

CLIMATE INVESTMENT FUNDS

PPCR/SC.16/3
April 19, 2015

Meeting of the PPCR Sub-Committee
Washington D.C.
Thursday, May 14, 2015

Agenda Item 3

PPCR SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The PPCR Sub-Committee reviewed document, PPCR/SC.16/3, *PPCR Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the PPCR in the pilot countries.

I. INTRODUCTION

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 October 1 to December 31, 2014.
2. The reporting period has been adjusted to reflect a biennial reporting framework. The Semi-Annual Reports will report on project approvals as of end December for the first semi-annual reporting and as of end June for the second one. The shortened reporting period for the current Semi-Annual Report is an effort to avoid double counting for project approvals, as the last report covered the period from April 1-September 30, 2014.

II. STRATEGIC ISSUES IN THE PPCR

Expansion

3. The CIF AU invited countries eligible to the PPCR to submit expressions of interest in accordance with these criteria. A total of 34 countries submitted expressions of interest, including 17 from the Africa region, 6 from Asia-Pacific; 2 from Europe and Central Asia; 1 from the Mediterranean and North Africa; and 8 from Latin America and the Caribbean. An Expert Group was established to assess the expressions of interest submitted. The Expert Group noted that the robust quality of the expressions of interest reflects strong interest among eligible countries to participate in the PPCR. These submissions also underline a strong demand for financing for adaptation activities, in particular from the PPCR. The Expert Group prepared a report with its recommendations, PPCR/SC.16/4, *Report of the Expert Group to the PPCR Sub-Committee on Selection of New Pilot Countries*, to be presented to the Sub-Committee.

Private sector engagement

4. The PPCR currently has 12 endorsed and active concepts supported by the mechanism. A total of USD 75.35 million in PPCR near-zero interest credit resources have been allocated for these projects. Two projects have received sub-committee funding approval totaling USD 15 million. Three concepts totaling USD 20.75 million are expected to come for Sub-Committee funding approval before the end of FY15. This would leave 7 remaining concepts for a total of USD 39.6 million to be approved in FY16.
5. The CIF AU and the multilateral development banks (MDBs) have also proposed a Strategic Climate Fund (SCF) Private Sector Facility, the structure of which will follow a first come, first serve approach and will open eligibility to more countries.

Progress and challenges in project delivery including resource requirements and potential shortfalls

6. At the November 2014 meeting, projections by the Trustee of available commitment authority against the current pipeline of projects and programs to be submitted for the PPCR funding in FY15 and FY16 indicated that by April 2015, there would be a deficit in terms of available PPCR commitment authority of USD 20.5 million.

7. Due to the recent contribution from the United Kingdom at the last November 2014 meeting, there will be enough funding for projects and programs until the end of FY15. For FY16, Nepal and Papua New Guinea, through the MDBs, have expressed their interests in accessing the currently unutilized funding allocation. By end of FY16, there will be a shortfall of USD 26.80 million. This shortfall may be addressed once reserve funds in the amount of USD 62.03 million set aside by the Trustee for managing currency exchange risks are released, investment income is increased, and/or exchange rate losses are recovered.

Monitoring and reporting

8. The next PPCR Results Report will be presented at the November 2015 Sub-Committee meeting in order to follow the same calendar year of the pipeline reporting period. Country data collection period is from January 1 to December 31 2014 and submission to the CIF AU will be by June 2015.

9. The CIF AU has been working with the MDBs to assess whether and which PPCR countries need additional support for monitoring and reporting. After several consultations, two countries, Jamaica and Tonga, have requested support on how to improve their data gathering and results analysis. The CIF AU plans to provide training workshops in Haiti, Jamaica and Tonga and invite some of the other PPCR Caribbean and Pacific countries to participate.

Knowledge management

10. Representatives from seven of the PPCR countries (Saint Lucia, Mozambique, Haiti, Zambia, Niger, Tajikistan and Yemen) joined climate scientists and modelers, climate services providers and users, and decision- makers from around the world at the fourth annual International Conference on Climate Services (ICCS4¹) in Montevideo, Uruguay on December 10-12, 2014.

11. The next PPCR pilot countries meeting will be held from July 20 to 22, 2015 and will be hosted by the European Space Agency at their Centre for Earth Mapping in Frascati, Italy. With a view to promoting more substantive, targeted dialogue among PPCR countries and key external stakeholders, this meeting will explore key themes that are of importance to countries' current

¹ Hosted by the Uruguayan Ministry of Agriculture, Livestock and Fisheries, with support from the World Bank and the Climate Change Agriculture & Food Security (CCAFS) theme of the Consultative Group on International Agricultural Research (CGIAR

stage of development and the future of the PPCR, including private sector engagement and the integration of science into resilience planning.

12. The CIF is organizing a CIF-MDB-UNESCO event in the margins of the annual PPCR pilot countries meeting. This event links to UNESCO's International Scientific Conference in Paris in July, which brings together leading scientists and academics in the build-up to the COP in Paris. It also aims to expand on the technical and scientific sessions of the preceding pilot countries meeting.

III. STATUS OF THE PPCR

13. The pledge volume to the PPCR is USD 1,211.4 million². The PPCR Sub-Committee has approved USD 808.33 million (75% of PPCR funding) for a total of 47 projects and programs. The MDBs have approved USD 777.13 million (72% of PPCR funding) for a total of 44 projects and programs.

14. Strategic program for climate resilience (SPCR) plans for all nine pilot counties and the two regional programs, including the nine countries under the regional programs, have been endorsed. The call for proposals under the PPCR private sector set-aside in 2013 resulted in 12 endorsed concept notes which will further enhance private sector engagement in climate resilience activities.

Update since last semi-annual report

15. During this reporting period, October 1 to December 31, 2014, the PPCR Sub-Committee approved PPCR funding for one project totaling USD 10.00 million. After the reporting period, two projects were approved by the Sub-Committee for a total of USD 13.80 million.

IV. PPCR PORTFOLIO OVERVIEW AND ANALYSIS

Portfolio overview by milestones

16. Below an overview of the PPCR portfolio in terms of approvals throughout the CIF project cycle. The portfolio contains a total of 75 projects and programs:

- a) 63 projects and programs (USD 1,034.4 million) agreed in the endorsed investment plans
- b) 12 projects (USD 75.0 million) supported under the PPCR private sector set-aside
Project funding approval: FY15 and FY16 outlook

² Currency exchange rate as of September 30, 2014

17. The forecast for the remainder of FY15 is that a total of 16 projects and programs will be submitted for PPCR Sub-Committee funding approval totaling USD 200.30 million. Under the private sector set-aside, five additional concepts totaling USD 36.75 million are expected to come for Sub-Committee funding approval before the end of FY15.

18. By the end of FY15, an estimated total of 19 projects and programs with USD 236.2 million will be approved by the Sub-Committee, including the five concepts under the private sector set-aside.

19. For FY16, the projected project approval is USD 52.25 million for 7 projects under endorsed SPCRs and USD 23.6 million for 5 projects under the private sector set-asides. In total, 12 projects and programs amounting to USD 75.85 million will be submitted to the PPCR Sub-Committee for funding approval.

Co-financing summary

20. The projected cofinancing ratio at the time of the endorsement of the PPCR investment plans was 1: 1.4. The ratio of total PPCR funding to co-financing based on the most updated information available for MDB approved projects is 1:1.4.

21. It is apparent that the largest co-financing partner for PPCR projects and programs are the MDBs. The projected co-financing by MDBs is USD 940.69 million or 64% of the total projected co-financing of USD 1,473.51 million. This is consistent with the mandate of the CIF to build on existing or planned MDB operations and to use CIF resources to further enhance these operations in a way that they go above and beyond the business-as-usual (principle of “additionality”).

Actual and projected disbursements

22. Disbursements for the PPCR have grown by 50 percent between June 30 and December 31, 2014, from USD 60.7 million to USD 90.7 million. This growth was driven mostly by disbursements to projects in Bangladesh (USD 8.1 million) and Niger (USD 7.8 million).