



RISK REPORT

PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)

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OVERVIEW

1. Highlights
2. Implementation Risk
3. Fraud Risk Update
4. SEA Update
5. Next Steps

Highlights

- The PPCR Subcommittee approved PPCR's Risk Appetite Statement in January.
- Implementation risk for PPCR remains **High** as 8 projects representing USD 135 million of approved funding have been flagged for this risk.

Implementation Risk

- “The risk that, after a project becomes effective, it is not implemented in a timely manner”
 - The CIF AU flags a project for implementation risk if the project meets at least one of the following two criteria.
 - The project has been Effective for 36 months, but has disbursed < 20% of approved funds.
 - The project is within 15 months of Closing (i.e. the date by which all of the CIF program/subprogram’s funds are to be disbursed), but has disbursed < 50% of approved funds.

Implementation Risk - Projects Flagged Under First Criterion

- Changes from December 31, 2017, to June 30, 2018:
 - 5 projects vs. 4 as of December 31, 2017
 - USD 94M vs. USD 45M as of December 31, 2017
 - Of the 4 projects flagged as of December 31, 3 are still flagged now and the 4th project which had been flagged in December is no longer flagged because it has increased disbursements >20% of MDB approved funding.

Project Title	Country	MDB	Funding Approved by MDB	Cumulative Disbursement (as of June 30, 2018)	Disbursement ratio (as of June 30, 2018)	Effectiveness Date	Months Since effectiveness date	MDB Co-financing (USD millions)
GMS Southern Economic Corridor Towns Development Project	Cambodia	ADB	9.4	1.5	16%	4/8/2013	64	38.5
Enhancing Climate Resilience for West Coast Road Project	Samoa	IBRD	14.8	2.1	14%	4/26/2013	63	-
Centre Artibonite Regional Development Project	Haiti	IBRD	8.0	1.1	14%	10/6/2014	45	42.0
Cities and Climate Change	Mozambique	IBRD	15.8	-	0%	4/7/2015	39	120.0
Climate Resilience - Integrated Basin Management Project	Bolivia	IBRD	45.5	4.8	10%	6/8/2015	37	-

Implementation Risk - Projects Flagged Under Second Criterion

- Changes from December 31, 2017, to June 30, 2018:
 - 4 projects vs. 10 as of December 31, 2017
 - USD 42M vs. USD 145M as of December 31, 2017
 - Of the 10 projects flagged as of December 31, 2 are still flagged now

Project Title	Country	MDB	Funding Approved by MDB	Cumulative Disbursement (as of June 30, 2018)	Disbursement ratio (as of June 30, 2018)	Cumulative Disbursement (as of Dec 31, 2017)	Financial Closure	Months Until Financial Closure	MDB Co-financing (USD millions)
Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation	Cambodia	ADB	9.5	2.7	28%	2.0	6/30/2017	(12)	55.0
Climate Resilience: Transforming Hydro-Meteorological Services	Mozambique	IBRD	15.0	6.8	45%	5.6	6/30/2019	12	-
Enhancement of Flood and Drought Management in Pursat Province	Cambodia	ADB	9.8	3.9	40%	3.2	9/30/2019	15	-
Promoting Climate-Resilient Agriculture in Koh Kong and Mondulkiri Provinces as part of the Greater Mekong Subregion Biodiversity Conservation Corridors Project	Cambodia	ADB	7.4	1.0	13%	0.7	9/30/2019	15	19.0

Implementation Risk - projects no longer flagged under second criterion

- The following 5 projects, which had been flagged in December 2017, are no longer flagged because they have all extended the final disbursement dates:
 - Enhancing Climate Resilience for West Coast Road Project - Samoa
 - Enhancing the Climate Resilience of Coastal Resources and Communities - Samoa
 - Building Resilience to Climate-Related Hazards/Building Resilience to Climate-Related Hazards-Additional Funding - Nepal
 - Climate Information Development and Forecasting Project (PDIPC) - Niger
 - Water Resources Mobilization and Development Project (PROMOVARE) - Niger

Implementation Risk - projects no longer flagged under second criterion

- The following 3 projects, which had been flagged in December 2017, are no longer flagged because they have all increased disbursements >50% of MDB approved funding:
 - Disaster Vulnerability and Climate Risk Reduction Project - Grenada
 - Building Capacity for Climate Resilience - Tajikistan
 - Provincial Roads Improvement Project - Climate Proofing of Roads in Prey Veng, Svay Rieng, Kampong Chhnang and Kampong Speu Provinces - Cambodia

Fraud Risk Update

- 4 MDBs have agreed to report this information.
- No instances of fraud or credible allegations of fraud have been reported by 2 of these MDBs, and the other two 2 MDBs are currently following up to confirm whether this is the case.

Sexual Exploitation and Abuse (SEA)

At the June 2018 Committee meetings the members requested the CIFAU examine the potential for reporting on incidents of SEA.

- MDBs acknowledge the importance systematically addressing this issue and 10 IFIs signed a joint statement outlining principles addressing this issue at the DFID summit in October 2018.
- The MDBs are at varying stages of progress towards developing formal policies and procedures for addressing SEA (i.e. developing guidance and good practice notes, training staff, establishing/clarifying internal reporting channels, refining grievance redress mechanisms, and other preventive and detective measures)

Next Steps

- Continue to work with the MDBs to report private sector implementation risk.
- Assess, monitor, and report credit risk exposures for each Strategic Climate Fund (SCF) program, now that the SCF programs are relying on reflows to cover administrative costs, by end of FY2019.



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