



Risk Report for Pilot Program for Climate Resilience (PPCR)

June 6, 2018

Overview

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Highlights

1. At the intersessional meeting held on March 8, 2018, the SCF TFC agreed that reflows from SCF loans may be used to finance the potential shortfall of grant resources to cover administrative costs, and that the pause in approval of SCF funding be lifted.
2. Implementation Risk for the PPCR remains **High** as 13 projects representing USD 187 million of approved funding have been flagged for this risk as of December 31, 2018.
3. Resource Availability Risk is no longer reported as the PPCR has sufficient resources to fund all projects in its active pipeline.
4. Currency Risk is no longer reported as the PPCR only has GBP 9.8 million of promissory notes outstanding which are in the process of being encashed.

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.
 - I. The project has been Effective for 36 months, but has disbursed < 20% of approved funds.
 - II. 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.
- PPCR’s risk score for implementation risk remains **High**.

Implementation Risk – Projects flagged under first criterion

- Changes from June 30, 2017, to December 31, 2017:
- 4 projects vs. 7 as of June 30, 2017
- USD 45M vs. USD 116M as of June 30
- Of the 4 projects flagged as of June 30, 3 are still flagged now and the other 4 projects which had been flagged in June are no longer flagged because they have all increased disbursements >20% of MDB approved funding.

Project Title	Country	MDB	MDB Approved Funding	Cumulative Disbursement	% Disbursed	Effectiveness Date	Months since Effective
GMS Southern Economic Corridor Towns Development Project	Cambodia	ADB	9.4	0.9	10%	4/8/2013	57.6
Enhancing Climate Resilience for West Coast Road Project	South Pacific-Samoa	IBRD	14.8	1.8	12%	4/26/2013	57.0
Climate Information Development and Forecasting Project (PDIPC)	Niger	AFDB	13.0	2.0	15%	12/17/2013	49.2
Centre Artibonite Regional Development Project	Caribbean-Haiti	IBRD	8.0	1.1	14%	10/6/2014	39.4

Implementation Risk – Projects flagged under first criterion

- The following 4 projects which had been flagged in June are no longer flagged because they have all increased disbursements >20% of MDB approved funding:
- Enhancement of Flood and Drought Management in Pursat Province – Cambodia
- Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation – Cambodia
- Water Resources Mobilization and Development Project (PROMOVARE) – Niger
- Private Sector Support to Climate Resilience in Zambia

Implementation Risk – Projects flagged for second criterion

- Although 13 projects representing USD 187M were flagged as of December 31st, based on subsequent information, the Disaster Vulnerability and Climate Risk Reduction Project – Grenada (USD 25M) is no longer flagged for this risk as it has increased disbursements to 60%.

Project Title	Country	MDB	MDB Approved Funding	Cumulative Disbursement	% Disbursed	Final Disbursement Date	Months until Final Disbursement Date
Building Capacity for Climate Resilience	Tajikistan	ADB	6.00	2.79	46%	5/13/2017	(7.7)
Provincial Roads Improvement Project - Climate Proofing of Roads in Prey Veng, Svay Rieng, Kampong Chhnang and Kampong Speu Provinces	Cambodia	ADB	17.00	8.25	49%	6/1/2017	(7.1)
Climate Proofing of Agricultural Infrastructure and Business-focused Adaptation	Cambodia	ADB	9.5	1.97	21%	6/30/2017	(6.1)
Environmental Land Management and Rural Livelihoods - AF	Tajikistan	IBRD	2.00	0.81	40%	5/1/2018	4.0
Enhancing Climate Resilience for West Coast Road Project	South Pacific-Samoa	IBRD	14.80	1.83	12%	8/31/2018	8.1
Building Resilience to Climate-Related Hazards	Nepal	IBRD	31.00	13.40	43%	11/30/2018	11.1
Climate Resilience: Transforming Hydro-Meteorological Services	Mozambique	IBRD	15.00	5.59	37%	12/1/2018	11.2
Water Resources Mobilization and Development Project (PROMOVARE)	Niger	AFDB	22.00	6.15	28%	12/31/2018	12.2
Climate Information Development and Forecasting Project (PDIPC)	Niger	AFDB	13.00	1.97	15%	12/31/2018	12.2
Disaster Vulnerability and Climate Risk Reduction Project	Caribbean-Grenada	IBRD	25.00	10.81	43%	12/31/2018	12.2
Enhancing the Climate Resilience of Coastal Resources and Communities	South Pacific-Samoa	IBRD	14.60	4.67	32%	12/31/2018	12.2

Implementation Risk – Projects flagged for second criterion

- Changes from June 30, 2017, to December 31, 2017.
- 10 projects (excluding Grenada) vs. 3 as of June 30, 2017.
- USD 145M vs. USD 23M as of June 30, 2017.
- All three of the projects which had been flagged as of June 30, 2017, are still flagged.

3. Next Steps

1. Formally propose risk tolerance levels for TFC approval
2. Begin reporting credit risk exposure
3. Investigate reporting aggregate private sector exposure to Implementation Risk
4. Investigate reporting Interest Rate Risk exposure incurred via private sector lending
5. Implement information sharing protocols and processes for fraud risk

Questions
