

CLIMATE INVESTMENT FUNDS

PPCR/SC.12/3

April 8, 2013

Meeting of the PPCR Sub-Committee

Washington D.C.

May 1, 2013

Agenda Item 4

PPCR SEMI-ANNUAL OPERATIONAL REPORT

(SUMMARY)

PROPOSED DECISION

The PPCR Sub-Committee reviewed document, PPCR/SC.12/3, *PPCR Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the PPCR in the pilots.

The PPCR Sub-Committee:

- a) recalls that the agreed approach for the *Pipeline Management of the Target Programs under SCF* calls for the submission to the Sub-Committee, for review and endorsement of an update or proposed revisions to any investment plan for which all projects and programs have not received CIF funding approval within 24 months of the plan's endorsement date;
- b) takes note that six pilots have already reached the 24-month milestone and an additional seven will reach the milestone within the next six months; and
- c) requests these pilots to provide an update or a revision to the SPCR to be submitted to the Sub-Committee by mail or at the next meeting of the PPCR Sub-Committee.

The PPCR Sub-Committee further requests the CIF Administrative Unit and the MDBs to expedite the effective and consistent implementation of the agreed PPCR results monitoring and reporting program.

I. INTRODUCTION

1. This note provides an update on the status of the Pilot Program for Climate Resilience (PPCR) and related activities, including a review of the status of PPCR-funded projects and programs under endorsed investment plans¹. The report covers the period from September 15, 2012, to March 15, 2013.

II. STATUS OF THE PILOT PROGRAM FOR CLIMATE RESILIENCE

Program Progress

2. The PPCR is a robust program with a portfolio of 62 projects and programs which show varying degrees of compliance with meeting agreed benchmarks in the CIF programming cycle. Over the past six months, the submission of projects and programs for PPCR funding approval has slowed. Current submission forecasts indicate that delays are expected to continue over the next 12 months. Emerging experiences and lessons from the PPCR programming process and early implementation reflect and confirm the opportunities and complexities associated with climate-resilient development.

3. All nine PPCR single country pilots have endorsed investment plans, but are at different stages of implementation. Eight of the nine countries participating in the Caribbean and Pacific regional programs as well as their regional components have endorsed strategic programs for climate resilience (SPCRs). Haiti, a country participating in the Caribbean regional program, has finalized its programming process and submitted its SPCR for review and endorsement by the PPCR Sub-Committee.

4. This report highlights three strategic lessons that are emerging from the PPCR.

Importance of investments in climate data and hydrometeorological services

5. Many pilot countries are highly vulnerable to the impacts of climate variability and change. The impacts of climate change are expected to exacerbate these vulnerabilities, jeopardizing the sustainability of present and future development progress. PPCR pilot countries have identified improvements to their climate data systems and hydromet services as a top priority for addressing climate and weather-related vulnerabilities. All endorsed SPCR include operations to strengthen climate data and hydromet services.

6. All MDBs are supporting one or more operation which incorporates climate data or hydromet services. Responding to PPCR pilot interest, the hydromet services have been a priority knowledge area for the World Bank during the past 18 months. The World Bank is also developing an online module for hydromet services. Furthermore, climate data and hydromet services will be a learning priority under the CIF Global Support Program during FY 2014. A technical and learning session for interested PPCR pilots is planned for August 2013 in Tajikistan. The Government of Tajikistan has offered to host the meeting.

¹ For PPCR: Strategic Programs for Climate Resilience – SPCR.

Slowdown in the Submission of Projects and Programs for PPCR Funding Approval

7. The current status of the PPCR portfolio suggests two groupings of projects and programs: (1) projects and programs meeting the agreed benchmarks for various steps in the project cycle and moving through the PPCR programming cycle in a timely manner, and; (2) projects and programs which have fallen behind schedule for meeting benchmarks agreed in the document *Pipeline Management of the Target Programs under SCF*².

8. The recently updated pipeline indicates that 40% of the projects and programs in the PPCR portfolio have received PPCR funding, while 60% are still under preparation for funding approval by the PPCR Sub-Committee. Of these later projects and programs still under preparation, 92% are behind schedule according to agreed benchmarks.

9. Project and program delays will continue to be monitored carefully. As of April 2013, there are six pilots (Bangladesh, Niger, Tajikistan, Grenada, St. Vincent and the Grenadines and Samoa) for which PPCR funding approval for all projects and programs has not been completed within 24 months of the SPCR's endorsement. Over the next six months, seven additional PPCR pilots (Bolivia, Cambodia, Mozambique, Nepal, Zambia, Jamaica and St. Lucia) will reach the 24 months milestone. The most recent pipeline update suggests that the funding approval rate for each of these pilots will also fall short of 100%.

10. Consistent with the agreed pipeline management approach for the SCF, for pilots which have not received PPCR funding approval for all projects and programs within 24 months of the SPCR endorsement date, there is need for either an update or a revision to the SPCR to be shared with the Sub-Committee by mail or at the next meeting of the PPCR Sub-Committee.

Challenges and opportunities related to results monitoring in the PPCR

11. The overall objective of the CIF monitoring and reporting is to generate, aggregate, synthesize and report data across countries and programs to demonstrate results by building on and complementing existing reporting mechanisms of the pilot countries, regional organizations and the MDBs. During the coming fiscal year, the CIF monitoring and reporting program aims to create a functioning CIF monitoring and reporting system; generate and analyze high quality data; and place learning at the center of all CIF activities.

12. During its meeting in November 2012, the PPCR Sub-Committee reviewed and endorsed a revised simplified PPCR results framework, which five core indicators to be measured at the SPCR-level.

13. The Sub-Committee further requested each PPCR pilot, in collaboration with the MDBs, to align the previously endorsed SPCR results frameworks with the revised PPCR results framework; to prepare, by the end of March 2013, a work plan (including identification of additional capacity development or financial support required for implementation of the work

² November 2011

plan) for monitoring and reporting on core indicators, for submission to the Sub-Committee in May 2013; to establish and communicate to the CIF Administrative Unit, by the end of August 2013, targets and baselines for SPCR-specific indicators; and to report, beginning July 30, 2014 and continuing on an annual basis thereafter, on SPCR outcomes in accordance with agreed outcome-level indicators included in the PPCR results framework.

14. MDBs have identified a range of challenges regarding the feasibility of meeting the above deadlines for the PPCR monitoring and reporting program. A first draft of the work plans for each pilot is expected to be discussed during the meeting of PPCR pilots on May 1-3, 2013 in Washington, DC. Subsequently, all pilots will finalize their work plans which will be shared with the PPCR Sub-Committee and posted on the website.

15. MDBs have indicated that some pilots may require additional time to prepare baselines, targets, and monitoring and reporting work plans. With the support of MDBs, pilots will aim to establish and present baselines and targets by November 31, 2013, to be reviewed at the next PPCR Sub-Committee meeting, in order to meet the July 30, 2014 deadline for initial results reporting.

16. To ensure effective and consistent implementation of the agreed PPCR results monitoring and reporting program, the CIF Administrative Unit, in collaboration with the MDBs, developed guidance sheets on the monitoring and reporting work plan as well as guidance sheets which clarify the intended method for utilizing the core indicators in monitoring and reporting processes.

III. PROGRESS ON PROJECTS AND PROGRAMS

17. The PPCR pipeline is comprised of the 62 projects and programs included as concepts in the 19 investment plans endorsed to date. During the current reporting period, the Sub-Committee reviewed and approved PPCR funding of USD 128.5 million for nine projects and programs, including USD 8 million of the total USD 88 million additional grant allocations from November, 2012.

Update on the PPCR Private Sector Set-Aside

18. The procedures for allocating PPCR resources on a competitive basis from a set-aside to enhance private sector engagement in the PPCR were approved in February 2013. The CIF Administrative Unit began accepting proposals in March 2013 and will continue to do so until August 15, 2013. MDBs are working with prospective clients to develop concepts in accordance with the agreed criteria set forth in the procedures. All received proposals will be posted on the website.

19. PPCR contributors and pilots were invited to nominate experts as candidates to serve on the group of four experts that will be responsible for reviewing submitted concepts in accordance with the agreed criteria and preparing a list of priority concepts recommended for PPCR funding. To date, no experts have been nominated by the group of contributor countries; six experts have been nominated by the group of pilot countries and regional organizations.

20. Once a sufficient number of nominations of potential experts has been received, it is planned that the review group will meet in September 2013 to review all submitted concept notes.

IV. ANALYSIS OF PORTFOLIO TRENDS

Funding Approvals by Sectoral Focus

21. As of the end of the current reporting period, the sectoral breakdown of PPCR funding approval, as compared to sectoral indicative allocations, are as follows: of 10 climate information systems and disaster risk management projects/programs USD 97 million of USD 154 million has been approved (63%); of 11 enabling environment projects/programs, USD 64 million of USD 96 million has been approved (67%); of 9 infrastructure projects/programs, USD 73 million of USD 149 million has been approved (49%); of 15 agriculture and landscape management projects/programs, USD 127 million of USD 248 million has been approved (51%); of 11 water resource management projects/programs, USD 52 million of USD 208 million has been approved (25%); of five coastal zone management projects/programs, USD 1 million of USD 61 million has been approved (2%); none of the USD 16 million indicative funding allocation has been approved for the one urban development project in the PPCR pipeline.

Distribution of public and private sector projects and programs

22. The majority of PPCR resources have been allocated to public sector operations. Of the 62 projects and programs in the PPCR portfolio, 52, or 84%, are public sector operations, while 10, or 16%, are private sector operations. Of the USD 862 allocated to these public sector operations, USD 405 million (50%) has been approved by the PPCR Sub-Committee, while USD 10 million of the USD 71 allocated to private sector operations (14%) has been approved.

23. Recognizing the challenges and opportunities of involving the private sector in adaptation investments, a private sector set-aside was created to facilitate the development of innovative, break-through instruments and strategies to stimulate the development of private sector projects and programs in the PPCR pipeline. Lessons from the development of private sector investments supported through endorsed SPCRs will inform the new mechanism its procedures, where appropriate.

V. TRACKING PROJECT DELIVERY

24. As of March 15, 2013, PPCR funding for 26 projects has been approved by the Sub-Committee totaling USD 399 million (USD 254 million in grants and USD 144.8 million in near-zero interest credits). These resources are expected to leverage a total of USD 512 million in co-financing (ratio of 1:1.28).

25. Of the 62 projects and programs in the PPCR portfolio, 26 projects and programs representing a combined USD 399 million have been approved by the PPCR Sub-Committee,

and are expected to leverage a total of USD 512 million in co-financing (ratio of 1:1.28). Of these projects and programs, 20, representing USD 306 million, have also been approved by the respective MDB. A remaining 36 projects and programs, representing USD 518 million, are under preparation for submission to the PPCR Sub-Committee for funding approval.

26. Based on the most recent pipeline update, 27 projects and programs are expected to be submitted to the PPCR Sub-Committee for review and funding approval during the upcoming reporting period (March 16 – October 15, 2013); 15 projects and programs are expected to be approved by MDBs.

Portfolio Management - Traffic Lights

27. During the reporting period, the PPCR portfolio has changed significantly in terms of delivery confidence to meet the agreed benchmarks in the pipeline management system for SCF targeted programs. Of the 20 projects and programs approved by the MDBs, 16 are on target to meet the agreed benchmark for the timely delivery to effectiveness (six months or less; “green light”). Three are slightly delayed but will reach effectiveness in nine months or less (“yellow light”).

28. Of the 36 projects and programs in the PPCR pipeline under preparation for Sub-Committee funding approval, three, representing USD 44 million, are “green lights;” 13, representing USD 230 million, are “yellow lights;” and 20, representing USD 243 million, are “red lights.” Nine of the 20 projects exceeding the agreed benchmark for timely submission by more than six months (“red lights”) are private sector projects or programs, and represent a combined USD 62 million of the total financing under preparation for PPCR funding approval.

29. During the meeting of the Sub-Committee in November 2012, it was reported that 66% of all projects and programs under preparation for PPCR funding approval by the Sub-Committee had fallen behind schedule (e.g. “yellow light” or “red light”). This figure has now increased to 92%. The delays are associated with necessary refocusing of project scope; procurement challenges; and extreme event such as typhoons and the difficulty of the government to secure experienced consultants. Delays in the submission of private sector investments are linked to market barriers and difficulties in identifying private sector investment opportunities for the programs.

FY 13 Funding Requests – Projections and Actuals and Outlook for FY 14

30. In March 2013, the May 2012 projected FY 13 funding approval of USD 442.4 million was revised to 433.1 million. As of March 15, 2013, USD 242.5 million, or 56% of the target, has been approved, leaving a remainder of USD 190.6 million (44%) requiring funding approval in order to meet the current target.

29. A combined USD 327 million (66% grant, 34% near-zero interest credits) for 27 projects and programs is scheduled for funding approval by the PPCR Sub-Committee in FY14.