

CLIMATE INVESTMENT FUNDS

December, 2011

THE PILOT PROGRAM FOR CLIMATE RESILIENCE FUND UNDER THE STRATEGIC CLIMATE FUND

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I. INTRODUCTION

1. Pursuant to the authority provided under paragraphs 20(a) and (c) of the Governance Framework for the Strategic Climate Fund (SCF) (SCF Governance Framework Document) and in accordance with the terms set out in paragraphs 27 through 32 of the Governance Framework for the SCF, the SCF Trust Fund Committee is invited to approve the establishment of a Pilot Program for Climate Resilience (PPCR) as the first SCF Program to be established under the SCF, on the terms set out below.¹

II. PURPOSE AND OBJECTIVES

2. Pursuant to the terms of the SCF Governance Framework Document, PPCR will be established under the SCF as a SCF Program. The terms set out hereunder will supplement the terms of the SCF Governance Framework Document in respect of the operations and activities of the PPCR. Capitalized terms appearing herein, but not otherwise defined, shall have the same meaning as that ascribed to them in the SCF Governance Framework Document. In the event of any conflict between any provision of this document and any provision of the SCF Governance Framework Document, the provisions of the SCF Governance Framework Document will prevail.

3. The objective of the PPCR is to pilot and demonstrate ways to integrate climate risk and resilience into core development planning, while complementing other ongoing activities. The pilot programs implemented under the PPCR should be country led, build on National Adaptation Programs of Action and other relevant country studies and strategies, and be strategically aligned with the Adaptation Fund and other donor funded activities to provide pilot finance in the short term so as to learn lessons that will be useful in designing scaled up adaptation financing.

4. The PPCR aims to contribute to achieving the objectives of the SCF by seeking to provide incentives for scaled-up action and transformational change in integrating consideration of climate resilience in national development planning consistent with poverty reduction and sustainable development goals.

III. GOVERNANCE

SCF Sub-Committee for the PPCR

5. The SCF Sub-Committee for the PPCR (PPCR Sub-Committee) will be established to oversee the operations and activities of the PPCR, and will consist of the following members (PPCR Members):

¹ The terms of the Pilot Program for Climate Resilience under the Strategic Climate Fund (Design Document) was approved by the SCF Trust Fund Committee on November 18, 2008, and amended on December 28, 2011 (in accordance with paragraph 28 of this Design Document) aligning the provisions of the term of the Members as well as the sunset clause with those provided in the SCF Governance Framework Document.

- a) up to six representatives from contributor countries to the PPCR, identified through a consultation among such countries (or potential contributors in respect of the first year of the SCF operations), but at least one of which should be a Member of the SCF Trust Fund Committee (as defined in paragraph 14 of the SCF Governance Framework Document);
- b) matching number of representative from eligible recipient countries to the PPCR identified through a consultation among such countries, but at least one of which should be a Member of the SCF Trust Fund Committee. For the purpose of the paragraph, an eligible recipient means (i) in respect of the first year of the PPCR operations, any country which is identified pursuant to paragraph 19 below, and (ii) in respect of any subsequent year, any country which is, at the time of selection of the representatives, on the short list approved by the PPCR Sub-Committee under paragraph 21 below; and
- c) the developing country Chair or vice-Chair of the Board of the Adaptation Fund (AFB) (or any other member of the AFB nominated by him or her);
- d) when the PPCR Sub-Committee considers PPCR funding for a program for a country, a representative of such recipient country may attend the PPCR Sub-Committee, during deliberations of the PPCR Sub-Committee on such program.

6. PPCR Members referred to in paragraphs 5(a), (b) and (c) above shall be the decision making members. The PPCR Member referred to in paragraphs 5(d) shall not be a decision making member.

7. (deleted)

8. The PPCR Sub-Committee will be responsible for:

- a) approving programming priorities, operational criteria and financing modalities for the PPCR;
- b) selecting countries to be funded under the PPCR and approving PPCR financing for programs;
- c) approving periodic reports to the SCF Trust Fund Committee on the operations of the PPCR, so as to ensure that lessons learned are transmitted through the SCF Trust Fund Committee to the AFB, the United Nations Framework Convention on Climate Change (UNFCCC) and other stakeholders;
- d) ensuring complementarity between activities foreseen for the PPCR and activities of other development partners active in the field of climate change adaptation, including the Global Environment Facility (GEF) and the United Nations (UN) organizations, and ensuring effective cooperation between the PPCR and the GEF and UN country activities to maximize synergies and avoid overlap;
- e) approving members of the Expert Group and providing guidance and information necessary

for the Expert Group to perform its functions; and

- f) exercising such other functions as they may deem appropriate to fulfill the purposes of the PPCR.

9. (deleted)

10. Decisions by the PPCR Sub-Committee will be made by consensus of the decision making Members. Consensus is a procedure for adopting a decision when no participant in the decision-making process blocks a proposed decision. For the purposes of the PPCR, consensus does not necessarily imply unanimity. A dissenting decision maker, who does not wish to block a decision, may state an objection by attaching a statement or note to the decision. If consensus is not possible, then a proposed decision will be postponed or withdrawn.

11. The PPCR Sub-Committee will meet at such frequency as it may decide, but at least once a year concurrently with the SCF Trust Fund Committee. Further, the PPCR Sub-Committee may, without meeting, review and approve PPCR financing for programs and any other matters as needed, through means and procedures appropriate for such review.

12. Members of the MDB Committee and the Trustee (both as defined in paragraph 14 of the SCF Governance Framework Document) may attend the SCF Trust Fund Committee as observers. (i) Any recipient country, which is selected as a pilot country under the PPCR (other than any PPCR Member's country), and (ii) any contributor country (other than any PPCR Member's country) may be invited to attend the PPCR Sub-Committee as an observer.

13. To ensure good linkages with key partners so as to promote the efficient use of resources and complementarity with other sources of financing, the PPCR Sub-Committee will invite as observers, representatives of GEF, United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP), and the UNFCCC. Representatives of the Expert Group referred to in paragraph 15 below and civil society, selected through a consultation among themselves, may also be invited to observe the PPCR Sub-Committee meetings.

14. The rules of procedures for meetings of the Trust Fund Committee of the SCF will apply, mutatis mutandis, to the proceedings of the PPCR Sub-Committee.

Expert Group for the PPCR

15. An Expert Group will be established by the PPCR Sub-Committee to make recommendations to the PPCR Sub-Committee on selection of countries financed under the PPCR based on:

- a) transparent vulnerability criteria;
- b) country preparedness and ability to move towards climate resilient development plans, taking into account efforts to date and willingness to move to a strategic approach to integrating climate resilience into development; and

c) country distribution across regions and types of hazards, as appropriate.

16. The Expert Group will consist of up to eight (8) members and include a range of individuals with scientific, economic, social, environmental, development, policy and/or governance/institutional expertise, as well as climate-related knowledge in areas such as agriculture, forestry, fisheries, and health. Members of the Expert Group shall be selected by the PPCR Sub-Committee in accordance with clear and transparent criteria.

IV. TYPES OF INVESTMENT

17. In support of the objectives set out in paragraph 3 above, the PPCR may support the following two types of activities:

- a) The PPCR may provide funding for technical assistance to enable developing countries to build upon existing national work to integrate climate resilience into national or sectoral development plans, strategies and financing.
- b) The PPCR may provide additional financial resources to help fund a program of public and private sector investments identified in national or sectoral development plans or strategies addressing climate resilience.

18. Significant portion of funding under the PPCR is expected to be provided in the form of grants, while the PPCR may also consider the option of additional concessional lending that may be blended with existing sources of concessional funding and national resources to increase the climate resilience of existing development priorities. PPCR funding for additional costs directly associated with technical assistance and institutional adjustment should be provided through grants.

V. COUNTRY ELIGIBILITY AND FINANCING UNDER THE PPCR

19. Country eligibility of the PPCR will be based on:

- (a) Official Development Assistance (ODA)-eligibility (according to the Organization for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) guidelines); and
- (b) an active MDB country program. For this purpose, an “active” program means where an MDB has a lending program and/or on-going policy dialogue with the country.

20. Priority will be given to highly vulnerable least developed countries eligible for MDB concessional funds, including the small island developing states among them. The PPCR Sub-Committee will determine the number of countries to be supported by PPCR financing as the pilots, taking into account, among other things, the resources available for the PPCR and the objective of providing scaled-up resources in the pilot countries. Final selection of pilot countries will be made by the PPCR Sub-Committee, based on advice of the Expert Group.

21. The PPCR will provide financing through the MDBs to support programs in the relevant eligible countries. Taking into account the recommendations of the Expert Group and in accordance with the country eligibility set out in paragraphs 19 and 20 above, the PPCR Sub-Committee will approve a short list of countries to be considered for financing under the PPCR. The countries included in the short list will be invited to submit an expression of interest in a format agreed by the PPCR Sub-Committee. A group of countries may propose to the PPCR Sub-Committee a regional or sub-regional program that brings together a number of country programs. A regional or sub-regional program will be considered as one pilot under the PPCR.

22. Based on the expressions of interest, the PPCR Sub-Committee will select a group of pilot countries. For each of these countries, the relevant MDBs and any applicable UN agencies will conduct a joint programming mission to engage with the government, appropriate UN offices in the country, private sector, national civil society and other stakeholders on how the pilot program may assist the government to enhance the climate resilience of their national development plans, strategies and financing. A proposal for PPCR funding will be prepared jointly by the recipient country and the relevant MDBs after the joint programming mission.

23. Pursuant to paragraph 49 of the SCF Governance Framework Document, the MDB may submit to the PPCR Sub-Committee for approval proposals for PPCR funding prepared pursuant to paragraph 22 above. The PPCR Sub-Committee may, in accordance with paragraph 49 of the SCF Governance Framework Document, approve allocation of PPCR resources for programs and other activities and costs based on the proposals submitted.

24. The MDBs will report directly to the PPCR Sub-Committee on operational matters. The concerned MDB will be invited to present their views on items under consideration by the PPCR Sub-Committee.

VI. MONITORING AND EVALUATION

25. Recognizing that a key goal of the PPCR is to provide lessons through learning-by-doing over the next few years that might be taken up by countries, the development community and the future climate change regime, including the Adaptation Fund, the PPCR Sub-Committee will develop, in consultation with interested governments, the MDBs and other development partners, a robust performance measurement framework that will serve as a tool for clear reporting of lessons and results across the pilot program. The PPCR Sub-Committee is requested to report to the SCF Trust Fund Committee on an agreed performance measurement framework at the SCF Trust Fund Committee meeting in April 2009, and to keep the SCF Trust Fund Committee regularly informed of the results and lessons learned from the program.

26. Subject to the agreed performance measurement framework, each MDB will report to the PPCR Sub-Committee for monitoring and evaluation in accordance with paragraph 55 of the SCF Governance Framework Document. Based on the reports provided by the MDBs, the PPCR Sub-Committee will report to the SCF Trust Fund Committee, annually, or such other frequency as determined appropriate by the PPCR Sub-Committee, in respect of the monitoring and evaluation results of the PPCR activities.

27. Other development partners, active in the field of climate change adaptation, should be invited to share their experiences to bring together major lessons learned for application in relevant development frameworks. The effectiveness and lessons learned from the pilot programs financed under the PPCR should be assessed before the end of calendar year 2012.

VII. AMENDMENT

28. The PPCR Sub-Committee, with the agreement of current contributor countries to the PPCR, all current recipient countries that have been allocated funding from the PPCR, the Administrative Unit and the Trustee, may recommend amendments to any terms set out herein, for adoption by the SCF Trust Fund Committee. The amendments will become effective upon adoption by the SCF Trust Fund Committee.