



Meeting of CTF Trust Fund Committee

Washington, D.C. (Hybrid)

Wednesday, June 12, 2024

CTF RISK REPORT- EXECUTIVE SUMMARY



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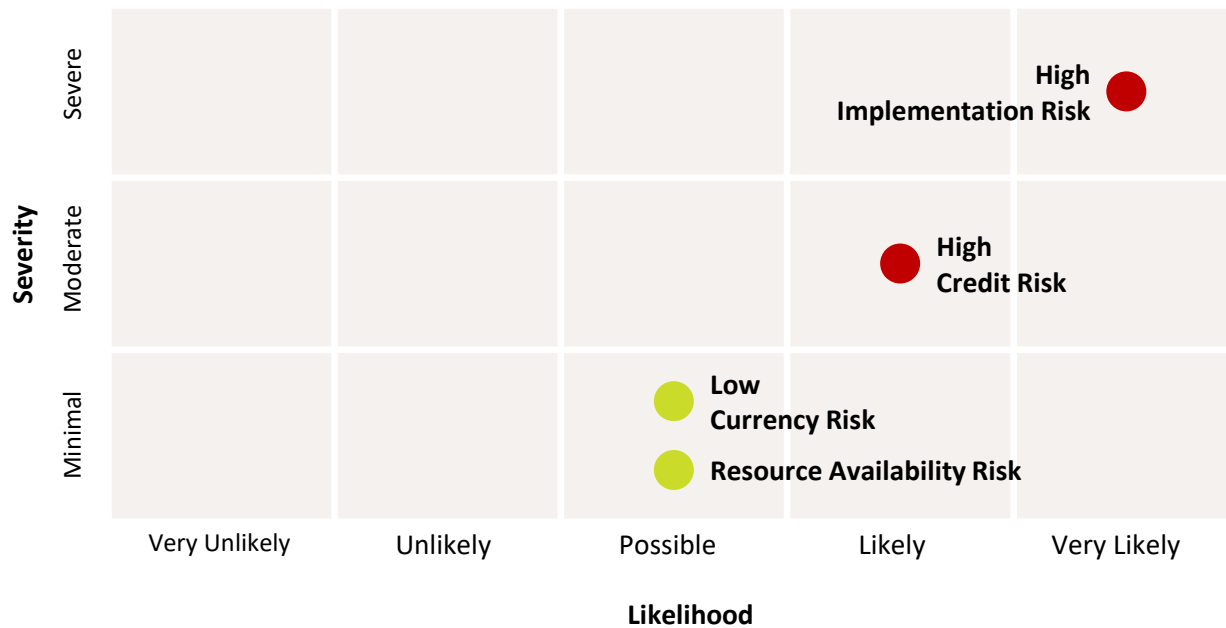
June 4, 2024

1.1 Risk Exposure Summary

1.1.1 Key Risk Exposure Matrix

- The following matrix summarizes CTF’s key risk exposures, where the implementation and credit risk are both flagged as high, and the resource availability and currency risk are flagged as low.

Figure 1 CTF Risk Exposures Summary



1.1.2 Implementation Risk

Risk Score: High

- Disbursements continued to accelerate during the first half of FY 2024, reaching USD 164.4 million and bringing the disbursement ratio to 66%.

3. CTF's implementation risk remains high. It has been high for the past twelve reporting periods, as programs/projects continue to struggle with disbursements. Beginning this period, the CIF Secretariat began flagging amounts not yet effective for projects that have sub-projects. Currently, 29 out of 154 projects, representing USD 912.0 million (18.9%) of committee approved program funding, are flagged for implementation risk.
4. The TFC committed USD 25 million to the Cebu Bus Rapid Transit Project (Philippines) in November 2012 but all CTF funds remain undisbursed. The Department of Transportation is now restructuring the scope, total project cost, project duration & financing, and envisaged implementation of the project's first two modules.
5. CTF has committed USD 4.699.4 million¹, of which USD 1,590.2 million remains undisbursed. During the first half of FY 2024, the MDBs disbursed USD 163.2 million, representing a substantial increase.

1.1.3 Currency Risk

Risk Score: Low

6. As of March 31, 2024, the GBP appreciated 2.8%² against the USD from the previous reporting date, which has resulted in a decline in the unrealized loss associated with CTF's GBP denominated notes from USD 20.3 million in September 2023 to USD 10.5 million. There was also an increase in promissory notes received from the United Kingdom of GBP 72.5 million.
7. CTF's currency risk has remained low for the past seven reporting periods, previously it had been high for the preceding five reporting periods.

1.1.4 Resource Availability Risk

Risk Score: Low

8. As of March 31, 2024, CTF's surplus in available resources increased substantially from USD 904.5 million to USD 1,241.9 million (CTF and CTFPF).
 - i) Increases to available resources:
 - i. Contribution receipts of USD 154.9 million from Canada and US to the CTF Parallel Fund;
 - ii. Contributions receipts of USD 79.8 million from Germany to the CTF Fund;
 - iii. Deposit of GBP 72.5 million promissory notes by the United Kingdom;
 - iv. Approximately USD 145.0 million of project cancellations during the reporting period; and
 - v. A reduction in pipeline projects by USD 242.7 million.

¹ This amount represents MDB board approved funding.

² Changes in the exchange rate are provided by the Trustee.

ii) These increases were offset by new commitments of approximately USD 314.1 million.

9. CTF's resource availability risk has been low for the past three reporting periods, previously it had been high for the preceding four reporting periods.

1.1.5 Credit Risk

Risk Score: High

10. Credit risk exposure for CTF remains High. As of March 31, 2023, seven private sector CTF loans representing EUR 25.1million, and four private sector loans representing USD 24.7 million in approved funding are experiencing payment defaults, and two guarantees representing USD 21 million have been called. Further, two loan transactions are at heightened risk of default, and a USD 4 million equity investment failed during the period.
11. The program's credit risk score has been high for the last nine reporting periods. For Ukraine, the CIF Secretariat has seen no public sector defaults, and, therefore, has reduced the expected default rate for these loans from 100% to 50%. The CIF Secretariat will continue to monitor this portfolio and adjust prudently expected defaults as necessary.



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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