

# CLIMATE INVESTMENT FUNDS

PPCR/SC.21/3  
December 5, 2017

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Meeting of the PPCR Sub-Committee  
Washington, DC  
Tuesday-Wednesday, December 12-13, 2017

Agenda 3

## **PPCR OPERATIONS AND RESULTS REPORT (SUMMARY)**

## **PROPOSED DECISION**

The PPCR Sub-Committee reviewed the document, PPCR/SC.21/3, *PPCR Operations and Results Report*, and welcomes the progress that has been made in advancing the work of the PPCR in the pilot countries.

The Sub-Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on achievements and results, resource availability, pipeline review, and portfolio updates.

## 1 Introduction

1. This Operations and Results Report identifies key strategic issues of the Pilot Program for Climate Resilience (PPCR), and provides a status update on its portfolio of programs and projects and progress made in achieving PPCR objectives through its established results indicators. The operational status update covers all pilot countries and regional programs during the period January 1 to June 30, 2017 (with additional updates to end of October, 2017 as a measure to facilitate discussion and decision-making during the December 2017 PPCR Sub-Committee meeting). The results reporting covers cumulative achievements as of December 31, 2016 for the original pilots only.

## 2 Strategic issues

2. As of June 30, 2017, the PPCR portfolio comprises 66 projects for a total funding allocation of USD 1,029.4 million. These include 59 projects under the endorsed strategic programs for climate resilience (SPCRs) of the original pilot countries and seven projects under the PPCR private sector set-aside (PSSA). Out of the 66 projects, 62 projects have been approved by the PPCR Sub-Committee for a total funding of USD 977.8 million, leaving only four more projects for approval. As the projects start to mature, disbursement continues to progress, reaching USD 310 million by June 30, 2017 which is equivalent to 32 percent of MDB-approved funding totaling USD 966 million.
3. Two from the new 10 pilot PPCR countries, Uganda and Ethiopia, have submitted their SPCRs and was endorsed by the PPCR Sub-Committee in June 2017. The SPCRs of the remaining 8 pilot countries are expected to be submitted and endorsed in the next PPCR Sub-Committee meeting in December 2017. To date, however, no funding is available for the new pilot countries to fund the preparation and implementation of projects and programs under the endorsed SPCRs.
4. Resource Availability. As of September 30, 2017, the PPCR funding envelope stands at USD 1.16 billion. Cumulative funding commitments have reached USD 1.1 billion resulting in an unrestricted fund balance of USD 46.3 million.<sup>1</sup>
5. Following consultations between the CIF Administration Unit and Trustee, two new line items have been added to the SCF program-level calculations of available resources:
  - A. Administrative Expense Reserve: At the CIF's inception, investment income was anticipated to exceed administrative expenses. However, due to low interest rates and declining trust fund balances investment income has been and will continue to be insufficient to cover the estimated SCF administrative expenses.
    - (i) The June 2017 Trustee Report incorporated three years of estimated administrative expenses of the CIF AU, MDBs and Trustee but this was reported at the SCF Trust Fund level and not reflected in the available resources of the three SCF programs.
    - (ii) The CIF AU and Trustee deem it prudent now to set aside the equivalent of a five-year administrative expenses reserve (net of forecasted investment income) to meet the

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<sup>1</sup> Unrestricted fund balance pertains to PPCR financing resources available for commitment.

need for resources for the operations of the CIF AU, MDBs and Trustee as they continue to ensure the implementation of the SCF programs into the future. The impact of this reserve is reflected in the current Trustee report.

(iii) In accordance with the SCF Contribution Agreements, administrative expenses must be allocated to all SCF Programs on a pro rata basis based on the fund balance in each SCF Program. These expenses must be paid with grant resources. Given the existing funding situation in the SCF programs, by FY22 the FIP is expected to be the only program with a fund balance. The pro-rata allocation requirement will therefore impact the FIP disproportionately going forward, as it will be required to fund all SCF administrative expenses for as long as it remains the only program with an outstanding fund balance.

(iv) The PPCR has been apportioned USD 2.4 million of a total USD 53.1 million of the SCF administrative expenses for FY19-23.

B. Country Programming Reserve: an estimated allocation, for the approved FY18 and projected FY19-23 Country Programming budget amounts, has been added to the Trustee report. PPCR has reserved USD 2.5 million for country programming for FY18-23.

6. As of September 30, 2017, PPCR had an unrestricted fund balance of USD 41.3 million after incorporating the reserve for administrative expenses and country programming budget.
7. Total anticipated commitments for projects amount to USD 29.5 million. This includes a pipeline of three projects (from endorsed SPCRs of the first group of pilot countries) for PPCR Sub-Committee approval. PPCR therefore has USD 11.8 million of available resources as of September 30, 2017.
8. If expected contributions of GBP 12million (USD 16.1 million as of September 30, 2017) are received and the of currency risk reserves amounting to USD 2.0 million are not needed to mitigate further declines in the GBP, the PPCR has potential available resources amounting to USD 29.8 million, divided between USD 11.0 million in non-grant and USD 18.8 million in grant financing (see Table 1).
9. In the previous PPCR semi-annual report, it was noted that PPCR had a shortfall of available resources to fund projects in the pipeline requiring grants. Given the cancellation of an approved project in Yemen, grant resources amounting to USD 17.42 million was returned resulting to availability of additional grant resources for the PPCR. Detailed information on the resources available for PPCR activities is provided in Annex 1.
10. Pipeline Management. Following the new pipeline management policy for PPCR, three projects were cancelled. Also, Niger and Zambia submitted requests for an SPCR update to shift the administration of one of their respective PPCR projects remaining in the pipeline from IFC to IBRD and to shift resources from private to public. Both requests were approved by the PPCR Sub-Committee in June 2017. These projects are expected for approval by November 2017.

11. Knowledge Management and Country Engagement. Since June 2016, the PPCR has organized a series of Regional Dialogue and Knowledge Exchanges to facilitate peer-to-peer learning among PPCR countries and regional pilots. These events have been conducted in the Pacific (June 2016), Asia-Pacific (October 2016), Africa (February 2017) and Latin America and the Caribbean (September 2017). In October 2017, the PPCR launched its first country-to-country knowledge exchange between Cambodia and Zambia. The pilot countries have found these events extremely beneficial as opportunities to speak about their PPCR experiences, learn from one another, and deepen understanding of climate change issues and development challenges.
12. The CIF Administrative Unit is tracking and evaluating the effectiveness of the PPCR Regional Dialogues and Knowledge Exchanges to identify gaps, and improve future, similar activities. The results of the evaluation are expected to feed into the design of the PPCR pilot countries meeting and other knowledge-related events and products.
13. Also, through the Evaluation and Learning Initiative, PPCR has engaged a Learning Partner, Oxford Policy Management Limited (OPM Ltd), to help create and facilitate a dynamic, actively-engaged knowledge and learning network among the PPCR community of practitioners (COP). These include recipient countries, MDBs and other stakeholders to generate and share practical, evidence-based learning to advance climate resilience goals both in the PPCR and globally.
14. Partnership between CIF and the Global Delivery Initiative. The CIF has also entered into a partnership with the Global Delivery Initiative (GDI), a collaborative effort to create an evidence base of delivery know-how that can be used to inform development practice and improve implementation. The GDI and its partners support practitioners on the ground to adapt to dynamic contexts and solve stubborn delivery challenges. In October 2017, the CIF officially joined the GDI partnership as its 40th member. A series of six CIF project case studies is being developed in collaboration with the MDBs, including two case studies of PPCR projects. The case studies will be undertaken in 2018 utilizing the GDI methodology.
15. Stocktaking Review of the PPCR M&R Toolkit. During the first half of 2017, the CIF Administrative Unit, in collaboration with MDBs and PPCR countries, conducted a stocktaking review of the PPCR monitoring and reporting (M&R) system. The review examined how to enhance the system's effectiveness and usefulness and addressed issues identified in implementation over the last three years, mainly related to consistency and reliability of data and access to more granular and project level data. This participatory and successful exercise was completed with the endorsement of the PPCR M&R Stocktaking Review Report by the PPCR Sub-Committee in June 2017.

### **3 Status of PPCR Portfolio**

16. As of June 2017, USD 1.03 billion has been endorsed by the PPCR Sub-Committee as indicative allocations to the original pilot countries, totaling 66 projects included in SPCRs and the PSSA. Sixty two out of the 66 projects have been approved by the PPCR Sub-Committee for a total funding of USD 977.8 million leaving only 4 more projects to approve.<sup>2</sup> In terms of MDB approved

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<sup>2</sup> To date, only 2 projects are remaining for approval by the PPCR Sub-Committee; one for Niger and one for Zambia.

funding, 60 out of the 62 PPCR Sub-Committee approved projects have been approved by the MDBs for a total funding of USD 966.2 million. Table 1 provides a summary of the portfolio status.

Table 1: Overview of PPCR Portfolio (USD million)

	Indicative pipeline allocation			Approved funding		Disbursement
	TOTAL	IP	PSSA	Committee	MDB	
<b>PPCR funding (in USD M)</b>	1,029.4	988.7	40.7	977.8	966.2	310
<b>Number of projects</b>	66	59	7	62	60	53

17. Co-financing. Total expected co-financing for the entire PPCR portfolio increased from USD 2,047 million in FY2016 to USD 2,132 million in FY2017, which translates to a co-financing ratio of 1:2.1. For all MDB approved projects, total expected co-financing also showed an increase from USD 1,960 million to USD 2,019 million or a ratio of 1:2. In both cases, the largest co-financing partners for PPCR projects and programs are the MDBs, followed by recipient governments, bilateral/other donors, and the private sector.
18. Strategic Program for Climate Resilience. As of June 2017, the PPCR Sub-Committee had endorsed a total of 22 SPCRs. These include 18 from all original pilot countries and 2 regions (Pacific and Caribbean) and those for Ethiopia and Uganda.
19. Subcommittee Approvals. During the reporting period, the PPCR Sub-Committee approved funding for one public sector project and two private sector projects for a total of USD 17.8 million (USD 7 million grant and USD 10.8 million non-grant). The project approved for Haiti is a public sector project and the remaining 2 approved projects, one for Bolivia and one for Saint Lucia, are under the PSSA funding window. Only 2 projects are remaining to be approved by the PPCR Sub-Committee totaling USD 24.2 million.
20. MDB Approvals. One project and two private sector sub-projects were approved by their respective MDB Boards during the reporting period for a total of USD 20.7 million.
21. Project Implementation and Completion. The Nepal project, *Mainstreaming Climate Change Risk Management in Development* (ADB), was completed, bringing the total number of PPCR projects completed to three. Fifty-three MDB-approved projects are currently ongoing and disbursing PPCR funds. These include 47 from the public sector and six from the private sector.
22. Disbursements. The PPCR is making significant progress in disbursements with a total amount of USD 310 million by the end of the reporting period. These include SPCR preparation grants worth USD 13.6 million, project preparation grants in the amount of USD 13.0 million, and project disbursements totaling USD 283.4 million (USD203.4 million grants and USD 80 million concessional loans). The total disbursement is equivalent to 32 percent of the total amount of

MDB-approved funding. This is a 67-percent increase from end of FY2016. Fifty-three of the 60 projects approved by MDBs have already disbursed PPCR funds.

#### 4 Cross-cutting Themes

23. Knowledge Management. Aside from Regional Dialogue and Knowledge Exchanges and the engagement of the PPCR Learning Partner, PPCR countries continues to be engaged in the CIF's Evaluation and Learning (E and L) Initiative. A total of six E and L activities focused on PPCR are now being undertaken through the E and L Initiative first round of call for proposals. A second call for proposals was launched at the end of August 2017, and several PPCR-related proposals are expected to be submitted.
24. Gender. PPCR portfolio of projects approved by the Sub-Committee from January 1 – June 30, 2017 was reviewed to identify program progress regarding gender 'quality at entry'. The three "scorecard" indicators regarding presence of (i) Sector-specific Gender Analysis; (ii) Women-Specific Activities; and (iii) Sex-disaggregated Indicators were reviewed for each project. Two-thirds (2 out of 3) of PPCR projects approved during the period under review were found to host sector-specific gender analysis, gender-disaggregated indicators and specific activities targeted at women, compared to less than one-third of projects at the baseline in June 2014.

#### 5 Results Reporting

25. PPCR has made substantial progress toward its program goals with different degrees of results achieved by December 31, 2016:
  - The PPCR is projected to support 40.5 million people to cope with the adverse effects of climate change over the lifetime of the implementation of 51<sup>3</sup> approved projects in 16 countries. Of these beneficiaries, an estimated 50 percent will be women.
  - As of December 2016, more than 8.6 million people, including 4.3 million women (50.2 percent), have been directly supported by 33 PPCR projects under implementation (21 percent of cumulative target).
  - Between 2015 and 2016, the number of people supported by the PPCR to cope with effects of climate change has increased by 5.8 million.
  - The mainstreaming of climate resilience into national and sector development planning (e.g., agriculture, transport and infrastructure, water resource management, environment and natural Resources) is progressing well as indicated by the trends in both country national data and MDB project data. As of December 30, 2017, the PPCR has contributed to the integration of climate change in 302 local/community development plans or strategies, 77 sectoral plans or strategies, and nine national development plans or strategies through 26 projects in 14 countries.
  - Government capacity to mainstream climate change is also improving with the support of the PPCR as evidenced by progress reported by countries. 34 approved PPCR projects have provided training on climate-related topics, already reaching more than 43,312 people or 29 percent of 151,770 people targeted. Training has targeted both

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<sup>3</sup> This indicator does not apply to four of the 55 approved projects.

government and non-government beneficiaries, such as CSOs, small business owners, and entrepreneurs, and has covered topics like drainage and waste water management techniques, forestry management techniques, bio-engineering, soil and water conservation, and gender mainstreaming in adaptation. In addition, more than 286 knowledge products/studies/platforms (almost 50 percent of the cumulative target) have been developed to support in-country capacity development efforts.

- The PPCR is supporting the development and delivery of climate innovations and technologies that help people at risk build their resilience and adapt to climate disasters, climate vulnerability, and climate change. The PPCR has, for example:
  - Transformed more than 8,2677 hectares (ha) of land and water (44 percent of 185,029 ha cumulative target) through sustainable land and water management practices;
  - Built or rendered functional 61 hydrological stations and 58 meteorological stations;
  - Supported the construction and rehabilitation of 735 km of roads (40 percent of 1,819.95 km targeted) and more than 734 climate-smart, small scale structures like schools, hospitals, and disaster shelters (20 percent of the 3,665 structures targeted);
  - Supported the creation of climate adaptation financing facilities that have supported more than 1, 545 households (130 percent of the target of 1180) and 577 small businesses (461 percent of the target of 125)
  - The uptake of these innovative tools or instruments is significant: As of December 31, 2016, more than 2,300,000 households; 25,000 businesses, 3,000 public sector service entities and 5,000 communities have used PPCR-supported tools/instruments