

CLIMATE INVESTMENT FUNDS

PPCR/SC.14/5/Rev.1

June 6, 2014

Meeting of the PPCR Sub-Committee

Montego Bay, Jamaica

June 27, 2014

Agenda Item 5

PPCR PRIVATE SECTOR SET-ASIDE (SECOND ROUND): REVIEW AND SELECTION OF PROPOSALS

PROPOSED DECISION

The PPCR Sub-Committee reviewed document PPCR/SC.14/5/Rev.1, *PPCR Private Sector Set Aside (second round): Review and selection of proposals*, and notes with appreciation the work of the expert group.

The PPCR Sub Committee:

- a) endorses the following project concepts to be further developed for PPCR funding approval:

...;
- b) invites the MDBs for the selected project concepts to prepare, in collaboration with the project proponent, a detailed project document and submit it to the PPCR Sub-Committee for PPCR funding approval.

BACKGROUND

1. During its meeting in November 2013, the Sub-Committee agreed that a second round for selecting project concepts to be developed for funding under the PPCR set aside should be organized after the approval of the revised criteria. The CIF Administrative Unit was requested to organize a second round in accordance with the agreed revised procedures with a view to the selection of project concepts at the next Sub-Committee meeting. The Sub-Committee noted that at least \$30 million in concessional lending was available for the second round.
2. Consistent with the decision, the *Procedures for the Second Round of the PPCR Private Sector Set Aside* were subsequently approved by the PPCR Sub-Committee on January, 17, 2014 through a decision-by-mail (please see Annex III as well as paragraph 10 below).
3. The *Procedures for the Second Round of the PPCR Private Sector Set Aside* recognized the need for proactive outreach and awareness. The CIF Administrative Unit facilitated information sharing and awareness on the PPCR private sector set-aside for MDB staff through information sessions with the IDB and ADB during February 2014. Additionally, the MDB committee approved AfDB's proposal for approximately \$60,000 in outreach. AfDB held outreach seminars for businesses, private sector associations and other relevant stakeholders in Niamey, Niger, Lusaka, Zambia, and Maputo, Mozambique during March 2014 and produced posters and brochures in French, English, and Portuguese.
4. The Sub Committee agreed that the experts group from the first round of the private sector set aside would be asked to serve for the second round. The expert group met from May 13 – May 15, 2014 in Washington DC. These experts were:
 - a) Lloyd Chingambo (Chair), Zambia
 - b) Bernd Schmidt, Germany
 - c) Kerem Okumus, Turkey
 - d) Heather McGray, UK
5. Eight concepts were received by the CIF Administrative Unit for review by the expert group. Proponents from the following PPCR pilot countries submitted concepts through the MDBs: Bolivia, Jamaica, and Cambodia. Additionally, one multi-country proposal was submitted for Africa.
6. Of the eight received proposals,
 - a) seven (7) target private sector clients working through the MDB private sector arms; and,
 - b) one targets public sector entities working through the MDB public sector arms.

7. Despite the provision of concessional finance only, one proposal requests grant resources. Currently, all grant funding has been allocated to the PPCR pilots.

8. The expert group reviewed and prioritized the project concepts based on the following criteria and weighting. Each criterion was rated by the expert group from 1 (low) to 5 (high). After the weighting was applied for each criterion, the scores were totaled to reach a final composite rating. Proposals were shortlisted on this basis for recommendation to the PPCR Sub-Committee. The review criteria are as follows:

- a) *Further advancement of the objectives of the endorsed SPCR (15%):* The degree to which the proposed project meets the investment criteria for the PPCR, including:
 - i. pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning;
 - ii. strengthen capacities at the national levels to integrate climate resilience into development planning;
 - iii. scale-up and leverage climate resilient investment, building on other ongoing initiatives; and
 - iv. enable learning-by-doing and sharing of lessons at country, regional and global levels.
- b) *Level of innovation proposed (25 % weighting):* this may include innovation in terms of technology, business model, financial instruments or structure. The "level of innovation proposed" needs to be justified in the country- or sector-specific context of the proposal.
- c) *Readiness (20% weighting):* feasibility of MDB board approval within 9-18 months of PPCR funding approval by the PPCR Sub-Committee. An assessment of readiness may include regulatory framework, institutional capacity or implementation risk.
- d) *Level of benefits to vulnerable groups (20% weighting):* how the project/program may benefit vulnerable or marginalized groups, and how gender considerations will be taken into account.
- e) *Sustainability of intended results (20% weighting):* the likelihood of a project to produce results which can be sustained over time without additional external financial support or have a demonstrative character to be scaled up through markets.

9. As for the first round of the private sector set asides, the MDBs have provided detailed comments on the expert's observations and additional information (see Annex II).

10. The expert group has:
- a) ranked and recommended with conditions 4 concepts, totaling funding requests for USD 24 million in near-zero interest credits, to be funded once conditions are addressed;
 - b) identified 3 concepts, totaling funding requests for USD 15.5 million in near zero-interest credits, to be referred back for further development and resubmission; and
 - c) concluded that 1 concept is not recommended.

The table below details the ranking of the project concepts by the expert group:

<i>Project</i>	<i>Country</i>	<i>MDB</i>	<i>Rank</i>	<i>Credits \$ MM</i>	<i>Grants \$ MM</i>	<i>Experts' Recommendations</i>
Financial Risk Management for climate Resilience in the Agriculture Sector	Bolivia	IDB	1	10	-	<i>Recommend with Conditions</i>
Integrated Climate-resilient Rice Value Chain Community Project	Cambodia	ADB	2	5	-	<i>Recommend with Conditions</i>
Rainwater Harvesting and Drip Irrigation for High-Value Crop Production in Cambodia	Cambodia	ADB	2	5	-	<i>Recommend with Conditions</i>
Microfinance and Climate Resilience for Smallholder Farmers in Bolivia	Bolivia	IDB	3	4	-	<i>Recommend with Conditions</i>
Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco Region	Bolivia	IDB	4	5.5	-	<i>Refer Back for further Development</i>
Inclusive Finance to Improve Climate Resilience of Bolivian Agricultural Producers	Bolivia	IDB	5	5	-	<i>Refer Back for further Development</i>
Climate-Resilient Power Infrastructure	Jamaica	IDB	6	5	-	<i>Refer Back for further Development</i>
Africa SME Climate Resilience Program	Africa Regional	AfDB	7	20	3	<i>Not Recommended; but with a Call for CIF to reflect on suitable criteria to use in this case</i>
TOTAL FUNDS REQUESTED \$ MM				59.5	3	

11. The following annexes are included in this document:
- a) Annex I: Report of the Independent Expert Group
 - b) Annex II: MDB Comments on the Expert Group Report for PPCR
 - c) Annex III: Procedures for the Second Round of the PPCR Private Sector Set Aside

Annex I: Report of the Expert Group established to review concepts submitted for funding from the PPCR set aside

I. PANEL OF THE EXPERTS GROUP

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Kerem Okumus	(Turkey)
Bernd Schmidt	(Germany)
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II. INTRODUCTION

12. The PPCR Private Sector Aside Experts Group reviewed the Concept Documents which had been submitted into CIF a view to access the available PPCR funds under the Private Sector Set Aside Program and hereby presents its report. Unlike the last time, this time, the full team of the Group met in Washington DC., from May 13-15, 2014 for the assignment. Before meeting, each member of the team had independently reviewed all the concepts. The group used the PPCR Sub-Committee approved procedures and criteria¹ to make the recommendations made in this report. Eight concepts were received from the African Development Bank (AfDB) (1), on behalf of the Africa Supraregional; Bolivia (4); Cambodia (2) and Jamaica (1) and were subsequently reviewed by the Experts during the Second Round sitting.

III. LIST OF CONCEPT PROPOSALS

13. The Table below presents the eight concepts by country; titles of the concepts, supervising/ implementing MDBs and the amounts requested:

Country	Concept Title	MDB	Amount Requested (USD MN)		TOTAL (USD MN)
			Grant	Loan	
Mozambique, Niger & Zambia	Africa SME Climate Resilience Programme	AfDB	3	20	23
Bolivia	Financial Risk Management for Climate Resilience in the Agriculture Sector	IDB	-	10	10
	Microfinance and Climate Resilience	IDB	-	4	4
	Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco	IDB	-	5.5	5.5
	Inclusive Finance to Improve Climate Resiliency of Bolivian Agricultural Producers	IDB	-	5	5
Cambodia	Rainwater Harvesting and Drip Irrigation for High Value Crop Production in Cambodia	ADB	-	5	5
	Cambodia: Integrated Climate Resilient Rice Value Chain	ADB	-	5	5
Jamaica	Climate Resilient Power Infrastructure in Jamaica	IDB	-	5	5
TOTAL			3	59.5	62.5

¹ See CIF Document entitled: *Procedures for the Second Round of the PPCR Private Sector Set Aside*, January 10, 2014.

IV. SCORING CRITERIA

14. In Round One of the PPCR Private Sector Set Aside Report, the Experts Group had recommended for the Sub-Committee to consider reviewing the programme’s criteria with a view to increase its effectiveness as a tool for making decisions on concepts in future. The Sub-Committee subsequently agreed with the recommendation and ruled that the score card be revised. In due course, the procedures were revised. In line with this development and requirement, this report is based on the revised procedures and criteria as presented in the following score card:

PPCR SCORE CARD FOR CONCEPTS SUBMITTED UNDER THE PRIVATE SECTOR SET ASIDE	Point Rating					Scoring Points	Weighing Factor
	1	2	3	4	5		
Scoring Criteria							
Further advancement of the objectives of the endorsed SPCR (15%): The degree to which the proposed project meets the investment criteria for the PPCR, including: i. Pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning; ii. Strengthen capacities at the national levels to integrate climate resilience into development planning; iii. Scale-up and leverage climate resilient investment, building on other ongoing initiatives; and iv. Enable learning-by-doing and sharing of lessons at country, regional and global levels.							0.15
Level of innovation proposed (25 % weighting): this may include innovation in terms of technology, business model, financial instruments or structure. The "level of innovation proposed" needs to be justified in the country- or sector-specific context of the proposal							0.25
Readiness (20% weighting): feasibility of MDB board approval within 9-18 months of PPCR funding approval by the PPCR Sub-Committee. An assessment of readiness may include regulatory framework, institutional capacity or implementation risk.							0.2
Level of benefits to vulnerable groups (20% weighting): how the project/program may benefit vulnerable or marginalized groups, and how gender considerations will be taken into account.							.2
Sustainability of intended results (20% weighting): the likelihood of a project to produce results which can be sustained over time without additional external financial support or have a demonstrative character to be scaled up through markets.							0.2
TOTAL SCORE							Σ (scoring points X weighting factor)

Meaning of the Numerical Numbers in the Score Card

Key: Point Rating

- 1 – Very Weak
- 2 – Weak
- 3 – Adequate
- 4 – Strong
- 5 – Very Strong

V. SCORING METHODOLOGY

15. As indicated above, the scoring methodology used to review the concepts was taken directly from the procedures for the Second Round². In general, the method seems to work well. The weighting, vulnerability indicator, and other adjustments implemented by the CIFs AU since Round 1 have been very helpful. Notwithstanding the improvements that were made, the Experts Team was of the view that the applied criteria could perhaps improve further. In particular, the first indicator has created some confusion for the Team and perhaps for project proponents as well. On the one hand, the indicator refers to the projects' links to the countries' SPCRs, but its sub-indicators refer primarily to global-level PPCR priorities. Moreover, it would seem that creating an indicator around implementation arrangements could likely help improve the effectiveness of the methodology. At the very least, it might prompt project proponents to pay greater attention to this important point in the development of their proposals.

16. The Specific scoring methodology was used as follows: for each project criterion, the Experts Group gave a rating of 1-5, which was then weighted according to the specifications in the procedures. The maximum total for each proposal was 5.

VI. ANALYSIS OF PROPOSALS

Project 1

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Bolivia	Financial Risk Management for Climate Resilience in the Agriculture Sector	Public	IDB	10	Loan	4.45

Conclusion and Recommendation

17. Recommend with conditions.

² See

https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Procedures_for_Allocating_PPCR_Resources_on_a_Competitive_Basis_from_a_Set_Aside_0.pdf

Observations/Conditions

18. Experts were of the view that first and foremost, the project needs to be more explicitly anchored into the country's SPCR, including how this project seeks to contribute to policies and/or building or enhancing the enabling environment. Secondly, the promoters need to explain clearly how the project will ensure that the Second phase envisaged is triggered and effectively implemented. Thirdly, the proposal should clearly state what other funding streams for the Stop Loss Fund are anticipated as well as how they will be arranged. Experts would like to recommend that the "other funding streams" that were explained to be feasible and imminent, during the face-to-face discussions, are structured in such a way that they are not a "one-off inflow", in order to build internal capacity within the Fund, as well as ensure that the Fund becomes self-sustaining from some point in the future.

Project 2

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Bolivia	Inclusive Finance to improve Climate Resiliency of Bolivian Agricultural Producers	Private	IDB	5	Loan	3.25

Conclusion and Recommendation

19. Refer back for further development and revisions.

Observations/Conditions

20. An indication of the market context is needed to further hone the project proposal. Secondly, it would appear that the success of this project hinges on the availability of technical assistance and training to the local financial institutions (FIs) and farmers. It will be important that these arrangements are put in place in advance of the deployment of PPCR funds. Moreover, and equally important, Experts felt that the proposal would also need a replication and scale-up strategy to be developed for the project to have a fair chance of realizing its full potential. Finally, the project should also explicitly be linked into the Bolivian SPCR.

Project 3

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Bolivia	Microfinance and Climate Resilience for Smallholder Farmers in Bolivia	Private	IDB	4	Loan	3.8

Conclusion and Recommendation

21. Recommend with conditions.

Observations/Conditions

22. Firstly, the project needs to include explicit reference to the aims of the Bolivian SPCR. Secondly, the IDB needs to help structure a solid and appropriate relationship infrastructure between and among the many microfinance institutions (MFIs) and local NGOs/training/extension agencies expected to participate in this programme. Without this structure, Experts feared that the project would not be sufficiently rooted for successful implementation to happen. Otherwise, if this project was to succeed, it would become an important example to other PPCR countries still struggling to develop one.

Project 4

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Bolivia	Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco Region	Private	IDB	5.5	Loan	3.35

Conclusion and Recommendation

23. Refer back for further development and revisions.

Observations/Conditions

24. Firstly, the regional focus of this project needs elaboration. For instance, exactly what value does a trans-boundary approach bring? Secondly, the proposal needs to clarify plans for sustainability, in terms of: (1) financial planning, currently, it appears to be too heavily reliant on the PPCR funds and, (2) the need for ongoing extension services. Thirdly, there is need for more specificity regarding who are the beneficiaries/ groups are, and the roles of the various project actors mentioned (such as: IDB, PROADAPT, NGOs, local banks, etc.). Please add some information and specificity regarding the expected results, drawing upon the findings of the market study which is currently underway. Again, the concept should be more explicit about its links to the Bolivian SPCR. Finally, please further elaborate on the potential risks facing the project proposal and the proposed mitigation measures.

Project 5

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Jamaica	Climate Resilient Power Infrastructure in Jamaica	Private	IDB	5	Loan	3.15

Conclusion and Recommendation

25. Refer back for further development and revisions.

Observations/Conditions

26. Please clarify the relationship between this proposal and the priorities of the country's SPCR. Secondly, provide better descriptions of the proposed technologies and their applicability to the intended purpose(s). For example, how will this proposal provide benefits in the health sector over and above the benefits provided by the standard practices around the use of generators as back-up power at hospitals? Greater specificity regarding the number, type, and location of the beneficiary communities that are planned to benefit from this proposed solution would strengthen the proposal. Moreover, explicit treatment of irrigation efficiency would also strengthen the proposal. Lastly, a clearer replication/scale-up strategy needs to be considered; Experts felt that this could be quite beneficial within and beyond Jamaica.

Project 6

Country	Project	Sector Arm	MDB	Amount Requested (USD MN)	Type of Request	SCORE
Cambodia	Rainwater Harvesting and Drip Irrigation for High Value Crop Production in Cambodia	Private	ADB	5	Loan	4.4

Conclusion and Recommendation

27. Recommend with conditions.

Observations/Conditions

28. The intended replication/scale-up strategy needs greater detail than has been given. The proposal needs to include additional information on how ADB will ensure that the intended training objectives of the programme are achieved for suppliers and non-suppliers. ADB needs to ensure that contract pricing is structured fairly.

Project 7

Country	Project	Sector Arm	MDB	Amount Requested (US\$ MN)	Type of Request	SCORE
Cambodia	Integrated Climate Resilience Rice Value Chain Community Project	Private	ADB	5	Loan	4.4

Conclusion and Recommendation

29. Recommend with conditions.

Observations/Conditions

30. The promoters should explain the logic of how this project promotes adaptation more clearly. Secondly, the collateral security structure needs more development. Alongside these, the intended replication/scale-up strategy needs greater detail.

Project 8

Country	Project	Sector Arm	MDB	Amount Requested (US\$ MN)	Type of Request	SCORE
Africa (Mozambique, Niger & Zambia)	Africa SME Climate Resilience Programme	Private	ADB	5	Loan	1.85

Conclusion and Recommendation

31. Not recommended. The Experts Group however proposes that CIF and the Sub-Committee to consider further reflection on the suitability of the current criteria in the judging of this Proposal.

Observations/Conditions

32. The Experts Group both liked and sympathized with this proposal and very much would have wished to find a way to accommodate it. It was however felt that the rationale for a regional scope adopted by this proposal should realistically be using a different set of criteria than the ones used here. They felt that the proposal's notion of fostering greater SME action on climate resilience is an important one, within the scope of the PPCR Private Sector Set Aside which should actually be encouraged by the CIF and the PPCR Sub-Committee. Notwithstanding these comments, it was also felt that the concept note is perhaps too general, and would benefit from more detailed development in all areas.

VII. RANKING THE PROPOSALS

Country	Project	Score Achieved	Ranking	Experts Decision
Bolivia	Financial Risk Management for climate Resilience in the Agriculture Sector	4.45	1	Recommend with Conditions
Cambodia	Integrated Climate-resilient Rice Value Chain Community Project	4.40	2	Recommend with Conditions
Cambodia	Rainwater Harvesting and Drip Irrigation for High-Value Crop Production in Cambodia	4.40	2	Recommend with Conditions
Bolivia	Microfinance and Climate Resilience for Smallholder Farmers in Bolivia	3.80	3	Recommend with Conditions
Bolivia	Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco Region	3.35	4	Refer Back for further Development
Bolivia	Inclusive Finance to Improve Climate Resilience of Bolivian Agricultural Producers	3.25	5	Refer Back for further Development
Jamaica	Climate-Resilient Power Infrastructure	3.15	6	Refer Back for further Development
Africa Regional	Africa SME Climate Resilience Program	1.85	7	Not Recommended; but with a <i>Call</i> for CIF to reflect on suitable criteria to use in this case.

VIII. BREAKDOWN OF THE DECISIONS OF THE EXPERTS GROUPS

33. In summary, of the eight (8) proposals reviewed by the Panel of Experts, four (4) have been recommended to the PPCR Sub-Committee to consider approving for funding under the Private Sector Set Aside; three (3) have been referred back for further development with one not being recommended. The Table below presents this breakdown for ease of reference:

S/N	Recommended with Conditions	Refer Back for further Development	Not Recommended
1.	BOLIVIA: Financial Risk Management for climate Resilience in the Agriculture Sector	BOLIVIA: Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco Region	AFRICA REGIONAL: Africa SME Climate Resilience Program.
2.	CAMBODIA: Integrated Climate-resilient Rice Value Chain Community Project	BOLIVIA: Inclusive Finance to Improve Climate Resilience of Bolivian Agricultural Producers	
3.	CAMBODIA: Rainwater Harvesting and Drip Irrigation for High-Value Crop Production in Cambodia	JAMAICA: Climate-Resilient Power Infrastructure.	
4.	BOLIVIA: Microfinance and Climate Resilience for Smallholder Farmers in Bolivia.		

IX. GENERAL OBSERVATION/RECOMMENDATIONS

34. In general, the proposals submitted into the Second Round were found to be definitely better presented than those that came in the First Round. This suggests greater engagement by MDBs in the development of the proposals. The Experts would like to recommend that this level of involvement by the MDBs should not only be maintained but were possible, improved upon.

35. However, compared to the Round One, this time proposals seemed to have weak links into the national SPCRs. For the future, this needs to be checked and indeed, stressed to a greater extent than perhaps was done in the past. Experts would like to recommend that before a concept is accepted as a submission, the CIF Administration Unit could consider conducting a quick scan on the content and quality of the submission to ensure that at least the minimum standards expected of proposals would have been reached. Moreover, proposals that are missing key elements or don't meet the minimum criteria should be returned to the MDBs for revision or further development.

36. As discussed above, under the Methodology Sub-section, the current improved upon scoring methodology still needs further improvement. Although greatly improved, it still needs clarity, with regard to the first indicator which seems to have created some confusion for the experts group, and perhaps even for the project proponents. As stated, on the one hand, the indicator refers to the projects' links to the countries' SPCRs, while its sub-indicators seem to focus primarily on the global-level PPCR priorities. The Experts have also felt that creating a new indicator around implementation arrangements could probably help prompt project proponents to pay greater attention to this very important variable. An indicator that targets monitoring and evaluation (M&E) of successful project implementation of a project or programme was considered important by the Experts.

37. The Experts noted for a programme that has 48 Pilot countries, it was significant that there continues to be such concentration in the submission of proposals; in this round, only a small number three (3) countries sent in proposals. This might suggest that the procedures for generating private sector proposals may need looking at urgently. The CIF should find ways to encourage greater engagement by the full set of PPCR countries, including better engagement of the MDBs with PPCR focal points, and active outreach by the focal points to their countries' relevant private sector actors. More broadly, better communication among CIFs, PPCR focal points, the MDBs, and private sector actors is needed in order to generate project ideas that effectively serve the "pilot" objectives of the PPCR.

38. Most of the proposals at this point are lacking replication or scale-up strategies, and pay little explicit attention to needed changes in markets and enabling environments. By systematically engaging with the private sector in order to understand their barriers and challenges with regard to climate resilience, CIFs could shape the proposal criteria and procedures in ways that might promote private sector projects that would generate powerful lessons.

39. The Experts noted for most of the proposals reviewed (if not all) to succeed, they would need serious and effective technical assistance and training. Consequently, they have

recommended that PPCR grant funding for technical assistance and training be made a component of the PPCR Private Sector Set Aside funding regime for all the projects that the PPCR Sub-Committee approves for PPCR funding support. The team was of the view that this support could constitute a powerful catalytic force that could well both drive and ensure that the private sector set-aside programme performs.

40. Of concern to the Experts Group was the realization that many of the previous recommendations from Round One appear not to have been taken up. For example, the need for a project implementation structure or framework remains unmet in most proposals. Further, project proposals also have not produced sustainability plans, and we saw few projects with pledged support. Treatment of inclusion, however, has improved.

X. FOCUSED RECOMMENDATIONS

41. Based on the number of proposals received; and on conversations with the MDBs, the experts group feels that the PPCR private-sector set-aside remains less appealing to the private sector than it should be. Recommendations to address these challenges include:

- ✓ Better alignment and integration of the private sector part of the program with the public sector side
- ✓ Use of technical assistance and training to raise awareness of climate change in the private sector and build capacity to make use of PPCR funding
- ✓ Better communication and engagement among the full spectrum of the CIFs actors with the private sector.

ANNEX II: MDB Comments on the Expert Report for PPCR

II.1 European Bank for Reconstruction and Development

42. The European Bank for Reconstruction and Development (EBRD) was regrettably unable to submit any project concepts for the second round, as its two successful proposals for the first round had fully utilized the current potential for good-quality private-sector projects in Tajikistan, the only PPCR pilot country in the EBRD region.

II.2 African Development Bank

43. The African Development Bank (AfDB) would like to express its appreciation for the Expert Group's review and consideration of its Africa SME Climate Resilience Program concept note submitted under the PPCR Private Sector Set-Aside Second Round (Set-Aside). This concept note contemplated a \$23 million contribution to the Africa SME Program-Inclusive Growth and Job Creation, an existing financing facility of the AfDB that provides lines of credit and technical assistance to commercial banks and non-bank financial institutions in support of on-lending activities to small-to-medium sized enterprises (SMEs) across all five regions of Africa. It is noted that the target markets of the proposed project included the PPCR countries of Niger, Mozambique and Zambia **as well as all other SCF Countries**.

44. Although the project was not recommended by the Experts to the Sub-Committee for funding consideration, the AfDB would like to elaborate on the perceived benefits that PPCR resources would have provided by way of investment in this project under the Set-Aside and to provide some insights on its rationale for pursuing such a proposal to include geographic areas outside of the three PPCR countries. The AfDB also notes that it might have benefited from more detailed feedback from the Expert Group on each scoring criteria as opposed to just the overall score and general observations. This feedback may also be useful in the context of the Expert Group's "call" for the CIF and the Sub-Committee to consider the suitability of existing criteria relative to the Africa SME proposal submission.

45. A primary objective of the project was to leverage a significant amount of market research previously performed by the AfDB related to expanding access to finance to SMEs and the resulting pipeline of financial intermediaries, which incidentally, but for the AfDB's direct outreach efforts, might not ordinarily appear in the pipeline due to their smaller size, and in some cases, remote locations. With approximately sixty potential on-lending partners already identified, PPCR resources could have been deployed directly to supply-side and demand-side interventions through the provisioning of longer-term capital, than currently available under the AfDB SME program, to these local FIs and technical assistance to build the FI's technical capacity to identify and assess climate adaptation financing opportunities as well as to develop appropriate lending strategies and product offerings to service the market. Similarly, technical assistance would have been provided to SMEs to assist in activities such as the development of business plans and the identification and application of more climate resilient and commercially sustainable inputs, technologies and techniques.

46. As is the case in many developing countries, access to finance for African SMEs generally remains a significant challenge, which is only magnified in low-income countries and rural markets. In this context, a commitment of PPCR resources would have been meaningful as the AfDB's SME program seeks to dedicate approximately two-thirds of its funding to these particularly underserved areas. The project would have sought to deliver much needed capital resources to rural areas which tend to have a high concentration of agricultural activities and are highly susceptible to the effects of climate change, making them prime areas for increased mitigation and adaptation activities. These areas also represent business activities by commercial enterprises, including micro-enterprises or small farmers, which are generally beyond the reach of financial institutions in the absence of specific outreach activities, signifying the project's considerable potential in terms of social and economic development outcomes.

47. It is the view of the AfDB that the project could have played a significant role in expanding the reach of the financial sector into underserved markets, thus deepening the engagement of the private sector, by expanding the lending capacity of a diverse set of capital-constrained second and third-tier FIs, including commercial banks, leasing and factoring companies, and MFIs, which are generally best-positioned to adequately service the financing needs of smaller, local SMEs and projects.

48. In the course of its daily operations and during the course of the set-aside competitions, specifically, the AfDB has observed significant interest on the part of less-recognized and smaller private sector project sponsors with projects and financing needs which are not compatible with the AfDB's traditional lending platform, principally due to high transactions costs. Through financial intermediation arrangements, it is believed that SMEs, and smaller project sponsors, would not only be serviced more efficiently and cost-effectively but also that building lending and technical capacity at the local level would provide, in the near term, greater potential for the scaling-up of the financing of climate resilience activities.

49. Given the capacity limitations of FIs in the PPCR markets, AfDB proposed expanding the markets to include all SCF countries to allow for the greatest deployment of capital, in the near-term, in those markets with the most demonstrated demand with a view that early successes would serve as a model for other markets as they evolve over time. Finally, through simultaneous engagement on both the demand and supply sides, the project would have aimed to facilitate direct interactions between the SMEs and financial sector participants, allowing for investments in capacity building and technical capacity to potentially result in more immediate and sustainable climate resilience related lending programs.

50. In closing, the AfDB looks forward to receiving additional feedback from the Sub-Committee and the CIF with respect to evaluation criteria for projects such as the Africa SME Climate Resilience Program and to engaging in further dialogues about how we may be able to address the financing needs of SMEs, and smaller project sponsors generally, through these competitive set-asides or other CIF programs.

II.3 Inter-American Development Bank

51. The IDB would like to express its appreciation for the thoughtful work of the EG in evaluating the proposals for this second round of the PPCR Set Aside.

52. In the sections below please find the feedback from our operations teams to the EG observations on the three IDB proposals categorized as “Refer back for further development and revisions” to the EG comments, as well as some additional information on one of those “recommended with conditions”. We would also like to offer the following observations on the process and recommendations for follow up rounds:

- a) **Processing of proposals “referred back for further development”.** Given that not all the funding available was fully allocated (to “recommended with conditions” proposals), and that some of those referred back can –in our view- be at such similar level with some additional information (a significant part of which is included in the sections below) we would like to propose that the SubCommittee adopts a similar approach as the one adopted by the FIP SubCommittee for the first FIP Set Aside round, where proposals in a similar situation were given a few weeks (in such case it was 2-3 weeks) to develop the additional detail and submit back to the SubCommittee for Decision by Mail. The three proposals in this situation have a combined request of \$15.5M. Such amount combined with the \$24M of the proposals recommended with conditions, totaling \$39.5M, falls within the funding available plus the 50% the guidelines of this PPCR Set Aside round indicated the SubCommittee could consider. Adopting this measure would allow to capitalize the work and momentum developed by project teams with prospect clients and allow them to proceed with almost no delays (relative to what would entail waiting for another call for proposals) if the additional detail recommended by the EG was adequately developed in the revised proposals and found satisfactory by the SubCommittee through the Decision by Mail process.
- b) **Interaction between EG and project teams:** IDB appreciated the constructive spirit of the in-person discussions with the EG. Given the limited time available for such engagement, and the complexity some of these projects normally entail, we recommend the following measures for the next round of PPCR Set Aside (and also, consistently, for SREP and FIP Set Asides):
 - i. **Key questions to project teams to be shared in advance of the in-person discussion.** This is helpful as sometimes some of the key team members may not be available during the meeting with the EG. Moreover, in this occasion, because of timing issues, some teams received such questions in advance and some others didn’t (this created a disadvantage for some teams, who were not be able to internally discuss the questions to prepare and offer better feedback). We believe the EG made however its best effort to handle this issue in the most constructive possible way, to

mitigate such disadvantage. Planning should be improved in future rounds to avoid –in the context of the competitive process- this asymmetry.

- ii. **Project teams to be given an opportunity to provide feedback/additional information to the EG once there is an early draft of the report, and before final scoring, ranking and recommendations are made.** We believe that such additional opportunity for further details or clarifications could have resulted (or result in the future) in that some proposals initially classified as “Refer back for further development and revisions” could instead be endorsed (instead of referred back) for further development (as those “Recommended with conditions”). Some of the feedback we are offering in the sections below aim to serve that purpose, but it may be more effective to provide them as part of the process and before the final report and recommendations.
- c) **Detail of the analysis.** We found that more detail of the EG report in the analysis of each proposal against each of the evaluation criteria would have been helpful. The report does not even indicate the scoring of each proposal under each criterion, so teams cannot adequately understand (beyond the comments included in the summary “observations/conditions” section) where exactly their proposals were not found to perform well (whether in the innovation, readiness, sustainability, or other dimensions). This would be helpful not only of offer better information to further develop the proposal, but also to learn about the EG views and approach on each criteria and consider them as MDBs screen prospect projects in following rounds.

Feedback to EG observations on proposals

Proposal Name: [Bolivia: Inclusive Finance to improve Climate Resiliency of Bolivian Agricultural Producers](#)

EG comment	IDB response
An indication of the market context is needed to further hone the project proposal.	The agricultural SME market context is described in section I and II of the PPCR proposal. More information regarding the FI’s portfolio in this sector can be provided in the detailed proposal.
Secondly, it would appear that the success of this project hinges on the availability of technical assistance and training to the local financial institutions (FIs) and farmers. It will be important that these arrangements are put in place in advance of the deployment of PPCR funds.	Noted. IDB will be in a position to further advance design of both the financial and technical assistance packages, and the program’s implementation arrangements, as soon we have some confidence on the availability of PPCR concessional debt/guarantee resources, without which the program would not be possible. This cannot be done without any such indication, as technical assistance resources would be wasted and credibility with the client will be lost if this work was advanced and PPCR resources were not to materialize later.
Moreover, and equally important, Experts felt that the proposal would also need a replication and scale-up strategy to be developed for the project to have a fair chance of realizing its full potential.	The team agrees on the importance that any PPCR interventions should be replicable and scalable, as one of the key PPCR principles. That is precisely why the team approached two of the largest commercial banks in Bolivia, with a vast network of branches, services and clients throughout the country, and

	significant demonstration and scale-up capability. The proposed project is expected to leverage USD 45 million in sub-loans to SME farmers, contributing to the scalability and replication sought. Such demonstration is expected to promote further replication by its competitor banks. We can specify further, in the next stage detailed proposal, how TA activities will support such demonstration and replication.
Finally, the project should also explicitly be linked into the Bolivian SPCR.	On page 4 of the proposal, reference is made to the Bolivian SPCR: “The project will contribute to the three components of the SPCR of Bolivia: i) increased resilience to climate change of production systems, ecosystems and prioritized settlements; ii) generating results and lessons learned from planning, designing and implementing of integrated investments that improve climate resilience for setting; and iii) adjusting national standards for public planning and investment. The project also addresses key climate threats described by the Bolivia SPCR, including: increased frequency and intensity of extreme weather events and the predicted increase of water scarcity.” Furthermore, core indicators 1-5 used in the table of section IV are taken from the country SPCR to ensure operative alignment. Greater detail about SPCR alignment can be provided in the detailed proposal.
Greater specificity regarding the number, type, and location of the beneficiary communities that are planned to benefit from this proposed solution would strengthen the proposal.	Noted. More specifics about beneficiaries will be provided after further consultation with JPS.
Moreover, explicit treatment of irrigation efficiency would also strengthen the proposal.	As the public water company is JPS’s largest customer, JPS has expressed interest in exploring mechanisms to incentive water savings and efficiency. This component will be further discussed and –if suitable- added in the next stage detailed proposal.
Lastly, a clearer replication/scale-up strategy needs to be considered; Experts felt that this could be quite beneficial within and beyond Jamaica.	As the project is an approximately \$100 million total investment, it could achieve significant scale. JPS, as the utility of Jamaica, in conjunction with the Jamaican Regulatory Authority (OUR) is expected to replicate within the country after successful demonstration of the benefits. IDB would be happy to add a knowledge-sharing and dissemination component so as to replicate results beyond the country in the region.

Proposal Name: Jamaica: Climate Resilient Power Infrastructure in Jamaica

EG comment	IDB response
Please clarify the relationship between this proposal and the priorities of the country’s SPCR.	On page 4 of the proposal, reference is made to the Jamaica SPCR: “A number of SPCR priorities will be addressed through investments supported by this project. First, by reducing the frequency and length of electricity outages, the project will help reduce disruption of water supply for key productive activities and social services. Second, ensuring electricity supply amongst vulnerable populations will improve human health, another priority sector identified by the SPCR. Third, increasing grid resiliency responds to the SPCR’s expected outcome of improving disaster risk reduction by the private sector. Fourth, smart-grid technology will improve information available to JPS; lack of data

	<p>has been identified as a key challenge by the SPCR. Finally, improved grid infrastructure will reduce damage to economic and social sectors after severe weather events, which the SPCR has identified as a key challenge.”</p> <p>Greater detail about SPCR alignment can be provided in the detailed proposal.</p>
<p>Secondly, provide better descriptions of the proposed technologies and their applicability to the intended purpose(s). For example, how will this proposal provide benefits in the health sector over and above the benefits provided by the standard practices around the use of generators as back-up power at hospitals?</p>	<p>In agricultural, rural areas, standard practices leave many Jamaicans without power following damage to utility infrastructure. More resilient transmission and distribution infrastructure, smart grid technology, and micro-grids powered by independent power supplies will ensure that rural areas experience fewer and shorter electricity outages. In urban areas where critical infrastructure, such as hospitals, already have back-up generators, the generators are costly and do not provide full power back-up, only critical circuits (generally not air conditioning), therefore for black-outs lasting more than 24 hours grid connected power becomes critical. The proposed technologies are new smart-grid management devices that allow the utilities to pinpoint quickly the outages and contain them, with mobile substations for example that can be deployed in the event of substation failure. Smart-grid technologies can also reduce non-critical loads to allow power to reach the most needed areas. This ensures that during black outs customers are not cut off for long periods of time. This can be elaborated upon in the next stage detailed proposal.</p>

Proposal Name: Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco.

EG Comment #1. Regional focus of this project needs elaboration, what value does a trans-boundary approach bring?

53. PPCR set aside resources will focus exclusively on the Bolivian Chaco. The Bolivian Chaco forms part of the Gran Chaco, which is an extensive sub-tropical region covering million 1,066,000 km² and traversing the frontiers of Argentina, Bolivia, Paraguay and Brazil. The Gran Chaco is the biggest continuous dry forest in the world and one of the largest ecosystems in the region, second only to the Amazon. It is a region of rich social and environmental diversity with large reserves of water, energy, and arable land. However, the region continues to struggle with the aggressive exploitation of raw materials to meet global demand and the preservation of its natural resources and traditional peoples’ way of life.

54. This eco-region faces a unique set of problems and challenges. These include the political marginalization of much of the populace, endemic poverty, the rural-urban migration of indigenous populations’, and a predatory model of natural resource exploitation. Even though national laws exist that protect natural resources, the Chaco continues to suffer a high rate of deforestation and land degradation. Across the Gran Chaco, low levels of productivity, social equality, and education limit the range of productive activities and impede the ability of vulnerable populations to adapt to climate variability. Advancing agricultural frontiers and (hydrocarbons in the case of Bolivia) alter the natural landscape and reduce the capacity of the region’s ecosystems to cushion the impacts of climate variability, particularly changing rainfall

intensity, frequency and periods of drought. Large water projects exacerbate flooding and generate great uncertainty about the flows of water along the Rio Pilcomayo.

55. This proposed PPCR set aside loan will only be applied in the Bolivian Chaco. However, a parallel technical assistance project financed by the MIF PROADAPT facility will aim to build a trans-boundary framework for systematizing and sharing information and experiences. This approach will frame adaptation as an iterative process of "learning by doing" -- rather than as a simple end point. PROADAPT will work with current platforms for regional coordination in the Gran Chaco, such as "Networks Chaco," in which foundations, research institutions, private sector producer associations and local authorities meet regularly to discuss critical issues and proposed solutions to the challenges facing the broader Chaco region.

56. A complementary, trans-boundary approach to adaptation will greatly support climate adaptation efforts among private sector actors in the Bolivian Chaco. For example, one strategy adopted by private producers in the Argentine Chaco is reforestation using native varieties of the Algarrobo tree in degraded fields. This has greatly expanded the supply of cattle feed, restored soils and increased the production and sale of other forest products. In Bolivia, Fundacion Nativa has developed important tools and methods for the diagnosis of climate risks and development adaptation plans. These efforts have helped to define climate related measures and priorities across the region in local governments. These are just two examples where both Argentine and Bolivian producers would benefit from greater transfer and sharing of these experiences.

EG Comment #2. Expand on Sustainability, in terms of:

57. This proposed operation contains incentives and capacity building that will enhance the sustainability of this intervention.

58. Two fundamental areas of intervention will increase the sustainability of this operation:

- a) Proof of Financial Viability – The project will provide financing for a local bank to on-lend (either directly or through a participating private sector association) to small producers for productivity enhancing, climate-resilient investments. These funds will demonstrate the commercial viability of the loan product, the demand for such a product and a practical delivery mechanism that is replicable at low marginal cost among financial institutions in Latin America. In addition, this proof of concept in Bolivia will provide the demonstration needed to foster replication of this type of financial product elsewhere in the region.
- b) Broad Capacity Building – The proposed project will support the capacity building of key actors and institutions. These activities will include: (i) improving the availability of practical, climate-related information for private sector producers; (ii) building the capacity of private sector producers associations in climate-related planning, and to better assist and advise small livestock producers who are improving their climate-resilience; (iii) training private producers to implement climate resilient practices and strategies that can connect smallholders to higher-value markets, (iv) supporting financial intermediaries in developing

loan products for climate resilience and training loan officers; and (v) creating spaces for knowledge transfer and exchange.

EG Comment #3. More detail on beneficiaries/ groups

59. The beneficiaries will be approximately 5,000 small-scale livestock producers and their families from the Bolivian Chaco (from departments of Tarija, Chuquisaca and Santa Cruz) defined as producers with less than 200 heads of cattle. The majority of beneficiaries will be of indigenous ancestry (Guaraní, Ayoreo and Chiquitano), with income levels that are at or slightly above the national poverty line. All direct beneficiaries are expected to be affiliated with a private sector producers' organization.

EG Comment #4. What are the roles of the various project actors mentioned? (such as: IDB, PROADAPT, NGOs, local banks, etc.).

60. The Multilateral Investment Fund (MIF) is a private sector member of the IDB Group and will be the technical lead on this proposed PPCR operation. The MIF approves an average of USD 100 million in projects per year in Latin America and the Caribbean, of which about 70% are in the form of technical assistance grants, with the remainder comprising investments in private equity and venture capital funds. The MIF has put over USD 2.5 billion to work in the region since 1993. The Climate Change and Sustainability Division (INE/CCS) is the part of the IDB that coordinates Climate Investment Fund operations on behalf of the IDB. INE/CCS is a team member of this proposed PPCR operation in Bolivia.

61. PROADAPT is a 5 year, USD 11.6 million facility, launched by the MIF in partnership with the Nordic Development Fund. PROADAPT uses grants to build climate resilience in micro, small and medium-sized enterprises and promotes business models that can capitalize on the demand for products and services that protect assets from climate risks. PROADAPT is also funding market studies and knowledge products related to the hidden market for climate resilience, to new methodologies for financial institutions to assess climate risks, on climate resilience in value chains, and climate adaptation and women entrepreneurs, among others applied studies.

62. In this proposed PPCR operation, the technical assistance and market studies funded by PROADAPT will facilitate resilience building in smallholder value chains and in connecting networks of smallholder value chains in the Bolivian Chaco. Local NGOs will assist in the execution of capacity building activities, network building and awareness-raising and knowledge dissemination that are critical to this operation. In addition, a commissioned report on resilience in the Bolivian Chaco, due at the end of June 2014, will provide critical input into the design of the project.

63. Local banks will participate in two ways. First, financial institutions will receive technical assistance to improve their analysis of climate risks through the use of risk screening tools that are specific to PROADAPT. In addition, technical assistance for financial institutions is intended to incentivize their development of credit products for cooperatives and their members. Participating banks will join a network of financial institutions, with similar profiles, participating in other PROADAPT projects in the region.

EG Comment #5. Provide more detail on expected results, drawing upon the findings of the market study which is currently underway.

64. The market study in question will be completed at the end of June 2014. This study will assist MIF/IDB and local partners with a technical assessment and theory of change to support climate resilience in the Chaco. The following is an indicative list of project results and impact metrics.

Results

65. The expected results of this PPCR/PROADAPT project are the widespread adoption of climate resilient practices among small livestock producers in the Bolivian Chaco. In addition, the project expects to facilitate increased lending by local financial institutions to smallholder ranchers, as a result of a greater analysis of climate risk in their portfolios and the benefits associated with more resilient clients.

66. The MIF/IDB defines “results” as behavioral change that can be tracked, measured and observed by the beneficiary population. The following performance indicators will be used to track and measure the project’s results:

- a) 40% increase in the period in which small livestock producers can resist a severe drought before exiting the market
- b) Measurable improvements in climate resilience in 4,000 small livestock operations, disaggregated by gender
- c) 3,000 small producers, disaggregated by gender, with improved access to credit for climate resilience investments
- d) Two financial institutions using a climate risk assessment tool in lending operations in the Chaco
- e) The number of private sector organizations participating in and benefiting from improved early warning and monitoring systems of the Rio Pilcomayo

Impact

67. Impact is defined as high level outcomes related to improvements income, health, sales, emissions, etc. The intended impacts of the project include improvements in the livelihoods of poor and low-income livestock producers in the Bolivian Chaco, as well as increases in the profitability and sales of businesses offering products and services related to climate resilience.

68. The following indicators will be used to track the project’s impact:

- a) 3,000 small producers with annual sales growth 10% or more disaggregated by gender
- b) 2,000 producers selling to new domestic or export markets, disaggregated by gender

- c) Average value of annual sales to new domestic or export markets by small producers (to be defined at project baseline during first 3 months of execution)

EG Comment #6. Provide clearer links to the Bolivian SPCR

69. The strategic focus of the Bolivian SPCR and relevant national plans (which emphasize the public sector) is on water resources. This proposed operation, Building Climate Resilience in Small Livestock Producers in the Bolivian Chaco, aims to improve smallholder resilience through efficient and drought resistant irrigation systems, productive reforestation using native species that improve soil moisture, and targeted investments that maximize, inter alia, water capture and water use efficiency. The SPCR further identifies climate vulnerability and variability resulting from the increased frequency and intensity of droughts and floods in Bolivia, and their impacts on, among other areas, agricultural production and agro-industry. Building greater resilience in the face of climate variability is a major focus of this project.

70. The project also addresses private sector elements that directly relate to Components 1 and 3 of the Bolivian SPCR, respectively. The project aims to improve the availability of climate-related information, data and scenarios. This operation also aims to assist in new approaches to private planning, design and implementation of integrated investments in climate resiliency. These results and lessons learned will be shared in other regions. In addition, this project aims to create institutional arrangements (e.g. more formal coordination arrangements with selected public and civil society partners, etc.) for the formulation and implementation climate resilience activities in smallholders.

EG Comment #7. More detail on risks facing the project proposal and the proposed mitigation measures.

Potential Risks	Mitigation Measures
Loan schemes may lead to unsustainable indebtedness for some borrowers.	All lending will be based on prudent screening processes and credit methodologies. Prior to the granting of loans, financial plans of smallholders will be vetted. In addition, follow-on technical assistance to build capacity among borrowers will incorporate provisions that seek to lower risks associated with debt.
Low commitment to the project on part of private associations, such as ranchers' associations	This is a risk that is mitigated in part through technical assistance that demonstrates the practical business case for implementing cost effective, climate resilient technologies in members' ranching operations. In addition, the project will stress the business opportunities for private sector associations related to such climate-resilient technologies
Participating financial institutions fail to increase lending to support investments in climate resilience.	The project will work with and train selected local FIs to incorporate climate resilience into credit and lending methodologies, and to enable FIs to better quantify the lower credit risks resulting from climate resilient borrowers
Low penetration of climate resilient technologies among poorer smallholder beneficiaries, marginalized groups or women	The project team will ensure, at the beginning of the project, that a specific percentage of poor and marginalized groups and women are beneficiaries in this operation.
Ineffective resilience investments or	Proposed investments and practices have been carefully

practices	identified through a mapping exercise in the region. The PROADAPT Chaco study will outline successful experiences and lessons learned in the Chaco. Other PROADAPT projects in similar conditions and biomes will inform this project.
Lack of markets/and or sales for participating smallholders	Preliminary conclusions from the PROADAPT study and from market studies project strong demand for livestock products in Brasil, Peru, Argentina and Chile. Moreover, technical assistance will aim to improve business practices and performance of participating farmers.

Proposal Name: Microfinance and climate resilience for smallholder farmers in Bolivia (proposal “recommended with conditions”)

EG Comment #1. The project needs to include explicit reference to the aims of the Bolivian SPCR.

71. Water resources management is the central Climate change challenge targeted by the Bolivian SPCR in line with the National Development Plan and the National Adaptation Mechanism. The negative effects of climate change in Bolivia include the increased frequency and intensity of extreme weather events, which in turn have an impact on agricultural production, food security, infrastructure and human health among others. Climate change also accelerates the increase of water scarcity in some river basins, which affects water availability for drinking, for agricultural production, for the production of hydropower, for mining and industrial production, and for ecosystems. Particularly, in the Altiplano and Inter-Andean valleys, where the project will be developed, the climate change expected impacts include: (i) increased need of irrigation, (ii) retreating glaciers, (iii) destruction of crops, (iv) flooding during rainy seasons, (v) limited availability of water for human and animal consumption, (vi) competition for water use, (vii) soil erosion and desertification among others.³

72. The project addresses Bolivia’s priorities related with agriculture and food security by supporting smallholder farmers with necessary training and financing products from local MFIs in order to invest in measures to adapt to the aforementioned impacts to maintain their income stability and avoid the exacerbation of rural poverty. The implementation of this project will contribute to the expected SPCR objectives in terms of increasing experience and lessons learned on climate resilience. It will also increase resilience in priority production systems particularly in the Altiplano and Inter-Andean valleys and will reduce the losses caused by floods and droughts. Additionally, the knowledge generated by this project shall contribute to the integration of resilience in public development strategies, plans, policies, etc., and will facilitate a better integration of adaptation management through an inter-sectorial formulation and implementation of related policies and programs.

73. The project is also aligned with the National Development Plan, specifically in its Policy 5 “Adaptation to global environmental changes, protection of the ozone layer, and persistent

³ Strategic Program for Climate Resilience for Bolivia. Climate Investment Funds, 2011.

organic pollutants” from the Environmental Resources chapter (5.3.4) which aims at reducing vulnerability and promoting adaptation practices that can leverage on emergent opportunities of climate related impacts. This project will develop risk management strategies for climate risks and will showcase adaptation initiatives in the agricultural sector; it will also set up mechanisms to improve productivity and access to new markets which promote sustainable production.⁴

74. The project results will contribute to the following PPCR core indicators: A.1.3 Number of people supported by the PPCR to cope with the effects of climate change; B1 Extent to which vulnerable households, communities, businesses and public sector services use improved PPCR supported tools, instruments, strategies and activities to respond to climate variability or climate change; and B5 Quality and extent to which climate responsive instruments/investment models are developed.

EG Comment #2. The IDB needs to help structure a solid and appropriate relationship infrastructure between and among the many microfinance institutions (MFIs) and local NGOs/training/extension agencies expected to participate in this program. Without this structure, Experts feared that the project would not be sufficiently rooted for successful implementation to happen. Otherwise, if this project was to succeed, it would become an important example to other PPCR countries still struggling to develop one.

75. The proposed adaptation model will test whether a financial product that combines financing and technical assistance for climate change adaptation through local MFIs in alliance with quinoa associations and other civil society partners is an appropriate way to reduce vulnerability to climate change for both the microfinance institutions and their clients. As the project will benefit different MFIs in different geographical regions and the production of different types of crops, establishing a solid structure and mechanism aimed at coordinating all actors will ensure the sustainability of the project.

76. The proposed project is based on the combination of two business models: (1) a green microfinance product that includes loan and technical assistance for the implementation of adaptation measures for any type of crop planted by smallholder farmers in three municipalities of the department of La Paz; and (2) a value chain finance product, which will also include technical assistance for climate adaptation practices, which will support small quinoa producers in the departments of La Paz, Oruro and Potosi.

Business Model No. 1

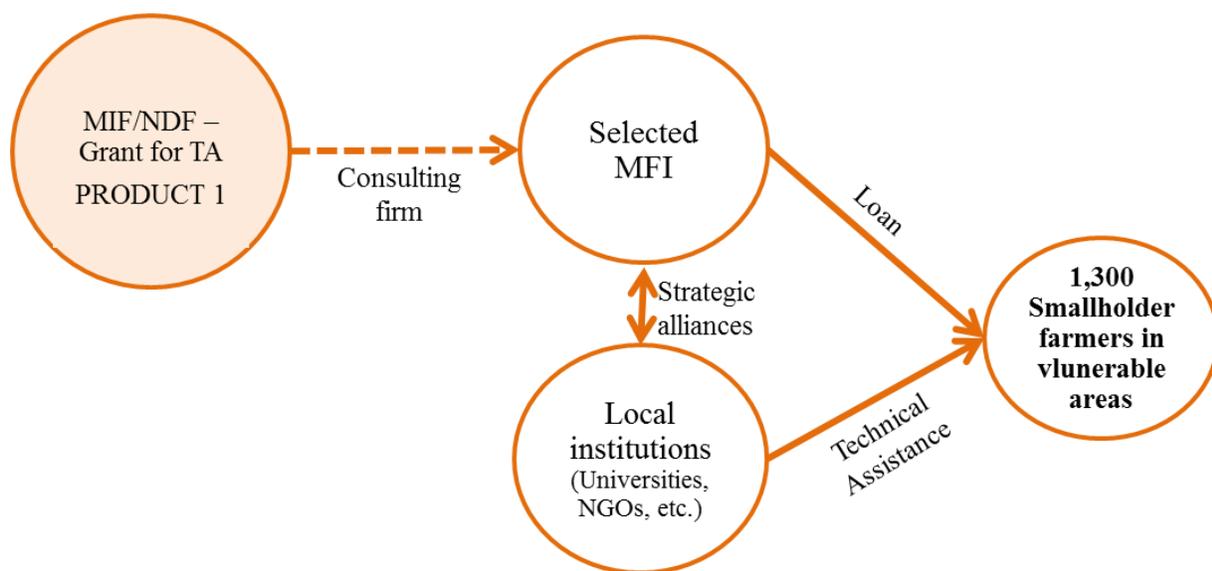
77. In the case of the green microfinance product for adaptation of smallholder farmers in the department of La Paz, the microfinance institution is already selected under the EcoMicro Facility.⁵ The MFI was selected following a regional competitive process in which the selection

⁴ Bolivian National Development Plan. Development Planning Ministry, 2006.

⁵ The EcoMicro Program is a technical cooperation program co-financed by the Multilateral Investment Fund (MIF) and the Nordic Development Fund (NDF). Aimed at Latin American and Caribbean microfinance institutions (MFIs), its purpose is to develop green finance products so that micro, small, and medium enterprises (MSMEs) and low-income households can access clean energy, energy efficiency or adaptation to climate change. www.ecomicro.org

criteria evaluated the MFI institutional capacity and commitment to develop adaptation finance, their need to manage climate change risk, and the existing demand for adaptation finance.

78. The selected MFI, in collaboration with the Inter-American Development Bank through the Multilateral Investment Fund (IDB-MIF), identified local most suitable partners to provide the technical assistance that will be offered in combination with the microfinance product. The selected partners include university’s rural extension units and NGOs with extensive experience in rural development. The main criterion for selection was their experience in both local agricultural techniques and participative collaboration methods with local communities. Aligning common interests and mission of each of the actors was key to build resilient strategic alliances, in which partners seek similar objectives and complement each other in serving small holder farmers’ interests.



Business Model No. 2

79. For the value chain finance mechanism supporting small quinoa producers, the MFI will be selected through a competitive process. The selection criteria will include geographical coverage on the targeted areas, institutional capacity and experience to provide technical assistance in sustainable agriculture to smallholder farmers and experience in value chain mechanisms, among others. Based on these parameters, the IDB-MIF expects to build upon the local capacity that has been created and strengthened through several previous successful experiences in Bolivia, targeting small producers and microenterprises of quinoa.

80. The call for the MFIs to implement this project, will be made through the most important and largest networks in the microfinance industry: (i) FINRURAL⁶, the association of development financing institutions (no regulated); and (ii) ASOFIN⁷, the association of microfinance institutions (regulated); which in total group 22 MFIs. By launching an open call in these networks, the IDB-MIF promotes competitiveness among the micro finance industry and

⁶ <http://www.finrural.org.bo/>

⁷ <http://www.asofinbolivia.com/>

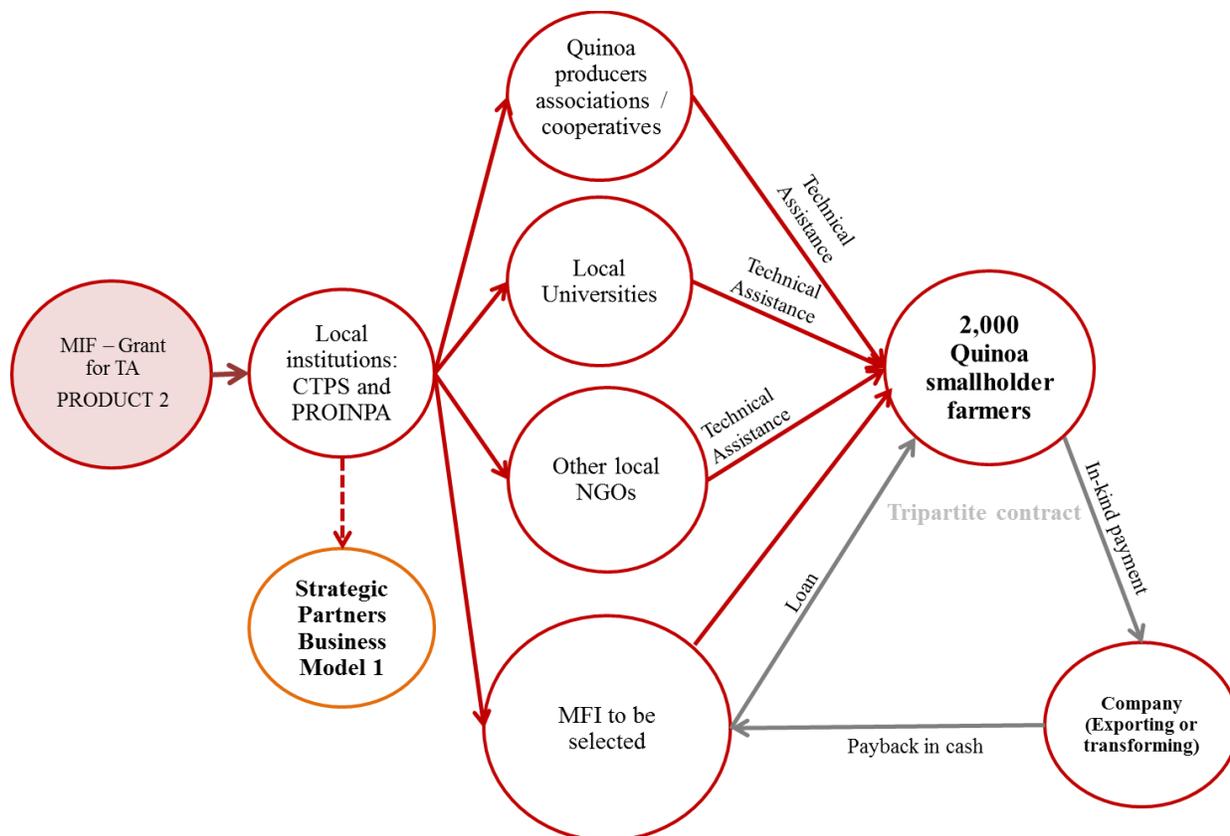
ensures that the selected MFI has the required institutional capacity to facilitate a successful project implementation.

81. The IDB-MIF is preparing a technical assistance operation targeting smallholder organic quinoa producers through the Bolivian Chamber of Royal Quinoa and Organic Products Exporters (CABOLQUI), which will be presented to the MIF Donors Committee in June 2014 for its approval. This initiative includes the participation of two leading organizations with broad knowledge in the sustainable production of quinoa, the Center for Promotion of Sustainable Technologies (CPTS)⁸ and PROINPA Foundation⁹. CPTS and PROINPA will provide training (through a train-the-trainers methodology) to other local organizations such as quinoa producer associations and cooperatives, MFIs (to the unit of integrated technical assistance), universities (agro extension units), and other NGOs that can provide direct training to smallholder quinoa farmers. The training will focus on sustainable agriculture and adaptation practices such as crop rotation, agroforestry practices to increase water retention in the soil and avoid soil degradation from wind erosion, water scarcity and overproduction, introduction of irrigation systems, identification of more resistant seeds for particular soils and climate conditions, preservation of native seeds, and better post harvesting management, which will enable smallholder farmers to become part of an organic value chain and to a traceability system, providing them access to better markets. The selected MFI to implement this initiative is expected to have knowledge in sustainable agriculture and through the training of CPTS and PROINPA it will strengthen its knowledge on climate adaptation practices and fine tune its financial products, if necessary.

82. The MIF expects that quinoa producers will participate also in the first business model and not exclusively through the value chain finance model. Given this case, the MIF will ensure that the selected MFI for the first business model and its local technical partners gain leverage from the training component of the technical assistance to be executed by CABOLQUI, and conversely. The engagement of these MFIs will facilitate collaboration among them, given that both initiatives will be working in the department of La Paz with quinoa producers using different financing models. Additional coordination and knowledge transfer shall be ensured through the engagement of FINRURAL and ASOFIN in this initiative.

⁸ <http://www.cpts.org/>

⁹ <http://www.proinpa.org/>



83. Both business models will generate knowledge that will be captured and synthesized in the form of case studies and how-to guides. These formats will be disseminated to strategic audiences, such as MFI networks, local producers associations, etc., and to other developing countries (including PPCR target countries) that may replicate successful business models and learn from key factors for sustainable adaptation. Additionally, for the case of organic quinoa production, a training guide for the implementation of climate change adaptation measures and organic certification will be generated for its subsequent use by local technical assistance providers and the MFI itself.

84. Furthermore, lessons learned and successful business cases will be disseminated through the knowledge platform being developed by PROADAPT, a regional facility coordinated by the IDB-MIF and the Nordic Development Fund aimed at piloting new methodologies, tools, and business models to help MSMEs increase their climate resilience and seize climate related business opportunities.

Development effectiveness mechanism

85. The IDB/MIF disburses by results and during the project preparation it agrees with the executing agencies the coordination mechanisms, indicators (results and impact) and milestones that have to be complied before each disbursement. Through the local MIF specialists the projects are supervised properly. Therefore the coordination model of both initiatives will be followed closely to assure their success.

II.4 Asian Development Bank

86. The Asian Development Bank expresses its appreciation for the work of the Expert Group in evaluating the proposals for this second round of the PPCR Private Sector Set Aside, and gratefully acknowledges the valuable input and recommendations from the Expert Group. ADB feedback to the Expert Group observations is reported below.

Cambodia: Rainwater Harvesting and Drip Irrigation for High Value Crop Production Project.

87. The project aims to increase climate resilience of communities in Battambang Province by introducing drip irrigation and rainwater harvesting ponds in a 720 hectare model farm, and providing loans to local farmers for purchasing rainwater harvesting and drip irrigation hardware and other agricultural inputs for their own farms.

Expert Group Comment	ADB response
The intended replication/scale-up strategy needs greater detail than has been given.	<p>ADB anticipates that replication and scale-up will be achieved in large part through the successful demonstration of an agribusiness model that provides high returns to investors, generates a wide range of benefits for local communities and the environment, is resilient to potential future impacts of climate change and does not require significant upfront investment for purchasing land. ADB anticipates that if successful in achieving these multiple objectives, the project will attract considerable interest among agribusiness developers in Cambodia, India and the broader region.</p> <p>In addition, during scoping for this project, ADB observed that private sector developers for agribusiness projects and their prospective contract farmers in Cambodia often face high costs (or unavailability) of financing due to perceived high risk and the absence of track records for similar investments. For example, micro-finance institutions in Cambodia typically charge interest rates of roughly 20% on small loans to farmers, and the uptake on these loans is not high. ADB anticipates that by engaging with local financial institutions to demonstrate that financing an innovative, high-value agribusiness model can yield a reasonable return, local financial institutions will be encouraged to provide more affordable financing to facilitate greater private sector led development in this area.</p>
The proposal needs to include additional information on how ADB will ensure that the intended training objectives of the programme are achieved for suppliers and non-suppliers.	The project will explore opportunities for knowledge dissemination and capacity building among private sector companies, financial institutions, the local government, regulators, policy makers and other stakeholders. The model farm is central to this work and provides a practical demonstration tool for Akay Cambodia to encourage farmers and other developers to become actively involved in contract farming initiatives. Bearing in mind that Akay Cambodia is relatively exposed to a range of first-mover, political and market risks, they are keen to share their knowledge, invest in local communities (their workforce), build a support network, and assist in creating a robust long-term investment and operational environment for high-value contract farming. They have a strong history in Cambodia of engaging with local government through the development of the model farm

	<p>since 2009, and in addition to their normal farmer training and mentoring activities, plan on holding a series of workshops and site visits over the course of the project aimed at the broader audience of stakeholders. Akay's similar initiatives in India have provided a strong base for developing the business, and encouraging replication in the sector, and ADB anticipates a similar impact in Cambodia.</p> <p>The project has attracted interest as "An Environmentally Sustainable Business Model" through the World Bank and United Nations Conference on Trade and Development's April 2014 report, <i>The Practice of Responsible Investment Principles in Larger-Scale Agricultural Investments - Implications for corporate performance and impact on local communities</i>¹⁰. ADB anticipates that several other knowledge products will be generated from this project over coming years.</p>
ADB needs to ensure that contract pricing is structured fairly.	<p>Akay Cambodia is initiating discussions with local farmer associations (encompassing roughly 100-150 farmers) to formulate agreements on pricing for the off-take of produce. During these negotiations, farmers that have been trained on the model farm are given the choice to sell to either Akay Cambodia or potential alternative buyers. In India, contractual relationships with farmers have been good and roughly 80-85% of trained farmers have chosen to sell produce directly to Akay. In general, pricing for each product comes from pre-defined publicly available data sources. For chili contract farming in India, rates are available online from the government-controlled APMC market in Guntur, Andhra Pradesh. In Cambodia, for spices like turmeric there is currently no market with publicly available prices. Therefore farmers will be offered fixed price contracts. For black pepper, Akay will most likely link to Vietnamese-listed prices.</p>

Cambodia: Integrated Climate Resilience Rice Value Chain Community Project.

88. The project aims to increase climate resilience of 50,000 smallholder farmers and the rice value chain in the Battambang and Pursat provinces by providing access to short-term credit for quality agricultural inputs and technical extension services, constructing climate resilient warehousing and drying facilities, and reducing wastage and processing costs.

Expert Group Comment	ADB response
The promoters should explain the logic of how this project promotes adaptation more clearly.	<p>The project would enhance resilience of farmers to droughts and floods by reducing vulnerability of the paddy and rice in the post-harvest stage of production. The project would support the following adaptation measures:</p> <p>(i) provide farmers with access to affordable loans and information to facilitate timely procurement of climate resilient quality paddy seeds and agricultural inputs, and adoption of climate resilient technologies (modern cultivation practices, drip irrigation systems, land leveling, and small farm equipment);</p> <p>(ii) strengthen production skills under the technical guidance of</p>

¹⁰ http://unctad.org/en/PublicationsLibrary/wb_unctad_2014_en.pdf. The report refers to the Akay model farm in two instances: (i) Box 4.6 on page 31: "Benefits of Improved Road Access"; and Box 6.1 on page 43: "An Environmentally Sustainable Business Model".

	<p>extension services, resulting in better water resource management and increased production of quality paddy;</p> <p>(iii) increase returns to the farmers by timely drying and storing paddy in climate-proofed warehouses and reducing post-harvest losses and wastage;</p> <p>(iv) integrate operations from harvest and post-harvest processing, to storage and marketing within a framework of private sector led climate-conscious community of farmers, millers and traders; and</p> <p>(v) promote small-holders inclusion within the Green Community would ensure benefits of enhanced water management, access to climate resilient technologies to increase productivity, reduced wastage and increased income levels to those who are likely to suffer most as a consequence of climate change.</p>
<p>Secondly, the collateral security structure needs more development.</p>	<p>Loans to the farmers will be secured through a combination of collateral securities – land (land titles exist for a few properties), equipment and crop. The loans usually have a low value (\$200-2,000), are provided on a seasonal or annual basis and are closely monitored by the Baitang field credit teams. The larger amounts sought are for equipment purchase and so collateral is available. Based on the preliminary assessment, credit default or delinquencies are rare as the repayment schedule is well managed and dues are collected on a monthly basis. As stated in para. 26, Baitang has extended short-term credit facilities ranging from \$100-\$5,000 to be utilized for purchasing agricultural inputs and equipment to about 6000 members. Total current credit provided is \$2.9 million that is lent to farmers at interest rates averaging 12%-15% p.a., depending upon the level of assessed credit risk. The loans are usually granted for a period of a year and are approved based on independent credit worthiness evaluations undertaken by the field and head office teams. The collateral security structure will be detailed during project preparation.</p>
<p>Alongside these, the intended replication/scale-up strategy needs greater detail.</p>	<p>ADB anticipates that replication and scale-up will be achieved in large part through the successful demonstration of an agribusiness model that provides high returns to investors, generates a wide range of benefits for local communities and the environment, and is resilient to potential future impacts of climate change. With regard to the intended strategy, ADB notes that the Cambodian government has set out a Rice Policy for the promotion of paddy production and export of milled rice through production enhancement, diversification and agriculture commercialization. At the same time, climate change is a real threat to the rice production in Cambodia since rice accounts for 80% of all cultivated land and rice cultivation is mainly dependent upon rainfall. Given the importance of rice and climate resilient adaptation initiatives that sustain agricultural production and yield for the government and the country as a whole, a successful case of a climate resilient rice value chain is a highly relevant topic and expected to attract interests from the local and central governments.</p> <p>The project will also demonstrate a risk mitigation measure for local financiers of the farmers and rice millers. By financing climate resilient farming activities and processing equipment, the financiers will be less exposed to the risks of default and delinquencies arising from climate-related losses. Once the financiers recognize such benefits, they can encourage their existing and potential borrowers to adapt climate resilient practices, which will incentivize a number of farmers and private sector companies beyond</p>

	<p>the project's direct reach. The project will therefore explore knowledge dissemination and capacity building opportunities among various stakeholders, with particular focus on the government and financial institutions.</p>
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ANNEX III: Procedures for the Second Round of the PPCR Private Sector Set Aside

I. Background

1. At its meeting in November 2012, the PPCR Sub-Committee reviewed document PPCR/SC.11/6/Rev.1, *Proposal for the Allocation of PPCR Resources*¹¹ and agreed to set aside approximately USD 70 million in unallocated capital contributions pledged or committed to the PPCR for allocation, on a competitive basis and according to agreed criteria and procedures, to private sector projects and programs which further the objectives of PPCR pilot country and regional strategic programs for climate resilience (SPCRs).¹² There are no grant resources available under the PPCR private sector set-aside.¹³

2. Consistent with the decision of the PPCR Sub-Committee, the CIF Administrative Unit, in collaboration with the MDB Committee, developed *Procedures for allocating PPCR Resources on a Competitive Basis from an Agreed Set Aside of Resources*, which the PPCR Sub-Committee approved.¹⁴ In accordance with these agreed procedures, MDBs submitted project and program concepts for review by an expert group, which was tasked with recommending a prioritized list of concepts for consideration by the PPCR Sub-Committee.

3. At its meeting in November 2013, the PPCR Sub-Committee reviewed PPCR/SC.13/4/Rev.1, *Review and selection of concepts to be financed from the PPCR private sector set aside*, which includes the report of the expert group.¹⁵ The PPCR Sub-Committee endorsed the further development of two project concepts, and endorsed an additional four project concepts subject to the resolution of concerns raised by the expert group and PPCR Sub-Committee.

4. The Sub-Committee requested the CIF Administrative Unit and the MDB Committee to review and revise the procedures, and in particular to elaborate on steps and required budget resources to communicate the opportunity for funding more effectively. The Sub-Committee also requested that the criteria used for reviewing project concepts be revised taking into account the comments from the Sub-Committee and the expert group as well as any written comments submitted by members by November 15, 2013. The CIF Administrative Unit was requested to circulate the revised procedures and criteria for Sub-Committee review and approval by mail.

5. The Sub-Committee further agreed that a second round for selecting project concepts be prepared for funding under the PPCR set aside after the approval of the revised procedures and

¹¹ See https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_6_allocation_of_resources.pdf

¹² A strategic program for climate resilience (SPCR) is an investment plan under the PCPR

¹³ See:

https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FINAL_Summary_of_Co_Chairs_PPCR_SC_Nov2012.pdf

¹⁴ See

https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Procedures_for_Allocating_PPCR_Resources_on_a_Competitive_Basis_from_a_Set_Aside_0.pdf

¹⁵ See

https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_SC.13_4_Review_and_selection_of_concepts_to_be_financed_from_the_PPCR_private_sector_set_aside_.pdf

review criteria with a view to the selection of project concepts at the next Sub-Committee meeting.

6. The Sub-Committee noted that at least \$30 million in concessional lending is available for the second round.

7. The CIF Administrative Unit, in collaboration with the MDB Committee, has revised the *Procedures for the second round of the private sector set asides for PPCR* taking into account the lessons identified by the expert group, comments received during and after the meeting of the Sub-Committee and feedback provided by the MDBs.

II. Procedures

8. To be eligible to receive funding under the second round of the PPCR private sector set-aside, project or program submissions must advance the objectives of endorsed SPCRs and encourage interest from a broad range of private and public sector actors. Resources from the set-aside may be provided to either:

- a) private sector clients working through MDB private sector arms, or
- b) public sector entities working through the MDB public sector arms which benefit private sector clients through the removal of barriers, including the creation of an enabling environment for the private sector to engage in resilience activities, provided that a minimum of 50% of allocations under the current set-aside round are made to projects or programs for private sector clients working through the MDB private sector arms.¹⁶

9. To facilitate the preparation and consideration of concept submissions, a template outlining information that should be included in a project concept submission is attached in Annex I. Annex II presents a timeline for the process to be followed in carrying out the second round of selecting of concepts to be funded.

III. Information Sharing and Outreach

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

11. Recognizing the need for proactive outreach and awareness,

¹⁶ No credit resources are to be provided for public sector projects to countries in high debt distress. (*MDB Policies and Tool regarding Debt Sustainability and their Application in the PPCR*, October 2011)

- c) the CIF Administrative Unit will facilitate information sharing and awareness raising on the PPCR private sector set-aside for MDB staff, including information sessions for MDBs at their HQ offices or through video conferences as needed;
- d) MDB PPCR focal points will facilitate information and awareness raising seminars with MDB project teams and will undertake proactive outreach in collaboration with relevant government focal points. This could include, for example, contacting local chambers of commerce, local financial institutions professional associations, and potential private sector clients; and
- e) if requested, up to USD 10,000 per pilot country will be provided from the approved resources available for MDB support to country programming under the FY14 CIF Administrative budget to cover additional MDB outreach and awareness activities. Such resources will be to be approved by the MDB Committee.

12. To be considered for PPCR funding, concept proposals should be submitted by an MDB on behalf of the potential project proponent. Project concepts will be developed in consultation with, and with the engagement of, relevant public and private sector stakeholders and beneficiaries from the recipient countries, including PPCR government focal points. Continued engagement by the MDBs with stakeholders through the normal MDB processes will also aid in ensuring alignment of project concepts with country, MDB, and PPCR strategies and objectives.

13. Concept notes should be submitted to the CIF Administrative Unit by the MDBs using the template provided in Annex I. Concept notes should clearly demonstrate alignment with the principles of the PPCR design document and should specify why they have the potential to advance PPCR program objectives.

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

- a) *Further advancement of the objectives of the endorsed SPCR (15%):* The degree to which the proposed project meets the investment criteria for the PPCR, including:
 - v. pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning;
 - vi. strengthen capacities at the national levels to integrate climate resilience into development planning;
 - vii. scale-up and leverage climate resilient investment, building on other ongoing initiatives; and

- viii. enable learning-by-doing and sharing of lessons at country, regional and global levels.
- b) *Level of innovation proposed (25 % weighting)*: this may include innovation in terms of technology, business model, financial instruments or structure. The "level of innovation proposed" needs to be justified in the country- or sector-specific context of the proposal.
- c) *Readiness (20% weighting)*: feasibility of MDB board approval within 9-18 months of PPCR funding approval by the PPCR Sub-Committee. An assessment of readiness may include regulatory framework, institutional capacity or implementation risk.
- d) *Level of benefits to vulnerable groups (20% weighting)*: how the project/program may benefit vulnerable or marginalized groups, and how gender considerations will be taken into account.
- e) *Sustainability of intended results (20% weighting)*: the likelihood of a project to produce results which can be sustained over time without additional external financial support or have a demonstrative character to be scaled up through markets.

15. The review of the concept proposals submitted under the second round will be undertaken by the same expert group as for the first round assisted by a representative from the CIF Administrative Unit. If individuals selected to participate as experts under the first round of the PPCR set-aside are unavailable to participate in the second round, the CIF Administrative Unit will consult with the MDBs to propose new experts for approval by the Sub-Committee.

16. The expert group will review the concepts in accordance with the criteria listed in paragraph 14 above and will prepare a list of priority concept proposals that it recommends be allocated the PPCR resources available under the second round rating them based on the weights proposed in paragraph 14. In recommending a priority list of concepts, the review group should also include an additional list of concepts, for up to an additional 50% of the level of funding available in the set aside, for consideration by the Sub-Committee in making its decision on allocating the resources. If there are not a sufficient number of good quality concept proposals then the expert group need not recommend a full allocation of the resources.

17. The expert group should include a qualitative explanation of the methodology used to evaluate and prioritize concept recommendations based on the guidelines described in this document.

18. The CIF Administrative Unit will submit the report of the expert group to the PPCR Sub-Committee for consideration at its next meeting, where the Sub-Committee will endorse proposals for further development. Proposals endorsed by the PPCR Sub-Committee will be developed in accordance with PPCR procedures.

Annex I: Common Format for Project/Program Concept Note for the Use of Resources from the PPCR Competitive Set-Aside (Round II)

1. Country/Region:		2. CIF Project ID#:	
3. Project/Program Title:			
4. Date of Endorsement of the Investment Plan:			
5. Funding Request (in million USD equivalent):	<i>Non-Grant (loan, equity, guarantee, etc.):</i>		
6. Implementing MDB(s):		<input type="checkbox"/> Private sector arm <input type="checkbox"/> Public sector arm	
7. Executing Agency:			
8. MDB Focal Point and Project/Program Task Team Leader (TTL):	<i>Headquarters- Focal Point:</i>	<i>TTL:</i>	

- I. Project/Program Description:** Provide a summary description of the project, objectives, and expected outcomes. Also, provide information whether this will be a solely private sector project, a PPP, or a public sector project financing private sector entities.
- II. Context and market:** Provide brief explanation of country/sector context and an overview of the market (product nature, supply and demand status, prices, and competition. In the absence of other comparable products, provide a brief explanation on how the proposed product will substitute for existing products and the benefits from a climate standpoint, and the prospects of commercial viability. If proposing a new business model, provide information of comparable to business as usual). Also, provide an overview of current **market barriers** and how will they be reversed by the proposed project.
- III. Project description and Innovation:**
- a. **Project Description** - Describe the project’s objectives and activities
 - b. **Innovation** - how the project is innovative in terms of technology, business model, financial instruments or structure, market creation, and/or new partnerships, and how the innovation will add value to the project. The level of innovation proposed needs to be justified in the country- or sector-specific context of the proposal.
 - c. **Technology, Product, and/or Business Model:** Provide description of the technology, the technology provider if identified, whether it has been tested, commercialized and viable commercially. If the project does not involve a technology, provide a description of the business model and its structure.
 - d. **Sustainability of intended results:** provide information on the likelihood of a project to produce results which can be sustained over time without additional external financial support or have a demonstrative character to be scaled up through markets.

IV. Inclusivity: Provide information on how the project/program may benefit vulnerable or marginalized groups, and how gender considerations will be addressed to the extent possible, provide information on the population size, degree of vulnerability, and estimated impact on vulnerable populations.

V. Financial Plan (Indicative):

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

VI. Expected Results and Indicators¹⁷

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

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

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

¹⁷ These indicators will need to contribute to the five agreed PPCR core indicators which are monitored at the level of the endorsed SPCR.

Annex II: Proposed Timeline for the Second Round of Proposals under the PPCR Private Sector Set-Asides

End November 2013

Agree procedures, criteria, timeline, and common format. Circulate revised procedures and criteria for Sub-Committee review and approval by mail by end of November 2013.

December 2013

Confirm participation of expert group from first round.

MDBs and CIF Administrative Unit to make available publicly through various channels, as appropriate, procedures, timeline and a common format as well as relevant background information. This will include revisions to dedicated pages on the CIF and MDB websites (as appropriate) as well as on websites in the countries and other communication means.

Immediately upon approval of the procedures by the Sub-Committee, the pilot countries and other proponents to work with MDBs to generate project/program ideas to be submitted as a concept note using the common format.

December 2013 – End April 2014

MDBs and pilot countries generate project/program ideas to be submitted as a concept note using the common format.

Additional outreach initiatives.

End April 2014

Deadline for submission of concept proposals (MDBs and project proponents).

Proposals compiled for review by the expert group (CIF AU).

Mid May 2014

Expert group meets to review and score all eligible proposed concept proposals and agree on recommendations to be submitted to the Sub-Committee.

End May 2014

Circulation of the expert group report to the Sub-Committee.

June, 2014

Sub-Committee reviews proposed list of concepts in the amount of the agreed set-aside + 50% and endorses concepts.