

CLIMATE INVESTMENT FUNDS

PPCR/SC.22/3
May 15, 2018

Meeting of the PPCR Sub-Committee
Washington, DC
Thursday, June 7, 2018

Agenda 3

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

1 Introduction

1. This Semi-Annual Operational Report identifies key strategic issues of the PPCR, highlighting elements of the decisions taken inter-sessionally by the PPCR Sub-Committee, and provides a status update on the entire PPCR portfolio of programs and projects. The report covers the period July 1 to December 31, 2017, with additional updates to March 31, 2018 on resource availability and to April 30, 2018 on pipeline management to facilitate discussion and decision-making during the June 2018 PPCR Sub-Committee meeting.

2 Strategic issues

2. As of December 31, 2017, the PPCR Sub-Committee has endorsed strategic programs for climate resilience (SPCRs) for all 28 pilot countries and two regions—a total of 30 SPCR. There are 64 projects in the pipeline with a total indicative allocation of over USD 1 billion. These include 58 projects under endorsed SPCR of the original pilot countries and six projects under the PPCR Private Sector Set-Aside (PSSA). Out of the 64 projects, 62 projects have been approved by the PPCR Sub-Committee for a total funding of USD 981.6 million, and only 2 projects are on the pipeline for approval.¹ Disbursements have increased from USD 310 million by June 30, 2017 to USD 384.2 million by December 31, 2017.
3. PPCR programs and projects are at various stages of project implementation, with some more advanced than others. More mature projects have started to deliver initial results on the ground, creating an opportunity to harvest knowledge and lessons for sharing among PPCR pilot countries and the global community. A total of five projects were completed by the end of the reporting period.
4. Resource Availability. At its December 2017 meeting, the Strategic Climate Fund (SCF) Trust Fund Committee reviewed the Report of the Trustee on the Financial Status of the SCF and noted that the investment income of the SCF Trust Fund is not currently expected to be sufficient to cover the costs of the projected level of Administrative Services by the CIF Administrative Unit, MDBs, and the Trustee up to 2028. The Committee requested the CIF Administrative Unit, working in collaboration with the MDBs and the Trustee, to undertake a full analysis to explore possible options for financing administrative expenses, costs reductions, and attribution of administrative expenses among the SCF programs. The Committee also decided to pause the approval of any funding within the SCF other than that of project preparation grants, until such time that the Committee had reviewed the analysis requested and decided on a way forward.
5. At the intersessional meeting held on March 8, 2018, the SCF Trust Fund Committee considered the proposals for addressing the shortfall in the SCF Trust Fund set out in the document, [Long-term SCF Administrative Costs and Funding Options](#), developed by the CIF Administrative Unit, the MDBs, and the Trustee. The Committee decided on a means to apportion administrative costs between SCF programs and agreed that reflows from SCF loans may be used to finance the potential shortfall of grant resources to cover administrative costs after they become available in each program. The Committee further

¹ The PPCR Sub-Committee approved these two remaining projects in April 2018, bringing to completion the approval of all PPCR projects in the pipeline.

agreed that the pause in approval of SCF funding be lifted.

6. More specifically, the SCF Trust Fund Committee agreed to allocate a portion of the available grant resources from each of the SCF programs to finance estimated administrative costs from FY19 to FY28 as follows:
 - USD 11.6 million from the FIP
 - USD 10.6 million from the PPCR
 - USD 31.6 million from the SREP
7. As of March 31, 2018, total cumulative funding received under the PPCR stands at USD 1.16 billion. Cumulative funding commitments have reached USD 1.11 billion.
8. The PPCR had an unrestricted fund balance of USD 36.8 million after incorporating the reserve for administrative expenses and country programming budget. Total anticipated commitments for projects amount to USD 24.5 million for the final two projects in the pipeline seeking PPCR Sub-Committee approval.² Thus, total available PPCR resources is USD 12.4 million as of March 31, 2018.
9. There remain expected contributions of GBP 12million (USD 16.9 million as of March 31, 2018) to the PPCR. Given that the PPCR has sufficient resources to cover all remaining projects in the pipeline, the CIF Administrative Unit has requested the UK to utilize the GBP 12 million to finance some FIP projects in the pipeline that remain unfunded.
10. Pipeline Management. In November 2017, the CIF Administrative Unit launched the [CIF Collaboration Hub](#) (CCH), a secure, interactive platform developed to support CIF portfolio management. It is used by a broad range of internal stakeholders, including Committee members and observers, MDBs, CIF Administrative Unit, and the Trustee. The CCH provides a variety of functions, such as project portfolio information, approval of funding requests, and reporting and analytics data.
11. In December 2017, the PPCR Sub-Committee endorsed the remaining eight SPCRs for the 10 new pilot countries. These are SPCRs for Bhutan, The Gambia, Honduras, Kyrgyz Republic, Madagascar, Malawi, Philippines, and Rwanda. This brings to completion the endorsement of the SPCRs of the 10 new pilot countries. The SPCRs for Ethiopia and Uganda were approved in June 2017.
12. No funding is available to support the preparation and implementation of projects and programs under the endorsed SPCRs of the 10 new PPCR countries. The country governments and the CIF Administrative Unit continue to closely collaborate with the MDBs to seek additional funding. Training and capacity building supported by the MDBs as part of the SPCR process is still ongoing in some countries.
13. Only two projects remained in the pipeline for PPCR Sub-Committee approval at the end of the reporting period (one for Niger and one for Zambia). These projects were approved by

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14. Knowledge Management. In September 2017, the PPCR organized in Latin America and the Caribbean the last in a series of Regional Dialogues and Knowledge Exchanges. Previous exchanges were conducted in the Pacific (June 2016), Asia-Pacific (October 2016), and Africa (February 2017). In October 2017, the PPCR launched its first country-to-country knowledge exchange between Cambodia and Zambia.
15. In December 2017, the PPR Learning Partner, Oxford Policy Management, established the PPCR Facebook page that is currently serving as a mechanism for continuous open engagement and knowledge sharing among PPCR practitioners. The Learning Partner, in consultation with PPCR countries, the CIF Administrative Unit, and other stakeholders, is developing an overall strategy and implementation plan for a PPCR knowledge network. It is envisioned that PPCR country focal points will be able to share in an interactive way CIF results and learning from this and other E&L and monitoring and reporting (M&R) activities.
16. The CIF has also entered a partnership with the Global Delivery Initiative (GDI), a collaborative effort to create an evidence base of delivery know-how that can be used to inform development practice and improve implementation. The CIF and the MDBs have identified and are currently developing six case studies, including two PPCR projects: Nepal's Climate Resilient Agriculture Project (IFC) and Zambia's Strengthening Climate Resilience Project (World Bank). The case studies are expected to be completed by June 2018. A dissemination plan will be developed in early fiscal year 2019 (FY19) to share lessons learned from these case studies.
17. The CIF M&R team is also collaborating with the World Bank's Development Impact Evaluation (DIME) team to assess the impact of targeting mechanisms on irrigation efficiency and equity in Mozambique. This impact evaluation is embedded in the Mozambique's *Sustainable Land and Water Resource Management Project* (AfDB), and is progressing well. A policy note presenting the progress was produced in March 2018.

3 Status of PPCR Portfolio

18. As of December 31, 2017, USD 1.01 billion has been endorsed by the PPCR Sub-Committee as indicative allocations to the original pilot countries, totaling 64 projects included in SPCRs and the PSSA. The PPCR Sub-Committee has approved 62 of the 64 projects for total funding of USD 981.6 million and leaving only two projects to be approved.³ Sixty out of the 62 PPCR Sub-Committee-approved projects have been approved by the MDBs for a total funding of USD 962 million. Table 1 provides a summary of the portfolio status.

³ See Footnote 2.

Table 1: Overview of PPCR portfolio (as of December 31, 2017, USD million)

	Indicative pipeline allocation			Approved funding		Disbursement
	TOTAL	SPCR	PSSA	Committee	MDB	
PPCR funding (in USD M)	1,005.8	970.2	35.6	981.6	962.0	384.2
Number of projects	64	58	6	62	60	54

Note: Total Includes PPG and, for disbursements, also includes grants for SPCR preparation

19. **Cofinancing.** Total expected co-financing for the entire PPCR portfolio of 64 projects amounts to USD 2,096 million, which translates into a co-financing ratio of 1:2.1. For all MDB-approved projects, total expected co-financing is USD 2,019 million, also a ratio of 1:2.1. In both cases, the largest co-financing partners for PPCR projects and programs are the MDBs, followed by recipient governments, bilateral/other donors, and the private sector.
20. **Subcommittee Approvals.** During the reporting period, the PPCR Sub-Committee approved funding for two public sector projects and one private sector project for a total of USD 13.6 million (USD 9.6 million grant and USD 4 million non-grant).
21. **MDB Approvals.** Two private sector projects were approved by their respective MDB Boards during the reporting period for a total of USD 4.8 million in concessional loans.
22. **Project Implementation and Completion.** Fifty-four MDB-approved projects are currently ongoing and disbursing PPCR funds. These include 48 from the public sector and six from the private sector. Also, two PPCR projects were completed, bringing the total number of PPCR projects completed to five.
23. **Disbursements.** The PPCR is making significant progress in disbursements with a total amount of USD 384.2 million by the end of the reporting period. As of December 31, 2017, PPCR disbursements include SPCR preparation grants worth USD 15.2 million, project preparation grants (PPG) in the amount of USD 13.1 million, and project disbursements totaling USD 355.8 million. The total disbursement for projects and PPG is equivalent to 38 percent of the total amount of MDB-approved funding. This is a 24-percent increase from end of FY17. Fifty-four of the 60 MDB-approved projects have disbursed PPCR funds.

4 Cross-cutting Themes

24. **Knowledge Management.** Following the second rounds of call for proposals under CIF E&L Initiative, eight PPCR-related E&L activities are currently under implementation. Most are making good progress, with the majority expected to deliver final outputs by the end of 2018. Aside from Regional Dialogue and Knowledge Exchanges and the engagement of the PPCR Learning Partner, a number of MDB-led knowledge sharing activities and products for PPCR has been completed focusing on specific thematic areas such microfinancing, improving weather and hydrometeorological services, transport and energy.
25. **Gender.** The PPCR portfolio of investment plans and projects approved by the Sub-

Committee from July 1 – December 31, 2017 was reviewed to identify gender ‘quality at entry’. The three “scorecard” indicators regarding presence of (i) Sector-specific gender analysis; (ii) Women-specific activities; and (iii) Sex-disaggregated indicators were reviewed for each investment plan and project. Figures were compared to baseline performance of the PPCR portfolio as on June 30, 2014.

26. PPCR performance on the three gender indicators was strong compared to the baseline. During the reporting period, eight SPCRs were endorsed by the sub-committee. Sector-specific gender analysis; women-specific activities; and sex-disaggregated indicators were present in all SPCRs endorsed during the period. For PPCR projects approved during the period under review, sector-specific gender analysis; women-specific activities, and sex-disaggregated indicators were present in all projects (compared to baselines of 30 percent, 53 percent, and 23 percent respectively).
27. Risk Management. The SCF Trust Fund Committee decided in December 2017 that the CIF Administrative Unit would prepare a standalone Risk Report for the PPCR on a semi-annual basis. Additionally, credit risk will now be assessed for the PPCR (and all SCF programs), as this risk has become more relevant to these programs since the Committee decided in March 2018 to permit each SCF program to use reflows to cover administrative costs.