

CLIMATE INVESTMENT FUNDS

PPCR/SC.1/3
October 31, 2008

First Meeting of the PPCR Sub-Committee
Washington, D.C.
November 19, 2008

THE PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR) TEMPLATE FOR COUNTRY EXPRESSION OF INTEREST

Abbreviations

CIF	Climate Investment Funds
EOI	Expression of Interest
PPCR	Pilot program for Climate Resilience
PPCR-SC	Pilot Program for Climate Resilience Trust Fund Sub-Committee
MDBs	Multilateral Development Banks
NAPAs	National Adaptation Programs of Action
SCF	Strategic Climate Fund
UNFCCC	United nations Framework Convention on Climate Change

Background and Introduction

1. Recognizing that UNFCCC deliberations on the future of the climate change regime are underway, including discussions on a future financial architecture and funding strategy for climate change, multilateral development banks (MDBs) have developed an interim measure to scale-up assistance to developing countries and build the necessary knowledge base in the development community. The Climate Investment Funds (CIF) are to build on progress made by many of the developing countries, with the objectives of scaling up investments in low-carbon technologies (Clean Technology Fund), and supporting various programs to test innovative approaches to climate action (Strategic Climate Fund). Designed as an interim instrument, the CIF include specific sunset clauses linked to agreement on the future of the climate change regime.
2. The SCF will provide financing to pilot new development approaches or to scale-up activities aimed at a specific climate change challenge or sectoral response through targeted programs. The first program to be included in the SCF, the Pilot Program for Climate Resilience (PPCR), will pilot national level actions for climate resilience in 5 to 10 highly vulnerable countries.

PPCR Goals and Objectives

3. The Pilot Program for Climate Resilience (PPCR) is designed to:
 - (a) deliver programmatic funding at scale in 5 to 10 highly vulnerable countries to help transform country-led national development planning to make it more climate resilient;
 - (b) be country-led and build on National Adaptation Programs of Action (NAPAs) and other relevant country studies, plans and strategies;
 - (c) be complementary to existing sources of adaptation funding and supportive of the evolving operation of the Adaptation Fund;
 - (d) provide crucial lessons on how to invest in climate resilience through national development planning consistent with poverty reduction and sustainable development goals.

PPCR Approach

4. Two types of activities will be supported:
 1. **Technical Assistance:** Grant funding will be available to enable pilot countries to build upon existing national work, including the UNFCCC national communications and NAPAs, to integrate climate resilience into core development plans and budget finance. It is estimated that each pilot country will have access to approximately US\$ 1-2 million for this phase. The outcome of this phase includes **country-specific climate resilient development plans and investment programs**. The bulk of this first phase should be completed within about one year of a country beginning the program. [This phase will include capacity building, institutional reform/realignment and analytical capacities.

Capacity here is defined as the ability of target countries to successfully integrate climate change challenges/resilience into their national development plans.]

2. **Programmatic Financing:** The second phase will provide programmatic financial resources to help fund public and private sector investments identified in the country-specific climate resilient development plans. Because addressing climate change will require transforming national economies, there will be an emphasis on **budget support**¹, **policy-based lending (DPL)**², **program-based approach (PBA)**³, **sector-wide approach (SWAp)**⁴, **poverty reduction support credit (PRSC)**⁵, **coordinated programs across key sectors**, and blending with other national and donor financing. Significant investment resources (levels will vary depending on country circumstances) will be available in the form of grants with the option of additional highly concessional lending that can be blended with existing sources of concessional funding and national resources to increase the climate resilience of existing development priorities. This phase should start as soon as the climate resilient development plans are in place.

General Guidelines for filling the Expression of Interest (EOI):

5. The purpose of this template is to (a) formally notify you that your country(ies) has/have been selected by the PPCR-SC to be one of the pilots under the PPCR, (b) invite your country(ies) to specifically state their interest and commitment in participating in the PPCR, (b) provide an overview of the climate hazards faced by your country(ies) and the challenges faced in moving towards climate resilient development planning. This EOI will be used by the PPCR-SC as a basis for deciding on the next steps. Detailed information about the PPCR is available at: WWW.WORLDBANK.ORG/CIF

6. Please keep the length of your response to between 15 and 20 pages. You may attach additional annexes and technical information (e.g., data, maps, etc), but this is optional. The PPCR-SC will request for additional information if needed.

¹ **Budget support:** A programmatic form of policy-based lending—that is, predictable, annual, medium-term disbursement of untied resources to the budget. Budget support is typically based on an agreed set of performance indicators in the form of institutional or policy reform measures, or output or outcome indicators. It is increasingly aligned with national strategies, such as the PRSP and its annual cycle of performance review, and with domestic planning and budgeting processes.

² **Policy-based lending (DPL):** Provision of untied donor resources directly through the government's budget, using the government's own financial management, procurement, auditing, and implementation processes and systems. This lending is based on a set of policy or institutional reforms (termed *conditionality* when set out ex-ante in a multi-tranche operation, or *prior actions* when identified ex post in a single tranche operation). The World Bank's term for policy-based lending is Development Policy Lending (DPL).

³ **Program-based approach (PBA):** A general term that refers to coordinated donor support to implement a comprehensive program (e.g., PRSP) or a specific sector/thematic strategy (e.g., in environment, water resources) that is country-led and relies on a single budget framework and domestic processes.

⁴ **Sector-wide approach (SWAp):** an approach that involves financing of a specific sector through various financing modalities, including budget support and direct investment financing.

⁵ **Poverty Reduction Support Credit (PRSC):** A form of budget support used by the World Bank in low income countries that is closely tied to the PRSP and typically consists of 3 or 4 single tranche operations.

7. When completed, please forward the EOI to: Enos E. Esikuri (EEsikuri@worldbank.org) and Patricia A. Bliss-Guest (Pblissguest@worldbank.org) of the PPCR Team.

1. Country or countries submitting PPCR Expression of Interest (EOI):
2. Date of Submission:
3. (a) Name of Government Agency(ies) submitting EOI: (b) Name and title of contact officer: (c) Name and contact information of designated CIF Government Focal Point(s):
4. (a) Who was consulted and involved in preparing this EOI? (b) Please list the individuals authors of and contributors to this EOI, and note their organizations:
5. Climate change and climate change adaptation in your country(ies): current situation (you may use annexes if you wish to provide more information) (a) What are the main climate related hazards and where do they occur (i.e., type of hazard, frequency, location, etc)? (b) If there are estimates of the impacts and costs of these hazards please provide them (e.g., number of people affected, crops lost, etc): (c) Briefly outline the key challenges facing your country(ies) in building resilience to the climate hazards described above (e.g., capacity, information, coordination, policies, institutions, etc)?
6. (a) If your country has undergone the process of preparing National Adaptation Programs of Action (NAPA), please summarize the key elements of your NAPA and highlight how it links to Government's national development plans (Note: If NAPAs do not apply to your country, please skip this question): (b) How has the NAPA been funded and to what magnitude?
7. (a) Currently, apart from the NAPA, do you have any strategy, policies, or programs that Government or other groups have put in place/are putting in place to build resilience to climate change? If yes, please summarize the key elements of the strategy/policy/programs, how they are funded, and their timeline: (b) What stakeholder participation process was used to arrive at the current strategy,

policy, or program?

(c) Are there any current national strategic thoughts on what would be needed to build a climate resilience economy in your country?

8. PPCR Approach:

(a) The PPCR support is designed to be executed in two phases: **Technical assistance (Phase 1) designed to prime countries for the subsequent Programmatic Financing (Phase 2). Would this approach be agreeable and helpful to your country (ies)? Please explain.**

(b) Phase 1: **Technical Assistance** grants of US\$1-2 million per country will be available to enable pilot countries to build upon existing national work, including the UNFCCC national communications and NAPAs, to integrate climate resilience into core development plans and budget finance. The bulk of this first phase should be completed within about one year of a country beginning the program. This phase will include capacity building, institutional reform/realignment and analytical capacities. Capacity here is defined as the ability of target countries to successfully integrate climate change challenges/resilience into their national development plans. The outcome of this phase includes **country-specific climate resilient development plans and investment programs.**

(i) **Has any technical assistance on climate change adaptation already been received by your country(ies) (e.g., capacity building, institutional strengthening, analysis of climate change impacts, etc)? If yes, from where was the technical assistance received?**

(ii) **Do you foresee any opportunities and constraints to integrating climate resilience into your national development plans?**

(iii) **How might the opportunities and constraints in (ii) be captured or overcome?**

(c) Phase 2: **Programmatic Financing** will provide resources to fund public and private sector investments identified in the climate resilient development plans. Because addressing climate change will require transforming national economies, PPCR financing will emphasis **Budget Support, Policy-based lending, Program-based approach, Sector-wide Approaches, coordinated programs across key sectors**, and blending with other national and donor financing. In other words, the PPCR does not seek to promote a project-by-project approach.

(i) **Will this financing modality be agreeable, practical, and potentially successful in and helpful to your country(ies)?**

(ii) **What are the potential challenges to using any of these financing modalities, and how might they be overcome?**

9. Climate Resilience Knowledge exchange and sharing:

(a) Currently, are there institutional mechanisms for monitoring climate change and climate change impacts in your country(ies)? Briefly explain and note any constraints if any.

(b) The PPCR is designed to provide scaled-up support to advance rapid learning-by-doing on an integrated approach to climate resilience in order to provide lessons that will feed into operations of the Adaptation Fund under the Kyoto Protocol. How would you see your country(ies) playing this crucial role under the PPCR?

10. Outline the Risks that might prevent the PPCR objectives from being achieved in your country(ies) and indicate the Risk Mitigation Measures that will be taken: