

# CLIMATE INVESTMENT FUNDS

PPCR/SC.15/3/Rev.1  
October 21, 2014

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Meeting of the PPCR Sub-Committee  
Washington, D.C.  
November 18, 2014

Agenda Item 3

## **PPCR SEMI-ANNUAL OPERATIONAL REPORT**

**(SUMMARY)**

## **PROPOSED DECISION**

The PPCR Sub-Committee reviewed document, PPCR/SC.15/3, *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.

## 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 April 1, 2014 – September 30, 2014*.

## II. STRATEGIC ISSUES IN THE PPCR

### **PPCR in implementation: more than half of the allocated PPCR resources have received MDB approval**

2. The pledge volume to the PPCR as of September 30, 2014 is USD 1,168.3 million<sup>1</sup>, of which USD 1,109.7 million have been committed.

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 75 projects and programs totaling USD 1.109 billion in the PPCR pipeline, 46 projects and programs totaling USD 790.6 million (73 % of total funding allocations) have received PPCR funding approval by the PPCR Sub-Committee. Forty-two projects and programs totaling USD 744.51 million, (67% of total funding allocation), have also been approved by the respective MDBs. This accomplishment marks an important milestone for the PPCR as half the projects or programs are now in implementation. As a result, monitoring and reporting on progress with achieving results will now become an increasingly central part to the PPCR program cycle. USD 60.7 million have been disbursed, which includes Phase 1 grants and PPGs, totaling to 20 projects and program. An additional 29 projects are awaiting funding approval by the PPCR Sub-Committee.

4. All 20 pilots have an endorsed PPCR investment plan after going through a systematic and inclusive process of programming allocated PPCR resources. A recently finalized study on the lessons learned from the preparatory phase for the PPCR (“Phase 1”), highlights that all countries found the PPCR programming process useful and owned by all involved stakeholders.

5. A dedicated mechanism set up to incentivize the private sector to invest in climate-smart technology and business models has yielded 12 innovative projects and programs, doubling the number of private sector operations in the PCPR.

6. Each PPCR dollar has leveraged USD 1.6. It is expected that the PPCR will leverage USD 1.7 billion USD in co-financing.

7. Strategic programming of resources in support of a climate-resilient development path as promoted through the PPCR has been applied in Belize. The approach piloted through the PPCR such as developing and implementing country-led multi-sectoral plans and investments for managing climate and disaster risk will be used by IDA in at least 25 additional countries.

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<sup>1</sup> Currency exchange rate as of September 30, 2014

## **Potential Shortfall of available PPCR funding from April 2015 – May 2015 and in FY 16**

8. Projections by the Trustee of available commitment authority against the current pipeline of projects and programs to be submitted for PPCR funding in FY 15 and FY 16 indicates that by April 2015, there will be a deficit in terms of available PPCR commitment authority by - 20.5. After August 2015, beyond FY15, it will be – 64.7.

9. For projects currently scheduled for PPCR funding approval between April and May 2015, based on current funding projections, only USD 53 million of the scheduled USD 74 million for projects would be able to be covered by available resources. There is a likelihood that the PPCR Sub-Committee will not be able to approve PPCR funding for a few projects and programs in FY15 because of lack of available commitment authority for USD 20.5 million.

10. Projects submitted from August 2015 will not be able to receive PPCR funding approval. If the contributor payment scheduled for December 2014 is not received, the PPCR Sub-Committee will run out of commitment authority permanently from April 2015 onwards.

11. If the contributor payment is made as scheduled, it appears that projects submitted after August 2015 will not be able to be financed as there will be a shortfall of PPCR resources in the amount of USD 64.7 million. This shortfall may be partially recovered once reserve funds in the amount of USD 59 million set aside by the Trustee for managing currency exchange risks are released, investment income is increased and exchange rates losses are recovered.

12. The MDB PPCR Committee has confirmed the schedule of pipeline delivery of PPCR project and program for FY 15 for two projects that have been approved by the PPCR Sub-Committee (USD 15.3 million in PPCR grants; USD 10 million in PPCR credits) while 27 projects and programs are still expected to be submitted for PPCR funding approval in FY15 (USD 178.85 million in PPCR grants; USD 77.15 million in PPCR credits).

13. For FY16, 6 projects and programs are scheduled for PPCR funding approval (USD 0.35 million in PPCR grants and USD 42.5 million in PPCR credits). Under current circumstances, these projects will not be able to be financed given the shortfall of PPCR funds.

14. The MDBs and pilot countries have voiced strong concern regarding the potential impacts of the deficit and the anticipated time frame before PPCR resources become available again. The uncertainty about when PPCR resources become available could potentially result in delays in the design and implementation of PPCR projects and programs and jeopardize the programmatic approach which is a core part of the PPCR. In the case of private sector, given the reputational risks associated with lack of funding certainty, projects anticipated for Sub-Committee submission after March 2015 might not be pursued any further.

## **Reports Reflecting on Progress with the Implementation of PPCR Investment Plans**

15. Focal points for 14 of the 20 PPCR programs have submitted their 2014 PPCR results report. Information document PPCR/SC.15/Inf.4 presents the *2014 PPCR Results Report* providing an overview of the progress that has been made in achieving expected PPCR results at

the level of the PPCR investment plans using the agreed five PPCR core indicators<sup>2</sup>. The report presents an analysis of PPCR results for the period from the endorsement of the PPCR investment plans (baselines) to March 31, 2014. It also discusses issues and challenges encountered during the reporting round and measures to further enhance PPCR results reporting.

16. All PPCR pilot countries that have submitted a report have provided data and information for core indicators 1 (*Number of people supported by the PPCR to cope with effects of climate change*) and 2 (*Degree of integration of climate change in national, including sector planning*).

17. Data and information collection for core indicators 3 (*Extent to which vulnerable households, communities businesses and public sector services use improved PPCR supported tools, instruments, strategies, activities to respond to CV&CC*), 4 (*Evidence of strengthened government capacity and coordination mechanism to mainstream climate resilience*) and 5 (*Quality of and extent to which climate responsive instruments/ investment models are developed and tested*), has been identified as a challenge. Reasons for this are linked to the rather generic formulation of the indicators themselves and associated guidance provided in the PPCR core indicator toolkit. The CIF Administrative Unit will work with the PPCR focal points and the MDBs to further enhance the guidance and integrate the PPCR reporting into the national systems, including the clarification of roles and responsibilities of various partners in monitoring and reporting to improve communication of guidance and quality of reporting. It is anticipated that the CIF Administrative Unit will conduct training workshops for the MDBs which in turn will be able to better support the PPCR focal points in the countries and regional organizations with their monitoring and reporting tasks.

18. Another observation from the submitted 2014 PPCR results reports pertains to the need to provide more contextual information on the PPCR investment plan. This would allow the Sub-Committee and other stakeholders to better assess whether the presented results actually provide evidence that the implementation of the PPCR investment plan is progressing and the theory of change is still valid.

19. In the context of the above observations, the agenda for the next meeting of PPCR pilot countries and regions foresees an in-depth discussion on challenges associated with monitoring and reporting in the PPCR and measures to further enhance the quality and timely delivery of future results reports.

20. The CIF Administrative Unit has continued to facilitate the Community of Practice for PPCR Monitoring and Reporting in support of the PPCR pilot countries and the MDBs. Based on the early lessons of the challenges that countries are facing to report on some indicators, in the coming year the CIF Administrative Unit working with the MDBs will further improve its support program to the PPCR pilot countries.

21. Projects like a) ADB: Mainstreaming Climate Change Risk Management in Development (Nepal), b) AfDB: Baixo Limpopo Irrigation and Climate Resilience Project (BLICRP) (Mozambique), c) EBRD: Enhancing the Climate Resilience of the Energy Sector (Tajikistan), d) IBRD: Strengthening

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<sup>2</sup> <https://www.climateinvestmentfunds.org/cif/measuring-results/ppcr-results-framework-and-monitoring-toolkit>

Climate Resilience in Zambia and the Barotse Sub-Basin (Zambia) and e) IFC: Enhancing Food Security and Building Resilience for Farmers (Nepal) that are in implementation are emerging with early results and achievements. A more detailed discussion of the PPCR monitoring and reporting agenda is presented in information document PPCR/SC.15/Inf.4.

### **Knowledge Management and PPCR Community of Practice**

22. The review exploring the relevance, flexibility, and effectiveness of PPCR “Phase I” grant resources as a potential model for enhancing country readiness for attracting large-scale and diverse adaptation finance is now complete and is expected to be published by December 2014. The review draws heavily from the input provided by PPCR pilot countries and regions on their activities and experiences during that phase and finds that Phase I was successful in supporting key building blocks for enhanced resilience, including country ownership, strengthened capacity, coordination and institution-building, and communication and collaboration among different stakeholder groups. At the same time, Phase I fell short in fostering private sector engagement and was sometimes hindered by the limited in-country capacity that it was designed to address. A number of recommendations emerged which could inform future efforts of the PPCR and other initiatives including the Green Climate Fund that aim to support readiness for and investments in climate-resilient development. Lessons from PPCR Phase I were shared during a session at the 2014 Partnership Forum. A comprehensive communications plan will support the further dissemination of the published report.

23. In order to better understand and manage the risks of current and future climate for social and economic development, many PPCR pilots have identified improvements to hydromet and climate services (HCS) as a priority need. To support further learning among PPCR countries on HCS, the CIF proposes to support the participation of hydromet practitioners from the 13 countries with approved PPCR-financed hydromet and climate services investments in ICCS4 to be held in Montevideo, Uruguay from December 10-12, 2014.

24. To further support the PPCR Community of Practice, the CIF Administrative Unit will organize the next PPCR pilot countries meeting in early 2015. The venue and timing is still to be confirmed.

25. The CIF Administrative Unit is working with the MDBs to identify PPCR projects for case studies, targeting projects that are well into implementation from which relevant and meaningful lessons can be shared, as well as projects previously identified that already incorporate evidence-based learning approaches (namely, projects in Bangladesh, Cambodia, and Nepal as communicated in CTF-SCF/TFC.12/4/Rev.1, *Approaches to Evidence-Based Learning in the CIF Project Cycle*).