

CLIMATE INVESTMENT FUNDS

PPCR/SC.14/3
June 2, 2014

Meeting of the PPCR Sub-Committee
Montego Bay, Jamaica
June 27, 2014

Agenda Item 3

PPCR SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The PPCR Sub-Committee reviewed document, PPCR/SC.14/3, *PPCR Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the PPCR in the pilot countries and regional programs.

The PPCR Sub-Committee invites each PPCR pilot country and regional program to organize a stakeholder meeting to discuss the progress in the implementation of its investment plan and submit a summary report to the CIF Administrative Unit for inclusion of main conclusions and recommendations in appropriate progress reports to the Sub-Committee.

1. This semi-annual operational report provides an update on the status of investments and related activities under endorsed investment plans of the Pilot Program for Climate Resilience (PPCR) for the period from September 1, 2013 to March 31, 2014.
2. There are eleven pilots participating in the PPCR spanning nine stand-alone country pilots and two regional programs, which cover an additional nine countries with funding support for implementation of investment plans. Investment plans for all countries and the regional components have been endorsed by the PPCR Sub-Committee.
3. Projects and programs identified in the investment plans and concepts endorsed under the first round of the PPCR private sector set aside form the PPCR pipeline. Of the 71 projects and programs totaling USD 1.051 billion in the PPCR pipeline, 43 projects and programs totaling USD 736.49 million, 70% of total funding allocations, have received PPCR funding approval by the PPCR Sub-Committee. Thirty-four projects and programs totaling USD 565 million, 53% of total funding allocations, have also been approved by respective MDB. An additional 28 projects are awaiting funding approval by the PPCR Sub-Committee. The ratio of total PPCR funding to co-financing is 1:1.5 at the time of reporting and is based on the most updated information available for projects.
4. During its meeting in November 2012, the PPCR Sub-Committee agreed to allocate USD 88 million in additional PPCR resources to 16 PPCR pilot countries. By May 1, 2014, concept notes for the additionally allocated resources were submitted and endorsed for all but one PPCR pilot country. Most of the additional PPCR resources were programmed as additional to planned or ongoing investments.

The CIF Administrative Unit and MDBs have supported a range of different learning activities for PPCR pilots in FY 14. In October 2013, the CIF, in collaboration with the German Federal Ministry of Economic Cooperation and Development (BMZ), organized a workshop on “Strengthening the Business Case for Climate Resilience” to facilitate an exchange on addressing barriers to private sector engagement in climate resilience and adaptation.

5. In December 2013, the CIF sponsored hydromet experts from Mozambique, Nepal, Niger, Tajikistan, and Yemen to present their early experiences in implementing PPCR-supported hydromet and climate services projects and network with international climate services practitioners at the third International Conference on Climate Services held in Jamaica.
6. The World Bank is leading a PPCR-supported effort to develop an e-learning course to guide task teams and countries in a value chain approach to developing hydromet and climate services investments.
7. As all PPCR pilots have transitioned out of “Phase 1” and into the implementation phase, it was opportune to take stock of what “Phase 1” financing has achieved. Lessons on the effectiveness of “Phase 1” funding, as a tool for developing strategic frameworks for climate-resilient development capable of attracting large-scale and diverse adaptation finance, are being captured and assessed and will be disseminated. The findings presented in the report will be discussed during the 2014 CIF Partnership Forum.

8. Based on feedback received from pilot countries and MDBs, and lessons learned from the PPCR first round of monitoring and reporting in FY14, the CIF Administrative Unit has further improved the *PPCR Toolkit for Monitoring and Reporting*. In March 2014, the CIF Administrative Unit commissioned the second round of monitoring and reporting on the five PPCR core indicators. All pilot countries were requested to report on cumulative results achieved over the period of the endorsement date of their investment plan to March 31, 2014.
9. A participatory and iterative process of developing a light touch version of the PPCR toolkit for the Caribbean and Pacific regional programs has been initiated. The two regional components will report on baselines and targets in FY15.
10. In April 2014, the CIF launched a virtual Monitoring and Reporting Community of Practice for PPCR pilot countries and stakeholders in response to pilot country requests for guidance on monitoring and reporting in the relatively new field of climate resilience and to promote continued South-South learning through the sharing of country challenges, concerns, and successes while implementing the PPCR results framework.
11. 29 projects and programs, requesting nearly USD 440 million in PPCR resources, were forecasted for funding approval by the PPCR Sub-Committee during the current reporting period. This target was not met. Instead, the Sub-Committee approved ten projects totaling USD 226 million in PPCR resources during the current reporting period. Compared to the previous reporting period, this represents a more than doubling in funding approvals.
12. For the upcoming reporting period, the pipeline projects that 13 projects and programs will be submitted for PPCR funding approval totaling USD 153 million.
13. By the end of the reporting period, 13 out of the 20 PPCR pilots have received PPCR funding approval for more than 50% of the indicative funding allocation endorsed by the PPCR Sub-Committee. Also, 9 out of 20 pilots have had over 90% of their funding approved.
14. Of the 71 projects and programs currently in the PPCR portfolio, 16 are directly providing funding to private sector clients (including 6 private sector set-aside projects), and 55 are public sector operations. Of the 43 projects and programs which have received PPCR funding approval by the Sub-Committee, 6 are private sector investments, and the remaining 37 are public sector investments. 1 of the 34 MDB approved projects and programs is a private sector investment, and the remaining 33 are public sector projects.
15. As the implementation of the PPCR investment plans progresses, a number of strategic issues are emerging: (1) challenges with PPCR funding availability from November 2014 through May 2015; (2) need for regular meetings at the country level to take stock on progress and address challenges with the implementation of the PPCR investment plans; and slow pace of PPCR disbursements.
16. Projections by the Trustee of available commitment authority against the current pipeline of projects and programs to be submitted for PPCR funding in FY 14 and FY 15 indicates that by December 2014, there will be a deficit in terms of available PPCR commitment authority. Any

projects currently scheduled for PPCR funding approval between November 2014 and May 2015, based on current funding projections, will not be able to be financed at that time. Scheduled payments by contributor countries in June 2015 will allow PPCR funding approvals for the projects submitted between November 2014 and May 2015 and those scheduled for submission in June 2015. There is a shortfall of PPCR resources in the amount of USD 32.5 million after June 2015, which will be recovered once restricted funds set aside by the Trustee for managing currency exchange risks are released.

17. The uncertainty of when PPCR resources become available could potentially result in delays in the design and implementation of PPCR projects and programs. The CIF Administrative Unit is working with the Trustee and contributor countries to find a solution for the temporary PPCR funding shortfall between November 2014 and May 2015.

18. The most recent *CIF Disbursement Report* shows that during the first half of FY14 a total of USD 21.2 million in PPCR resources were disbursed, bringing cumulative PPCR disbursements to USD 46.8 million. Compared to USD 8.5 million in PPCR disbursements during the second half of FY2013, the disbursement increased by a factor of 2.5.

19. The PPCR promotes a programmatic and partnership-based approach to PPCR planning and implementation. Country ownership is central to this approach, and the country focal point leads the coordination of the process. During the preparation of the PPCR investment plan, stakeholder meetings are held to discuss priority areas of investments and how various stakeholder groups can be involved in the preparation and implementation of PPCR investments. PPCR resources have been allocated under one or several projects to finance these targeted activities, and resources have been made available to the MDBs through the CIF Administrative Budget to enable the MDBs to assist the governments in organizing these meetings.