

# CLIMATE INVESTMENT FUNDS

February 25, 2013

---

**PROCEDURES FOR ALLOCATING PPCR RESOURCES  
ON A COMPETITIVE BASIS FROM AN AGREED SET ASIDE OF RESOURCES**

## BACKGROUND

1. During its last meeting in November 2012, the PPCR Sub-Committee reviewed document PPCR/SC.11/Rev.1, *Proposal for the Allocation of PPCR Resources*, and agreed:

- a) to allocate unallocated grant resources pledged or committed to the PPCR as of September 30, 2012 as follows:
  - i. Bolivia, Cambodia, Dominica, Grenada, Haiti, Jamaica, Mozambique, Nepal, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Tonga and, Zambia will receive an additional indicative allocation of USD 5 million
  - ii. Yemen will receive an additional indicative allocation of USD 8 million;  
and
  - iii. Tajikistan will receive an additional indicative allocation of USD 10 million.
- b) Each pilot country listed above was invited to work with the MDBs to prepare, for endorsement by the Sub-Committee, a concept or concepts for programs/projects that further advance the objectives of its SPCR utilizing the additional allocation. If such a program/project concept(s) is not submitted to the Sub-Committee within 18 months of this decision and following that endorsed, the unused allocation will be transferred to the set aside for a competitive process described below.
- c) The unallocated capital contributions pledged or committed to the PPCR as of September 30, 2012, was set aside for allocation, through a competitive process, to additional programs and projects that further the objectives of the SPCR. Programs and projects financed from the set aside may be either for:
  - i. private sector clients working through the MDB private sector arms, or
  - ii. public sector entities working through the MDB public sector arms, provided that a minimum of USD 25 million in capital is allocated to programs and projects for private sector clients working through the MDB private sector arms.
- d) PPCR contributors may choose to indicate new funding to the PPCR to be added to the competitive set aside.
- e) This decision does not set any precedent for the use of additional contributions that may be made to the PPCR.
- f) The Sub-Committee agreed to review the use of the set aside at its meeting in May 2014 and consider any appropriate changes to enhance its effectiveness.

- g) The Sub-Committee reconfirmed that commitment of PPCR resources will depend on the submission of high quality project proposals and the availability of resources in the SCF Trust Fund.

2. This note sets out the procedures for allocating currently unallocated concessional PPCR resources and potential new resources to programs and projects on a competitive basis, with a view to promote innovative approaches to engage the private sector through private and public sector investments in the PPCR pilots, as agreed in sub-paragraph (c) above.

3. The proposed procedures for the PPCR are broadly consistent with the procedures for allocating designated resources on a competitive basis in the other SCF targeted programs. Modifications have been made to address PPCR-specific policies and decisions.

## PROCEDURES

4. Consistent with the decision of the PPCR Sub-Committee, an amount has been set aside for allocation, through a competitive process, to additional programs and projects that promote innovative approaches to engage and enable the private sector through private and public sector investments in the nine pilot countries and two regional programs.

5. Such programs and projects should further advance the objectives of the endorsed strategic program for climate resilience (SPCR)<sup>1</sup> and should serve to 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 by benefitting private sector clients through the removal of barriers for the private sector to engage in adaptation activities<sup>2</sup>, provided that a minimum of USD 25 million in capital is allocated to programs and projects for private sector clients working through the MDB private sector arms.

6. No one project or program funded from the reserve is to receive more than USD 15 million nor less than USD 3 million in PPCR funding.

7. In order to facilitate the preparation and consideration of program and project concepts, the CIF Administrative Unit and the MDBs will agree on a common format for presenting such concepts and a timeline for the completion of the steps agreed under these procedures so as to allow the submission of a list of priority concepts to be considered by the Sub-Committee four weeks in advance of its meeting in November 2013.

---

<sup>1</sup> A strategic program for climate resilience (SPCR) is an investment plan under the PCPR.

<sup>2</sup> 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)

8. After approval of the procedures by the Sub-Committee, information on the set aside and the agreed procedures, a common format for presenting concepts, a timeline for the completion of steps, and links to the SPCRs and other relevant information is to be made available through the following channels:

- a) the CIF website and, as appropriate, the websites of the MDBs;
- b) pilot country or regional focal points for dissemination to national and regional constituencies and networks; and
- c) other relevant channels that may be agreed upon by the MDBs and the pilot country or regional focal points.

9. The MDBs will develop, share and discuss with the pilot country or regional focal point any program or project concepts which they consider appropriate and feasible to advance private sector engagement in support of the objectives of the SPCR.

10. Concept proposals will be submitted to the CIF Administrative Unit by the MDBs and reviewed by a working group of experts (see paragraph 13 below) for prioritization based primarily on the potential of the proposal to advance PPCR program objectives, principles and investment criteria, as contained in the PPCR design document and investment criteria, and on the following additional criteria:

- a) further advancement of the objectives of the SPCR;
- b) level of innovation proposed;
- c) implementation feasibility within 9-18 months after funding approval by the PPCR Sub-Committee; and
- d) progress that has been achieved in implementing other projects under the endorsed SPCR.

11. A review of the concept proposals submitted by the CIF Administrative Unit will be undertaken by a working group comprised of four experts and one representative from the CIF Administrative Unit (see paragraph 12 below). The working group will review the concepts in accordance with the criteria listed in paragraph 10 above and will prepare a list of priority concepts that it recommends be allocated the PPCR resources available in the set aside. In recommending a priority list of concepts to be allocated the available PPCR funding, 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. However, there should be a clear minimum set of criteria that must be met. If there are not a sufficient number of good quality concepts then the expert group needs not recommend a full allocation of the resources.

12. In proposing the list of concepts, the working group should include a qualitative explanation of its recommendations and prioritization, and the methodology used for scoring the submitted concepts.

13. In order to establish the review group, the CIF Administrative Unit should invite pilot countries, relevant regional organizations and PPCR contributor countries to submit names and resumes of experts with appropriate experience, including experience with the private sector, whom they would like to propose for inclusion in the working group. The CIF Administrative Unit, in collaboration with the MDB Committee, will propose: (a) two experts from among those proposed by the pilot countries and relevant regional organizations and (b) two experts from among those proposed by the PPCR contributor countries, to be invited to participate in the working group. The working group should be an inter-disciplinary team reflecting knowledge and experience of climate change adaptation practices, with emphasis on engaging the private sector in climate-sensitive sectors. The list of the four proposed experts will be submitted to the Sub-Committee for approval by mail.

14. The CIF Administrative Unit will submit the report of the working group to the Sub-Committee for consideration and a decision on the allocation of the resources available in the set aside at its meeting in November 2013. Each project or program identified in the priority list and the list of additional concepts presented in the report would be supported by a no-objection letter from the PPCR country or regional focal point.

15. In accordance with the rules of procedure, the Sub-Committee will be invited to review, endorse and approve the PPCR financing for the project/program and will be provided with a maximum of two weeks (or ten business days) in which to review the document. If there is any question on the proposed, any member or observer may send the question to the Administrative Unit. All questions will be posted on the website. The country/regional institution in collaboration with the appropriate MDB will be invited to respond to the question in a timely manner. The Sub-Committee will be allocated a maximum of 48 hours to consider on a no-objection basis the reply to any question before closing the period for review. All replies will also be posted on the website.

16. Once the concept note has been endorsed by the PPCR Sub-Committee, projects/programs will be prepared consistent with MDB procedures for submission to the Sub-Committee for approval of PPCR financing. At that stage, projects/programs are well prepared either at appraisal or pre-appraisal stage. Once a project/program proposal is ready for Sub-Committee approval, the MDB should send the project/program document to the CIF Administrative Unit (including a summary) for approval by the PPCR Sub-Committee of PPCR financing. The proposal will be submitted to the PPCR Sub-Committee for approval by mail<sup>3</sup>.

17. The CIF Administrative Unit, in collaboration with the MDBs and the PPCR pilots, is requested to collect lessons and reflections about the effectiveness and value-added of the set aside and the competitive selection process with a view to drawing lessons for the future.

---

<sup>3</sup> See paragraphs 35-40 of the *Rules of Procedure for SCF Trust Fund Committee Meetings*.

18. The Sub-Committee will keep the application of these procedures under review with a view to making any revisions or amendments that may be necessary to improve their effectiveness should additional funding become available.

19. If sufficient resources become available for the set-aside, a second request for proposals may be issued by the PPCR Sub-Committee taking into account lessons learned from the first competitive round.

# CLIMATE INVESTMENT FUNDS

February 8, 2013

---

## **PROCEDURES FOR ALLOCATING PPCR RESOURCES ON A COMPETITIVE BASIS FROM AN AGREED SET ASIDE OF RESOURCES**

## BACKGROUND

1. During its last meeting in November 2012, the PPCR Sub-Committee reviewed document PPCR/SC.11/Rev.1, *Proposal for the Allocation of PPCR Resources*, and agreed:
  - a. to allocate unallocated grant resources pledged or committed to the PPCR as of September 30, 2012 as follows:
    - i. Bolivia, Cambodia, Dominica, Grenada, Haiti, Jamaica, Mozambique, Nepal, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Tonga and, Zambia will receive an additional indicative allocation of USD 5 million
    - ii. Yemen will receive an additional indicative allocation of USD 8 million;  
and
    - iii. Tajikistan will receive an additional indicative allocation of USD 10 million.
  - b. Each pilot country listed above was invited to work with the MDBs to prepare, for endorsement by the Sub-Committee, a concept or concepts for programs/projects that further advance the objectives of its SPCR utilizing the additional allocation. If such a program/project concept(s) is not submitted to the Sub-Committee within 18 months of this decision and following that endorsed, the unused allocation will be transferred to the set aside for a competitive process described below.
  - c. The unallocated capital contributions pledged or committed to the PPCR as of September 30, 2012, was set aside for allocation, through a competitive process, to additional programs and projects that further the objectives of the SPCR. Programs and projects financed from the set aside may be either for:
    - i. private sector clients working through the MDB private sector arms, or
    - ii. public sector entities working through the MDB public sector arms, provided that a minimum of USD 25 million in capital is allocated to programs and projects for private sector clients working through the MDB private sector arms.
  - d. PPCR contributors may choose to indicate new funding to the PPCR to be added to the competitive set aside.
  - e. This decision does not set any precedent for the use of additional contributions that may be made to the PPCR.
  - f. The Sub-Committee agreed to review the use of the set aside at its meeting in May 2014 and consider any appropriate changes to enhance its effectiveness.



- g. The Sub-Committee reconfirmed that commitment of PPCR resources will depend on the submission of high quality project proposals and the availability of resources in the SCF Trust Fund.

2. This note sets out the procedures for allocating currently unallocated concessional PPCR resources and potential new resources to programs and projects on a competitive basis, with a view to promote innovative approaches to engage the private sector through private and public sector investments in the PPCR pilots, as agreed in sub-paragraph (c) above.

3. The proposed procedures for the PPCR are broadly consistent with the procedures for allocating designated resources on a competitive basis in the other SCF targeted programs. Modifications have been made to address PPCR-specific policies and decisions.

## PROCEDURES

4. Consistent with the decision of the PPCR Sub-Committee, an amount has been set aside for allocation, through a competitive process, to additional programs and projects that promote innovative approaches to engage and enable the private sector through private and public sector investments in the nine pilot countries and two regional programs.

5. Such programs and projects should further advance the objectives of the endorsed strategic program for climate resilience (SPCR)<sup>1</sup> and should serve to 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 by benefitting private sector clients through the removal of barriers for the private sector to engage in adaptation activities<sup>2</sup>, provided that a minimum of USD 25 million in capital is allocated to programs and projects for private sector clients working through the MDB private sector arms.

6. No one project or program funded from the reserve is to receive more than USD 15 million nor less than USD 3 million in PPCR funding.

7. In order to facilitate the preparation and consideration of program and project concepts, the CIF Administrative Unit and the MDBs will agree on a common format for presenting such concepts and a timeline for the completion of the steps agreed under these procedures so as to allow the submission of a list of priority concepts to be considered by the Sub-Committee four weeks in advance of its meeting in November 2013.

---

<sup>1</sup> A strategic program for climate resilience (SPCR) is an investment plan under the PCPR.

<sup>2</sup> 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)

8. After approval of the procedures by the Sub-Committee, information on the set aside and the agreed procedures, a common format for presenting concepts, a timeline for the completion of steps, and links to the SPCRs and other relevant information is to be made available through the following channels:

- a) the CIF website and, as appropriate, the websites of the MDBs;
- b) pilot country or regional focal points for dissemination to national and regional constituencies and networks; and
- c) other relevant channels that may be agreed upon by the MDBs and the pilot country or regional focal points.

9. The MDBs will develop, share and discuss with the pilot country or regional focal point any program or project concepts which they consider appropriate and feasible to advance private sector engagement in support of the objectives of the SPCR.

10. Concept proposals will be submitted to the CIF Administrative Unit by the MDBs and reviewed by a working group of experts (see paragraph 13 below) for prioritization based primarily on the potential of the proposal to advance PPCR program objectives, principles and investment criteria, as contained in the PPCR design document and investment criteria, and on the following additional criteria:

- a. further advancement of the objectives of the SPCR;
- b. level of innovation proposed;
- c. implementation feasibility within 9-18 months after funding approval by the PPCR Sub-Committee; and
- d. progress that has been achieved in implementing other projects under the endorsed SPCR.

11. A review of the concept proposals submitted by the CIF Administrative Unit will be undertaken by a working group comprised of four experts and one representative from the CIF Administrative Unit (see paragraph ~~13-12~~ below). The working group will review the concepts in accordance with the criteria listed in paragraph ~~11-10~~ above and will prepare a list of priority concepts that it recommends be allocated the PPCR resources available in the set aside. In recommending a priority list of concepts to be allocated the available PPCR funding, 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. However, there should be a clear minimum set of criteria that must be met. If there are not a sufficient number of good quality concepts then the expert group needs not recommend a full allocation of the resources.

~~11.12.~~ In proposing the list of concepts, the working group should include a qualitative explanation ~~for of~~ its recommendations and prioritization, and the methodology used for scoring the submitted concepts.

~~12.13.~~ In order to establish the review group, the CIF Administrative Unit should invite pilot countries, relevant regional organizations and PPCR contributor countries to submit names and resumes of experts with appropriate experience, including experience with the private sector, whom they would like to propose for inclusion in the working group. The CIF Administrative Unit, in collaboration with the MDB Committee, will propose: (a) -two experts from among those proposed by the pilot countries and relevant regional organizations and (b) two experts from among those proposed by the PPCR contributor countries, to be invited to participate in the working group. The working group should be an inter-disciplinary team reflecting knowledge and experience of climate change adaptation practices, with emphasis on engaging the private sector in climate-sensitive sectors. The list of the four proposed experts will be submitted to the Sub-Committee for approval by mail.

~~13.14.~~ The CIF Administrative Unit will submit the report of the working group to the Sub-Committee for consideration and a decision on the allocation of the resources available in the set aside at its meeting in November 2013. Each project or program identified in the priority list and the list of additional concepts presented in the report would be supported by a no-objection letter from the PPCR country or regional focal point.

~~14.15.~~ In accordance with the rules of procedure, the Sub-Committee will be invited to review, endorse and approve the PPCR financing for the project/program and will be provided with a maximum of two weeks (or ten business days) in which to review the document. If there is any question on the proposed, any member or observer may send the question to the Administrative Unit. All questions will be posted on the website. The country/regional institution in collaboration with the appropriate MDB will be invited to respond to the question in a timely manner. The Sub-Committee will be allocated a maximum of 48 hours to consider on a no-objection basis the reply to any question before closing the period for review. All replies will also be posted on the website.

~~15.16.~~ Once the concept note has been endorsed by the PPCR Sub-Committee, projects/programs will be prepared consistent with MDB procedures for submission to the Sub-Committee for approval of PPCR financing. At that stage, projects/programs are well prepared either at appraisal or pre-appraisal stage. Once a project/program proposal is ready for Sub-Committee approval, the MDB should send the project/program document to the CIF Administrative Unit (including a summary) for approval by the PPCR Sub-Committee of PPCR financing. The proposal will be submitted to the PPCR Sub-Committee for approval by mail<sup>3</sup>.

~~16.17.~~ The CIF Administrative Unit, in collaboration with the MDBs and the PPCR pilots, are-is requested to collect lessons and reflections about the effectiveness and value-added of the set aside and the competitive selection process with a view to drawing lessons for the future.

---

<sup>3</sup> See paragraphs 35-40 of the *Rules of Procedure for SCF Trust Fund Committee Meetings*.

| 18. The Sub-Committee will keep the application of these procedures under review with a view to making any revisions or amendments that may be necessary to improve their effectiveness should additional funding become available.

| 17.19. If sufficient resources become available for the set-aside, a second request for proposals may be issued by the PPCR Sub-Committee taking into account lessons learned from the first competitive round.