

# CLIMATE INVESTMENT FUNDS

PPCR/SC.16/4  
April 20, 2015

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Meeting of the PPCR Sub-Committee  
Washington D.C.  
Thursday, May 14, 2015

Agenda Item 4

## **REPORT OF THE EXPERT GROUP TO THE PPCR SUB-COMMITTEE ON SELECTION OF NEW PILOT COUNTRIES**

## **PROPOSED DECISION**

The Sub-Committee welcomes the document PPCR/SC.16/4, *Report of the Expert Group to the PPCR Sub-Committee on Selection of New Pilot Countries*. Based on the recommendations proposed by the PPCR Expert Group, the Sub-Committee approves the following countries to be selected as new PPCR pilot countries (listed in alphabetical order):

- a) ...
- b) ...
- c) ...

The Sub-Committee further agrees that up to [USD XX] may be provided to each of the new pilot countries selected to enable them to take a leadership role in working with the MDBs to develop their full strategic program for climate resilience (SPCRs).

**Report of the Expert Group  
for the Selection of New Pilot Countries  
under the Pilot Program for Climate Resilience**

**Submitted to the Climate Investment Fund  
Administrative Unit**

**April 20, 2015**

## Executive Summary

In November 2014, the Climate Investment Fund sub-committee responsible for overseeing the Pilot Program for Climate Resilience (PPCR) agreed to begin a selection process for new candidate countries to join the program. The PPCR Sub-Committee suggested criteria for country eligibility and evaluation, and authorized the CIF Administrative Unit to both contact eligible countries and assemble an Expert Group to review Expressions of Interest (EOIs) received from the countries.

The Expert Group met in Washington DC in March 2015 to refine and apply criteria for scoring and ranking of 33 country and 1 regional EOIs against three overall aspects: vulnerability to climate risks and hazards, enabling environment, and the potential capacity for implementation. A robust approach was used combining analyses of global indices and numerical scoring of EOI narratives. The regional EOI was also assessed against supplemental criteria regarding the added value for proposing a regional approach. Following the face-to-face meeting, the Expert Group communicated virtually and in conference calls to refine their ratings, rankings and recommendations. This report provides key findings from this process along with supplemental analyses that could be of value to the PPCR Sub-Committee in its deliberations.

While there are a number of ways to present the results of the Expert Group process, and detail scoring and ranking tables are provided in the body of the report and two Annexes, the 15 countries with the highest aggregate score (combining all the three evaluation criteria: relatively highest vulnerability, best enabling environment, and best potential capacity for implementation) are shown in the following table. With respect to the MDB regions, 9 are in Africa, 3 in Latin America, 2 in East Asia and 1 is in Central Asia (ECA). Do note that while country scores are reported to one decimal place, the Expert Group believes that a difference in score of 2 full points or less is probably not significant.

Country	TOTAL FINAL SCORE*	RANK	Region
Philippines	78.2	1	EAP
Rwanda	77.9	2	Africa
Ethiopia	76.3	3	Africa
Bhutan	76.0	4	EAP
Uganda	74.3	5	Africa
Honduras	73.8	6	LAC
Kyrgyz Republic	73.5	7	ECA
Madagascar	73.3	8	Africa
Malawi	72.0	9	Africa
Gambia	71.7	10	Africa
Guyana	71.5	11	LAC
Guatemala	71.2	12	LAC
Benin	70.9	13	Africa
Kenya	69.8	14	Africa
Burundi	69.2	15	Africa

The Expert Group recognizes that there was only a limited amount of time for countries to submit their EOIs and for the group to review, rate and rank them. Nevertheless, the group appreciates the careful thought given to the criteria by the PPCR Sub-Committee, which greatly helped focus its efforts.

The Expert Group also recognizes that the final decision regarding selection of countries is a complex policy choice that involves balancing multiple objectives and priorities, and the Group hopes that the disaggregated and detailed information presented in this report will support an informed judgment. The group stands ready to further assist the PPCR Sub-Committee in this process as requested within the context of its mission.

## Introduction

The Pilot Program for Climate Resilience (PPCR) is a targeted program under the Climate Investment Funds (CIF), established to assist developing countries to integrate climate resilience into development planning<sup>1</sup>. With around \$1.3 billion pledged to date, the PPCR is the largest mechanism for demonstrating new approaches on this topic. The program has been in place since late 2008, and is supporting 9 countries and 2 regions<sup>2</sup> to pilot innovative solutions to pressing climate adaptation needs.

The program is implemented in two phases with flexibility based on country needs and approaches. Phase 1 comprises an analytical phase leading to the preparation of an investment plan denoted as the Strategic Program for Climate Resilience (SPCR). Phase II focuses on the implementation of SPCR investments and enabling activities to advance transformational change. Investment funds flow through the Multilateral Development Banks (MDBs)<sup>3</sup>, but are clearly country-led to advance their core approach to development planning. Formal partnership amongst the MDBs in a country, combined with leveraged investments with bilateral donors and national entities, furthers advances the resilience agenda.

Overall program governance, including the provision of strategic direction and approval of project proposals, falls within the purview of a PPCR Sub-Committee comprising equal representation of donor and recipient countries. The PPCR Sub-Committee met on November 18, 2014 to consider the possibility of inviting additional countries to participate in the program, and authorized the CIF Administrative Unit and MDBs to move forward on a process to reach this goal at the Sub-Committee's Spring 2015 meeting. The criteria guiding PPCR country selection was put forward and included proposed weighting criteria for the selection along with a process for selecting countries, soliciting their interest, and engaging an expert group to review the submissions<sup>4</sup>.

The CIF Administrative Unit (CIF-AU) contacted eligible countries to consider sending an Expression of Interest (EOI) in an expanded program. The CIF-AU coordinated with the MDBs, and with the approval of the PPCR Sub-Committee organized an Expert Group to review the EOIs. This report constitutes the recommendations of the Expert Group, and provides rationale and further details on its deliberations.

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<sup>1</sup> PPCR web site: [https://www.climateinvestmentfunds.org/cif/Pilot\\_Program\\_for\\_Climate\\_Resilience](https://www.climateinvestmentfunds.org/cif/Pilot_Program_for_Climate_Resilience)

<sup>2</sup>As of March 2015, the PPCR is supporting individual country programs in Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan, Yemen and Zambia. Smaller country programs within the Caribbean regional program include Dominica, Haiti, Jamaica, Grenada, St. Lucia, St. Vincent and the Grenadines) and within the Pacific regional program include Papua New Guinea, Samoa and Tonga.

<sup>3</sup> Participating MDBs include the World Bank Group (WBG), Inter-American Development Bank (IDB), Asia Development Bank (ADB), African Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD).

<sup>4</sup> See: <https://www.climateinvestmentfunds.org/cif/content/approved-decision-criteria-and-process-selecting-new-pilot-countries-under-pilot-program-clip> also called the "Criteria and Process" document in this report.

## Expert Group Membership and Approach

The Expert Group responsible for the analyses and conclusions contained in this report comprised the following members:

- Ian Burton (Co-chair); Emeritus Professor, University of Toronto, and Emeritus Scientist with Environment Canada (Toronto, Canada)
- Alex Simalabwi (Co-chair); Harvard University Kennedy School Mason Fellow, and Global Coordinator, Global Water Partnership (Lusaka, Zambia)
- Anand Patwardhan; Professor, University of Maryland School of Public Policy (College Park, MD) and the Indian Institute of Technology (Bombay, India)
- Rosa T. Perez, Ph. D. - Senior Research Fellow, The Manila Observatory (Philippines)
- Kerem Okumus; Co-founder, S360 Sustainability Group Turkey (Istanbul, Turkey)
- Michael Taylor; Professor, Department of Physics, University of the West Indies (Kingston, Jamaica)
- Ron Hoffer (Rapporteur) Independent advisor on sustainable water and environmental management, (Washington DC, USA)

The group benefitted from the broad range in topical and geographic expertise amongst the members. It was also helpful to have the historical perspective of two members who served on the Expert Group for the first pilot country selection (Burton and Perez) and one member who served as MDB coordinator for a PPCR pilot country program several years ago (Hoffer). Finally, the group acknowledges the very capable support of the CIF Administrative Unit staff that provided invaluable help on the substantive and administrative aspects of the work<sup>5</sup>.

The group was directed to consider the PPCR Sub-Committee recommendations on criteria and process, and took on the following tasks<sup>6</sup>:

- Familiarized themselves with the background documents, including recent assessments of the PPCR and Climate Investment Funds.
- Participated in a face-to-face meeting<sup>7</sup> in Washington DC (March 16-19, 2015)
- Participated in audio-conferences before and after the face-to-face meeting
- Reviewed 33 EOIs from individual countries and 1 EOI from the Permanent Interstate Committee for Drought Control in the Sahel (CILSS).
- Developed an approach during the face-to-face meeting that met the stated objective to *“Develop a methodology (including a score card) and carry out analysis that will lead to the*

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<sup>5</sup> Special thanks to our principal liaison Kimie Velhagen who responded to all of our substantive and administrative requests quickly and at all hours of the day and night; to CIF Program Manager Mafalda Duarte whose policy insights and warm welcome made the work go much easier, and to Jagjeet Singh Sareen and other CIF Admin members who ably responded to other questions that arose during the review.

<sup>6</sup> Terms of Reference for the Expert Group (dated February 20, 2015) are included as Annex III

<sup>7</sup> Ms. Perez participated via audio-conference from the Philippines, joined in the narrative review for one region, and supported the analytical phase remotely with the full Expert Group.

*recommendation of new countries....”* This approach is described in the next segment of this report.

- Held informational meetings with staff of all MDBs to gain their perspective on two of the core criteria of *enabling environment* and *potential capacity for implementation*. Separate hour-long audio-conferences were held with MDB staff working in Latin America, Asia-Pacific and Central Asia. A two-hour meeting was held with staff working in Africa and the Middle East.
- At the conclusion of the face-to-face meeting, ensured that the Expert Group agreed on the criteria for rating EOIs utilizing both quantitative and qualitative measures, and reached consensus on scoring based on the review of EOI narratives.
- Utilized the time after the face-to-face meeting to refine calculations on vulnerability based on agreed indices, ensure accuracy in transposition of numbers and scores, and discussed the best way to present results in both an aggregated and disaggregated fashion.
- Responded to any clarifying questions from the CIF Administrative Unit
- Prepared draft and final reports based on internal Expert Group discussions and feedback from the MDBs and the CIF-AU.
- Begin preparations for an expected discussion at the May 2015 PPCR Sub-Committee meeting.

## **Methodological Approach**

The Expert Group was guided by the PPCR Sub-Committee’s suggested weighting criteria of 40 percent for *vulnerability to climate risks and hazards*, 30 percent for *enabling environment*, and 30 percent for *potential capacity for implementation*. The Expert Group noted the more comprehensive approach as contrasted with the first round of PPCR country selection some 6 years ago, which focused predominately on a risk-based approach emphasizing vulnerability<sup>8</sup>. The Expert Group also noted three additional changes from the earlier process:

- No specific requirement in this round to rate countries predominantly within their respective MDB region.
- A clear interest on the part of candidate countries, since the rating is predicated on their submission of an Expression of Interest. In the previous round the countries were only notified of their candidacy until after the rating process (though they did need to confirm interest thereafter).
- The science of assessing vulnerability has made good strides in the interim, and there is documented experience with the progress of PPCR; especially on Phase I and the early stages of Phase II.

During the first day of the 4-day face-to-face meeting, the Expert Group explored a range of possible indicators, tools and other criteria that align with the suggestions of the Sub-Committee. A few “dry run” assessments of randomly selected EOIs/countries were explored using one or more combinations of the alternative indicators until by the middle of the second day, an approach was set which seemed robust and could be completed within the allotted time. As noted below, some indicators cited in EOIs or identified by the Sub-Committee proved to be very useful for comparison purposes and some less so, but all suggestions were considered. A summary of the approach adopted for assessing each of the main criteria is illustrated graphically in Table 1.

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<sup>8</sup> The report of the first Expert Group can be found at: <https://www.climateinvestmentfunds.org/cif/node/1095>



Further supporting information (including the description of the indicators and the approach to score countries based on the indicators) is included in Annex II.

It is important to note that the methodology adopted by the Expert Group orders the three aspects (vulnerability, enabling environment and implementation capacity) in a consistent manner. That is, high scores for the vulnerability component reflect high vulnerability, just as high scores for enabling environment and implementation capacity reflect stronger capacities to develop and implement a PPCR program. Consequently, scores for all three dimensions can be combined in a consistent manner – such that a high combined score reflects a country that would have a higher priority for selection into the PPCR. Recognizing the methodological challenges of aggregating different attributes (vulnerability, enabling environment and implementation capacity), the report presents both the aggregate as well as the disaggregate scores and ranks.

**TABLE 1 – Summary of Scoring Approach**

<b>Criteria</b>	<b>Indicator</b>	<b>Maximum Score</b>
Vulnerability (40% weight in aggregate score)	ND-GAIN-Vulnerability Index (University of Notre Dame)	10
	Global Climate Risk Index (Germanwatch)	10
	Human Development Index (UNDP)	10
Enabling Environment (30% weight in aggregate score)	ND-GAIN Readiness Index (University of Notre Dame)	10
	EOI narrative review of coordination (Expert group judgment)	10
	EOI narrative review of mainstreaming (Expert Group judgment)	10
Implementation Capacity (30% weight in aggregate score)	EOI narrative review of MDB engagement (Expert Group judgment)	10
	EOI narrative review of country capacity (Expert Group judgment)	10
	EOI narrative review of leveraging and scope of impact (Expert Group judgment)	10

Vulnerability to Climate Risks and Hazards (40% of aggregate score)

The Expert Group agreed with the Sub-Committee’s Criteria and Process document that the best approach for this factor would be to rely on “existing indices of high reputation which are composed of a comprehensive set of variables.... and use a transparent approach and methodology to be created and updated.” The Expert Group felt that three indicators when considered together would best help assess the relative bio-physical and socio-economic determinants of vulnerability while

having ranks/scores for essentially all EOIs: the ND-GAIN vulnerability index<sup>9</sup>, the Global Climate Risk Index (CRI Germanwatch) and the Human Development Index (HDI). The ND-GAIN vulnerability index is an integrated, cross-sectoral measure that directly reflects vulnerability. The Global Climate Risk Index is based on the observed impacts of climate-related extreme weather events – and consequently helps anchor the vulnerability assessment to actually observed country-level impacts. The Human Development Index is a widely accepted measure of overall development status of countries – and the literature recognizes that a high level of human development leads to greater adaptive capacity – and consequently lower vulnerability. The Expert Group felt that weighting among the three indicators should be apportioned equally. The indicators were used in such a way that a higher score would mean a more vulnerable country.

The Maplecroft Climate Change Vulnerability Index (CCVI) was one measure included in some EOIs but the quasi-proprietary nature of the subscription-based service was felt to be a constraining factor, and consequently the Expert Group chose not to use this indicator. While each EOI had a unique approach to describing the vulnerability of ecosystems, water, populations and other systems to climate impacts, it would have been impossible within the time allocated to compare and contrast EOIs apart from the agreed on indicators. Consequently, the Group decided that only existing standard quantitative indicators would be used for assessing the vulnerability component.

Further information on these indicators in terms of their basic approach, strengths and weaknesses, are included in Annex II

#### Enabling Environment (30% of aggregate score)

The Expert Group appreciated the many worthwhile suggestions from the PPCR Sub-Committee, in the Criteria and Process document regarding the assessment of the enabling environment: the *“existence of supportive regulatory structures and institutions to mainstream climate resilience considerations into national sector plans”* and an *“enabling regulatory environment that promotes the development of the private sector or, new business models for private sector investments.”* The Sub-Committee is clearly interested in the role of both public and private sectors for climate resilience. The Expert Group recognized the synergies and linkages – for example the benefits from having favorable Government policies for mainstreaming of climate resilience in sectors where private business is active and climate risks are evident.

The MDBs noted that private sector participation in the current round of PPCR countries lagged behind what was expected due to several factors, including the early stage of private sector development in many countries, lack of awareness of climate risk in those private sector firms that do exist, and a need to refine modalities for financial support of companies within a given PPCR program. These factors, combined with the rather wide range in description of private sector engagement in the EOIs, led to two consequences: (i) a separate robust criteria or factor for private sector readiness could not be developed and applied, and (ii) therefore a simple approach to split the concept of “enabling environment” along the public versus private sector tracks using global indices did not seem viable. Instead, an approach that combined widely used quantitative measures with a subjective scoring by the Expert Group of the EOI narratives was used; each of which is summarized in the following paragraphs.

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<sup>9</sup> Tools cited for vulnerability are: <http://www.gain.org>; <http://germanwatch.org/en>; <http://hdr.undp.org/en/content/human-development-index-hdi> and <https://www.maplecroft.com>

Two transparent, well-respected and global quantitative indices do lend information on the question of enabling environment with bearing on the private sector: the ND-GAIN index for “readiness” and the “Ease of Doing Business” analyses by the World Bank Group<sup>10</sup>. As the Doing Business Index is already a component of the ND-GAIN Readiness Index, it was not scored separately to avoid overlap. Other indices (e.g. the Global Competitiveness Report by the World Economic Forum) lacked the global coverage for all the EOI’s and hence were not considered. As with the case of the vulnerability indices, further supporting information is included in Annex II.

The EOI narratives provided insights on the remaining set of overarching and integrating sub-criteria that influence the “enabling environment” for climate resilience for both the public and private sector. The first is the approach to coordinating climate resilience efforts across Government, across sectors, with stakeholders, donors and other key players. Programs coordinated at relatively higher levels of Government with influence on line sector ministries, all other factors being equal, generally perform better. EOIs which described in-place or pending high level coordinating structures and exhibited results (for example in advancing actions under National adaptation plans, integrating disaster risk and climate resilience, exhibiting especially robust stakeholder engagement, and/or working closely with MDBs on preparing applications for global climate funds), were given higher scores by the Expert Group than those EOIs which either did not address the point or whose arguments were less convincing.

The second overarching narrative sub-criteria considered by the Expert Group is the mainstreaming of climate resilience into national development planning. EOIs which described progress to date in achieving mainstreaming resilience across Government budgets and donor programs (including, for example sector-wide approaches and development planning at the sub-national level) were given higher scores by the Expert Group than those whose coverage of this topic was missing or weak.

The final score for each country under enabling environment was obtained by combining the score on the quantitative indicator (ND-GAIN Readiness) with the scores for the two criteria mentioned above (extent of coordination and degree of mainstreaming) based on the review of the EOI narratives.

Regarding the process, each Expert Group member reviewed each EOI narrative separately, came up with an individual score and presented that score, and the rationale for scores was discussed amongst the team members. Time was allowed for reconsideration of individual scores (if required) before an aggregated score was entered in a summary matrix. The summary matrix entries were visible on a large screen in an interactive manner so all members could ensure the values and calculation formulae were entered correctly. In this way, the subjective scores reflect the combined judgment of the Expert Group.

#### Implementation Capacity (30% of aggregate score)

The PPCR Sub-Committee suggested a number of good candidate criteria for rating the EOIs on this factor. The Expert Group considered these criteria and others, and chose to aggregate the different attributes of implementation capacity into three groups with each one representing one-third of the total value for implementation capacity. The ratings were based on the same process of review and group scoring of the EOIs mentioned above for the enabling environment factor.

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<sup>10</sup> Tools cited in this section can be found at: <http://index.gain.org>; <http://www.doingbusiness.org>; and <http://www.weforum.org/reports/global-competitiveness-report-2014-2015>

Discussions with the MDBs helped clarify and highlight particular aspects in some EOIs, which was beneficial. While the group did not have the time for in-depth research, brief reviews during the face-to-face meeting of MDB websites for available data on country programming and priorities (along with sector performance) was helpful for clarifying EOI information. The three sub-criteria used are described in the following paragraphs:

- MDB engagement, especially in sectors of relevance to climate resilience. Higher scores were given for EOIs that demonstrated at least one MDB had an ongoing investment program in one or more critical sectors, such as agriculture, natural resources management, energy, transport and urban development. A few countries where the MDBs had an active dialogue to help the country on resilience, had projects already ongoing or in the pipeline, and/or had initial plans for scaling-up, were rated relatively higher than those that lacked such a base. EOIs of countries with a very small and/or declining MDB portfolio, or with implementation concerns in projects of relevant sectors (e.g. as noted in publicly available supervision reports) tended, all other factors being equal, to be rated somewhat lower. Conversely, the group recognized positively, EOIs of small countries with a small MDB portfolio but clear plans for scale up.
- Country capabilities. The Expert Group looked at a wide range of factors in the EOIs in this regard to come up with an overall score, including: capabilities of relevant ministries and sector entities on planning or investing in resilience, progress on national adaptation plans, experience with cross-sector programming, and capabilities of scientific institutions and non-government organizations (including weather and climate services). Professional judgment was needed to assess the soundness of the EOI narratives -- both independently and contrasted to others.
- Leveraging potential. The Expert Group looked at the EOIs with an eye to the Sub-Committee's instructions to consider the "*government's ability to effectively absorb additional funds....*" As such, the group sought information in the EOIs which addressed, for example: a recognition of significant sector investments in place or in MDB and bilateral pipelines that could benefit from enhanced resilience; progress on national adaptation investment plans that would be favorable for truly transformational change; funds from national or sub-national governments that could leverage/link to PPCR funding; potential leveraging from the private sector, and capacity-building efforts by UN organizations, bilaterals and other development partners that would be synergetic with PPCR Phase I planning. The Expert Group was pleased to see some of the EOIs already anticipate how PPCR funds would serve to link national and external resilience funding, or advance integration with disaster risk programs. The Expert Group's discussion with the MDBs did serve to clarify some points in this regard on a few EOIs.

On a final note, the PPCR Sub-Committee included instructions on additional factors that the Expert Group should use in their evaluation of regional program submissions. An EOI from a regional entity was expected to include a clear presentation on the rationale and value for such regionalization, expressions of government support, and clarity in the role of the regional entity proposed to lead the effort.

## Results

The Expert Group was able to score and rank 32 of the 33 country submissions based on the approach discussed in the previous section of this report. Unfortunately there is more limited coverage of the Cook Islands by global indices covering vulnerability and readiness, so the EOI from this country could not be assessed with the same methodology. Nevertheless, by using alternative indicators (as explained in Annex II-B) the Expert Group assigned a score to the Cook Islands. This allows the Cook Islands to be considered along with the other countries, although as mentioned earlier, the scores are not exactly comparable due to the different approach that had to be adopted for the Cook Islands.

As noted earlier, the Expert Group generated independent scores for each of the three main criteria (including sub-criteria) and then, as instructed by its Terms of Reference, computed an aggregate score, which combines the individual criteria scores according to the weightage recommended by the Processes & Criteria document. The summary scorecard in Table 2 provides these aggregate scores, and ranks based on the aggregate scores. If one only considers the top 15 ranked countries in terms of total scores, for example, 9 of these are in the Africa MDB region, 3 in Latin America and the Caribbean, 2 in East Asia and 1 in Central Asia (ECA).

It may be noted that while scores are reported to one decimal place, the Expert Group believes that a difference in score of 2 full points or less is probably not significant.

It is clearly a policy choice for the PPCR Sub-Committee to select the next set of countries they feel best to advance overall PPCR program goals. This could mean an emphasis on some number of countries characterized by both high vulnerability and high capacity; factors which could mean improved planning, implementation and positive transformative change. The aggregate scores (and ranks) presented in the Summary Table follow this policy logic.

The PPCR Sub-Committee may also choose some country or countries that have other combination of factors, for example high vulnerability and less capacity but with opportunities for significant improvement with capacity-building. Annex I would be helpful in this case – as it provides the scores (and ranks) for the countries separately for each of the three main criteria – vulnerability, enabling environment and implementation capacity. The Expert Group hopes that this disaggregated data would inform the Sub-Committees deliberations regarding the possible policy options..

On a final note, the one regional EOI (from CILSS and encompassing several West African countries) did not, in the Expert Group's opinion, meet the Sub-Committee's required criteria for addressing the approach to and value-added of regionalization and so was not recommended for further consideration as written. The regional EOI does include one current PPCR country (Niger) and two countries who have submitted EOIs (Chad and Gambia) and were scored.

**Table 2 - Final Country Scoring and Ranking**

<b>COUNTRY</b>	<b>Vulnerability Score (40%)</b>	<b>Enabling &amp; Implementing Capacity (60%)</b>	<b>TOTAL FINAL SCORE</b>	<b>RANK</b>
Philippines	30.7	47.5	78.2	1
Rwanda	30.7	47.2	77.9	2
Ethiopia	33.3	43.0	76.3	3
Bhutan	30.7	45.3	76.0	4
Uganda	33.3	41.0	74.3	5
Honduras	32.0	41.8	73.8	6
Kyrgyz Republic	25.3	48.2	73.5	7
Madagascar	36.0	37.3	73.3	8
Malawi	32.0	40.0	72.0	9
Gambia	36.0	35.7	71.7	10
Guyana	28.0	43.5	71.5	11
Guatemala	32.0	39.2	71.2	12
Benin	30.7	40.2	70.9	13
Kenya	32.0	37.8	69.8	14
Burundi	32.0	37.2	69.2	15
Tanzania	29.3	38.7	68.0	16
Peru	22.7	42.7	65.4	17
Nicaragua	30.7	33.8	64.5	18
Togo	28.0	33.2	61.2	19
Belize	26.7	34.5	61.2	
Ecuador	25.3	34.0	59.3	20
Botswana	21.3	36.7	58.0	21
Jordan	21.3	36.7	58.0	
Mauritius	20.0	37.8	57.8	22
Cameroon	24.0	31.2	55.2	23
Sri Lanka	21.3	33.3	54.6	24
DRC	29.3	24.6	53.9	25
Afghanistan	25.3	26.0	51.3	26
Chad	33.3	17.2	50.5	27
Cook Islands	18.7	31.7	50.4	28
Suriname	16.0	28.2	44.2	29
Kazakhstan	13.3	28.0	41.3	30
Palau	10.7	30.2	40.9	31

**Note:** differences in combined scores of approximately 2 points or less is not considered significant

## ANNEX I – SUPPLEMENTARY SCORING AND RANKINGS

<b>COUNTRY</b>	<b>VULNERABILITY (Max = 30)</b>
Gambia	36.0
Madagascar	36.0
Chad	33.3
Ethiopia	33.3
Uganda	33.3
Burundi	32.0
Kenya	32.0
Malawi	32.0
Guatemala	32.0
Honduras	32.0
Benin	30.7
Rwanda	30.7
Bhutan	30.7
Philippines	30.7
Nicaragua	30.7
DRC	29.3
Tanzania	29.3
Togo	28.0
Guyana	28.0
Belize	26.7
Afghanistan	25.3
Kyrgyz Republic	25.3
Ecuador	25.3
Cameroon	24.0
Peru	22.7
Sri Lanka	21.3
Jordan	21.3
Botswana	21.3
Mauritius	20.0
Cook Islands	18.7
Suriname	16.0
Kazakhstan	13.3
Palau	10.7

<b>COUNTRY</b>	<b>ENABLING ENVIRONMENT (Max = 30)</b>
Kyrgyz Republic	22.2
Rwanda	21.7
Philippines	21.3
Peru	21.2
Bhutan	20.7
Guatemala	20.2
Guyana	20.2
Mauritius	19.3
Botswana	18.8
Ethiopia	18.6
Benin	18.5
Palau	18.3
Uganda	18.2
Malawi	18.0
Tanzania	17.8
Honduras	17.8
Ecuador	17.5
Cook Islands	16.8
Kenya	16.0
Gambia	15.5
Nicaragua	15.2
Madagascar	15.0
Burundi	14.8
Togo	14.3
Belize	14.2
Jordan	14.2
Sri Lanka	14.0
Cameroon	13.5
Suriname	13.0
Kazakhstan	11.0
Afghanistan	9.6
DRC	9.4
Chad	7.5



<b>Country</b>	<b>CAPACITY FOR IMPLEMENTATION (Max = 30)</b>
Philippines	26.2
Kyrgyz Republic	26.0
Rwanda	25.5
Bhutan	24.6
Ethiopia	24.4
Honduras	24.0
Guyana	23.3
Uganda	22.8
Jordan	22.5
Madagascar	22.3
Burundi	22.3
Malawi	22.2
Kenya	21.8
Benin	21.7
Peru	21.5
Tanzania	20.8
Belize	20.3
Gambia	20.2
Sri Lanka	19.3
Guatemala	19.0
Togo	18.8
Nicaragua	18.7
Mauritius	18.5
Botswana	17.8
Cameroon	17.7
Kazakhstan	17.0
Ecuador	16.5
Afghanistan	16.4
DRC	15.2
Suriname	15.2
Cook Islands	14.9
Palau	11.8

<b>COUNTRY</b>	<b>COMBINED: Enabling Environment &amp; Capacity for Implementation (Max = 60)</b>
Kyrgyz Republic	48.2
Philippines	47.5
Rwanda	47.2
Bhutan	45.3
Guyana	43.5
Ethiopia	43.0
Peru	42.7
Honduras	41.8
Uganda	41.0
Benin	40.2
Malawi	40.2
Guatemala	39.2
Tanzania	38.7
Kenya	37.8
Mauritius	37.8
Madagascar	37.3
Burundi	37.2
Botswana	36.7
Jordan	36.7
Gambia	35.7
Belize	34.5
Ecuador	34.0
Nicaragua	33.8
Sri Lanka	33.3
Togo	33.2
Cook Islands	31.7
Cameroon	31.2
Palau	30.2
Suriname	28.2
Kazakhstan	28.0
Afghanistan	26.0
DRC	24.6
Chad	17.2

## ANNEX II – Supplementary Information

### II-A Summary of Global Indices Used in this Report

#### ND-GAIN Vulnerability and Readiness Indices (<http://index.gain.org>)

The ND-GAIN Index, a project of the [University of Notre Dame Global Adaptation Index \(ND-GAIN\)](#), summarizes a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. It aims to help businesses and the public sector better prioritize investments for a more efficient response to the immediate global challenges ahead. A country's ND-GAIN Vulnerability score is based on 36 indicators which measure the exposure, sensitivity and adaptive capacity in six life-supporting sectors: food, water, health, ecosystem services, human habitat, and infrastructure. The ND-GAIN Readiness score is based on 9 indicators which measure economic, governance and social readiness. All indicators used in ND-GAIN come from public data sources.

#### Global Climate Risk Index (<http://germanwatch.org/en/cri>)

The Global Climate Risk Index 2015 analyses to what extent countries have been affected by the impacts of weather-related loss events (storms, floods, heat waves etc.). The most recent data available – from 2013 and 1994–2013 – were taken into account.

#### Human Development Index – HDI (<http://hdr.undp.org/en/content/human-development-index-hdi>)

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

### II-B Cook Islands: Estimates of vulnerability score

#### Human Development Index

Cook Islands is not recognized by UNDP as a sovereign country due to its relations with New Zealand under the Free Association Agreement, hence its HDI is not included in the countries regularly published in the Human Development Report. However, Cook Islands have good relations with other UN bodies and occasionally, its HDI is computed if required in some reports, based on available data in-country.

From [http://www.wpro.who.int/health\\_services/service\\_delivery\\_profile\\_cook\\_islands.pdf](http://www.wpro.who.int/health_services/service_delivery_profile_cook_islands.pdf) (Table 1, page 1), HDI is measured at 0.83 for the year 2008, and released in 2012.

Using the Human Development Report published in 2010, with data of 2008, the closest to this measure is Slovenia (rank=29 and a value of 0.828), among countries with a very high

development score. As noted in this Annex, Cook Islands HDI rank is 29 within the decile bin of 2

#### Germanwatch/CRI

Cook Islands is not regularly listed in the Germanwatch CRI. The most recent inclusion was in 2006 (based on 2004 events), with CRI rank = 78 and a CRI value of 64.75. Details are provided in this Annex.

#### Proxy for ND Gains Vulnerability Score:

For the ND Gain vulnerability index, an Environmental Vulnerability Index was used (EVI) as a proxy. The value for Cook Islands is 383 and was listed as 'extremely vulnerable'. The only other country that submitted an EOI to the present evaluation and is listed under 'Extremely vulnerable' category is the Philippines, with an EVI of 402. Using these values, we arrived at ND Gains vulnerability Score of 91 and a decile bin score of 6. Source: <http://islands.unep.ch/EVI%20Final%20Report%202005.pdf>

#### Additional information on Cook Islands vulnerability

In a joint country evaluation of the Paris declaration, phase 2, in 2010, these are some of the findings regarding vulnerabilities of Cook Islands (the categories - high, moderate, low - are mine, based on expert judgement:

Physical vulnerability (high) - "The Cook Islands is particularly vulnerable to natural disasters. In 2005, over a two month period, five cyclones swept the country."

Social vulnerability (low) - " Social indicators are favorable, with the Cook Islands achieving the highest human development index (HDI) rating among the Pacific regions independent nations. Life expectancy is high at 71 years; births average nearly one child per day; infant mortality is low at 3.8 per 1,000 (2008) live births; immunization reaches almost 100%; secondary school enrollment rates exceed 90%; adult literacy is high; and most MDGs will be met by 2015.

These achievements reflect a long history of substantial government investment in health, education, and welfare, a natural resource base which attracts tourism, and the benefits of close association with New Zealand. A substantial improvement in the quality of economic and public sector management since the financial crisis of the mid 1990s has also underpinned the improvement in living standards. The Cook Islands is setting its own benchmarks, and considers New Zealand standards as a base."

*(Source: Cook Islands 2008 Social & Economic Report Equity in Development Tango-Tiama o te Kimi Puapinga, Asian Development Bank Asian Development Bank (ADB).*

Economic vulnerability (moderate) - "The Cook Islands economy has grown strongly since the mid-1990s and the current GDP per head, of more than \$13,648, is the highest among independent countries in the Pacific. The total value of exports for 2008 stood at \$5.9 million, a decrease from \$7.1 million in the year ending 2007. Total revenue for the public sector for the year end 2009 was

estimated to be \$116.6 million, with taxation revenue making up 69% of the total revenue. Tourism is the major sector with 100,600 arrivals for 2009. Seventy two percent of tourists came for vacation purposes.

The Tourism sector was affected by the global economic crisis with reduced visitors numbers recorded during early 2010. **The Cook Islands is vulnerable** to global events that impact on the economy including rising fuel and food costs, distance from markets, out-migration of Cook Islands people, and climate and environmental change. Cyclones and other adverse impacts related to climate change remain a significant threat to the lives of people and the economic viability of the islands."

#### *References:*

*WHO and MoH-Cook Islands, 2012: "Health Service Delivery Profile - Cook Islands, 2012"*  
[http://www.wpro.who.int/health\\_services/service\\_delivery\\_profile\\_cook\\_islands.pdf](http://www.wpro.who.int/health_services/service_delivery_profile_cook_islands.pdf)

*UNDP, 2010: Summary Human Development Report 2010 (20th Anniversary Edition) "The Real Wealth of Nations: Pathways to Human Development"*  
<http://hdr.undp.org/en/content/human-development-report-2010>

#### [Global Climate Risk Index 2006](#)

*OECD, 2010: "Joint Evaluation of the Paris Declaration Phase 2. Cook Islands Country Evaluation"*  
<http://www.oecd.org/dataoecd/4/59/48113831.pdf>

<http://islands.unep.ch/EVI%20Final%20Report%202005.pdf>

Proxy for ND Gains Readiness Score - Final score is through expert judgement based on reports and materials researched from the internet

#### Doing business in the Cook Islands

The Cook Islands Government is stable and the local economy is largely driven by private sector and growing tourist numbers. The Government actively encourages foreign direct investment and the establishment of new enterprises and business activities that make a positive contribution to the economic and social development of the country. All foreign investment in the Cook Islands is governed by the Development Investment Act 1995-1996. The Act provides for general investment regulations and requirements.

Some things to keep in mind when doing business in the Cook Islands:

- **Free association with New Zealand.** This provides both trade and opportunities in a stable & peaceful environment, with all defense matters being governed by New Zealand.
- **Legal Framework.** Legislation is based on the New Zealand model with judges serviced out of NZ. The police force is also supported by New Zealand.
- **Well educated workforce.** Cook Islanders are known for the quality of their education.
- **Ease of access.** Daily flights and direct access to major trading partners including New Zealand, Australia and USA.

**Source:** <http://www.anzbusiness.com/content/anz-superregional/countries/cook-islands.html>

OECD has also noted in its Joint Evaluation of the Paris Declaration that doing business is parallel to aid effectiveness and that " The role that New Zealand plays as the lead donor is effective, as the historical relationship between New Zealand and the Cook Islands means a greater in depth understanding of the country's needs, relationships and protocols around doing business." The Report further commented that "... PD is one of a number of reforms being actively undertaken by the Cook Islands. .... Despite the demands of numerous governance, political, and economic reforms, the Cook Islands continues to perform well above its weight. The burden of doing business with high transaction costs runs counter to the PD principles of ownership and alignment. What is perceived as the ongoing burdens of aid effectiveness, challenges Government, Civil Society and private sector stakeholders to be assertive and maintain diplomacy in what are commonly perceived as unbalanced power relationships between donor and recipient. This also challenges commonly held perceptions about 'the Island way' of engaging in relationships and conducting ones affairs."

*Source: OECD, 2010: "Joint Evaluation of the Paris Declaration Phase 2. Cook Islands Country Evaluation, <http://www.oecd.org/dataoecd/4/59/48113831.pdf>.*

The Financial Services for Development Authority of the Cook Islands reported that strength of the Cook Islands' regulatory environment and commitment have contributed towards " meeting its international obligations".

*Source: (<http://www.cookislandsfinance.com/news.php>).*

## **II-C Methodology for Converting Country Ranking in Global Quantitative Indicator Lists into a Score**

As noted in the text, three quantitative indicators were used to determine the Vulnerability score (ND-GAIN Vulnerability, HDI and Germanwatch CRI) while one quantitative indicator was used in determining the quantitative part of the overall score for enabling environment (ND-GAIN Readiness). Given that the Doing Business Index is a component of ND-GAIN Readiness, it was not assessed separately. The quantitative indicators provide both a numerical value as well as a relative rank for the country. The group considered the options of using the numerical values or alternatively using the country ranks and assigning scores according to decile bins created for each indicator listing. It was found that the scoring was relatively insensitive to this choice. The final ranking was therefore computed using the ranks. The final methodology adopted is, therefore, as outlined below.

For each indicator list:

<b>Step</b>	<b>Note</b>
<b>1. The total number of countries in the latest ranking was determined.</b>	<ul style="list-style-type: none"><li>• = 187 for HDI</li><li>• = 180 for ND-GAIN (Vulnerability and Readiness)</li><li>• = 183 for CRI</li><li>•</li></ul>

<p><b>2. Indicator lists were sorted with respect to rank.</b></p>	<ul style="list-style-type: none"> <li>• For HDI and ND-GAIN Vulnerability, a rank closer to 1 = less vulnerable.</li> <li>• For CRI, a rank closer to 1 = more vulnerable.</li> <li>• For ND-GAIN Readiness, a rank closer to 1 = favourable enabling environment</li> <li>•</li> </ul>
<p><b>3. Decile bins were created for the indicator based on the total number of countries ranked.</b></p>	<ul style="list-style-type: none"> <li>• Bins of 19 were used for HDI (~187/10)</li> <li>• Bins of 18 were used for ND-GAIN (~180/10) and CRI (~183/10)</li> <li>• See Table below for bins.</li> </ul>
<p><b>4. Each bin was assigned a score from 1-10.</b></p>	<ul style="list-style-type: none"> <li>• A score of 10 was assigned to the bin with the most vulnerable countries according to ranking. A score of 1 was assigned to the bin with the least vulnerable countries according to ranking.</li> <li>• A score of 10 was assigned to the bin with the most favourable enabling environment according to ranking. A score of 1 was assigned to the bin with least favourable enabling environment with respect to ranking.</li> </ul>
<p><b>5. The rankings for the countries considered in this round of the PPCR were noted for the indicator being considered, and a score assigned according to the decile bin the ranking fell in.</b></p>	<ul style="list-style-type: none"> <li>• For example, using the decile bins and assigned scores in the Table below, a country which ranked 63<sup>rd</sup> on HDI, 89<sup>th</sup> on ND-GAIN Vulnerability, and 81<sup>st</sup> on Germanwatch CRI would receive scores of 4, 5, and 6 respectively for these Vulnerability indices. If a country ranked 51<sup>st</sup> on ND-GAIN Readiness it would receive a score of 8 for this indicator of an enabling environment.</li> </ul>

**Table of Decile Bins and attached Scores**

Bins	Score	
	HDI	
1-19	1	
20-38	2	
39-57	3	
58-76	4	
77-95	5	
96-114	6	
115-133	7	
134-152	8	
153-171	9	
172-190	10	

Bins	Score		
	ND-GAIN Vulnerability	ND-GAIN Readiness	CRI
1-18	1	10	10
19-36	2	9	9
37-54	3	8	8
55-72	4	7	7
73-90	5	6	6
91-108	6	5	5
109-126	7	4	4
127-144	8	3	3
145-162	9	2	2
163-180	10	1	1

The scores out of 10 for the three Vulnerability indices were summed to acquire a country's score out of 30, which was then scaled to attain a score out of 40.

The two scores out of 10 for the indicators of an enabling environment were averaged to acquire a country's score out of 10, which accounted for one-third of the final score in this category. The other two-thirds was based on the scoring of the EOI along lines previously noted.

## **ANNEX III – Terms of Reference for the Expert Group**

***(CIF Admin Unit - Feb 20, 2015)***

### **Background**

The Climate Investment Funds (CIF), comprising two new funds, the Clean Technology Fund and the Strategic Climate Fund (SCF). The Pilot Program for Climate Resilience (PPCR) is a targeted program under the SCF which was established to assist developing countries in integrating climate resilience into development planning. It also offers additional funding to pilot innovative public and private sector solutions to pressing climate-related risks. The PPCR is currently active in 9 pilot countries and 2 regional programs, which includes 9 small island nations.

Channeled through the multilateral development banks (MDBs) as grants and near-zero interest credits, PPCR is country-led and builds on national policies and the activities of existing adaptation and mitigation initiatives.

At its meeting on November 18, 2014, the PPCR Sub-Committee agreed to initiate a process to consider a limited number of potential new countries to benefit from PPCR.

### **Duties**

The CIF Administrative Unit has invited the members of the expert group to identify new pilot countries for consideration by the Sub-Committee. The expert group will aim for a ranked list of countries and not a particular recommendation of up to [X] countries. The expert group can make qualifications or sub-groupings if appropriate.

The experts will be retained as short-term consultants by the CIF Administrative Unit. The experts are expected to carry out the following duties:

- a) Familiarize themselves with the background documents provided by the Administrative Unit that will facilitate them to carry out their work;
- b) Participate in a virtual organizational meeting and an expert group meeting in Washington, DC;
- c) Review expressions of interest submitted by eligible PPCR countries;
- d) Develop a methodology (including a score card) and carry out analysis that will lead to the recommendation of new countries that could benefit from the PPCR program while contributing to the overall programmatic objectives of PPCR.

### **Co-Chairs**

The expert group will be invited to select, or reappoint, two co-chairs of the group: one co-chair should be a national from a developing country and one co-chair should be a national from a contributor country. The co-chairs will be responsible for chairing the expert group meeting and facilitate discussions.

### **Rapporteur**

The expert group may also wish to agree on one of the members of the group to be responsible for preparing the expert group report.



The expert group should also agree on one member from the group to present its report to the PPCR Sub-Committee in May 2015. Such presentation may be through virtual means if that proves to be the most cost effective option.

### **Provisional Timeframe**

March 6, 2015 Deadline for EOI submission

March 9, 2015 Initial virtual meeting of the expert group to agree on the process and method to use to accomplish the task, namely, select the co-chairs, agree on who writes the report for the SC, who will present the report at the meetings and methodology on reviewing the EOIs

March 10-15, 2015 Off-site review of EOIs by individual expert group members in preparation for the meeting in Washington D.C.

March 16-19, 2015 Meeting of expert group in Washington, D.C. to discuss the weights and ranking of EOIs by each panel member. Does not include travel time.

March 30, 2015 Expert group submits its report to CIF Administrative Unit

April 13 2015 CIF Administrative Unit circulates expert group report to the PPCR Sub-Committee

May 2015 Designated member of the expert group presents expert group report to the PPCR Sub-Committee and Sub-Committee makes a decision.  
(Exact date to be confirmed after consultations with CIF Committee chairs)

### **Remuneration**

- a) 5 days to review expressions of interest and prepare for the expert group meeting in Washington D.C. The expert group may divide tasks among its members as required.
- b) 4 days to carry out its work in Washington, D.C. plus per diem and travel costs.
- c) Up to 5 days to review and comment on the draft expert report virtually after meeting in Washington D.C.

The member preparing the report may require up to 4 additional days to prepare and finalize the expert report.

The member presenting the report to the Sub-Committee may require up to one additional day to present the expert group report to the Sub-Committee.

Experts will be remunerated and travel will be arranged in accordance with World Bank rules and regulations.

The expert group meeting will be assisted by the CIF Administrative Unit during the course of its work. Arrangements will be made for the expert group to meet with the MDBs to discuss, on a

regional basis, countries and their potential to be included in the PPCR. In particular, the MDBs will be expected to share their experience and knowledge in the existing pilot countries.

To avoid any potential conflicts of interest, expert group members who, in their personal capacity or affiliated with a firm, are working or seeking or anticipating to work in, or have any contractual arrangement with, or are seeking or anticipating a contractual arrangement with, as consultants or otherwise, a country under consideration for PPCR funding, shall disclose this information to the PPCR Sub-Committee co-chairs and head of the CIF Administrative Unit at least two weeks in advance of the first or any subsequent meeting of the expert group. On the initiative of the expert group member concerned or at the discretion of the co-chairs and/or the head of the Administrative Unit, expert group members may be recused from offering an opinion on the selection of any candidate country in which he or she had, has or may have a professional or financial interest, or had, has or may have significant involvement in any capacity; and from attending PPCR Sub-Committee discussions, if a candidate country in which he or she has said interest is under consideration.

Any expert in possession of financial, business proprietary or other non-public information obtained in the course of this assignment shall not, without written authorization from the manager of the CIF Administrative Unit, disclose to any third party for any reason or otherwise use such information in furtherance of a private interest or the private interest of any other person or entity. These obligations continue after separation from the service provided as experts, unless and until permission is granted by the head of the CIF Administrative Unit. "Non-public information" is defined as information generated and/or issued by any of the CIF Multilateral Development Bank (MDB) partners that has not been approved for release outside the MDB in accordance with the MDB's rules.