

CLIMATE INVESTMENT FUNDS

April 21, 2009

GUIDELINES FOR JOINT MISSIONS TO DESIGN PPCR PILOT PROGRAMS (PHASE I)

DRAFT

Introduction

1. 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 and should build on National Development Plans, National Adaptation Programs of Action and other relevant country strategies and studies. They should be strategically aligned with the Adaptation Fund and 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. PPCR should contribute to achieving the objectives of the SCF by providing 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.

2. The PPCR will provide financing through the multilateral development banks (MDBs) to support programs in the selected pilot countries. Following country selection, receipt of a country's *Acceptance of Offer to Participate*, and confirmation by the PPCR-Sub-Committee, the relevant MDBs will conduct a joint programming mission to engage with the government, UN and bilateral donor agencies active in the country, private sector, national civil society and other stakeholders in consultations on the design of a PPCR program to assist the government to enhance the climate resilience of their national development plans, strategies and financing. A proposal for the PPCR program, including a request for PPCR funding for the preparation of a *Strategic Program for Climate Resilience* (phase 1), will be prepared jointly by the recipient country and the relevant MDBs following the joint programming mission for submission to the PPCR Sub-Committee.

Purpose of this document

3. The PPCR Sub-Committee has agreed that the MDBs should work jointly with pilot countries in the implementation of the PPCR. The Sub-Committee has requested the Administrative Unit to prepare draft guidelines for the joint missions to be undertaken to the pilot countries for its review and approval. This document presents those guidelines.

4. The proposed guidelines are divided into four sections:

- (a) PPCR key features, objectives and immediate outcomes
- (b) Mission purpose and mandate
- (c) Principal points of discussion with government and other stakeholders
- (d) Cooperation and division of labor among MDBs

5. Generic terms of reference (TORs) for the joint missions are included in the annex to this document.

Key Principles, Objectives and Expected Outcomes of a PPCR pilot program

6. Guidelines for the joint missions need to be considered within the context of the key principles, objectives and outcomes of a PPCR country or regional program (hereinafter referred to as the “PPCR program”). These are outlined below.

Principles

7. The PPCR program should be country-led, and should be designed and implemented within the broader context of sustainable development and poverty reduction to help countries transform to a climate resilient development path.

8. The PPCR program should be designed to integrate climate resilience into development planning and financing.

9. The PPCR should be implemented in two phases: Phase 1 to support countries to develop a “*Strategic Program for Climate Resilience*”, including an underlying investment program; and Phase 2 to support the implementation of the “*Strategic Program*”.

10. PPCR funding should be additional to current ODA and should allow for blending grant and highly concessional finance with domestic public and private financing¹.

11. The PPCR program should adopt a programmatic approach, building as much as possible on existing work and development strategies, including NAPAs, and should clearly demonstrate monitorable contributions to enhanced climate resilience.

12. PPCR financing will be made available through the MDBs. The processing of PPCR programs and projects will follow the MDBs’ policies and procedures.

Objectives

13. The objectives of a PPCR program are:

- (a) to pilot and demonstrate approaches for integration of climate risk and resilience into development policies and planning;
- (b) to strengthen capacities at the national levels to integrate climate resilience into development planning;
- (c) to scale-up and leverage climate resilient investment, building upon other ongoing initiatives; and

¹ A country may choose to receive only grant financing. Acceptance of both grant and highly concessional financing will maximize the level of resourcing available to a country through the PPCR.

- (d) to enable learning-by-doing and sharing of lessons at the country, regional and global levels.

14. In addition, regional PPCR pilots will aim to achieve economies of scale in supporting action at the national level in countries participating in the pilot program, and strengthen cooperation and capacity at the regional level to integrate climate resilience into national and appropriate regional development planning and processes (see the Guidance Note on Regional Programs dated April 6, 2009).

Immediate Outcomes of PPCR Programs

15. The immediate outcomes of the PPCR programs should include:
- (a) increased capacity to integrate climate resilience into country and/or sectoral strategies;
 - (b) more inclusive strategies for climate resilient growth and development;
 - (c) increased awareness of vulnerabilities and potential impacts of climate change among governments and non-government stakeholders, including the private sector;
 - (d) scaling-up of investment for broader interventions and programming for integrating climate resilience into national/sectoral, private sector and/or sub-national level development plans and budgeting; and
 - (e) improved coordination among key stakeholders to implement country-specific climate resilient programs.

Purpose, Mandate and Output of Joint Missions

16. The objective of the joint missions is to assist the pilot country in putting in place a clear process for formulating a *Strategic Program for Climate Resilience*. This document presents guidelines for the scoping work and joint missions that will be undertaken to facilitate the government's preparation of a plan for Phase 1 of the PPCR country program – the preparation of a country owned *Strategic Program for Climate Resilience* to be presented to the PPCR Sub-Committee for its endorsement.

17. The government will coordinate the joint mission in order to ensure a country-driven process, including broad participation that promotes country ownership of the PPCR program and its implementation as well as partnerships among the government, national stakeholders, and development partners. The joint mission should highlight the importance of *comprehensive diagnosis* and *results-orientation* in terms of developing country-specific climate resilience goals. Where appropriate, the mission should address how to better use the PPCR as a partnership framework for integrating climate resilience into national processes.

18. The joint mission should result in a clear outline of a process and proposal for finance for the government's preparation of a *Strategic Program for Climate Resilience* during Phase I of the PPCR programming. This proposal will be submitted to the PPCR

for endorsement and approval of associated PPCR financing. It should be pointed out that due to the different country contexts, it may not be possible to reach agreement on such a process after a single joint mission.

Development of *Strategic Program for Climate Resilience*

- (a) Indicative timeframe: 3-18 months; preferable to limit to 12 months
- (b) Up to US \$1.5m available in grant financing depending on country needs
- (c) Regional pilots may request additional finance in order to adequately cover additional transaction costs. Deliverables: enhanced cross-sectoral coordination for integration of climate resilience into national development planning and financing processes; *Strategic Program for Climate Resilience* developed, including a program of priority investments (including both institutional strengthening and policy reform, as well as sector investments); financing plan; and expected funding from PPCR and collaborative arrangements.

19. During the joint mission, a broad range of activities and consultations will need to be carried out, and many issues and questions will need to be addressed and discussed. The following section provides examples of some of the activities, but it should not be considered as prescriptive nor exhaustive. Rather activities should be guided by countries needs. Given that institutional capacity constraints, data quality and gaps, diagnosis, analysis and existing activities will vary widely among the pilot countries, scoping work (including relevant missions) and the joint missions should focus on those activities and consultations that are most relevant in their country context.

Activities of the Joint Mission

Climate Resilience Stocktaking

20. The joint mission should take stock of country-level activities already underway on climate resilience, including by government, non state actors, and development partners. The mission should avoid simple description and repetition of existing/planned activities/strategies. To the extent that the mission needs to summarize parts of existing documents/activities, this summary should be as brief as possible. The mission should focus on key issues that contribute to the design of a *Strategic Program*, such as:

- (a) Climate change diagnosis: how adequate are existing data on climate change impacts, vulnerabilities and adaptation in the country? If possible, consider (i) degree of disaggregation of data by regions and by demographic groups, including by gender, (ii) whether existing quantitative data are complemented by qualitative information, (iii) accessibility of data for policy analysis, (iv) efforts to improve data collection and analysis, (v) indicators and use of participatory methods for monitoring, (vi) adequacy of climate data timeframes and spatial resolution for all key stakeholders, particularly given the specific needs of the private sector.

- (b) How well have the nature and determinants of climate resilience outcomes been identified and included in activities? Have trends in country or sectoral-specific vulnerabilities to climate risks been presented? Have key social, economic and institutional constraints to climate resilience been identified?
- (c) What have been the outcomes of past and existing activities on climate resilience?
- (d) What new activities on climate resilience, whether domestically or externally supported, are already under discussion or in preparation?
- (e) How do relevant national and sectoral policies respond to country-specific climate risks and how do they affect the ability of communities, sectors (including private sector), country to respond to climate shocks?

Broad-based Consultations

21. Working with the government, the mission will consult widely with key stakeholders on a draft *Strategic Program*. It should be emphasized that the purpose of these consultations is to help the pilot country set in place a process to further consult, analyze and prioritize the *Strategic Program*. These consultations should aim to:

- (a) *build PPCR country ownership through participation*: what participatory processes have previously been used by the government to design existing/planned climate action measures? Are such processes adequate and can they be used and enhanced by PPCR? Has the participatory process on climate issues evolved over time? Is the participatory process on climate resilience integrated with existing processes of government for policy and decision making? What are the major issues raised during the participatory process? How closely related is the dialogue on climate resilience to any other current government documents that outline national or sectoral development plans/budgets? What are the specific plans for public dissemination and awareness raising of the PPCR in the country?
- (b) *identify priority public and private sectors and potential actions*: The mission should note that the process of prioritization and analysis should be carried out by the Government and its partners. The mission should help the Government with this process – not shortcut it. With this in mind, some of the items to consider include: Given the climate risks faced by the country, is there consensus on what would be the clear priorities for public and private action on climate resilience? Is there clarity on the range of climate risks to the private sector and anticipated type and range of impacts on overall operations including employment, assets, revenues and business continuity, and instruments and actions that may mitigate the risks and impacts?
- (c) *enhance the enabling environment to address vulnerabilities to climate variability and change*: In its orientation to the Government, the mission

should guide them to analyze first those strategic documents that are closely linked to the budget and are likely to be implemented – e.g. the National Development Plan and spin-off sectoral plans. Are they climate resilient? Are national goals at risk of not being achieved if climate resilience is not taken into account? Alternatively, could they be improved with climate resilience measures? How could PPCR support a stronger enabling environment for implementing climate resilient development? What mechanisms are in place or needed to engender cross-sectoral linkages in climate resilience actions?

Program and Implementation Arrangements for Preparing the Strategic Program for Climate Resilience

22. The proposal for preparing the *Strategic Program* to be prepared by the government, based on the activities and consultations carried out through the joint missions, should include a work program, timetable, budget, and expected results. It also should identify the roles of the MDBs and clearly indicate arrangements for collaboration and coordination with other agencies such as UNDP. This proposal for phase 1 finance will be submitted to the PPCR Sub-Committee for endorsement and approval of PPCR financing to support the preparation of the Strategic Program.

23. The following general structure for proposals is suggested, recognizing that each proposal will need to be tailored to country needs.

- (a) *Overview*: this section should (i) provide the country context, (ii) describe the participatory process followed in preparing the proposal, (iii) capture the key PPCR issues in the country (e.g., climate diagnostics, stock-taking of past, present and planned activities, coordination mechanisms, etc), and (iv) outline cooperation arrangements with other development partners including activities such as analytical work and capacity enhancement through ongoing programs by UNDP, country based NGOs, or supported by bilateral agencies.
- (b) *PPCR Linkages to National Processes*: a key effort is needed to ensure that countries embed the PPCR in their national processes. The section should describe how these linkages can be strengthened and maintained.
- (c) *Strengthening National Level Climate Resilience and Enhancing PPCR Implementation*: in preparing the proposals, governments should consider whether or not there are organizing themes that could usefully drive PPCR design and implementation. Recognizing the goals of scaling-up and transformative impact, there may be a need for selectivity in the issues covered. The proposal should prioritize objectives and focus in terms of PPCR objectives. The time and effort required to achieve successful high level policy coordination in PPCR activities should not be underestimated.

- (d) *Outline of Key Action Areas in preparing the Strategic Program:* This should be indicative and based on the consensus emerging out the mission activities and consultations. PPCR will be opportunistically ambitious and identify and build on upcoming, planned policy reform and/or reconstruction processes. The report will also outline tentative areas of PPCR engagement emerging from consultations.
- (e) *Work Program, Timetable, Funding Requirements:* This section should summarize: (i) the main PPCR implementation risks in the country, (ii) implementation modalities for phase 1 (such as focal points, staffing, funds flow and accounting), (iii) critical areas where current policies do not match priority areas for strengthening enabling environment for effective implementation of PPCR, (iv) indicative timetable of activities and funding needs, (v) where more analytic work is urgently needed to support the policy, institutional and investment choices of the PPCR in the country, and (vi) implications for PPCR assistance.

Processing, timeframe, and number of missions

24. The approved CIF FY09 Budget provides resources for MDB support to country-led PPCR technical assistance program preparation for each pilot country. Access by individual MDBs to this resource pool (total of US \$1.2 million covering January 1st to June 30th, 2009) will be managed by the MDB Committee (the Committee). Requests from the relevant MDBs for funding will take the form of the TORs outlined in the annex below and should include the estimated costs and PPCR funding sought and the proposed allocation of funds between the participating MDBs (all summarized in a simple budget table).

25. For each pilot, there is a standard of 2 joint missions with the expectation that each joint mission will be conducted over a period of about 2 weeks². These should draw and build upon existing work, pre-mission activities, and previous related missions of the MDBs. However, it should be pointed out that program preparation activities should not be limited to joint missions alone. It is also expected that the team and specifically the MDB country-based staff will play a crucial role in the periods before, during, between and after missions. The team should therefore be able to take advantage of these opportunities to advance PPCR programming. However, should the team determine that, due to country needs and circumstances, extra efforts are warranted prior to submission of the proposal for finance for phase 1, then a request with appropriate justification and budget should be submitted to the MDB Committee for consideration. The PPCR Sub-Committee will also be informed of such requests. While such requests will be evaluated on their own merits, various considerations mean that there is no automatic entitlement for such extra joint missions.

26. The Committee, through tele- or video-conferencing, will review individual proposals for PPCR program preparation support. The reviews shall be held latest 2

² Additional details to be provided in the PPCR Programming Paper.

weeks before the expected date of departure of the mission to allow sufficient time for the PPCR-SC to be notified of review outcomes. The Committee, upon endorsing a proposal for MDB support to PPCR program preparation, will notify the PPCR-SC and the Administrative Unit. The latter will request the Trustee to release the MDB Committee endorsed PPCR funds to the collaborating MDBs. The transfer will involve the endorsed sum in its entirety, which will carry over into the next year in the event work is extended into the following fiscal year. The Committee will issue its endorsement with the requirement that the joint MDB mission, upon completion of work, will account for actual against approved estimated costs per budget line of the approved budget to the Administrative Unit. When actual expenditures fall short of approved funds, the balance will be retained by affected MDBs and netted out against future joint mission budget allocations. Summary minutes of the review meetings will be prepared, and Committee endorsements recorded and tracked in the PPCR program monitoring system.

Cooperation and Division of Labor among MDBs

27. It is important to emphasize that the PPCR country programs would be implemented through the MDBs alongside their lending and technical assistance portfolio. Hence, it is expected that the proposal for developing the *Strategic Program* will identify the roles and responsibilities of each MDB, and arrangements for collaboration and coordination with other relevant agencies, in supporting the government in the development of the *Strategic Program*. For the preparation of the *Strategic Program*, the government may choose to (i) ask the MDBs concerned to have an equal partnership role in assisting the government, or (ii) ask one of the MDBs to assume a lead administrative role to assist in administering the PPCR funds for preparation of the *Strategic Program*. It is expected that other interested development partners will be kept closely informed and actively engaged in the process.

Cooperation with other partners (UN, bilateral donors, NGOs, and other)

28. The PPCR is designed to be complementary to other sources of adaptation financing in the country. Therefore the mission should ensure that effective dialogue is initiated to ensure good linkages and effective cooperation with key partners so as to promote the efficient use of resources and complementarity with other sources of financing for national climate resilience measures. Multilateral and bilateral development partners involved in promoting investments in climate resilience in the pilot country should be invited to be active participants in PPCR activities. Indeed it is expected that in each of the pilot countries, the MDBs will actively engage with relevant UN agencies, bilateral donors and other development partners on how the PPCR may assist the country to enhance the climate resilience of their national development plans and financing. In addition, it is crucial that relevant national civil society and the private sector is engaged throughout the PPCR process at country level.

Annex : Terms of Reference for Joint Mission

Introduction

1. Based on a request by the PPCR focal ministry, a joint mission will be fielded to review progress, plans, and strategies that take account of climate risks, provide a platform for joint work of development agencies, the private sector and NGOs to support government in the *formulation of an agreed strategic approach and investment program for integrating climate resilience into core development and key sector strategies and actions*.
2. The joint mission will in most cases involve two MDBs. It is critical that PPCR activities avoid duplicating activities that may already be on-going. Therefore, cooperation and synergy will be established with other ongoing national adaptation programs. For example, there are closely related region specific programs to support adaptation - such as the UNDP implemented programs including for example the program on 'supporting integrated and comprehensive approaches to climate change adaptation in Africa' - , which are likely to provide support similar to the activities to be financed under Phase 1 of the PPCR and therefore enable PPCR programming to move into the investment phase much more swiftly while building in both phases on achievements and pipeline investments of such related, complimentary programs.
3. Overall, the phase 1 preparation will draw upon expertise from, for example, MDBs, UNDP, UNEP, bilateral donor agencies, civil society organizations, research institutes, and private sector actors. It will include assessment of policy and regulatory reforms and institutional arrangements needed to facilitate the integration of climate risks (and opportunities that may arise from climate change) in development planning and in decision-making by civil society and the private sector.
4. In pilot countries that have already progressed towards setting up mechanisms for addressing climate resilience to climate variability and change, the key outcomes foreseen for phase 1 of the PPCR may have already been substantively achieved – either in whole or in part. In this case, the joint mission will focus on working with client counterparts to identify any gaps and remaining needs for addressing climate vulnerabilities and resilience in overall development and key sectoral plans; the goal of phase 1 will then be to fill these gaps. This assessment should also take account of previous and/or ongoing stakeholder consultation processes that accompany these planning and budgeting exercises.
5. The MDBs participating in the joint mission will draft TORs and assign budgets for the mission which will be submitted to the MDB Committee for approval. The TORs for the mission will be shared with the PPCR Sub-Committee.

Pre-mission activities

6. Highlight the key activities already undertaken or on-going that may contribute to PPCR program preparation.

Mission Objective, Outputs and Dates:

7. Specify mission objectives, outputs, dates, including:
 - (a) stocktaking exercise on previous, current and planned activities
 - (b) engagement with country based development partners
 - (c) initial briefings/consultations
 - (d) identification and outline of activities to carry out phase 1
 - (e) formulation of a work program, timetable, roles and responsibilities and funding proposal for developing the Strategic Program

Stocktaking Exercise

8. Include a stocktaking exercise and dialogue with range of stakeholders to determine the extent and scope of activities required to prepare a *Strategic Program*. This should include, but not be limited to, an overview of :
 - (a) existing relevant institutional structures, agency mandates, regional and cross-sectoral mechanisms
 - (b) relevant policies and regulations
 - (c) existing climate change related plans – including. NAPAs and National Communications, and disaster risk mitigation and management strategies
 - (d) status of coordination with UN agencies and other development partners
 - (e) existing overall development plans and strategies (incl. PRSPs), sectoral strategies and plans, and state/regional development plans; relevant strategies & plans where a country is part of relevant regional efforts such as river basin organization or economic grouping
 - (f) range of available relevant information to assess climate related vulnerabilities and impacts (including climate & vulnerability related key economic sectors and relevant stakeholders including the private sector)

Mission composition

9. Specify the composition of the mission and, where possible, note non-MDB development partners that will be invited to participate in consultations at the country level.

Outcomes of the joint mission:

10. The mission should result in

- (a) Joint Mission report/aide memoire
- (b) Annex presenting agreed draft proposal for development of *Strategic Program for Climate Resilience* (outlining workplan, budget, timelines and institutional arrangement for carrying out phase 1). This should spell out the division of labor among MDBs during phase 1 supervision (including indication of lead agency); and collaborative and coordination arrangements with other agencies, such as UNDP

11. The Mission Report/Aide Memoire will be an important basis for finalizing the proposal for the development of the *Strategic Program for Climate Resilience*. The formulation of the proposal for developing the *Strategic Program* should follow swiftly from there (ideally within two weeks).

Additional Points of Discussion with Government and Stakeholders

12. Additional points to be discussed and resolved with Government, and with other stakeholders, include, but are not limited to, the following:

- (a) given that climate resilience affects many economic and development sectors, the involvement of the ministries of finance/planning is key for the success of PPCR. The mission should seek clarity on the coordination/focal point versus implementation role of Ministry of Finance/Planning and other sectors.
- (b) for the purposes of initial discussions with the pilot countries it should be indicated to each pilot country that the level of funding available from the PPCR for each pilot program will be in the range of \$US 30 - 60 million. Approximately half of this money is likely to be available in grant form. It should be reiterated that it is the decision of the country whether to request available highly concessional loan financing. A country may seek only grant financing. However, acceptance of both grant and highly concessional loan financing will maximize the overall amount of PPCR funding available to them. Finally, an indication on the nature and amount of counterpart financing, available from the MDBs as well as other agencies, should be provided.
- (c) institutional arrangements for PPCR implementation need to be discussed and clearly spelled out.
- (d) modalities for PPCR financing. Essentially it should be clarified as to whether the technical assistance grant funding will be executed by the recipient pilot country or the lead MDB.
- (e) if additional missions can be justified, there should be discussions on their objectives and when they should be undertaken.

DRAFT