

CLIMATE INVESTMENT FUNDS

January 13, 2015

**PROCEDURES FOR AN EXPANDED PPCR SET-ASIDE TO INCENTIVIZE INNOVATIVE PRIVATE
SECTOR INVESTMENTS IN CLIMATE RESILIENCE AND ADAPTATION**

DECISION

The PPCR Sub-Committee reviewed documents PPCR/SC.15/5, Recommendations based on the Assessment of the SCF Private Sector Set-Asides, and PPCR/SC.15/6, Procedures for an Expanded PPCR Set-Aside to Incentivize Innovative Private Sector Investments in Climate Resilience and Adaptation, and:

- i. agrees to expand the PPCR set-aside mechanisms to invite current PPCR countries and eligible low and lower middle income SCF countries for incentivizing innovative private sector investments in climate resilience and adaptation; and
- ii. requests the CIF Administrative Unit and the MDBs to make all necessary arrangements for the process of initiating the “calls for proposals”, including proposing the timing and number of calls for proposals, under the expanded PPCR private sector set-aside with a minimum funding envelope of USD 50 million.

The Sub-Committee approves the procedures set out in paragraphs 28-43 of the document PPCR/SC.15/6, Procedures for an Expanded PPCR Set-Aside to Incentivize Innovative Private Sector Investments in Climate Resilience and Adaptation, for the expanded PPCR set-aside to incentivize innovative private sector investments in climate resilience and adaptation, with the exception of paragraphs 34 and 35. A revised document, including the revised paragraphs 34 and 35 (regarding the provision of grant resources to the MDBs to support the investment origination and concept development efforts), based on the comments received during the meeting will be submitted to the Sub-Committee for a decision by mail. The elements contained in paragraph 36 (assessment criteria) will be revised based on the comments received during the meeting and the final version of paragraph 36 will be circulated to the Sub-Committee by mail no later than December 2, 2014.

The Sub-Committee looks forward to selecting concepts based on the recommendation of the expert group in accordance with the agreed procedures.

I. INTRODUCTION

1. At its meeting on June 27, 2014, the PPCR Sub-Committee reviewed document PPCR/SC.14/4, *Options for the Use of Potential New Funds under the PPCR*, and agreed to the further development of the option to demonstrate and further incentivize innovative private sector investments in climate resilience and adaptation in current PPCR pilot countries and by expanding private sector activities to low and lower middle income¹ CIF countries and recognizing the need for appropriate technical assistance, training, and country engagement in existing PPCR countries and other low income countries.

2. This paper responds to the request by the PPCR Sub-Committee and outlines the proposed scope and procedures for allocating on a competitive basis PPCR resources to low and lower middle income SCF countries for incentivizing innovative private sector investments in climate resilience and adaptation.

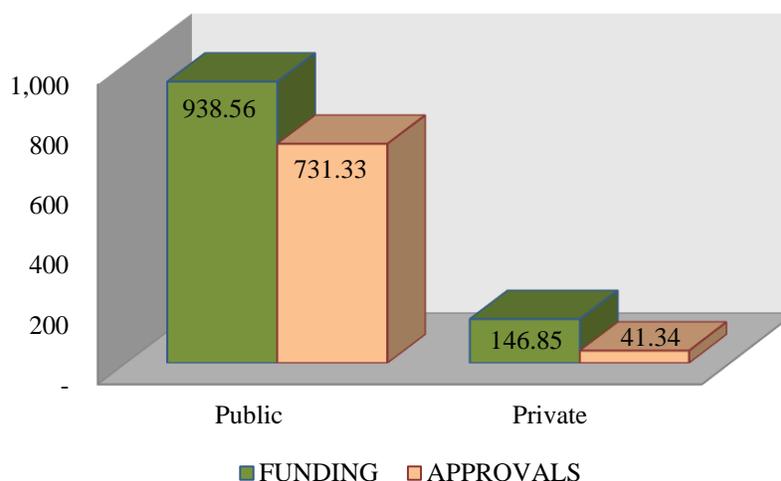
II. BACKGROUND

Status of Private Sector Engagement in the PPCR

3. Over the past year, the PPCR Sub-Committee has been informed on a regular basis about the progress with the development and implementation of PPCR-funded private sector operations which address the challenges associated with climate variability and change.

4. The PPCR portfolio of projects and programs supported under endorsed investment plans is primarily composed of public sector operations, with only 16 out of 71 projects and programs involving the private sector².

Figure 1: Distribution of Approvals between Public and Private Sector Operations (USD million)



¹ Based on World Bank country classification by income (<http://data.worldbank.org/about/country-and-lending-groups>)

² PPCR Semi-Annual Operational Report (PPCR/SC.14/3).

5. The underlying reasons for this distribution are threefold:
 - a) Recognizing the critical role that Governments have to play in terms of adaptation finance and the fact that the demand for resources for public sector investments in resilience-building far outweighs the available PPCR resources, the bulk of the resources have been allocated to public sector investments;
 - b) There are significant barriers for private sector programs to be developed and implemented in the current set of PPCR pilot countries; and
 - c) Private sector arms of the MDBs have a limited track record of financing resilience projects; hence there has been a learning curve for the MDBs, resulting in a slower rate of adoption compared to public sector operations.

6. Barriers for private sector investments in the current set of PPCR pilot countries vary across sectors, and include:
 - a) limited access to finance due to financial institutions' lack of knowledge on climate risks and the opportunities to finance adaptation;
 - b) limited availability of co-financiers due to higher risk and lesser-developed financial (and other) markets in low-income PPCR countries,
 - c) lack of scale and limited role of the private sector in many PPCR countries' economies
 - d) lack of appropriate policies and regulatory frameworks resulting in an unfavorable investment environment for private sector development;
 - e) low in-country technical and financial capacities (for businesses, farmers, bankers);
 - f) lack of reliable data and information;
 - g) limited appropriate infrastructure;
 - h) low level of awareness in the country on the role of the private sector in climate-resilient development;
 - i) novelty of the topic adaptation – for the private sector the value proposition of investments in adaptation is not fully understood yet;
 - j) lack of financial incentives for the private sector to explore and test out innovative approaches; and

- k) limited potential private sector clients that could comply with the MDBs social, environmental and financial standards.

Lessons from the PPCR private sector set-aside (Round 1 and 2)

7. In response to the strategic challenge to enhance private sector engagement in the PPCR, the PPCR Sub-Committee agreed in November 2012 to set aside resources for allocation through a competitive process, to additional private sector programs and projects that further the objectives of the PPCR investment plans. Programs and projects financed from the set aside were to be either for private sector clients working through the MDB private sector arms or for 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. As of September 1, 2014, two rounds of allocating PPCR resources under the PPCR private sector set-aside have been completed.

8. During the first round, eleven concepts totaling USD 108 million 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: Dominica, Haiti, Jamaica, Mozambique, Saint Lucia, and Tajikistan. Additionally, one multi-country proposal was submitted for Zambia, Niger, and Mozambique. At its meeting in November 2013, the PPCR Sub-Committee reviewed the expert group report and prioritized recommendations of project concepts submitted under the first round of the PPCR private sector set-aside, and endorsed six project concepts totaling USD 40.85 million for further development.

9. For the second round, eight concepts were submitted for review totaling USD 62.5 million and for future projects in Bolivia, Cambodia, Jamaica, and one project addressing regional opportunities in Africa. At its meeting in June 2014, the PPCR Sub-Committee endorsed four project concepts totaling USD 29 million for further development and invited the resubmission of three additional concepts for a decision by mail. Two projects were resubmitted and endorsed through in September 2014 for a total USD\$10.5million.

10. In total, for round 1 and 2 of the PPCR private sector set aside, the PPCR Sub-Committee has endorsed 12 concepts allocating USD 80.35 million in near-zero interest PPCR credits.

11. In November 2013, the CIF Administrative Unit, in collaboration with the MDBs and the pilot countries, was requested to analyze and share lessons learned on the private sector set-asides with the respective Sub-Committees and external stakeholders with the view to generate lessons from engaging the private sector in the CIF and recommendations for future funding of private sector engagement in the CIF.

12. The CIF Administrative Unit contracted the firm *Vivid Economics* for the consultancy. The final assessment report is available as information document CTF-SCF/TFC.13/Inf.5, *A Review of the Private Sector Set-Asides of the Strategic Climate Fund*.

13. For the PPCR private sector set-aside, the report identifies the following relevant lessons:
- a) The strategic objective of the PPCR set-aside was met, in particular the number and value of private sector projects in PPCR pipeline has doubled.
 - b) A number of projects submitted under the PPCR set-aside were considered to be particularly innovative and of high quality (e.g. Tajikistan).
 - c) The overall number of project concepts submitted to the PPCR set-aside was limited.
 - d) Restricting the eligibility for accessing resources from PPCR set-aside resources to the current PPCR pilot countries significantly limited the number of high quality project concepts submitted and endorsed.
 - e) The availability of concessional loans only and not grants limited the number and diversity of concepts submitted.
 - f) A lack of awareness and, in some cases, capacity of potential project developers has also proved challenging.
14. The assessment report identifies a number of measures that may improve the mechanism of the PPCR private sector set-aside that could be implemented in a relatively short timeframe.
- a) *Measure 1: Provide grant funding for MDBs to develop proposals.* This would aim to improve incentives and reduce the risk for MDBs to develop concepts and projects.
 - b) *Measure 2: Regularize the timing of the call and provide sufficient time for submissions.* A number of stakeholders, particularly MDBs and project developers, noted that this could improve MDB engagement and smooth the process of project development and submission by having more predictability regarding timing and resources.
 - c) *Measure 3: Place less emphasis on MDB co-finance in assessing and selecting concepts.* Although there are significant benefits of securing MDB and other co-financing, less emphasis on the amount of co-financing may lead to greater innovation of submitted concepts.
 - d) *Measure 4: Allow expansion of the PPCR set-aside to other SCF and/or CIF countries.* This would likely increase the number of high quality projects submitted, and make regional projects more feasible (e.g. for creating risk insurance schemes).
 - e) *Measure 5: In addition to concessional loans, the PPCR set-aside mechanism should provide grant funding and local currency loans to projects that need*

upfront grant funding to cover risks and stimulate the market. Expanding the use of grant resources might be particularly valuable in enhancing private sector capacity through technical assistance and improving the enabling environment for the private sector to conduct its business successfully in a country.

- f) *Measure 6: Develop a strategic plan for enhanced outreach on the opportunities associated with the PPCR private sector set-aside.* The majority of stakeholders – including expert group members and pilot country representatives - believe that improved outreach for (potential) project developers would help increase the number of high quality proposals. Different actors have various strengths and weaknesses in conducting outreach, and it is most likely to be effective if these actors collaborate within a single coherent strategic plan.

15. These above presented lessons from the first two rounds of the PPCR private sector set-aside process and suggested measures to improve the effectiveness of the mechanism have been taken into account in the design of the expanded competitive set-aside under the PPCR described in the next section.

III. ELABORATION OF THE PROPOSED EXPANDED COMPETITIVE SET-ASIDE UNDER THE PPCR

16. Based on the analysis of the current PPCR portfolio and emerging lessons from the first two rounds of the PPCR private sector set aside process, it has become apparent that new approaches are required to support additional private sector investments in adaptation under the PPCR. At the same time, there are promising examples available of private sector investments in addressing the impacts of climate variability and change in non-PPCR countries which might stimulate interest and replication opportunities in the PPCR pilot countries. On several occasions, the PPCR pilot countries have expressed interest in learning from innovative private sector investments in non-PPCR pilot countries and understanding the conditions for success.

17. Taking into account the above considerations, the PPCR Sub-Committee agreed to expand the scope of the set-aside to allow concepts to be considered for PPCR funding for activities that advances PPCR objectives in current PPCR pilot countries and by expanding private sector activities to low and lower middle income³ CIF countries. In addition, the Sub-Committee recognized the need for appropriate technical assistance, training, and country engagement in existing PPCR countries and other low income countries.

18. During the discussion on the procedures proposed in this document, the PPCR MDB Committee discussed the potential of this option to explore new opportunities in the context of the decision by the PPCR Sub-Committee. The MDBs shared the view that by inviting only low and lower-middle income⁴ CIF countries to participate in the expanded PPCR private sector set-aside (in addition to the current PPCR pilot countries), the potential to generate innovative private sector investments will remain limited. The MDB PPCR Committee underscored that private sector operations and related learning can be maximized if the PPCR private sector set-

³ *Ibid.*

⁴ *Ibid.*

aside would be expanded to all SCF countries as well as to low and lower middle income CTF countries. This expansion would introduce more flexibility, market reach and enhance the opportunities for learning from countries which are highly vulnerable to the impacts of climate variability and change but have stronger technical and financial capacities.

Purpose and Scope

19. The purpose of the expanded PPCR private sector set-aside will be to explore market opportunities for the private sector to engage in climate resilience and adaptation activities by including a wider range of countries, including low and lower middle income⁵ SCF countries. The expansion would enhance the competitive scope of the set-aside, allowing the best opportunities and projects to be funded while good practices are deepened and South-South learning be enhanced. Regional proposals are welcomed if well justified within the scope of the expanded PPCR set-aside.

20. The set aside will continue to function as a competitive allocation of available PPCR resources and concepts continue to be reviewed based on assessment criteria agreed by the PPCR Sub-Committee. It will be expanded so that project activities to be implemented in any low and lower middle income⁶ SCF country including the existing set of PPCR pilot countries could be considered. Competition would be generated through a “call for proposals” taking into account the lessons learned from rounds 1 and 2 of the PPCR private sector set-aside.

21. The “call for proposals” will be established as follows:

- a) The PPCR Sub-Committee has agreed on a minimum funding envelope of USD 50 million. For 2015, the CIF Administrative Unit and the MDBs have agreed on two periods where submitted concepts will be reviewed; for the first period, a minimum of USD 40 million of the annual envelop will be available, and any unendorsed amount of funds will roll-over to the second period.
- b) A consultation process will take place with interested SCF pilot countries (listed in Annex 1) to articulate country-specific themes which could be addressed through the “call for proposals” to address national priorities and enabling environment conditions (some examples are presented further below);
- c) Two dates, June 15th, 2015 and December 1st, 2015 will be established as the deadline for concept notes to be submitted by MDBs for consideration. Once each date has passed, received concepts will be reviewed virtually by the expert group. The expert group will interact with the MDBs and project proponents as described further below. The report of the expert group will be submitted to the PPCR Sub-Committee 6 weeks after the two submission dates for a decision by mail or during an inter-sessional meeting of the PPCR Sub-Committee held virtually or in-person;

⁵ *Ibid.*

⁶ *Ibid.*

- d) MDBs may submit project concepts and programmatic proposals;
- e) Concept notes identified by the expert group with potential for improvement may be revised and resubmitted either for the same or the next submission period of the “call for proposals”.

22. Countries which are interested in thematic national “call for proposals” may want to consider focusing on some of the following potential themes. This list is not exhaustive and only provides examples of potential themes to be considered. It is recommended that countries should not limit the “call for proposals” to a few themes but rather be encouraged to allow for flexibility that is necessary to generate private sector interest, broaden market reach in PPCR related activities and innovation in addressing the impacts of climate variability and change:

- a) dedicated financing facilities to scale up finance for climate resilience measures in vulnerable sectors (e.g. agriculture, residential/commercial property, manufacturing, renewables, tourism);
- b) targeted finance for making privately owned/managed infrastructure more climate-resilient (e.g. transport, ports, roads, power and energy, housing, natural resources, water use infrastructure);
- c) insurance-based mechanisms to help businesses and households cope with climate-driven risks and shocks;
- d) access to climate information and services for the end users in vulnerable sectors (e.g. water, agriculture, roads, health, disaster risk management);
- e) waste water recovery and improved water resource management, or
- f) agriculture and agribusiness supply chain resilience.

Eligibility

23. The Sub-Committee agreed that all low and lower middle income SCF countries, including all current PPCR pilot countries would be eligible to access funding under the expanded PPCR private sector set aside (“eligible CIF countries”). Annex 1 provides the list with eligible SCF countries.

24. PPCR resources will be set aside for allocation to programs and projects in eligible SCF countries, selected on a competitive basis, to provide PPCR funding to:

- a) private sector clients working through MDB private sector arms, or
- b) public sector entities working through MDB public or private sector arms which would in turn benefit private sector recipients, through innovative, competitive

mechanisms such as competitive allocation of concessional financing to private sector entities, public-private partnerships, or results-based financing.

Policy Framework for Projects and Programs Supported under the Expanded PPCR Private Sector Set-Aside

25. The PPCR private sector set-aside is a funding mechanism under the PPCR. Hence, all decisions on policy and funding related to the PPCR private sector set-aside need to be consistent with the *PPCR Design Document*. Decisions on funding are made by the PPCR Sub-Committee.

26. For the current set of PPCR pilot countries, the *Programming and Financing Modalities for the PPCR*⁷ and the *PPCR Financing Modalities*⁸ apply. This includes that projects or programs need to contribute to furthering the objective of the endorsed PPCR investment plan.

27. For eligible SCF countries under the extended PPCR private sector set-aside in , FIP and SREP, the *Programming and Financing Modalities for the PPCR* and the *PPCR Financing Modalities* would apply as well. However, in absence of an endorsed PPCR investment plan, proponents would need to present a relevant national programming context such as an approved National Adaptation Plan of Action (NAPA) or a National Plan on Adaptation (NAP) or an equivalent national-level climate policy or plan.

Procedures

28. The following procedures are to be followed to select the project and program concepts to be funded from the expanded PPCR private sector set-aside.

Information Sharing and Outreach

29. 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 and the countries' national channels of communication.

30. Recognizing the need for proactive outreach and awareness,

- a) the CIF Administrative Unit, in collaboration with the MDBs will inform all eligible SCF countries of the opportunity to access PPCR resources under the expanded PPCR private sector set-aside and share the information how to access the resources, including the procedures and the template for presenting concepts;

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

⁸ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_Financing_Modalities_final.pdf

- b) the MDBs, supported by the CIF Administrative Unit if needed, will facilitate information sharing and awareness raising on the PPCR private sector set-aside, including information sessions for MDB task teams at their HQ offices or through video conferences as needed;
- c) for interested eligible SCF countries, the CIF Administrative Unit and the MDBs will facilitate a consultation process with interested partners, including the country focal point, to agree on country-specific themes for the “call for proposals”;
- d) if appropriate and requested, up to USD 10,000 per pilot country will be provided to eligible SCF countries from the approved resources available to cover for country outreach and awareness activities. Such resources will be approved by the MDB Committee.
- e) if requested, the CIF Administrative Unit may facilitate consultations between the expert group and the country focal points to enhance the understanding on countries’ priorities in the context of their national development and adaptation agendas. This consultation will cover generic aspects of the call for proposals and will not discuss specific concept notes.

Concept Development and Submissions

31. To be considered for PPCR funding, concept notes should be submitted by an MDB to the CIF Administrative Unit. Concepts will be developed by the MDBs and proponents in consultation with relevant partners as appropriate.
32. Only project and program concepts that were submitted by the agreed dates and by an MDB to the CIF Administrative Unit will be reviewed by the expert group.
33. Based on the lessons learned from the first two rounds of the PPCR private sector set-aside, the financial envelope for the expanded PPCR private-sector set-aside should provide for a mix of grants (for technical assistance, advisory services, investments) and concessional finance (loans, equity, and guarantees) consistent with the *PPCR Financing Modalities*.
34. Grants could be made available for the further development of the projects and programs once the concept has been endorsed and funding been allocated. Preparatory grants for the project or program would be part of that endorsed allocation.

Assessment Criteria

35. 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 or contribution to national climate resilient development goals, including the implementation of other relevant national policies and plans addressing climate change (e.g. NAPA or NAP)(25%):* The degree to which the proposed project or program meets the objectives and purpose of the PPCR⁹.
- b) *Level of innovation related to a specific market proposed (20 % weighting):* this may include innovation in terms of technology, business models, reaching under-served segments of society, financial instruments or structure in a country or region. 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 12-18 months of the endorsement of the concept by the PPCR Sub-Committee. An assessment of readiness may also include as to whether the national policy and regulatory framework is supportive of private sector investments and the implementation risk.
- d) *Level of increase of benefits to vulnerable groups or of decrease of vulnerability of economic sectors impacted by climate variability and change (20% weighting):* how the project/program may benefit vulnerable or marginalized groups or economic sectors impacted by climate variability and change, and how gender considerations will be taken into account. Elements of a strategy how these groups will be engaged in the development and implementation of projects and programs should be presented.
- e) *Sustainability and replicability of intended results (15% weighting):* strength of the argument that PPCR-supported investments will produce results which can be sustained and replicated by the market over time without additional external concessional financing support or have a demonstrative character to be scaled up through markets.

Expert Group

36. An expert group will be established to review on a biannual basis the proposals submitted under the expanded private sector set-aside. Experts should have relevant operational experience with relevant private sector operations in countries affected by climate variability and change. Meetings of the expert group will be held virtually. The review of the concept proposals submitted under the expanded PPCR private sector set aside will be undertaken by the same expert group for the two calls and the expert group will be assisted by a representative from the CIF Administrative Unit. The CIF Administrative Unit will consult with the MDBs and the PPCR Sub-Committee to propose an expert group for approval by the Sub-Committee.

⁹ http://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/PPCR_design_Document_final.pdf

37. The expert group will assess the submitted concepts against the weighted criteria listed in paragraph 35 above and, if needed, will request clarification on issues to the submitting MDB. The MDB will prepare a written response to these issues. If necessary and requested, the CIF Administrative Unit will facilitate a dialogue between the expert group and the proposing MDB.

38. Thereafter, the expert group will prepare a list of priority concept proposals that it recommends PPCR resources to be allocated to. To ensure consistency in assessing received concept notes throughout the year, the expert group should include in each report a qualitative explanation of the methodology used to assess and prioritize concept recommendations based on the guidelines described in this document. The draft report will be shared with the MDBs for comments.

39. The final report of the expert group with a priority list of concepts will be submitted together with a balance sheet on the set aside resources envelope, including endorsed and still available resources, for a decision-by-mail by the Sub-Committee. The Sub-Committee will endorse concept notes for further development and PPCR funding approval. If there are not a sufficient number of good quality concept proposals by the end of the final call within the year, then the expert group need not recommend a full allocation of the resources.

Processing

40. In order to facilitate the preparation and consideration of program and project concepts, a common format for presenting such concepts is presented in Annex 2. Once a concept has been endorsed, the further development of the project or program will follow the procedures agreed for the PPCR.

Learning Lessons and Managing Knowledge

41. The CIF Administrative Unit, the MDBs, and the eligible CIF countries are requested to collect lessons and reflections about the effectiveness and value-added of the expanded PPCR private sector set aside and the modified competitive selection process with a view to drawing lessons for the future. The lesson-learning process will include assessment of the contribution to transformative change through scaled-up private sector investment and knowledge transfer of good practice in private sector engagement in addressing the impacts of climate variability and change to PPCR pilot countries and other low and lower-income SCF countries.

42. Based on experience and lessons learned in funding projects from the set aside, the Sub-Committee may consider whether new funding may be made available to finance projects in eligible CIF countries.

Annex 1: List of Eligible SCF countries under the expanded PPCR Private Sector Set Aside

Country	CIF Program	World Bank Country Classification by Income	Comment
Armenia	SREP	Lower-middle-income	Endorsed Investment Plan (IP)
Bangladesh	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Benin	SREP (New)	Low-income	New SREP country (no IP)
Bolivia	PPCR	Lower-middle-income	Endorsed SPCR
Burkina Faso	FIP	Low-income	Endorsed IP
Cambodia	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Congo, Dem. Rep.	FIP	Low-income	Endorsed IP
Dominica	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Ethiopia	SREP	Low-income	Endorsed IP
Ghana	FIP/ SREP (New)	Lower-middle-income	Endorsed FIP IP, New SREP country (no IP)
Grenada	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Haiti	PPCR/ SREP (New)	Low-income	Endorsed SPCR; New SREP country (no IP)
Honduras	SREP	Lower-middle-income	Endorsed IP
Indonesia	CTF/FIP	Lower-middle-income	Endorsed CTF and FIP IP
Jamaica	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Kenya	SREP	Low-income	Endorsed IP
Kiribati	SREP (New)	Lower-middle-income	New SREP country (no IP)
Lao PDR	FIP	Lower-middle-income	Endorsed IP
Lesotho	SREP (New)	Lower-middle-income	New SREP country (no IP)
Liberia	SREP	Low-income	Endorsed IP
Madagascar	SREP (New)	Low-income	New SREP country (no IP)
Malawi	SREP (New)	Low-income	New SREP country (no IP)
Mali	SREP	Low-income	Endorsed IP
Mongolia	SREP	Lower-middle-income	No IP
Mozambique	PPCR	Low-income	Endorsed SPCR
Nepal	PPCR/SREP	Low-income	Endorsed SPCR and SREP IP
Nicaragua	SREP (New)	Lower-middle-income	New SREP country (no IP)
Niger	PPCR	Low-income	Endorsed SPCR
Papua New Guinea	PPCR	Lower-middle-income	Endorsed SPCR
Country	CIF Program	World Bank Country Classification by Income	Comment
Rwanda	SREP (New)	Low-income	New SREP country (no IP)
Samoa	PPCR	Lower-middle-income	Endorsed SPCR
Sierra Leone	SREP (New)	Low-income	New SREP country (no IP)
Solomon Islands	SREP	Lower-middle-income	Endorsed IP
St. Lucia	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR

St. Vincent and the Grenadines	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Tajikistan	PPCR	Low-income	Endorsed SPCR
Tanzania	SREP	Low-income	Endorsed IP
Tonga	PPCR	Upper-middle-income (SIDS)	Endorsed SPCR
Uganda	SREP (New)	Low-income	New SREP country (no IP)
Vanuatu	SREP	Lower-middle-income	New SREP country (no IP)
Yemen	PPCR/SREP	Lower-middle-income	Endorsed SPCR; New SREP country (no IP)
Zambia	PPCR/ SREP (New)	Lower-middle-income	Endorsed SPCR; New SREP country (no IP)

**Annex 2: Common Format for Project/Program Concept Note for the Use of Resources
from the Expanded PPCR Competitive Set-Aside**

PILOT PROGRAM FOR CLIMATE RESILIENCE			
Expanded Private Sector Set-Aside Concept Note			
1. Country/Region:		2. CIF Project ID#:	
3. Country participating in:	<input type="checkbox"/> PPCR	<input type="checkbox"/> FIP	<input type="checkbox"/> SREP
4. Project/Program Title:			
5. Date of Endorsement of the Investment Plan (if applicable):			
6. Funding Request (in million USD equivalent):	<i>Grant:</i>	<i>Non-Grant (loan, equity, guarantee, etc.):</i>	
7. Implementing MDB(s):		<input type="checkbox"/> Private sector arm <input type="checkbox"/> Public sector arm	
8. Executing Agency:			
9. 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. County Plan Alignment:** Provide an explanation how the project/program is aligned with the objective of the CIF country investment plans (as appropriate) or other national policy and programming framework relevant to addressing the impacts of climate variability and change (mandatory for eligible CIF countries not participating in the PPCR)¹⁰.

¹⁰ In absence of an endorsed PPCR investment plan, proponents would need to present a relevant programming context such as an approved National Adaptation Plan of Action (NAPA) or a National Plan on Adaptation (NAP) or an equivalent national-level climate policy or plan. If possible and appropriate, a strategic link to the relevant

IV. Project description and Innovation:

- a. Innovation** - how the project is innovative in terms of technology, business model, reaching under-served segments of society, 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.
- b. 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.
- c. Sustainability and replicability 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.

V. Addressing vulnerability of people and sectors: Provide information on how the project/program may benefit vulnerable or marginalized groups or economic sectors will be addressed to the extent possible, provide information on the population size and affected economic sectors, the degree of vulnerability, and estimated impact on vulnerable populations and sectors.

VI. Financial Plan (Indicative):

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

VII. Expected Results and Indicators¹¹

Expected Result(s)	Indicator(s)

endorsed CIF investment plan should be made to explore synergies between climate resilience building and mitigation activities.

¹¹ These indicators will need to contribute or mapped to the five agreed PPCR core indicators.

Development Result(s):...

- VIII. 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).
- IX. 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?

Annex 3: Proposed Timeline for the Delivery of Proposals under the Expanded PPCR Private Sector Set-aside during the 2015 Calendar Year

January 2014

- SC Approval of PPCR procedures- upon approval of the procedures by the Sub-Committee, the proponent(s) will work with the appropriate MDB to generate project/program ideas to be submitted as a concept note using the common format.

January 2015 - February 2015

- The CIF Administrative Unit and the MDBs will facilitate a consultation process with interested partners, including the country focal points, to agree on country-specific themes for the “call for proposals.”
- Available PPCR resources amount and submission deadline dates announced.
- CIF Administrative Unit informs by mail all eligible SCF countries about the expanded PPCR private sector set-aside.
- 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.
- Request recommendations for expert group members from MDBs and PPCR Sub-Committee; request expressions of interest from recommended expert group members; CIF Administrative Unit and MDBs recommend short list of expert group members to PPCR Sub-Committee for approval by mail.

March 2015

- Confirm selection of the expert group for the assessment of proposals.

February 2015 – December 2015

- Ongoing enhanced outreach, country consultations as needed, management of inquiries from interested private sector proponents.
- the proponent(s) will work with the appropriate MDB to generate project/program ideas to be submitted as a concept note using the common format

June 15th 2015

- Deadline for submission of concept proposals by MDBs to the CIF Administrative Unit
- Proposals compiled for review by the expert group by CIF Administrative Unit.

June 29th 2015

- Expert group meets virtually to review and score received eligible proposed concept proposals and agree on recommendations to be submitted to the PPCR Sub-Committee. This includes an interaction with the submitting MDBs if necessary and appropriate.

July 17th 2015

- Expert group’s report and balance sheet submitted to the PPCR Sub-Committee for a decision-by-mail

July 31st 2015

- Posting of decision

August 1st 2015

- Available PPCR resources amount for second call posted and clarified

December 1st 2015

- Deadline for submission of concept proposals by MDBs to the CIF Administrative Unit
- Proposals compiled for review by the expert group by CIF Administrative Unit.

January 4th 2016

- Expert group meets virtually to review and score received eligible proposed concept proposals and agree on recommendations to be submitted to the PPCR Sub-Committee. This includes an interaction with the submitting MDBs if necessary and appropriate.

January 22nd 2016

- Expert group report and balance sheet submitted to the PPCR Sub-Committee for a decision-by-mail

February 5th 2016

- Posting of decision