

# CLIMATE INVESTMENT FUNDS

PPCR/SC.18/4

June 6, 2016

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Meeting of the PPCR Sub-Committee

Washington D.C.

June 17, 2016

Agenda Item 4

## **PPCR SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)**

## **PROPOSED DECISION**

The PPCR Sub-Committee reviewed the document, PPCR/SC.18/4 *PPCR Semi-Annual Operational Report*, and welcomes the progress made in new PPCR countries in undertaking initial steps to develop the strategic plans for climate resilience (SPCRs).

The Sub-Committee notes that the PPCR does not currently have sufficient resources to finance the projects in the pipeline and the SPCR for the new pilot countries. The Sub-Committee encourages contributor countries in a position to do so, to make additional contributions to the PPCR.

[The Sub-Committee may consider additional decision items based on the outcomes of the discussion of the CIF strategic directions at the Joint Meeting of the CTF-SCF Trust Fund Committees.]

## **1. Introduction**

1. This document identifies key strategic issues for the Pilot Program for Climate Resilience (PPCR), highlights key elements of the decisions taken inter-sessionally (after the November 13, 2015 meeting) by the PPCR Sub-Committee, and provides an update of the status of the portfolio of the PPCR-funded programs and projects under the endorsed Strategic Program for Climate Resilience (SPCR) and related activities. The report covers the period from July 1 to December 31, 2015. This report also includes projections on future approvals and factors contributing to the delay in of implementation of SPCRs and projects in the country portfolios.

## **2. Strategic Issues**

2. All 20 original PPCR pilots (18 country and two regional tracks) have now moved into project preparation and implementation. The PPCR has allocated USD 1.1 billion for 74 projects and programs, expecting co-financing of USD 1.8 billion from different sources. The PPCR Sub-Committee has approved 57 projects for USD 964 million PPCR funding, of which 54 projects receiving USD 910 million in PPCR funding have been approved by MDB Boards. As of December 31, 2015, PPCR USD 145.9 million has been disbursed.
3. The PPCR is expected to continue building on this progress to achieve its expected results. As the implementation of SPCRs advances, and as new PPCR pilot countries enter Phase 1 activities, there is a strategic need to build on the programmatic approach of the PPCR. PPCR Sub-Committee guidance is requested on expanding and strengthening the programmatic approach.

## **3. Resource Availability in the PPCR**

4. As of December 30, 2015, the PPCR's USD 152.53 million funding requirements exceed the USD 134.96 million resources available to support PPCR programming by USD 17.57 million. These funding requirements include a pipeline of projects from endorsed SPCRs and PSSA that will be submitted for PPCR Sub-Committee approval.
5. For the 10 new pilot countries, USD 1.5 million has been made available for each country to take a leadership role in working with the MDBs to develop its full strategic program for climate resilience (SPCRs). The continued uncertainty regarding funding for SPCR implementation remains a concern for new pilot countries.

## **4. Building on the Programmatic Approach of the PPCR**

6. The PPCR is unique in using a two-phase, programmatic approach, which has been a valuable resource to ensure more strategic use of adaptation resources in focusing activities on specific priorities and building key partnerships across sectors, ministries, and diverse stakeholders. The strength of this convening platform by the PPCR has allowed for the building up of both formal and informal relationships in many PPCR countries.
7. In light of the strategic discussion on the future of the CIF, and of the future direction of climate and resilience finance, the PPCR is in a key position to build on its successful programmatic approach. It provides key lessons and best practices on mainstreaming resilience in development planning. Capitalizing on the PPCR programmatic approach will help to pilot additional innovative approaches to resilience and adaptation finance.

8. A strategic discussion on the PPCR will be included as part of the overall CIF Strategic Paper to be presented to the meeting of the CTF-SCF Joint Committees in June 2016. The PPCR Sub-Committee is therefore requested to provide guidance on building on the programmatic approach of the PPCR in line with the strategic discussion on the future of the CIF and in line with the future directions of climate finance.

## 5. Status of the PPCR

### Overview and Trends

9. The pledge volume to the PPCR as of June 30, 2015 is USD 1,18 billion<sup>1</sup>. The PPCR Sub-Committee has approved USD 964.04 million (88 percent of PPCR funding) for a total of 57 projects and programs. The MDBs have approved USD 909.9 million (80 percent of PPCR funding) for a total of 54 projects and programs.
10. The SPCRs for the original group of nine pilot countries and two regional programs, including the nine countries under the regional programs, have been endorsed. The PPCR portfolio currently contains a total of 74 projects and programs, with 63 projects and programs agreed in the endorsed investment plans and 11 projects supported under the PPSA.

## 6. Portfolio Updates

11. All 10 countries newly selected to receive PPCR support have begun SPCR preparation and undertaken an initial scoping mission. The following four countries have planned a joint mission: Honduras, Kyrgyz Republic, Philippines, and Uganda.
12. During the reporting period, seven projects and programs were approved by the PPCR Sub-Committee for a total of USD 100 million. During the reporting period, seven projects were approved by their respective MDB Boards for a total of USD 93.63 million (see Table 5).

## 7. Cross-cutting Themes

13. **Adaptation Futures Meeting:** The CIF, in partnership with the World Bank Group, organized an event to share lessons on the PPCR programmatic approach in the context of climate resilience, on the sidelines of Adaptation Futures 2016, the 4<sup>th</sup> International Climate Change Adaptation Conference in Rotterdam, the Netherlands. The panel event took place on May 10, 2016 and brought together three PPCR pilot countries (Tajikistan, St. Lucia and Zambia) to share lessons on mainstreaming resilience into development planning and investment.
14. **Gender Update:** A full portfolio review was undertaken across all four CIF programs at investment plan and project level approved from January 1 to December 31, 2015, to identify program progress regarding gender “quality at entry.” PPCR project performance on all three gender indicators in this review continued to improve relative to the historical baseline, and also performed very well against SCF comparators.<sup>2</sup>

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<sup>1</sup> Pledges/contributions are valued on the basis of exchange rate as of December 2015. This includes indicative allocation from the UK contribution (Nov. 2014) and may change depending on the requirements of the different programs under SCF.

<sup>2</sup> No new PPCR Investment Plans were approved in CY2015.

**Monitoring and Reporting Update:** In the spirit of the CIF's learning-by-doing approach, the PPCR monitoring and reporting toolkit was slightly revised to reflect a request made by the PPCR Sub-Committee (November 2015 meeting) for more gender-disaggregated data and also to provide more guidance to pilot countries and MDBs on how to better report on confidential and sensitive private sector data and information. The revised toolkit will guide PPCR countries and MDBs during the FY16 results reporting round that will start in the second quarter of FY16.

From November 21 to 28, 2015, the CIF Administration Unit, in collaboration with ADB, participated in two-day monitoring and evaluation training workshops organized by the Tajikistan PPCR Secretariat.

### **Co-financing**

Currently, the projected co-financing ratio of PPCR projects and programs is 1: 1.9. The largest source of leveraging is the MDBs at 1:1.1, in line with the aforementioned observation and the PPCR's goal of scaling up projects to create transformational change. Government and bilaterals provide the next largest sources of leverage for PPCR funding, at 1:0.4 each. A detailed breakdown of co-financing on a country and project/program basis can be found in document PPCR/SC.18/Inf.3, *PPCR Pilot Country and Regional Portfolios*<sup>3</sup> and the CIF Disbursement Report.

### **Disbursements**

Disbursement rates for the PPCR are at 16 percent of MDB approvals as of December 2015. In the first half of FY16, USD 40.1 million were disbursed. Cumulatively, USD 146.3 million have been disbursed, or 16 percent of PPCR funding. This is common among new funds, and reflects similar trends as other MDB projects. It is also in line with the disbursement trends in the other SCF programs. Cumulative disbursements grew by 38 percent between FY15 and the first half of FY16, from USD 106.6 million to USD 146.3 million. In fact, disbursement rates have been rising linearly, indicating a positive, steady increase in disbursement rates over the past three years (see Figure 12).

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<sup>3</sup> <http://www.climateinvestmentfunds.org/cif/workingdocuments/18981>