

CLIMATE INVESTMENT FUNDS

PPCR/SC.17/3/Rev.1
November 6, 2015

Meeting of the PPCR Sub-Committee
Washington D.C.
Thursday, November 12, 2015

Agenda Item 3

PPCR SEMI-ANNUAL OPERATIONAL REPORT

(SUMMARY)

PROPOSED DECISION

The PPCR Sub-Committee reviewed the documents, PPCR/SC.17/3/Rev.1 *PPCR Semi-Annual Operational Report* and PPCR/SC.17/4 *PPCR Results Report* and welcomes the progress made in new PPCR countries in undertaking initial steps to develop the strategic plans for climate resilience (SPCRs).

In this regard, the PPCR Sub-Committee invites the new PPCR pilot countries and the MDBs to explore synergies between the PPCR and other SCF programs in developing and implementing these investment plans, exploiting any programmatic and operational efficiencies that may exist.

PPCR Semi Annual Operational Report:

The Sub-Committee notes that the PPCR does not currently have sufficient resources to finance all 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 PPCR Sub-Committee thanks the European Space Agency - European Space Research Institute (ESRIN) for hosting the PPCR Pilot Countries Meeting held on July 19-23 in Frascati, Italy and notes with appreciation the participation of new PPCR countries and PPCR observers in the meeting.

The PPCR Sub-Committee welcomes the progress made on gender related issues and notes the update and gender section provided in the reports regarding gender-related issues in PPCR investments.

PPCR Results Report

The Sub-Committee welcomes the PPCR Results Report and notes with appreciation the progress made in advancing PPCR results reporting, in particular the 100 percent reporting rate achieved.

The Sub-Committee also welcomes the recommendations of the *2015 PPCR Results Report*, in particular the continued support by the MDBs and the CIF Administrative Unit to countries with specific monitoring and reporting needs, and the planned stocktaking of the PPCR toolkit in response to issues raised, with a view to enhance its usefulness and effectiveness.

1. Introduction

1. This document provides an update on the status of the Pilot Program for Climate Resilience (PPCR), the portfolio of the PPCR-funded programs and projects under the endorsed investment plans, and related activities. The report covers the period from **January 1 to June 30, 2015**.
2. Following the guidance of the PPCR Sub-Committee¹, a new section updating gender related issues, knowledge management and implementation improvements, has been included in the Semi-Annual Operational Report.

2. Strategic Issues

2.1. Overview of Strategic Objectives and Expected Achievements

3. All of the first phase of PPCR countries have now moved into project preparation and implementation. The PPCR has allocated \$1.1 billion for 74 projects and programs, expecting co-financing of \$1.5 billion from different sources. In addition, in May 2015 the PPCR expanded into 10 new pilot countries: Bhutan, Ethiopia, Gambia, Honduras, Kyrgyz Republic, Madagascar, Malawi, Philippines, Uganda, and Rwanda.
4. As the implementation of strategic plans for climate resilience (SPCR) progresses, and new PPCR pilot countries are entering Phase 1 activities, a number of strategic issues are emerging. For the current reporting period, two (2) key issues have been identified and are further discussed herein:
 - a) Resource availability in the PPCR
 - b) Synergies across programs in the CIF
5. Based on these issues, PPCR Sub-Committee guidance is requested on:
 - a) Mobilization of additional resources to fund new SPCRs for the new PPCR countries
 - b) Solutions for managing resources in the current PPCR pipeline
 - c) Measures to enhance synergies between the programs of the Strategic Climate Fund (SCF) when countries participate in the PPCR, Forest Investment Program (FIP), and/or Scaling Up Renewable Energy in Low Income Countries Program (SREP), including a possible option of preparing one investment plan when a pilot country is participating in more than one CIF program and preparing investment plans under more than one program simultaneously.

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2.2. Resource Availability in the PPCR

6. Responding to a request by the PPCR Sub-Committee, the CIF Administrative Unit, working with the Trustee and the MDBs, conducted a thorough analysis of the resource availability in the PPCR. The document, *Resource availability in the Pilot Program for Climate Resilience (PPCR)*, was circulated to the PPCR Sub-Committee on June 2015. The updated *Resource availability* document was circulated October 2015.
7. During the PPCR pilot countries meeting held from July 19-23, 2015, in Frascati, Italy, representatives from these ten countries expressed their commitment to move expeditiously in the SPCR preparation process and underlined the need for financial resources to implement projects identified under their SPCRs. They highlighted challenges in receiving urgently needed financial resources in general, and stressed the specific need for guidance on the scale of resources that countries could expect in the future from the PPCR, notwithstanding the leverage from other sources such as the MDBs and other multilateral funds. Finally, they requested guidance as to the nature of the plan they should propose for approval from the PPCR Sub-Committee (whether it should be a resilience plan or a package of investments for climate resilience).

2.3. Synergies across SCF Programs

8. Following the FIP and PPCR Sub-Committees decisions in May 2015 to bring in new countries, three (3) countries were invited to develop both an investment plan under the FIP and a SPCR under the PPCR: Honduras, Rwanda, and Uganda. These countries present a unique opportunity for creating synergies between the PPCR and FIP investment plans. Options, described in the Report, include holding joint PPCR and the FIP scoping and joint missions and creating a joint investment plan.
9. There are advantages and disadvantages of having one investment planning process and, ultimately, one investment plan with multiple programs for those countries new to both FIP and PPCR. Benefits of a joint investment plan could potentially include reduced transaction costs, stronger ties between national adaptation and mitigation programs, and opportunities for leveraging funds. On the other hand, a joint investment plan preparation process could result in investment plans that are too broad and unfocused or dilute the principles of the PPCR or the FIP. However, these risks could be mitigated by a well thought-out process that engages all relevant stakeholders and involves all relevant ministries. The CIF Administrative Unit seeks guidance from the Sub-Committee on these issues.
10. Countries new to the PPCR but experienced in other SCF programs can take advantage of systems and resources already in place. Such synergies can ease the learning curve for developing the SPCR, as the teams responsible for the FIP and/or the SREP would be able to provide guidance to the new PPCR team. Additionally, existing country coordinating agencies and systems could be tapped into for developing the SPCR.

3. Status of the PPCR

3.1. Portfolio Overview and Trends

11. The pledge volume to the PPCR as of June 30, 2015 is USD 1,214.5 million². The PPCR Sub-Committee has approved USD 862.88 million (78 percent of PPCR funding) for a total of 51 projects and programs. The MDBs have approved USD 816.1 million (73 percent of PPCR funding) for a total of 48 projects and programs. Given the complexities involved in developing an SPCR and undergoing Phase 1 activities, SPCR endorsement occurred at a particularly rapid frequency.
12. 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 private sector set-asides.

3.2. Portfolio Updates

13. Dialogue on initiating scoping missions has begun between countries and MDBs in all ten new pilot countries (Bhutan, Ethiopia, Gambia, Honduras, Kyrgyz Republic, Madagascar, Malawi, Philippines, Uganda, and Rwanda). In addition, Table 3 lists country scoping mission dates (which all fall after the reporting period).
14. During the reporting period, nine (9) projects and programs were approved by the PPCR Sub-Committee for a total of USD 63.76 million, and six (6) projects were approved by their respective MDB boards for a total of USD 40.5 million. After the reporting period, three projects were approved by the PPCR Sub-Committee for a total of USD 45.25 million, and two projects were approved by the respective MDBs for a total of USD 7.4 million.

3.3. Cross-cutting Issues

15. **A PPCR Pilot Countries Meeting** took place from July 19-23, 2015, organized in cooperation with and hosted by the European Space Agency-European Space Research Institute (ESA-ESRIN) at their Frascati, Italy campus. The meeting brought together representatives from both existing and newly accepted PPCR countries and included a day-long orientation session to familiarize new countries with the PPCR and the process of developing a SPCR.

Key Lessons from the PPCR Knowledge Product: In an effort to capture and share lessons learned from the design and early implementation of the PPCR, the World Bank PPCR team, with the support of the CIF Administrative Unit, published a knowledge product distilling the top 10 lessons from the PPCR³. This work aims to demonstrate the relevance of the PPCR experience to mobilizing climate resilience through existing, new, and emerging programs and instruments to initiate transformation at scale.

² Pledges/contributions are valued on the basis of exchange rate as of June 2015. This includes indicative allocation from the UK contribution (Nov. 2014) and may change depending on the requirements of the different programs under SCF.

³ <http://www.climateinvestmentfunds.org/cif/content/10-key-lessons-pilot-program-climate-resilience>

16. **Gender Review of Portfolio:** A full portfolio review was undertaken in the first half of 2015 across all four CIF programs at investment plan and project levels to identify baseline and program progress figures on gender “quality at entry” at design stage. Overall, the PPCR’s cumulative portfolio performed well among SCF programs at both investment plan and project level.
17. Having recognized that **monitoring and reporting** on climate resilience initiatives is still relatively new, especially at programmatic levels, the CIF Administrative Unit and MDBs have made efforts to support PPCR countries, by (i) providing USD 2 million in enhanced targeted support for PPCR monitoring and reporting to facilitate in-country capacity building and (ii) establishing a PPCR M&R Country Capacity Building Program to complement the enhanced targeted support. These initiatives have resulted in a 100 percent reporting rate, better quality of country reports, and the use of the PPCR country-led and participatory monitoring and reporting approach to raise awareness and facilitate in-country dialogue around the climate resilience agenda.

4. Co-financing

18. The projected co-financing ratio at the time of the endorsement of the PPCR investment plans was 1: 1.4. The ratio of total PPCR funding to co-financing based on the most updated information available for approved projects is also 1:1.4. A detailed breakdown of co-financing on a country and project/program basis can be found in document PPCR/SC.17/Inf.3, *PPCR Pilot Country and Regional Portfolios*⁴.

5. Disbursements

19. Disbursements for the PPCR grew by 16 percent between December 2014 and June 2015 from USD 90.7 million to 105.8 million.

6. Results achieved

20. Early estimates made during project preparation were that over 30 million people would be supported by PPCR in 17 countries over the lifetime of the implementation of 41 approved projects. Of these, an estimated 50 percent are women. As of December 31, 2014, more than 900,000 people have been directly supported by 10 PPCR projects as reported by seven countries. Of these, more than 450,000 are women and approximately 800,000 are poor.

⁴ <http://www.climateinvestmentfunds.org/cif/workingdocuments/18981>