD equivalent):	<i>Grant:</i>		<i>Non-Grant (loan, equity, guarantee, etc.):</i>	
7. Implementing MDB(s):			<input type="checkbox"/> Private sector arm <input type="checkbox"/> Public sector arm	
8. Executing Agency:				
9. MDB Focal Point and Project/Program Task Team Leader (TTL):	<i>Headquarters- Focal Point:</i>		<i>TTL:</i>	

- I. Project/Program Description:** Provide a summary description of the project, objectives, and expected outcomes. Also, provide information whether this will be a solely private sector project, a PPP, or a public sector project financing private sector entities.

- II. Context and market:** Provide brief explanation of country/sector context and an overview of the market (product nature, supply and demand status, prices, and competition. In the absence of other comparable products, provide a brief explanation on how the proposed product will substitute for existing products and the benefits from a climate standpoint, and the prospects of commercial viability. If proposing a new business model, provide information of comparable to business as usual). Also, provide an overview of current **market barriers** and how will they be reversed by the proposed project.

- III. County Plan Alignment:** Provide an explanation how the project/program is aligned with the objective of the CIF country investment plans (as appropriate) or other national policy and programming framework relevant to addressing the impacts of climate

variability and change (mandatory for eligible CIF countries not participating in the PPCR)¹².

IV. Project Innovation:

- a. Innovation** - how the project is innovative in terms of technology, business model, financial instruments or structure, market creation, and/or new partnerships, and how the innovation will add value to the project. The level of innovation proposed needs to be justified in the country- or sector-specific context of the proposal.
- b. Technology, Product, and/or Business Model:** Provide description of the technology, the technology provider if identified, whether it has been tested, commercialized and viable commercially. If the project does not involve a technology, provide a description of the business model and its structure.
- c. Sustainability of intended results:** provide information on the likelihood of a project to produce results which can be sustained over time without additional external financial support or have a demonstrative character to be scaled up through markets.

V. Addressing vulnerability of people and sectors: Provide information on how the project/program may benefit vulnerable or marginalized groups or economic sectors will be addressed to the extent possible, provide information on the population size and affected economic sectors, the degree of vulnerability, and estimated impact on vulnerable populations and sectors.

VI. Financial Plan (Indicative):

Source of Funding (please indicate type of instrument, equity, debt, guarantee, grants, credit lines, etc. in each case)	Amount (USD million equivalent)	Percentage (%)
Project developer		
MDB		
PPCR		
Local banks		
Other investors		
Bilaterals		
Others		
TOTAL		100%

¹² In absence of an endorsed PPCR investment plan, proponents would need to present a relevant programming context such as an approved National Adaptation Plan of Action (NAPA) or a National Plan on Adaptation (NAP) or an equivalent national-level climate policy or plan. If possible and appropriate, a strategic link to the relevant endorsed CIF investment plan should be made to explore synergies between climate resilience building and mitigation activities.

VII. Expected Results and Indicators¹³

Expected Result(s)	Indicator(s)
<i>Development Result(s):...</i>	

VIII. Implementation Arrangements and Feasibility: Provide information on the implementation feasibility of the proposed project and an estimated timeline for PPCR funding and MDB approval (PPCR Sub-Committee and MDB).

IX. Potential Risks and Mitigation Measures: What are the risks that might prevent the project development outcome(s) from being realized, including but not limited to, political, policy-related, social/stakeholder-related, macro-economic, or financial?

¹³ These indicators will need to contribute or mapped to the five agreed PPCR core indicators.

Annex 3: Proposed Timeline for the Delivery of a First Round of Proposals under the Expanded PPCR Private Sector Set-aside

End November 2014

- Agree on procedures, criteria, timeline, and common format. Circulate revised procedures and criteria for PPCR Sub-Committee review and approval by mail by end of November 2014.
- Available PPCR resources amount and submission deadline dates announced.
- CIF Administrative Unit informs by mail all eligible CIF countries about the expanded PPCR private sector set-aside.

End of January 2015

- Confirm participation of expert group established for the assessment of proposals under the first two rounds of the PPCR private sector set-aside.
- MDBs and CIF Administrative Unit to make available publicly through various channels, as appropriate, procedures, timeline and a common format as well as relevant background information. This will include revisions to dedicated pages on the CIF and MDB websites (as appropriate) as well as on websites in the countries and other communication means.
- Immediately upon approval of the procedures by the Sub-Committee, the proponent(s) will work with the appropriate MDB to generate project/program ideas to be submitted as a concept note using the common format.

Deadline Dates 2015

Deadline for submission of concept proposals by MDBs to the CIF Administrative Unit
Proposals compiled for review by the expert group by CIF Administrative Unit.

2 Weeks Past Deadline Date

Expert group meets virtually to review and score received eligible proposed concept proposals and agree on recommendations to be submitted to the PPCR Sub-Committee. This includes an interaction with the submitting MDBs if necessary and appropriate.

3 Weeks Past Meeting of the Expert Group

Expert group report and balance sheet submitted to the PPCR Sub-Committee for a decision-by-mail (15 business days).

10 Days Past Submission to the PPCR Sub-Committee

Posting of decision