CIF CLIMATE INVESTMENT FUNDS

Investing in the future

Meeting of the CTF Trust Fund Committee
Washington D.C. (Virtual)
Thursday, January 27, 2022

CTF SEMI-ANNUAL OPERATION REPORT

CLIMATE INVESTMENT FUNDS
1818 H Street NW
Washington, D.C. 20433 USA
T: +1 (202) 458-1801
climateinvestmentfunds.org

CTF/TFC.27/3
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PROPOSED DECISION

The CTF Trust Fund Committee reviewed document CTF/TFC.27/3, *CTF Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of CTF.

The Committee requests the CIF Administrative Unit and the MDBs to continue to monitor the projects and programs for which CTF funding has been approved, including those that are stalled and whose funding could be made available for future CTF programming.

1. Introduction

1. This document provides an update on the status of the Clean Technology Fund (CTF), a snapshot of the portfolio of CTF-funded programs and projects, and related activities. It also covers strategic issues that demand attention from the Trust Fund Committee (TFC). This report covers the programming period from January 1 to June 30, 2021 and strategic updates through the end of November 2021.

2. Strategic Issues

2. The CTF was established in 2008 to provide concessional financing, channeled through six partner multilateral development banks (MDBs), to large-scale, country-led projects and programs in renewable energy, energy efficiency, and sustainable transport. Starting with USD 4.5 billion in pledges and contributions and twelve country investment plans (IPs) and a regional program, CTF has grown to USD 5.7 billion in resources while the programs now involve fifteen country IPs, one regional program (Dedicated Private Sector Program) and three completed phases and one on-going phase of a Dedicated Private Sector Program (DPSP).

3. As of June 30, 2021, the TFC has approved USD 5,287 million in funding for 156 projects and programs. The first half of 2021 was a quiet period for CTF from an operational perspective. The approved funding figures shows a slight decline from the last reporting period, while the number of projects increased by one.

2.1. CTF Cancelled Resources

4. Since the completion of DPSP Phase III in June 2020, CTF has accumulated about USD 223 million from cancelled operations. These resources are not yet authorized to be used for new operations, nor can they currently be diverted to other CTF funding windows or new or existing programs under the Strategic Climate Fund (SCF).

5. In June 2021, the TFC requested the CIF Administrative Unit (CIF AU) to further develop a stand-alone proposal for the use of cancelled resources. The CTF Futures Window document was subsequently sent out for a decision-by-mail in late September. TFC members requested that the decision be moved to the Semi-Annual meeting for further discussion, which will take place on January 25, 2022.

3. Status of CTF

3.1. Portfolio Overview

6. As of June 30, 2021, the TFC had approved 156 projects and programs from 16 endorsed IPs, and four phases of DPSP[1], totaling USD 5.29 billion in CTF funding (see Table 1 below)[2].

[1] Includes 16 proposals approved under DPSP III Business Development Facility (BDF).
[2] Figures are net of cancelled funding.

Table 1. Overview of CTF Portfolio as of June 2021

	Approved funding		Disbursement
	Committee	MDB	
CTF Funding (in $M)	5,287	4,898	2,709
Number of projects	156	138	98

3.2. Portfolio Updates

7. Investment plans: During the current reporting period (January 1 to June 30, 2021), no new or revised CTF IPs were submitted for endorsement.

8. CTF TFC approvals: FY21 was a slow year for TFC approvals, as seven projects were approved (four from DPSP III, three from GESP) due constraints on the development of the GESP pipeline due to COVID-19, and the absence of a pipeline eligible to use cancelled resources. FY22 is exhibiting a faster approval pace, with five projects already having been approved. During the current reporting period, two projects and programs were approved by the TFC for a total of USD 35.53 million in funding.

9. MDB approvals: During the current reporting period, three projects were approved by IBRD, two by IDB Group, one by EBRD, and one by IFC for a total of seven projects utilizing USD 244.51 million in funding.

10. Co-financing: The USD 5.29 billion TFC-approved funding is expected to mobilize around USD 54 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources. This represents a leverage ratio of 1 to 10.3. The private sector is the largest source of co-financing with around USD 18 billion and a CTF leveraging ratio of 1:3.4, followed by MDBs (1:2.9), bilateral and other sources (1:2.7), and governments (1:1.3).

11. Funding by Region, MDB, and sector technology: Asia receives the largest share of TFC-approved funding (33 percent), followed by Africa (22 percent), Europe and Central Asia (19 percent), Latin America and the Caribbean (15 percent), and the Middle East (9 percent). IBRD and IFC (41 and 8 percent, respectively) represent nearly half of operations. Proportions for ADB, AfDB, EBRD, and IDB Group remained at roughly the same at 18, 12, 11, and 10 percent, respectively. Renewable energy accounts for nearly two-thirds of TFC-approved funding. Combined renewable energy and energy efficiency projects, including smart grids, is 15 percent of the portfolio, while standalone energy efficiency is 14 percent, and sustainable transport is 7 percent. Of the renewable technologies, solar accounts for 45 percent of the portfolio, followed by geothermal (17 percent), mixed renewables (14 percent), and wind (11 percent). The remaining 13 percent is comprised of hydropower, bioenergy, waste to energy, and other.

12. Funding Cancellations: As of June 30, 2021, eight programs and projects totaling USD 101.11 million in approved funding were cancelled or reallocated by the MDBs.

4. Cross-cutting Themes

4.1. Risk Management

13. Implementation risk remains **High**. As of June 30, 2021, 11 percent of program funding have been flagged for this risk. Credit risk exposure also remains **High**, however, expected losses for the loan portfolio declined. Resource availability risk declined to **Medium**.

4.2. Gender

14. Quality of the CTF investment plan and project portfolios compared to the June 2014 baseline (i.e., the start of the CIF Gender Action Plan) have increased in all three scorecard indicator areas. Specifically, attention to gender dimensions in the CTF project portfolio has significantly improved following the start of the CIF Gender Program, across all three indicator areas (i.e., presence of sector-specific gender analysis, women-specific activities, and sex-disaggregated monitoring indicators). CIF Gender Portfolio Review found that CTF projects had a strong focus on improving women's access to green services in energy and transport sectors and aimed to improve women's individual level development outcomes directly or indirectly. CTF projects also aimed to improve women's economic empowerment through providing economic opportunities to women. The Portfolio Review also emphasized that gender monitoring and evaluation need further strengthening across CIF programs. It found that CTF projects that included sex-disaggregated M&E indicators provided limited reporting on progress of these gender indicators.

15. Building on the results of the CIF Gender Portfolio Review, CIF AU is now proactively offering upstream gender review at project design stage and strengthening support on gender-focused M&E.

4.3. Evaluation & Learning and Knowledge Management

16. The Transformational Change Learning Partnership (TCLP), published the "Transformational Change in Concentrated Solar Power" case study in August 2021, which analyzes the experiences of CTF in supporting CSP projects to enhance the transformational impacts of future investments. A May workshop built on previous TCLP-linked work to deepen understanding of what transformational change looks like in clean energy and how interventions can shift from emerging concepts to advanced practices of transformational change. A series of questions on transformational change dimensions were subsequently incorporated into the investment criteria outlined in the REI and ACT program design documents.

17. CIF's Just Transition Initiative (JTI) explores and guides how just transitions can be achieved alongside the transformational change necessary to address climate change in diverse contexts. JTI published "Understanding Just Transitions in Coal Dependent Communities" in October 2021, which takes a deep look at the coal-related socio-economic dependency in two coal dependent communities in India and South Africa and investigates key elements of just transition planning. JTI also published a report in May 2021 which included policy recommendations on how countries could pursue a just recovery from Covid-19.

18. The CIF AU coordinated an interactive GESP Learning Platform to support dialogue and knowledge exchange between MDBs and other stakeholders. The first virtual event under

the Learning Platform took place May 12th and 13th, 2021. The event brought together more than 400 CIF partners, policymakers, and development professionals to dive into the challenges and opportunities of deploying large-scale energy storage projects in the developing world. The second event, held July 15th in partnership with US Department of Energy's Pacific Northwest National Laboratory, took a deep dive on a range of storage technologies to help better understand their potential role in clean energy strategies and how to select the right technologies for developing country contexts with nearly 250 participants. The third event, held December 14th focused on exploring the role that concessional financing and private capital can play in accelerating the deployment of energy storage assets in developing countries. Nearly 150 participants joined discussions on what different actors look for when financing storage projects and what needs to change to accelerate the deployment of energy storage solutions in developing countries. CIF AU will look to publish a synthesis document highlighting the key insights from the Learning Platform in the first half of 2022.

The Climate Investment Funds

The Climate Investment Funds (CIF) were established in 2008 to mobilize resources and trigger investments for low carbon, climate resilient development in select middle and low income countries. To date, 14 contributor countries have pledged funds to CIF that have been channeled for mitigation and adaptation interventions at an unprecedented scale in 72 recipient countries. The CIF is the largest active climate finance mechanism in the world.

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c/o The World Bank Group
1818 H Street NW, Washington, D.C. 20433 USA

Telephone: +1 (202) 458-1801
Internet: www.climateinvestmentfunds.org

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