

CIF Capital Market Mechanism (CCMM)

Frequently Asked Questions:

1. What are the Climate Investment Funds?

The Climate Investment Funds (CIF) - one of the largest active climate finance mechanisms in the world. It was set up in 2008 at the request of G8 and G20 countries to help low- and middle-income countries to adapt to and mitigate the negative effects of climate change. It is comprised of two umbrella funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). CIF works in partnership with governments, the private sector, civil society, local communities and six major multilateral development banks (MDBs). CIF receives contributions from 15 donor countries in the form of capital, grants and loans.

2. What is the Clean Technology Fund (CTF)?

CTF the largest CIF fund, provides concessional financing to pilot and scale up promising low-carbon technologies in developing countries, to ultimately reduce greenhouse gas emissions. It supports investments in renewable energy, energy efficiency, and clean transport, including innovations such as energy storage. CTF does not make public sector or private sector loans or provide financing to borrowers directly. CTF loans are instead originated and managed by six AAA-rated MDBs as implementing entities.

These MDBs are:

- the African Development Bank (AfDB)
- the Asian Development Bank (ADB)
- the European Bank for Reconstruction and Development (EBRD)
- the Inter-American Development Bank (IADB)
- the International Finance Corporation (IFC)
- the World Bank (International Bank for Reconstruction and Development, IBRD)

CTF financing is typically provided alongside loans made by MDBs from their own balance sheets, as “co-financing”.

3. Who are CTF’s contributors? How much have they contributed to CTF?

CTF has ten contributors: Australia, Canada, Denmark, France, Germany, Japan, Spain, Sweden, the UK and the US. Contributors have provided a total of \$6.3 billion in CTF contributions in the form of capital, grants and loans.

4. Which countries receive support from CTF?

Countries currently receiving CTF funding include: Bangladesh, Brazil, Burkina Faso, Cambodia, Chile, Colombia, Dominica, Ecuador, Egypt, Ethiopia, Haiti, Honduras, India, Indonesia, Jordan, Kazakhstan, Kenya, Malawi, Maldives, Mali, Mexico, Morocco, Nicaragua, Nigeria, Peru, Philippines, South Africa, Tanzania, Thailand, Tunisia, Türkiye, Uganda, Ukraine, Vietnam and the Middle East and North Africa (MENA) region: Algeria, Egypt, Jordan, Libya, Morocco, Tunisia.

5. How does CTF financing work?

CTF is a financial intermediary fund housed within the World Bank, which acts as CTF Trustee. It has its own governing body, the Trust Fund Committee, which makes all decisions on the use of CTF funds. CTF does not directly make loans or provide other financing to borrowers. CTF Trustee makes funding available to six MDBs as implementing entities, which in turn use those funds to make CTF loans and other financing available to both public and private sector entities for projects which have been approved by the Trust Fund Committee.

6. What is the CIF Capital Markets Mechanism?

The CIF Capital Markets Mechanism (CCMM) was established as a UK company in 2024 to scale up CIF's flagship fund, CTF enabling it to access private capital in conjunction with sovereign contributors. By tapping into international capital markets, the benefits of CTF's loan portfolio and other investments can be "front-loaded" to raise new climate finance at scale.

7. What is the incentive for CTF to create CCMM?

To date, CTF does not have a replenishment model whereby contributors make regular funding commitments. Both contributors and recipient countries have demonstrated their continued commitment to supporting CTF, giving a total of \$6.3 billion in capital, grants and loans since CTF's inception, added to more than \$2.5 billion in further sovereign pledges and contributions to support specific thematic areas in the past three years alone. To rapidly and aggressively tackle climate change at the pace and scale required, CTF needs more funding. CCMM is designed to answer this urgent need.

8. How does CCMM frontloading work to provide additional resources to CTF?

Urgent action in climate finance is essential to mitigate both the immediate and future impacts of climate change on our world. CCMM frontloads future long-term reflows from CTF's existing loan portfolio to raise financing from capital markets that can support climate-smart projects now, rather than waiting for these reflows to be received. This approach optimizes the use of CTF's existing resources, enabling it to meet current demand by leveraging the benefits of its loan portfolio. CTF achieves this by issuing a new type of investment-grade bonds, appealing to investors seeking high-impact climate change mitigation assets in emerging markets.

9. What is the World Bank's role as Treasury Manager?

The World Bank was appointed to act as Treasury Manager of the CCMM issuer, in addition to its existing role as Trustee of CTF and host of CIF Secretariat. As Treasury Manager, the World Bank will be responsible for implementing the relevant financial policies and performing other Treasury Manager-related activities, including managing CCMM bond issuances, liquidity management, financial risk management, credit rating management and financial reporting.

CCMM Capital Market Activities

1. What do CCMM bonds offer?

CCMM is an innovative opportunity for investors to participate in high-quality, fixed-income bonds that support clean technology investments in developing countries. It offers investors opportunities for portfolio diversification, attractive returns and pure-play climate investment bonds that support climate action in key emerging markets.

2. When will CCMM access the capital markets?

CCMM is preparing for its capital markets debut and expects to launch its first issuance once all documents are finalized, subject to market conditions.

3. In which currencies does CCMM offer debt instruments?

CCMM will commence issuing bonds denominated in USD.

4. Will CCMM bonds be listed on a stock exchange?

Yes. CCMM has already listed its bond program on the London Stock Exchange and will also request for its bonds to be rated.

5. Where is CCMM domiciled?

CCMM is domiciled in the UK (and is registered at Companies House UK, please see full details [here](#)). CTF is not a legal entity but is a financial intermediary fund housed within the World Bank, which acts as Trustee.

6. Are CCMM bonds labeled?

No. However, all proceeds will be used to support financing for clean technology projects to support climate mitigation through MDBs, such as renewable energy, energy efficiency, sustainable transport, and green industry projects in developing countries.

7. Will CCMM provide impact reporting to investors?

CCMM will benefit from CTF's extensive impact reporting (more details [here](#)). CCMM will not provide any additional sustainability reporting requirements.

Credit Rating

1. What is a credit rating, and why is it important?

Investors use credit ratings to assess the creditworthiness of an issuer. CCMM's credit ratings are important because a high rating enables it to be a more efficient mechanism in raising funds for CTF.

2. What is CCMM's current credit rating?

Fitch published its public credit rating for CCMM on October 18, 2024 and assigned it an AA+ rating with a stable outlook.

Moody's published its public credit rating for CCMM on October 4, 2024 and assigned it an Aa1 rating (one notch below AAA) with a stable outlook, based on what it determines to be

- 1) a strong capital position with ample liquidity; and
- 2) high quality risk management and contributor commitment.

Sources for Further Information

1. Whom can I contact for more information on CCMM debt instruments?

Investors and other parties who require more information on CCMM debt instruments can contact us directly by emailing CCMMTreasuryManager@WorldBank.org.

2. Where can I obtain more information about CIF's overall mission, financial structure and lending activities?

Visit CIF's main website at cif.org/.