CLIMATE INVESTMENT FUNDS

PPCR/SC.11/6/Rev.1
October 15, 2012

Meeting of the PPCR Sub-Committee
Istanbul, Turkey
November 1, 2012

Agenda Item 7

PROPOSAL FOR ALLOCATION OF PPCR RESOURCES

PROPOSED DECISION

The PPCR Sub-Committee reviewed document PPCR/SC.11/6/Rev.1, *Proposal for Allocation of PPCR Resources*, and agrees

> [to allocate additional grant and capital resources to increase the indicative allocation to pilot countries as presented in *option* [*1*] [*2*] [*3*]. The Sub-Committee requests the CIF Administrative Unit to inform the countries of this decision and to invite the MDBs to work with the countries to program the additional resources consistent with the objectives of their SPCR. Pilot countries that had an indicative allocation equal to the resources requested in the SPCR should be invited to prepare project concept notes for the use of the additional resources, in line with the principles of the existing SPCR, and to submit the proposal(s) to the Sub-Committee for an approval by mail.]
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> or
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> [to restrict grant pledges and to allocate in equal shares available capital contributions to the five single pilot countries that received a maximum of USD 36 million in credit resources (Bolivia, Cambodia, Mozambique, Nepal, and Zambia). The Sub-Committee requests the CIF Administrative Unit to inform the countries of this decision and to invite the MDBs to work with the countries to program the additional resources consistent with the proposed projects and programs in the endorsed SPCR.]
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> or
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> [to allocate additional resources on a competitive basis to promote the private sector and innovation and approves the procedures for allocating reserve resources presented as option [1][2], including the proposed procedures for selecting and approving projects. The Sub-Committee agrees that the task of reviewing and scoring project concepts should be assigned to […], and approves the criteria for ranking received proposals. The Sub-Committee agrees that USD [40-50 million] should be allocated for a first round of funding from the reserve, with the understanding that a majority of the resources would be available as concessional lending. The Sub-Committee invites the CIF Administrative Unit, in collaboration with the MDB Committee, to initiate steps to launch the first round for selecting proposals from the reserve.]

I. INTRODUCTION

1. During its meeting in May 2012, the PPCR Sub-Committee reviewed document PPCR/SC.10/9, *Allocation of PPCR Resources,* and discussed the proposed options for allocating PPCR funds that have not yet been notionally allocated to the pilot country programs. The Sub-Committee was unable at this time to reach agreement on any one option presented in the document and requested the CIF Administrative Unit, in collaboration with the MDB Committee, to prepare a proposal with a reduced set of options for consideration at its next meeting.

2. In preparing a revised options note, the Administrative Unit was requested to present fewer options with more detailed information on the implications of each option. The new options were to draw from the options presented in document PPCR/SC.10/9, and it was noted that the Administrative Unit may seek to combine several of the options into one. Among others, the CIF Administrative Unit was requested to further explore option 6 "*establishment of a competitive reserve*" and to provide information as to how such a competitive reserve might work in the context of the PPCR. The Sub-Committee agreed not to pursue further options 5 and 7[1].

3. The Sub-Committee also requested the CIF Administrative Unit to facilitate prior to the next meeting of the PPCR Sub-Committee consultations among the PPCR pilot countries to discuss their ideas as to how to utilize additional resources.

4. This document has been prepared as a response to the Sub-Committee's decision. In preparing the paper, the CIF Administrative Unit made arrangements for the PPCR pilot countries to consult and exchange ideas on the use of additional PPCR resources through a telephone conference held on August 10, 2012. Views expressed during the consultative process were taken into account in preparing this document.

5. The Sub-Committee is invited to review these options with a view to reaching a decision on the allocation of the additional PPCR resources.

II. AVAILABLE UNALLOCATED PPCR RESOURCES

Allocated Funds

6. Taking into account the decisions of the PPCR Sub-Committee, and in particular decisions related to the allocation of resources and the endorsement of PPCR investment plans (Strategic Programs for Climate Resilience – SPCRs) (see Annex I), a summary of allocated funding is presented in table 1:

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[1] Option 5: Authorize the inclusion of one or more new pilot countries;
Option 7: Invite number of countries to prepare their SPCRs as "readiness" mechanisms for climate resilience.

Table 1: Overview of PPCR Allocations (as of June 2012)

	Grants (USD Million)	Capital Contributions (USD Millions)	Total
Pledges (as of June 30, 2012)[2]	**725**	**387**	**1112**
Funding allocations for SPCRs (as of July 31, 2012)			
- Endorsed SPCRs	553	349	902
- Expected SPCRs	45	0	45
Total SPCR allocations	**598**	**349**	**947**
Other allocations			
- "Phase 1" grants	13	0	13
- MDB costs for project preparation and supervision[3]	30	0	30
Total other allocations	**43**	**0**	**43**
Total Allocations	**641**	**349**	**990**
Unallocated funds	**84**	**38**	**122**

7. From this table, it can be seen that there are currently USD 122 million in PPCR pledges that have not yet been allocated to a particular use in the PPCR.

III. Approaches to Allocating Additional Funds

8. The options presented in this note reflect three different approaches to allocating the additional funds. The first approach follows the model that was first utilized in the PPCR: agreeing upon an upfront indicative allocation of funds to pilot countries, taking into account a range of objectives and considerations, and inviting the countries and the MDBs to develop programs and projects consistent with their Strategic Programs for Climate Resilience (SPCR) to be financed with the additional allocated funds. Three different options for allocating funds under this first approach are proposed.

9. A second approach is to place a restriction on the unallocated pledges of grant funds to provide flexibility to respond to currency fluctuations and potential delays in moving from pledges to actual commitments on the basis of which funding may be approved.

[2] Pledges valued on the basis of exchange rates as of June 30, 2012.
[3] estimated

10. Under this option, only the unallocated capital contributions would be allocated to the pilot countries (following the first approach – see paragraph 8) or could be made available through a competitive process aimed at increasing private sector engagement in climate resilient activities (following the third approach – see paragraph 10).

11. Under the third approach, reserve funds would be allocated and committed to projects and program proposals on a competitive basis, taking into account agreed criteria and the quality of the proposals. One option is proposed under this approach, and it is aimed at encouraging submission of additional PPCR projects and programs that would contribute to increasing private sector engagement in climate resilient activities in support of a country's SPCR.

12. The Sub-Committee may decide to choose one option and approach or it may conclude that a combination of approaches should be piloted.

IV. OPTIONS TO INCREASING THE INDICATIVE ALLOCATION TO THE PILOT COUNTRIES

13. Three different alternatives for increasing the indicative allocations to a subset of the pilot countries are proposed below. Under all three options, additional PPCR funds would be made available to eligible pilot countries to augment their initial PPCR allocations. A country receiving an additional allocation would be expected to work with the MDBs to agree on the use of the additional funds following similar procedures to those used to prepare the initial investment plan, recognizing that the procedures may be greatly simplified since the country will be able to build upon the preparatory work undertaken to prepare the original SPCR. More specifically:

a) if additional funds are to be allocated to programs and projects that were included in the SPCR but could not be funded under the indicative allocation available at the time the SPCR was endorsed, the country and the MDBs could move forward with preparing those programs or projects without a new endorsement by the Sub-Committee; and

b) if additional funds are to be allocated to programs and projects that were not included in the endorsed SPCR, the country and the MDBs would be expected to present an addendum to the endorsed SPCR indicating how the additional funds would be used.

14. Additional allocated funds may be used to finance new projects and programs, increase the PPCR contribution to a project or program in preparation, or scale up PPCR resources to an already approved project or program.

15. Project or program preparation and implementation would follow agreed CIF and MDB procedures.

Considerations Underlying the Options

16. The following considerations have been taken into account in proposing the three options under this approach:

a) recognizing that the needs of all the pilot countries far exceed the available PPCR funding, equity considerations would suggest that additional financing be made available to all pilot countries;

b) nevertheless, since Bangladesh and Niger have already been authorized to program up to the highest level of PPCR funding (with an indicative allocation of USD 110 million in PPCR funding), they would not receive an increase in their allocations;

c) regional track components for the Caribbean and Pacific programs would not receive an increased allocation;

d) considering that an objective of the PPCR is to provide funding for scaled-up investments that can initiate transformational change, and taking into account the transactions costs to program and implement the additional investments, a minimum additional allocation should be agreed (e.g., USD 5 million); and

e) Tajikistan and Yemen, as countries in high debt distress, are not eligible to receive PPCR credits, therefore might be considered for higher level of grant finance.

17. In the past, PPCR pilot countries have expressed the need for additional resources to address their climate change adaptation priorities. During the consultation among PPCR pilots on August 10, 2012, all countries expressed interest in receiving additional resources to either scale up existing activities or develop new investments. Six of the nine single country pilots[4] requested in their SPCR, more PPCR resources than the amount allocated by the Sub-Committee. Those pilot countries that have an indicative allocation equal to the resources requested in the SPCR will be required to set out an indicative program for the use of any additional resources, in line with the principles of the existing SPCR.

18. During the consultations with PPCR pilots, the countries participating in the regional programs expressed need for additional resources for nationally-based activities but not for additional regional activities beyond those the regional program components will provide at this point. *Lessons Learned from Developing Regional Programs under the Pilot Program for Climate Resilience*[5], (SREP/SC.IS.2/Inf.2) reflected on the development of the regional programs for the Caribbean and the Pacific under the PPCR[6]. The report recognized that "knowledge

[4] Bolivia, Cambodia, Mozambique, Nepal, Yemen and Zambia.
[5] March 2011
[6] In November 2010, the SREP Sub-Committee requested the CIF Administrative Unit to prepare "a note on the experience and lessons learned from developing regional programs in the PPCR, and proposals as to the scope of a Pacific regional program under the SREP" for consideration at the March 2012 intersessional meeting of the Sub-Committee.

exchange in a regional context can be complicated and transaction-cost intensive and that there is need for strong rationale for a regional program component .., including:

a) common issues of interest (established through a needs assessment in countries and regional entities participating in the regional program);

b) transformative impact of the regional component;

c) potential benefits of activities beyond the interest of one country; and

d) cost-effectiveness, including the choice of location of implementation.

Options

19. Based on the above considerations, the following three options have been proposed, and they have been proposed on the assumption that an additional USD 122 million in PPCR funding will be allocated to the pilot countries.

Option 1:

20. Under this option,

a) any single pilot country which received a maximum of USD 36 million in credit resources would receive an additional allocation of USD 7.6 million in credits (Bolivia, Cambodia, Mozambique, Nepal, and Zambia);

b) each country participating in the Caribbean and Pacific regional programs will receive an additional allocation of USD 5 million in grant resources (Dominica, Grenada, Haiti, Jamaica, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, and Tonga); and

c) Tajikistan and Yemen will each receive an additional allocation of USD 19.5 million in grant resources.

Specific Considerations Supporting Option 1:

21. The considerations driving this option are as follows:

a) available credit resources would be equally shared by the five countries which had requested higher credit amounts than the amounts available at the time that their SPCRs were endorsed. This allocation would still be less than the amount of credit resources allocated to Bangladesh and Niger.

b) nine countries participating in the two regional programs would each receive an additional allocation of PPCR resources of USD 5 million, recognizing that their allocation under the regional programs are substantially below the resources received by the single pilot (Pacific and Caribbean) countries.

c) As Tajikistan and Yemen are not eligible to receive PPCR credits for public sector operations, they received substantially lower funding compared to the other seven single pilot countries. Tajikistan and Yemen would receive a higher grant allocation to increase the overall PPCR allocation to their countries by USD 19.5 million.

Option 2:

22. Under this option:

a) any single pilot country which received a maximum of USD 36 million in credit resources would receive an additional allocation of USD 7.6 million in credits and USD 5.5 million in grant resources (Bolivia, Cambodia, Mozambique, Nepal, and Zambia);

b) each country participating in the Caribbean and Pacific regional programs would receive an additional allocation of USD 5 million in grant resources (Dominica, Grenada, Haiti, Jamaica, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, and Tonga); and

c) Tajikistan and Yemen would each receive an additional allocation of USD 5.5 million in grant resources.

Specific Considerations Supporting Option 2:

23. The considerations driving this option are as follows:

a) the five countries which had requested higher credit amounts in their SPCRs but whose allocations were capped at USD 36 million for PPCR credits would each receive USD 7.6 million in credits to meet some of the shortfall in the requested credits. These countries also requested, during the consultations with pilot countries, additional grant resources and under this option each would receive an additional USD 5.5 million in grants. The overall PPCR allocation to each country would be increased by USD 13.1 million.

b) nine countries participating in the two regional programs would each receive an additional allocation of USD 5 million, recognizing that their allocation under the regional programs are substantially below the resources received by the single pilot countries.

c) Tajikistan and Yemen would receive the same amount of additional grant resources as the five other single pilot countries.

Option 3:

24. Under this option:

a) any single pilot country which received a maximum of USD 36 million in credit resources would receive an additional allocation of USD 7.6 million in credits (Bolivia, Cambodia, Mozambique, Nepal, and Zambia);

b) each country participating in the Caribbean and Pacific regional programs would receive an additional allocation of USD 7.6 million in grant resources (Dominica, Grenada, Haiti, Jamaica, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, and Tonga); and

c) Tajikistan and Yemen would each receive an additional allocation of USD 7.6 million in grant resources.

Specific Considerations Supporting Option 3:

25. The main consideration underlying this option is that each of the countries would receive an additional allocation of USD 7.6 million, although the countries in the regional programs and Tajikistan and Yemen would receive additional grant resources while the other countries would receive additional credits.

26. The tables presented in Annex 1 show the results in the overall allocation of PPCR funds to pilot programs under each of the scenarios.

V. RESTRICTION OF GRANT PLEDGES AND ALLOCATION OF AVAILABLE CAPITAL CONTRIBUTIONS

27. Experience in the CIF has shown that there is considerable fluctuation in the amount of financing available for commitment to programs and projects due to changing currency rates and unpredictability in the timing of payments by some donors. Specifically, over USD 200 million in pledged contributions have yet to be legally committed to the trust fund.

28. Under this option, a conservative approach should be taken to allocating PPCR resources by restricting the use of the remaining amount of unallocated pledged grants (USD 84 million) to allow flexibility to respond to changing circumstances.

29. Restricted funds could only be drawn upon to cover the MDB costs for project preparation and supervision for additional programs and projects utilizing additionally allocated funds unless the Sub-Committee were to determine otherwise.

30. The restricted funds could be kept under review by the Sub-Committee through the regular reporting of the Trustee on the status of the SCF Trust Fund and PPCR funding with a view to adjusting the amount of restricted funds as contributions are received and commitments approved by the Sub-Committee. If appropriate, the Sub-Committee could determine that the

restricted funds should be released to allow some or all of those funds to be allocated to programs and projects in accordance with the other approaches described in this paper.

31. The unallocated credits of USD 38 million would be allocated to the five single pilot countries that received a maximum of USD 36 million in credit resources (Bolivia, Cambodia, Mozambique, Nepal, and Zambia). The five countries would be allocated an additional USD 7.6 million dollars in credits.

Specific Considerations

32. The main consideration behind this option is that it would increase the predictability of funding for countries that are preparing projects and programs to implement their SPCRs and minimize the risk that timing for submission of projects and programs for approval of funds is not synchronized with the availability of funds. If the Sub-Committee allocates all pledged funds at this time, there is a risk that countries and the MDBs could request PPCR funding for project and programs that the Sub-Committee will be unable to approve at the time they are submitted if there are insufficient funds available for commitment in the trust fund. In such a case, the approval of the project or program would need to be put on hold until such time as funds are available to the PPCR.

VI. APPROACH FOR ALLOCATING ADDITIONAL RESOURCES ON A COMPETITIVE BASIS TO PROMOTE ENGAGEMENT OF THE PRIVATE SECTOR AND INNOVATION

Scope of the PPCR Reserve

33. During the discussion on the use of the PPCR reserve, as well as through inter-sessional consultations, the PPCR Sub-Committee expressed an interest in using the reserve funds as an incentive for: (a) engagement with the private sector, both direct and indirect, and (b) encouraging a results-based and innovative focus.

Engaging the private sector

34. Under the PPCR, resources have been allocated through the development of a country-owned investment plan in which programmatic goals are defined and project concepts proposed to meet those goals. These concepts may directly and indirectly promote private sector activities, through both direct financing via the private sector arms of the MDBs and through public sector activities that strengthen enabling and regulatory environments for private sector participation, allocate subsidies on a competitive basis (e.g., results-based financing), support private-public partnership (PPP), or provide enabling infrastructure.

35. In advance of developing the PPCR investment plans, countries were informed of the indicative resource allocation that would be available to finance project and program activities. Investment plans have been developed in collaboration with the MDBs through a process that included consultations with national stakeholders.

36. In proposing how to allocate the PPCR funds among the proposed programs and projects, it was found that the concepts proposed through the private sector arms of the MDBs were often not prioritized. In the report on *Lessons Learned from Private Sector Interventions through MDB Intermediaries* (document CTF-SCF/TFC.7/Inf.4), it was recognized that to promote private sector engagement it is useful for programming approaches to explicitly allocate resources to private sector interventions. The report notes that:

> "In contrast to the CTF, the SCF trust fund committees have been far less vocal about their expectations for private sector investment, and the results have been quite different. Even when there has been a clear need and ability for the private sector to support transformational objectives in SCF pilot countries, recipient governments have been less willing to allocate resources to such initiatives, especially grant funding. In some pilot countries, it has even occurred that governments were initially supportive of private sector programs within their investment plans but changed their minds when they learned that they could take their CIF allocation in the form of grants only. In these instances, private sector programs were withdrawn from consideration in investment plans because governments preferred to use grants to support public programs. In at least two FIP pilot countries, governments have been open about not accepting even highly concessional loans for public projects because they did not want to add to their debt burdens. In these cases, grant funds were allocated to public sector government-led programs, and loan funds were allocated to private sector programs.[7] These experiences show that without expectations regarding the promotion of private sector engagement being built into the Fund's structure, there are inherent biases against attention being paid to opportunities for engaging the private sector in addressing low-carbon and climate-resilient development."

37. In considering the use of the reserve funds, the PPCR Sub-Committee agreed that the reserve could usefully be used to address this issue and encourage the engagement of the private sector in the PPCR.

38. Activities to promote private sector engagement may take multiple forms. In some cases, engagement can focus on private sector projects where at least 50% of the borrower's are owned by private entities. In others, public sector activities can include strengthening regulatory and incentive environments or catalyzing private sector investments through PPP structures or on-lending through state-owned financial institutions.

39. Under current arrangements within the PPCR, both forms of engagement are possible, using either the public or private sector arms of the MDBs as appropriate. However, as experiences to date highlight, there is a need to ensure a balanced approach that recognizes that both forms of engagement have value but also ensures that provisions are in place to ensure that resources are actually used for both purposes. Setting some resources aside would promote

[7] This reflects a clear misperception on the part of recipient governments, since CIF funds directed toward private sector initiatives and channeled through MDBs do not contribute to sovereign debt burdens (i.e., there is no guarantee by or borrowing obligation incurred by the government).

innovative approaches through both forms of private sector engagement and avoid one crowding out the other.

Demonstrating action and expanding innovation

40. The PPCR Sub-Committee also showed an interest in using the PPCR reserve to further support activities in those pilots that have moved into implementation of projects and are achieving clear results on the ground, and to give preference to innovative projects that expand the boundaries and depth of the PPCR by financing project approaches, technologies, financial leverage or partnerships that were not already encompassed in the endorsed investment plans. In this regard, the PPCR Sub-Committee requested the CIF Administrative Unit to explore a "competitive" approach[8] . The Sub-Committee emphasized that any competitive process should be fair, transparent, and inclusive and should utilize, where appropriate, country-specific mechanisms.

Proposed Arrangements for Allocating PPCR Reserve Resources

41. There are two options that could be used to respond to this guidance. Both options assume reserve funding currently available will only be allocated to projects in existing pilots.

Option 1:

42. Reserve resources are divided into two clusters:

- Cluster I: recipients of funding would be private sector clients working through MDB private sector arms; and

- Cluster II: recipient of funding would be for public sector activities that remove a barrier to private sector development activities or provide on-lending to the private sector through MDB public sector arms.

43. The relative distribution of resources between the two clusters could be determined by the PPCR Sub-Committee as appropriate to the context of each program, although a floor of 30% for each cluster is recommended. The procedures for allocating resources from each cluster would be different, reflecting the different role governments play in each type of activity.

Option 2:

44. All reserve resources would be used for directly financing private sector projects, working through MDB private sector arms and using the procedures identified for Cluster I below.

[8] April 30, 2012 sub-committee meeting co-chairs' summary

Proposed Procedures

45. The following procedures are proposed for selecting and approving the projects to be financed through the reserve funds based on Options 1 and 2.

Call for Proposals

46. It is proposed that the PPCR Sub-Committee be invited to agree that the reserve funds be made available when (a) there are sufficient funds available to justify the allocation of funds, and (b) sufficient progress has been made in implementing the program to justify allocating additional funds.

47. A call for proposals would be prepared by the CIF Administrative Unit, working in collaboration with the MDB Committee. The call for proposals would include information on:

a) the PPCR objectives, principles and investment criteria agreed in the policy documents;

b) a list of the PPCR pilot countries and regions;

c) information on the size of available financing;

d) guidance of which types of organizations/entities are eligible to apply (drawing on eligibility guidelines of MDB private sector arms for cluster I in particular);

e) a scorecard with criteria that will be used to evaluate, score and rank proposals for final consideration by the PPCR Sub-Committee;

f) guidance on the format to be used to submit program/project concepts (recognizing MDBs will not undertake full project preparation processes); and

g) timeline for submitting, reviewing and approving proposals.

48. The call for proposals would be sent to the PPCR Sub-Committee for approval. Once approved, the call for proposals would be widely distributed through the following channels:

a) posted on the CIF and MDB websites;

b) distributed to pilot country focal points for circulation within national and regional constituencies and networks;

c) distributed to the PPCR Sub-Committee members and observers for circulation among their networks; and

d) distributed to MDB focal points for circulation among MDB task teams or other thematic public and private sector networks recommended by MDB focal points.

Preparation of Proposals

49. Program/project concepts that meet the criteria described in the call for proposals would be submitted to: (a) a pilot country focal point, (b) one of the CIF MDB partners, and (c) the CIF Administrative Unit. The CIF Administrative Unit will collate all the program/project concepts received within the agreed time, and share those concepts with the appropriate pilot country focal point and the MDBs for information.

50. For each program/project concept, the proposal should clearly identify the MDB that would be responsible for supervising the proposed program/project, and the requested amount of CIF funding**.**

Review of Proposals

- *Under Option 1*

<u>For Cluster I projects:</u>

51. Experience from existing competitive development finance mechanisms[9] suggests that a "Fund Manager" should be tasked with reviewing and scoring concepts against the scorecard/criteria published in the call for proposals. The scorecard will serve as the guide for transparently and consistently scoring each concept.

52. Within the CIF, the task of reviewing and scoring concepts could be delegated to:

a) A committee drawn from the relevant roster of experts used for investment plan review;

b) A committee drawn from the roster of experts, MDBs, and the Administrative Unit;

c) The MDB Committee; or

d) The Administrative Unit.

53. The concepts would be listed and ranked based on their scores, and taking into account the resources available for Cluster I activities, a preliminary shortlist of concepts will be prepared. The CIF Administrative Unit would send any concept on the preliminary short list to the relevant government focal point for a no-objection approval to retain the concept on the short list. If approval is not granted, the next-highest concept on the ranked list would be added to the short list. In asking for a concept to be deleted from the short list, the government should provide a short explanation as to why approval was not granted.

[9] The Africa Enterprise Challenge Fund provides a useful model: http://www.aecfafrica.org/index.php?option=com_content&view=article&id=14&Itemid=30

54. The CIF Administrative Unit would submit the finalized shortlist of concepts to the PPCR Sub-Committee for approval based on available PPCR resources. Recognizing the limited availability of resources, the PPCR Sub-Committee may wish to put a cap on the total resources that may be allocated to activities in each pilot or a cap on the total resources that may be allocated to an individual program/project.

For Cluster II projects:

55. These projects would follow the same approach with the exception of the no-objection approval, as proposals would have been submitted by governments (including via MDBs) at the outset.

- *Under Option 2*

All procedures would follow those for Cluster I.

56. Once a program/project concept has been selected for funding, its further development, approval and implementation will follow the CIF and MDB procedures followed for other activities financed under endorsed PPCR investment plans.

Scorecard for Prioritizing Activities

Criteria

57. The following general and PPCR-specific criteria will be used to score and rank received proposals[10]:

General Criteria (to be rated on a scale of 1 (lowest) to 5 (highest)

- Alignment with the objectives of the PPCR investment plan
- Consistency with the PPCR objectives, principles and investment criteria
- Progress in implementing projects under the endorsed PPCR investment plans (Sub-Committee should have approved at least 20 percent of the indicative funding allocated to the endorsed investment plan to receive a score of 1. A higher score would indicate a higher level of funding approval)
- Timely delivery of projects under endorsed PPCR investment plans as per pipeline (proposed project in country with one or more projects in "red" zone to receive a score of 1. A higher score would indicate the timely meeting of agreed benchmarks)

[10] The Sub-Committee may wish to consider giving higher weights to some criteria than to others.

- Projected leverage of private sector investments and/or anticipated direct or indirect engagement of private sector actors

- Level of innovation, taking into account, for example, innovative technology choice, stimulation of underdeveloped markets, taking a good practice to scale, creating new partnership, piloting a new approach to "business-as-usual", or use of an innovative financing instrument

PPCR-specific Criteria

- Economic sector(s) addressed by proposed project (to receive a score of 1 if a sector or related activities are addressed already by other projects in the SPCR. A higher score would indicate a new sector or new activities).

- Targeted stakeholder group (to receive a score of 5 if a highly vulnerable group benefits from the proposed project or a stakeholder group currently not addressed through projects in the endorsed SPCR. A lower score would indicate that the project targets other stakeholder groups which are already benefitting or are not considered vulnerable)

Scorecard

58. Based on the criteria outlined above, the following matrix provides a proposed scorecard for prioritizing PPCR project proposals.

	Criteria	**Score**				
		1	**2**	**3**	**4**	**5**
1	**Alignment with objectives in PPCR investment plan (SPCR)**	Very weak	Weak	Adequate	Strong	Very Strong
2	**Consistency with PPCR objectives and investment criteria**	Very weak	Weak	Adequate	Strong	Very Strong
3	**Level of innovation**	Very weak	Weak	Adequate	Strong	Very Strong
4	**Leveraging ratio**	Below 1:1	1:1 to 1:3	1:3 to 1:5	1:5 to 1:8	Above 1:8
5	**Rate of funding approval (%)**	Below 20%	20%-39%	40-59%	60-79%	80% or above
6	**Timely delivery of projects**[11]	>1 project listed as "red"	1 project listed as "red"	>1 project listed as "yellow	1 project listed as "yellow"	all project listed as "green"

[11] Using "traffic light" information from the most recent quarterly update on the PPCR pipeline.

				”		
7	**Addressed economic sector and activities**	Sector and activities addressed already in existing projects	Sector already addressed, few new activities	Sector already addressed but equal mix of new and already addressed activities	Sector already addressed but majority of proposed activities are new	New sector and new activities
8	**Targeted stakeholder group**	Already addressed and not vulnerable	Not addressed yet but not vulnerable	Not addressed yet but vulnerable	Already addressed but highly vulnerable	Not addressed yet and highly vulnerable

Annex: Funding Distribution to PPCR Pilots by Proposed Option

Allocating Additional Funds to the Pilots: Funding Distribution for Option 1

	Pilot	Initial indicative allocation (in USD million)	Proposed additional grant (in USD million)	Proposed additional credit (in USD million)	Revised indicative allocation (in USD million)
1	Bangladesh	110	0	0	110
2	Bolivia	86	0	7.6	93.6
3	Cambodia	86	0	7.6	93.6
4	Caribbean Regional Track	11	0	0	11
5	Dominica	16	5	0	21
6	Grenada	20	5	0	25
7	Haiti	[20]	5	0	[25]
8	Jamaica	25	5	0	30
9	Mozambique	86	0	7.6	93.6
10	Nepal	86	0	7.6	93.6
11	Niger	110	0	0	110
12	Pacific Regional Track	10	0	0	10
13	Papua New Guinea	[25]	5	0	[30]
14	Saint Lucia	22	5	0	27
15	Saint Vincent and the Grenadines	10	5	0	15
16	Samoa	25	5	0	30
17	Tajikistan	48	19.5	0	67.5
18	Tonga	15	5	0	20
19	Yemen	50	19.5	0	69.5
20	Zambia	86	0	7.6	93.6
	Total	**946**	**84**	**38**	**1.07**

Allocating Additional Funds to the Pilots: Funding Distribution for Option 2

	Pilot	Initial indicative allocation (in USD million)	Proposed additional grant (in USD million)	Proposed additional credit (in USD million)	Revised indicative allocation (in USD million)
1	Bangladesh	110	0	0	110
2	Bolivia	86	5.5	7.6	99.1
3	Cambodia	86	5.5	7.6	99.1
4	Caribbean Regional Track	11	0	0	11
5	Dominica	16	5	0	21
6	Grenada	20	5	0	25
7	Haiti	[20]	5	0	[25]
8	Jamaica	25	5	0	30
9	Mozambique	86	5.5	7.6	99.1
10	Nepal	86	5.5	7.6	99.1
11	Niger	110	0	0	110
12	Pacific Regional Track	10	0	0	10
13	Papua New Guinea	[25]	5	0	[30]
14	Saint Lucia	22	5	0	27
15	Saint Vincent and the Grenadines	10	5	0	15
16	Samoa	25	5	0	30
17	Tajikistan	48	5.5	0	53.5
18	Tonga	15	5	0	20
19	Yemen	50	5.5	0	55.5
20	Zambia	86	5.5	7.6	99.1
	Total	**946**	**84**	**38**	**1.07**

Allocating Additional Funds to the Pilots: Funding Distribution for Option 3

	Pilot	**Initial indicative allocation (in USD million)**	**Proposed additional grant (in USD million)**	**Proposed additional credit (in USD million)**	**Revised indicative allocation (in USD million)**
1	Bangladesh	110	0	0	110
2	Bolivia	86	0	7.6	93.6
3	Cambodia	86	0	7.6	93.6
4	Caribbean Regional Track	11	0	0	11
5	Dominica	16	7.6	0	23.6
6	Grenada	20	7.6	0	27.6
7	Haiti	[20]	7.6	0	[27.6]
8	Jamaica	25	7.6	0	32.6
9	Mozambique	86	0	7.6	93.6
10	Nepal	86	0	7.6	93.6
11	Niger	110	0	0	110
12	Pacific Regional Track	10	0	0	10
13	Papua New Guinea	[25]	7.6	0	[32.6]
14	Saint Lucia	22	7.6	0	29.6
15	Saint Vincent and the Grenadines	10	7.6	0	17.6
16	Samoa	25	7.6	0	32.6
17	Tajikistan	48	7.6	0	58
18	Tonga	15	7.6	0	22.6
19	Yemen	50	7.6	0	60
20	Zambia	86	0	7.6	93.6
	Total	**946**	**84**	**38**	**1.07**