



REQUEST FOR CEO ENDORSEMENT/APPROVAL
PROJECT TYPE: FULL-SIZED PROJECT
THE GEF TRUST FUND

Submission Date:

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID:

GEF AGENCY PROJECT ID:

COUNTRY(IES): Global

PROJECT TITLE: Development Market Place 2009: Adaptation to Climate Change (DM2009)

GEF AGENCY(IES): World Bank, (select), (select)

OTHER EXECUTING PARTNER(S):

GEF FOCAL AREA(S): Multi-focal areas

GEF-4 STRATEGIC PROGRAM(S): (see preparation guidelines section on exactly what to write)

NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

Expected Calendar (mm/dd/yy)	
Milestones	Dates
Work Program (for FSPs only)	June 2009
Agency Approval date	December 2009
Implementation Start	February 2010
Mid-term Evaluation (if planned)	July 2011
Project Closing Date	April 2015

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: To identify and provide grant funding to support innovative projects that: (i) enable indigenous peoples to improve their adaptation to climate change, (ii) provide co-benefits for sustainable natural resource management measures including biodiversity conservation actions, or (iii) support actions that build on and address disaster risk management, while improving resiliency of communities to changes in climate.

Project Components	Indicate whether Investment, TA, or STA ²	Expected Outcomes	Expected Outputs	GEF Financing ¹		Co-Financing ¹		Total (\$) c=a+ b
				(\$) a	%	(\$) b	%	
1. Provide grant funding for innovative projects for communities to better adapt to climate change	STA/TA	•Increased experience from innovative adaptation approaches at the community-level	•~ 20-25 projects addressing global environmental objectives in multiple focal areas where adaptation is relevant are funded through a competitive selection process	US \$ 1,900,000	95%	2,960,000	62%	4,860,000

<p>2. Competition design and marketplace event management; Monitoring and supervising implementation of grants</p>		<ul style="list-style-type: none"> • Intake of 2,000 or more proposals • Assessment process that selects 100 finalists • Jury process that selects the 20-15 winning proposals for funding • Proper fiduciary oversight of use of grant funds during project implementation • Provision of technical advice for projects facing unexpected bottlenecks during project implementation 	<ul style="list-style-type: none"> • Open call for proposals launched • Marketplace event, where the 100 finalists compete for grants, held at WB HQ • Travel expenses for 100 finalists to attend the marketplace event • World Bank monitoring and supervision of the projects, including site visits conducted by WB supervisors that have relevant technical expertise in the area of adaptation to climate change 		1,300,000	27%	1,300,000
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3. Provide knowledge exchange activities and technical assistance to finalists of the competition	TA	<ul style="list-style-type: none"> Improved quality of the finalists' proposals and project design, particularly in the areas of M&E plans and stakeholder communication strategies Improved knowledge of the finalists on adaptation to climate change topics Increased number of professional contacts made among the finalists and with technical staff from the World Bank technical staff and other DM2009 partners 	<ul style="list-style-type: none"> Technical assistance in proposal writing made available to finalists Networking opportunities, training in M&E and communication strategies provided and knowledge exchange sessions held on key issues related to adaptation to climate change provided to the 100 finalists at the marketplace event Creation of an on-line platform for continued knowledge exchange activities that will place after the marketplace event. 	0		400,000	8%	400,000
4. Evaluation of winning projects and dissemination	STA	Increased awareness of and experience with innovative approaches to adaptation to climate change	<ul style="list-style-type: none"> Independent evaluation of the funded projects conducted 18 months after project closure Number of organizations and other interested parties who receive dissemination on project implementation and results 	US \$ 100,000	5%	US \$ 130,000	3%	230,000
Total Project Costs				\$2,000,000	100%	\$4,790,000	100%	\$6,790,000

¹ List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

² TA = Technical Assistance; STA = Scientific & Technical Analysis.

B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT (expand the table line items as necessary)

<i>Name of Co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Project</i>	<i>%*</i>
World Bank	Grant		500,000	10%
World Bank	Budget		1,540,000	32%

IFAD	Grant		1,100,000	23%
Ministry of Foreign Affairs of Denmark	Grant		950,000	20%
Global Facility for Disaster Reduction and Recovery (GFDRR)	Grant		700,000	15%
Total Co-financing			4,790,000	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

C. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation a</i>	<i>Project b</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For comparison: GEF and Co-financing at PIF</i>
GEF financing	0	2,000,000	2,000,000	200,000	same
Co-financing		4,790,000	4,790,000	118,000*	+490,000
Total		6,790,000	6,790,000	318,000	+490,000

*Withdrawn from donor allocation

D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>		
			<i>Project (a)</i>	<i>Agency Fee (b)²</i>	<i>Total c=a+b</i>
World Bank	Multi-Focal	Global	\$2,000,000	\$200,000	2,200,000
Total GEF Resources			\$2,000,000	\$200,000	2,200,000

¹ No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

² Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF amount(\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*				
International consultants*				
Total				

* Details to be provided in Annex C.

F. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person weeks/months</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*		20,000	25,000	
International consultants*		55,000	50,000	
Office facilities, equipment, vehicles and communications*				
Travel*		25,000	25,000	
Others**				

Total		100,000	100,000	

* Details to be provided in Annex C. ** For others, it has to clearly specify what type of expenses here in a footnote.

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? yes no

(If non-grant instruments are used, provide in Annex E an indicative calendar of expected reflows to your agency and to the GEF Trust Fund).

H. DESCRIBE THE BUDGETED M&E PLAN:

The DM's emphasis on M&E is geared toward producing tangible outcomes that can be scaled up and replicated if successful. Specific project monitoring is done jointly by the DM Team in Washington D.C., which handles administrative matters; and a World Bank sector specialist, typically based in the country of project implementation, who supervises the project. The supervisor maintains regular contact with the grantee and conducts at least one site visit during the 2 year implementation period. Prior to signing the grant agreement, grantees, in consultation with their supervisor, develop 1-3 outcome indicators that measure overall project performance, the methodology to collect baseline data for these outcome indicators, and 3-5 output indicators that serve as milestones to trigger payment every 6 months. The performance indicators are captured in a withdrawal schedule and are a key component of the grant agreement. Grantees report on performance in achieving milestones outlined in the withdrawal schedule and submits and interim budget report semi-annually.

A Project Completion Report is required for all projects. As a precursor, the Grantee submits an Evaluation Plan for World Bank that describes the methodology the Grantee will use to conduct its self-evaluation. In addition to this project-level self-evaluation, the DM also commissions an external evaluation of the portfolio of projects 12-18 months after the projects close.

The Development Marketplace Program is continually updating its systems to monitor and evaluate its project portfolio. Two key products recently created are a Toolkit, developed for use by grantees, and an operational manual which outlines internal processes and procedures for the DM team to administer grant funding. This Toolkit, which is posted on the Development Marketplace website, is a key component of the DM's efforts to support results-based implementation, reporting and evaluation of project outcomes. These will in turn strengthen the ability of the DM to conduct an independent evaluation of the DM2009 cohort of projects to assess the overall performance of the portfolio.

The outcome indicators used for the DM09 portfolio are:

- Percentage of projects that are successful (achievement of pre-determined outputs/outcomes) at the end of project implementation.
- Percentage of projects that have leveraged or secured additional financing after project implementation.
- Percentage of projects that are replicated elsewhere or scaled up after project implementation.
- Estimated number of direct beneficiaries on the ground served by the project.

PART II: PROJECT JUSTIFICATION: In addition to the following questions, please ensure that the project design incorporates key GEF operational principles, including sustainability of global environmental benefits, institutional continuity and replicability, keeping in mind that these principles will be monitored rigorously in the annual Project Implementation Review and other Review stages.

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

The initial focus on responding to climate change has been on mitigation. More recently, the scientific consensus that

has emerged is that climate change impacts are already taking place and thus there is a need to adapt to these impacts. It is therefore necessary to bring more focus on adaptation to climate change.

Development Marketplace (DM) 2009 has the following objectives:

- (i) enable indigenous peoples to improve their adaptation to climate change
- (ii) provide co-benefits for sustainable natural resource management measures including biodiversity conservation actions
- (iii) support actions that build on and address disaster risk management, while improving resiliency of communities to changes in climate.

DM 2009 will try to achieve these objectives by selecting 20 to 30 projects through a global competition, that meet these established criteria and that will use innovative technologies and approaches, and facilitate knowledge exchange and capacity building.

The GEF funds would provide grants, support the knowledge exchange and supervision and evaluation of the winning projects from the DM2009 global competition that will take place in November 2009.

DM is a grants program that, through open competitions, identifies and funds innovative, early-stage projects with high potential for development impact. DM is funded by the WBG, bilateral donor agencies, foundations, and the private sector, and administered by the World Bank. Since its inception in 1998, DM has awarded over \$50 million in grants to more than 1,000 projects implemented in over 50 countries. Using DM funding as a launching pad, projects often go on to scale up or replicate elsewhere, winning prestigious awards within the sphere of social entrepreneurship. GEF has been a partner in past efforts.

Projects are selected through an open call for proposals from a range of innovators, including civil society groups, private firms, foundations, academia, and government. These proposals, which typically number around 2,500-3,000 for the global competitions, are subjected to a transparent and competitive selection process.

The indicators for determining who wins a DM award are:

- *Innovation*
- *Clear Objective and measureable results*
- *Realistic design and organizational capacity*
- *Sustainability (environmental and financial) and*
- *Potential for Scale-up or Replication elsewhere*

Finalists are invited by the World Bank to the marketplace event held at World Bank Headquarters to present their proposal to a panel of prominent development professionals from both inside and outside the World Bank who collectively use the same criteria stated above to select the winners. For global competitions, about 20-30 finalists receive the grants in the range of \$50-\$200K, depending on the size of the award pool raised for that competition.

In order to maximize the potential for project success, the World Bank supervises project implementation on all DM grants over the two year period. For global competitions, grant disbursements are tied to the achievement of milestones that are articulated in the grant agreement and each grant recipient is supervised by two Bank staff—one from the DM team and a sector specialist (typically based in the country office)—to verify via at least one field mission and review of periodic progress reports submitted by the grant recipient. These progress reports are also shared with donors as well as posted publicly on the DM website. About 12-18 months after the cohort of projects close, the DM commissions an independent evaluation of the portfolio and publically disseminates the lessons learned.

DM grants help build capacity by allowing innovative ideas to be piloted. Successful projects can then be scaled up

and/or replicated. Also, the lessons learned from all projects will be disseminated through DM's knowledge exchange network.

The marketplace event also provides knowledge exchange activities that provide the finalists with opportunities to: (i) network among the other DM finalists; (ii) discuss challenges and new development approaches with senior World Bank and other invited sector specialists; and (iii) learn "good practices" and gather practical tools and other resources to improve their capacity in project management and implementation.

Sustainability of results is a core aim of the DM Program. One of five criteria used to select the competition's winners is sustainability. Assessors assess the characteristics of each proposal that, if successful, will help ensure that its results and development impacts are sustainable after DM funding. Depending on the project design, the characteristics could involve financial and/or organizational sustainability. For organizational sustainability, the DM requests that proposals describe the factors related to your organization's capacity and the capacity of your partner organization to sustain the results of the project. For financial sustainability, the strategy to become self-perpetuating will differ depending on the type of project proposed.

For revenue-generating projects, the DM requests that proposals specify a realistic timeframe and pathway to reach the point of revenue breakeven, and if possible, project the long term expenses and revenue/income stream (noting any market assumptions for sources such as user fees, sales revenues, community contributions, etc.). If breakeven is not expected by the end of DM support, the strategy for external donor or investor support between the end of the DM project and the breakeven point should be stated.

For projects that are not generating any income or revenue, the DM requests that proposals provide a realistic strategy for sustaining the project's results after completion of DM support from sources such as other donors, private foundations and government agencies.

By conducting the evaluation of the cohort of winning projects 12-18 months after project completion, the evaluation study will be able to explore the extent to which the project's expected outcomes were achieved and the prospects for long-term sustainability of the results.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

Country ratification of the relevant convention will be an eligibility criterion for all DM applications and GEF focal point endorsement will be a condition of disbursement of GEF funds to ensure projects funded are in line with National Action Plans for adaptation. To also help ensure that projects are not contradictory to the recipient country's national priorities, DM subjects each potential project to a review by World Bank Country Office staff (as designated by the country director) to (1) validate the legitimacy of the executing team, (2) comment on the implementing group's implementation record, and (3) identify any potential conflict with relevant World Bank strategies and programs (whether stated government priorities, PRSP, CAS, lending operations, etc.). DM jurors are not required to reject those rare projects that conflict with country strategies, but jurors are instructed of the poor success rate of past projects where such a conflict has existed. In the very rare cases where direct synergies have not been identified, the Development Marketplace acts as a catalyst for linking successful winning projects back into World Bank knowledge management and strategies.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

In the past, the GEF has supported the Strategic Pilot on Adaptation to Climate Change (SPA) to support projects that would provide learning experiences with respect to adaptation to climate change in all of its focal areas. The GEF-4 Operational Strategy included strategic objectives relating both to the mitigation and adaptation of climate change. Given the increasing certainty associated with climate change, GEF has begun providing strategic support to increasing the resiliency of all of its portfolio to the adverse impacts of climate change. The GEF also supports adaptation projects through the Special Climate Change Fund and the Least Developed Countries Fund. This DM initiative is entirely in line with GEF strategies and consistent with the GEF's enhanced emphasis on making development sustainable and climate resilient.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

Subject to internal World Bank resource management review and GEF review, the DM proposes to allocate the GEF resources as follows:

	2009	2010	2011-2	2013	TOTAL
Award		\$900,000	\$1,000,000		\$1,900,000
Evaluation and Dissemination		\$25,000	\$25,000	\$50,000	\$100,000
TOTAL		\$925,000	\$1,025,000	\$50,000	\$2,000,000

Disbursement of grants would take place during 2010-2012 and the evaluation of the DM2009 cohort would take place 12-18 months after the projects close. Thus, the partnership with the GEF for the DM2009 competition would extend from February 1, 2010 – February 1, 2014.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

The DM09 winners would bring focus to the adaptation work within the Bali action Plan and hence the UNFCCC negotiations. Through knowledge exchange, it would draw on the GEF funded projects on adaptation. Thus the DM09 would contribute to:

- raise the profile of the challenges of adaptation to climate change, with explicit links to WBG’s and GEF’s activities;
- identify innovative approaches that can inform the design of country and sector strategies, and other country led activities;
- build bridges to local civil society organizations and other institutions, including the community-based organizations network of GEF’s Small Grants Program that is managed by UNDP.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING :

The use of GEF funding to support the DM09 with an emphasis on adaptation to the adverse impacts of climate change is a unique opportunity to gain more learning and stimulate innovation from a large number of developing country actors and players. Without the GEF support, this activity would not take place. With GEF support, the DM competition will bring attention to the increased need to learn to make development more resilient to climate change, especially with respect to initiatives with global environmental benefits.

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MITIGATION MEASURES THAT WILL BE TAKEN:

Climate Change Risks: The objective of the project is to find innovative ways for communities to adapt and mitigate the risks of climate change.

Misuse of Funds: Given that many of the projects are innovative startups managed by small NGOs and other local organizations, there is some risk that funds would be misused for purposes other than those for which they won the awards. DM mitigates this risk through its detailed project payment process (using tranches for contracts, etc.) and this ensures that funds are being spent as intended. This disbursing arrangement also significantly mitigates most project execution risk.

Organizational risk: It is possible that through a broad outreach and selection process, the DM jury would make a final award to a project team that is from an organization that is not legitimate and/or could cause political/reputational risk to the Bank and GEF. DM mitigates this risk by having three layers of review of projects by Bank staff and other assessors who are development specialists from outside the Bank. In addition, before announcing finalists DM circulates the list to country offices and Country Directors to get their feedback on

whether a group poses a particularly undue risk or is in bad financial standing with the Bank. The country offices also provide comments on the track record of each applicant in that country, and how innovative their idea is within the country context. As such, by the time a project is selected, it has been reviewed by 10 – 14 different individuals within the Bank Group, so this extensive review process has, so far, kept DM from making awards to illegitimate organizations.

H. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

From a financial point of view, this project is cost-effective. For every five dollars spent that directly benefits grant recipients and their communities (total US\$5 million), just a little over one dollar will have been spent on the costs of holding the competition that selected the grant recipients and supervision of the grants (total US\$1.2million).

The DM Program is also cost-effective given the evidence that its past grant competitions have resulted in a number of technologies and approaches with sustainable local and global benefits. For example, in 2003 The HotPot Initiative in Mexico was awarded a DM grant to create a single panel solar oven that gives poor rural populations access to a cheap, healthy and environmentally friendly cooking tool that replaces kerosene based indoor cooking. Since this first pilot, the project has expanded to in Mali, Mauritania, Niger, and Guinea with follow on funding from the U.S. EPA and Alcoa Foundation. And in Mexico alone, over 1,500 HotPot systems have been sold and five retail operations have been established. Looking further into the horizon, the project has established technical partnerships with the Peace Corp and the World Health organization to improve long-term sustainability. Another example is the 2006 award winning project “Clean & Reliable LED Lighting for Tribal Homes in India” which used its grant to produce a locally produced LED light that replaced kerosene lamps in 2,500 households. Each LED light saves one ton of carbon emissions over four years, which equates to US\$ 30 of gold standard carbon credits. The lights produced by the project use 10% of the energy of incandescent bulbs (regular light bulbs) and 30% of the energy of compact fluorescent lamp (CFL) bulbs yet last 50 times longer than incandescent bulbs and 15 times longer than CFL bulbs. Upon the DM funded pilot’s success, the project received \$1.4 million from an Indian venture capital firm (Odyssey Capital Private Ltd, Mumbai) to expand production. The project is now working to produce and sell 10 million LED lights by 2010, leading to a total savings of 10 million tons of carbon emissions over four years, equivalent of US\$ 300 million.

The projects funded through this DM competition would illustrate new and innovative pilots which could provide learning for the design of subsequent projects by the Bank and other GEF Implementing and Executing Agencies. The innovations could be institutional (how can various groups, organizations and businesses can be brought together to share the risks involved in doing innovative projects that address climate change and biodiversity concerns in development), or technical (trying out new technical models or equipment which support development while addressing climate change and biodiversity as well). Consequently, it is expected that the selected projects would be high risk, but the successful projects would yield high rewards in terms of their replicability.

The DM program will work with each beneficiary group to ensure that success stories and lessons learned are linked back to World Bank or other donor operations, in an effort to cross-fertilize promising ideas in these and other countries. This would also improve the sustainability and the cost effectiveness.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT


- A. INSTITUTIONAL ARRANGEMENT:** The World Bank is the only GEF Agency involved therefore no institutional coordination is required.
- B. PROJECT IMPLEMENTATION ARRANGEMENT:**

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:

The project design is very much aligned with the original PIF. There has been no change in the objectives or the project design. Since the submission of the PIF, over 1700 proposals have been reviewed and 100 finalists have been identified to participate in the selection of 20-25 winners in November 2009.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.

Agency Coordinator, Agency name	Signature	Date <i>(Month, day, year)</i>	Project Contact Person	Telephone	Email Address
Steve Gorman World Bank		November 6, 2009	Siv Tokle	(202) 473- 6476	stokle@worldbank.org

ANNEX A: PROJECT RESULTS FRAMEWORK

Project Strategy	Objectively verifiable indicators			
<i>Goal</i>	To help the development community at large to meet the Millennium Development Goals by generating new approaches to poverty reduction from a variety of stakeholders outside the usual sources in development agencies.			
<i>Immediate Objective</i>	To reach grassroots social innovators cost-effectively and finding new ideas with the potential to make a substantial difference in efforts to reduce poverty and promote conservation. To complement and expand the World Bank’s emphasis on partnerships, effectively creating space for funding partnerships and implementation partnerships.			
	Outcomes	Indicators	Sources of verification	Risks and Assumptions
Project Objective 1	Fund social entrepreneurs and innovators addressing development challenges in the areas of climate adaptation	20-25 projects funded	Development Marketplace project agreements	<ul style="list-style-type: none"> ⌘ Misuse of funds by the sub-projects ⌘ Lack of organizational capacity at grassroots level
				<ul style="list-style-type: none"> A Working with grassroots organizations enables GEF and the DM to address global issues at multiple levels and with different partners.
Project Objective 2	Attract more funds for development and social innovation—making funds available for development projects that would otherwise be too risky for traditional World Bank, GEF, and other funders and investors (venture philanthropy).	US\$ 6.3 Million received for 2009.	Development Marketplace project agreements	<ul style="list-style-type: none"> ⌘ Funders focus may shift away from environmental issues making it difficult for sub-projects to attract follow-on funding.
				<ul style="list-style-type: none"> A GEF, the World Bank, and other funders are not usually set up to work with CBOs/NGOs on a retail scale. The DM mitigates this gap in development

<p>Project Objective 3</p>	<p>Assist GEF in meeting its own program objectives by providing a way to reach grassroots social innovators cost-effectively and by finding new ideas with potential to make a substantial difference for bottom-up innovative projects with global environmental benefits.</p>	<p>1) # of projects providing support to indigenous peoples; 2) # of projects with concrete co-benefits in terms of sustainable resource management or biodiversity; 3) # of actions addressing both disaster risk management and improving resiliency of communities to changes in climate.</p>	<p>Development Marketplace project and financial reports to GEF</p>	<p>R DM competition theme may not focus on GEF core priorities</p>
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Responses to Comments from Germany

1) **Comment: This project is an adaptation project.** There is no basis for financing it under the GEF Trust Fund as: (1) it does not provide for global environmental benefits; and (2) the Strategic Priority on Adaptation has finished. Projects on adaptation should only be financed under the SCCF and the LDCF. In spite of this, Germany doesn't want to stop this project as we believe that it is a good activity that needs to be brought forward. However, we consider this as an exceptional case and we would like to make it clear that we won't approve adaptation projects under the GEF Trust Fund anymore in the future.

Response: DM 2009 is a multi-focal project that helps build the capacity of key development practitioners, including indigenous peoples and other members of civil society to adapt to climate change, with a focus on Indigenous Peoples knowledge, natural resource management and disaster risk management. It is more than an adaptation project, it is a multi-focal initiative that builds the capacity of civil society and other stakeholder groups to find innovative approaches to climate change.

2) Q: To what extent is this approach an effective instrument for exchange about development approaches in the area of climate change?

A: DM 2009 is an effective instrument for exchange about development approaches in the area of climate change since it engages and supports various stakeholders in developing countries such as the civil society, academics and governments on pioneering approaches to climate change adaptation. DM also provides a platform for grantees and finalists with opportunities to: (i) network among the other DM finalists; (ii) discuss challenges and new development approaches with senior World Bank, GEF and other invited sector specialists; and (iii) learn "good practices" and gather practical tools and other resources to improve project management and implementation.

Lessons learned from these projects will also be shared with the global community through the DM website and other knowledge sharing tools. With its recent move to the World Bank Institutes' Innovation Practice, the DM team is now able to tap into WBI's capacity in knowledge management and strategic communications that will enable the DM to enhance its tools for knowledge exchange and dissemination and to better incorporate DM projects' lessons into World Bank operations. These initiatives will allow for existing and future project innovators in Climate Change to exchange information on what has or has not worked and to foster more collaboration among them.

3) Q: In what way does contribute to a community of practice?

A: A Community of Practice (CoP) platform for DM2008 Winners is being piloted. DM will learn from this pilot as it sets up a DM2009 CoP in 2010 that will include winners and finalists of DM2009 as well as past winners of DM Competitions that have been funded by GEF. The purpose is to foster knowledge sharing and peer-to-peer networking among DM alumni on the challenges of sustainable development.

DM is designing a franchising strategy to share its capacity to run a small grant competition with the rest of the development community. As a first step, DM is developing a toolkit on how to run a

grant competition. In addition, DM provides lessons learned and best practices to the World Bank's Small Grants Program and its small grant M&E toolkit is available on DM's website for reference by any users of small grant projects across the globe.

- 4) Q: Lessons and experiences from the past rounds of “Development Market Place” (which started in 1998) should be evaluated to maximize learning and stimulate sustainable dialogue. This should also be reflected in the budget, giving greater attention to component four (possibly drawing on experiences not only of winning projects of this year, but also of past years).**

A: An additional US\$30,000 has been added to the World Bank's contribution to DM2009. These additional resources will be earmarked to conduct an evaluation of DM's capacity and prior success in stimulating sustainable dialogue and serving as a platform for knowledge exchange and learning. The evaluation will include a substantive forward-looking component of recommendation on how best to augment DM's capacity to support Communities of Practice and other mechanisms for learning and sustainable dialogue.

Some of the content for this learning and dialogue will come from DM program's evaluations of its global competition's portfolio of projects. To date, evaluations have been completed for projects up to DM2005. The evaluations of the projects funded by GEF in previous years (USD \$5 million) are expected in 2010 for DM2006, 2011 for Lighting Africa DM and 2011 for DM2008.

Component four of the budget reflects an evaluation of the funded projects conducted by a third party 18 months after the project completion. The process includes i) a review of all project documents, ii) a survey and project scoring mechanism to assess the projects, iii) consultations with project liaison, project teams and stakeholders, iv) collecting quantitative and qualitative data about the projects from the survey and or direct interactions with the project teams, v) analyzing the data collected to assess a project's success and lessons learned, and vi) developing a strategy for the DM team based on these evaluations on next steps with the project teams' dissemination of evaluation results.

In addition to our standard cohort evaluations conducted by third party evaluators, DM team annually scans all completed DM projects to identify which have had a sustained impact through replication and/or scale-up of the innovation supported by the DM grant. This information serves as a source of data to determine the drivers of project implementation success and failure. Lessons learned from this analysis are fed back into the DM competition eligibility and selection criteria to enhance the capacity of the DM to select the best innovative proposals for funding. For example, over the years there has been increasing attention paid to how the DM defines and assesses the innovative elements of a proposal. This analysis will also serve as content to maximize learning and sustainable dialogue with civil society and other development practitioners.

Responses to Comments from Switzerland

- 1) Q: Selection criteria focusing on measureable results and “financial sustainability” are problematic. The concept of “financial sustainability” seems confusing: does it refer to a sound financial ground for implementing the project (which should be included in the criterion of “realism”) or does it imply the attempt to assess, at this stage, the “economic” feasibility of the innovation in question, which in fact depends on the very institutional context that needs to adjust in order to achieve sustainable development?**

A: The guidelines for assessors and jurors to evaluate the proposals indicate that:

Under the “realism” criteria, the expected results / outcome of the proposed project should be achievable / realistic within the financial resources (budget) and timeframe of implementation of the DM funding.

Under the “sustainability” criteria, there should be key characteristics of the project that, if successful, will help ensure that the results and development impacts are sustainable after DM funding. Depending on the project design, the characteristics could involve financial and/or organizational sustainability. For financial sustainability, the strategy to become self-perpetuating will differ depending on the type of project:

- For revenue-generating projects, a realistic timeframe and pathway to reach the point of revenue breakeven should be specified.
- For all other projects, the proposal should provide a realistic strategy for sustaining the project’s impact after completion of DM support from sources such as other donors and government agencies.

2) High emissions from travel contribute to CC. The project’s approach to communication is not sufficiently adapted to the overall aim to reduce CC impact. Are any mechanisms foreseen to control such side-effects of the project?

DM has taken great steps to reduce the amount of travel required for the program. For the DM2009 marketplace in Washington DC, the World Bank will purchase offsets from projects in developing countries for the GHG emissions incurred to transport the 100 finalists to the November 2009 event. Supervision of DM2009 projects will be done by mostly by World Bank staff in the countries where the projects are implemented, eliminating the need for air travel.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES

<i>Position Titles</i>	<i>\$/ person week*</i>	<i>Estimated person weeks**</i>	<i>Tasks to be performed</i>
For Project Management			
Local			
International			
Justification for Travel, if any:			
For Technical Assistance			
Local			
International			
Justification for Travel, if any:			

* Provide dollar rate per person week. ** Total person weeks needed to carry out the tasks.

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS

No project preparation grants (PPG) were used for this project.

- A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**
- B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:**
- C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:**

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>				<i>Co- financing (\$)</i>
		<i>Amount Approved</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>	
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					

Total						
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* Any uncommitted amounts should be returned to the GEF Trust Fund. This is not a physical transfer of money, but achieved through reporting and netting out from disbursement request to Trustee. Please indicate expected date of refund transaction to Trustee.

ANNEX E: CALENDAR OF EXPECTED REFLOWS

Provide a calendar of expected reflows to the GEF Trust Fund or to your Agency (and/or revolving fund that will be set up)

No reflows are expected from this project.

ANNEX F: CONFIRMED FUNDING

Below are the confirmed funding by Denmark's Royal Ministry of Foreign Affairs and IFAD. Funding from GFDRR is not yet confirmed.

ROYAL DANISH EMBASSY
Washington

The World Bank
1818 H Street, NW
Washington DC, 20433

Att. Warren Evens, Director, ENV

File
73.C.22-11.WAS/6

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Phone: +1 (202) 234 4300
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E-mail: wassamb@um.dk
<http://www.denmarkemb.org>

Date
19 October 2009



Confirmation of Danish contribution to Development Marketplace 2009 (Multi-Donor Trust Fund)

Dear Mr. Evens,

I am pleased to inform you, that Denmark has decided to support the Development Marketplace 2009 multi donor trust fund with a contribution of Five Million Danish Kroner.

Yours sincerely,


Eva Grambye
Counselor

IFAD's commitment to reduce rural poverty, climate change being one of the major challenges currently faced by rural communities in developing countries.

Collaboration between IFAD and the World Bank Institute on this initiative, which started in early March 2009, led to the development of a joint project which received formal approval by IFAD Executive Board. This was achieved through an efficient and participatory process which involved the respective teams. I am therefore writing to warmly thank you and your team for the support and cooperation provided through this process. The Board approval represents in itself a success, yet we consider this to be just the official start of a much longer - term cooperation with your esteemed institution on the Development Marketplace Initiative.

Yours sincerely,

