



CTF Risk Report

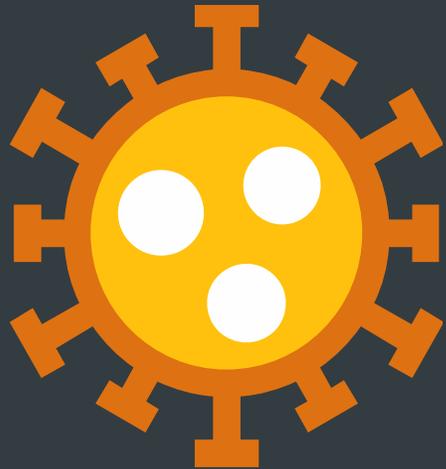
Thursday, January 27, 2022

Agenda

- Update on the Impacts of the Pandemic
- Implementation Risk
- Currency Risk
- Resource Availability Risk
- Credit Risk
- Fraud, sexual exploitation & abuse
- External Events

Update on the Impacts of COVID-19

COVID-19 PANDEMIC



COVID Variants vs Vaccines

- The Omicron and other future potential variants increase uncertainty
- 60% of CTF recipient countries have full vaccination rates \leq 40%, almost a quarter have full vaccination rates $<$ 10%

IMPACT ON COUNTRIES

Lockdowns and Travel Restrictions

Supply Chain Disruptions

Impacts on Recipient Countries' Economies and Healthcare Systems

Financial Uncertainty

ANTICIPATED IMPACT ON CTF

Implementation Risk

- Project Cycle Delays: Design and implementation
- Workers Unable to Reach Project Sites
- Supplies/Equipment Delivery Delays
- Project Restructurings, Curtailments & Cancellations

Financial Risk

- Public sector recipients re-calibrating budgetary priorities away from CIF projects to focus on the pandemic
- Financial uncertainty leading to private investors postponing involvement in CIF projects

CTF Implementation Risk

Flagging Criteria

CRITERIA 1

- The project has been **effective for 36 months**; and
- The project has disbursed **less than 20 percent** of approved CIF funds.

CRITERIA 2

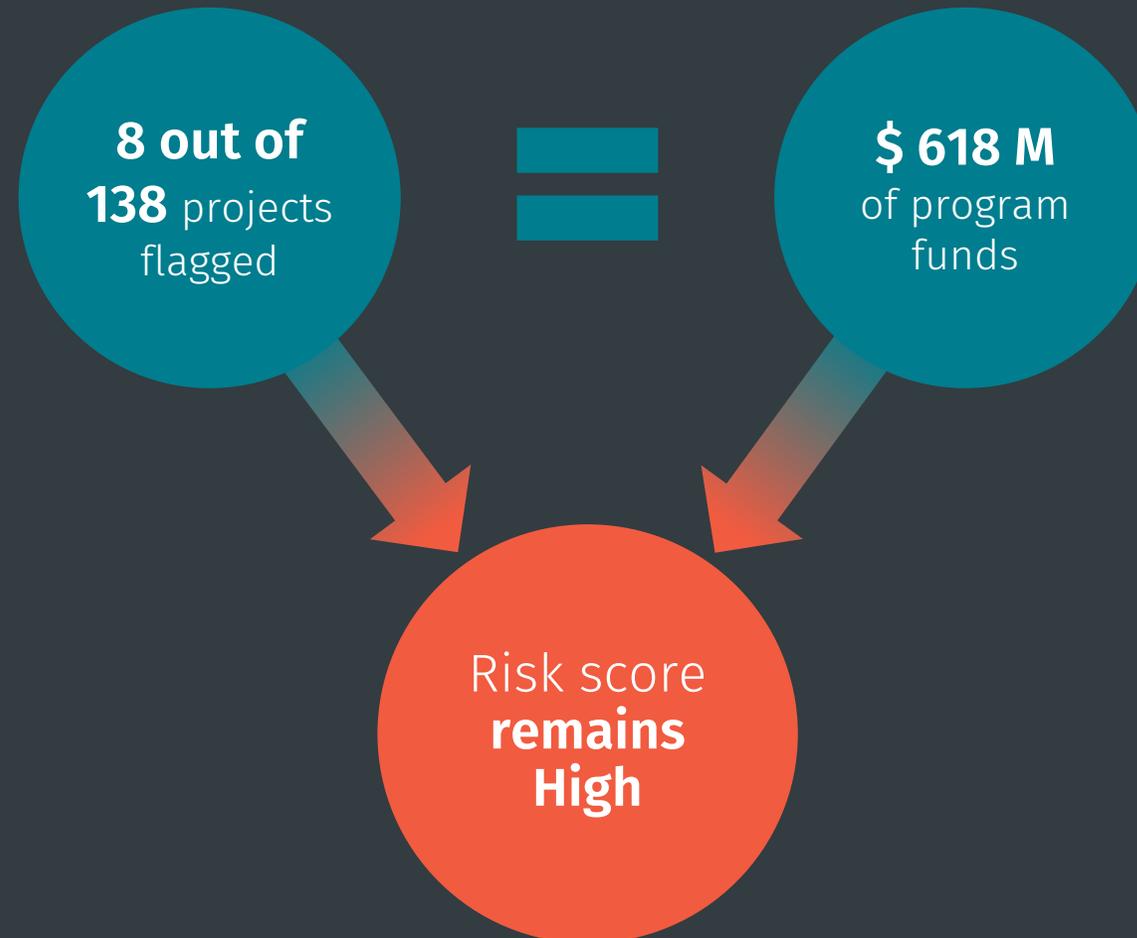
- The project is within **15 months** of the anticipated date of **final disbursement (financial closure)**; and
- The project has disbursed **less than 50 percent** of approved funds.

CRITERIA 3

- The anticipated date of **final disbursement (financial closure)** for the project **has been extended**; and
- The project has disbursed **less than 50 percent** of approved funds.

CTF Implementation Risk Summary

Program-level risk



CTF Implementation Risk: Criteria 1

COUNTRY	PROJECT TITLE	MDB	CTF FUNDING (\$M)	DISB. AS OF June 30, 2021 (\$M)	DISB. RATIO	EFFECTIVNSS DATE	MONTHS SINCE EFFECTVNSS DATE	ANTICIPATED DATE OF FINAL DISB.	MDB CO-FINANCING (\$M)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	12/3/14	80	6/30/23	116.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.7	2%	7/9/15	73	6/30/23	4.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	0.4	1%	5/5/17	51	6/30/23	64.8
India	Shared Infrastructure for Solar Parks - Phase I	IBRD	25.0	3.6	14%	1/31/18	42	11/1/22	75.0
India	Solar Rooftop PV	ADB	174.8	26.3	15%	7/25/17	48	1/31/22	330.0

CTF Implementation Risk: CRITERIA 2

COUNTRY	PROJECT TITLE	MDB	CTF FUNDING (\$M)	CUMULATIVE DISB. AS OF JUNE 30, 2021 (\$M)	DISB. RATIO	EFFECTIVENESS DATE	ANTICIPATED DATE OF FINAL DISB.	MONTHS BEFORE ANTICIPATED DATE OF FINAL DISB.	MDB CO-FINANCING (\$M)
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	12.7	25%	11/21/14	2/1/21	-5	332.5
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	12/3/14	6/30/23	24	116.0

CTF Implementation Risk: CRITERIA 3

COUNTRY	PROJECT TITLE	MDB	PROGRAM FUNDING (\$M)	CUMULATIVE DISB. AS OF JUNE 30, 2021 (\$M)	DISB. RATIO	EFFECTIVENESS DATE	MONTHS SINCE EFFECTIVENESS DATE	INITIAL ANTICIPATED DATE OF FINAL DISB.	EXTENDED ANTICIPATED DATE OF FINAL DISB.	MDB CO-FINANCING (\$M)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	12/3/14	80	10/1/21	6/30/23	116
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.6	1%	7/5/15	61	6/1/2019	12/1/22	4
Ukraine	Second Urban Infrastructure Project (UIP-2)	IBRD	49.5	15.3	31%	11/21/14	68	2/1/2021	4/30/23	300
India	Solar Rooftop PV	ADB	174.8	26.3	15%	7/25/17	48	12/31/2021	1/31/22	330
India	Rajasthan Renewable Energy Transmission Investment Program (Multi-tranche Financing Facility)	ADB	194.9	73.5	38%	11/6/14	81	12/21/18	12/31/21	300

CTF Currency Risk Summary

RISK EXPOSURE

Amount
Pledged/Received

£1,330.0 M

Amount
Unencashed

£200.0

Realized
Currency
Gain/(Loss)

(\$191.5 M)

Unrealized
Currency
Gain/(loss)

\$7.9

RISK ASSESSMENT

Likelihood

Possible

Severity

Minimal

Risk Score

Low

CTF Resource Availability Risk Summary

RISK EXPOSURE



RISK ASSESSMENT

Likelihood

Possible

Severity

Moderate

Risk Score

Medium

Credit Risk

COMMITTED LOAN PORTFOLIO CREDIT RISK EXPOSURE (AS OF 09/30/2021)

SECTOR	PORTFOLIO RISK RATING	TOTAL COMMITTED LOANS (MM USD EQUIVALENT)	ESTIMATED PROBABILITY OF DEFAULT (PD)	ESTIMATED LOSS GIVEN DEFAULT (LGD)	EXPECTED LOSS RATE	EXPECTED LOSSES (MM USD EQUIVALENT)
Public	BB-	3,119.1	0.0%	0.0%	0.0%	0.0
Private	CCC+	895.9	20.0%	50.3%	10.0%	86.0
Defaults	D	39.9	100%	76.6%	76.6%	30.6
Portfolio	B+	4,054.9	5.4%	55.1%	2.9%	116.6

- Expected losses declined to 2.9%, largely due to the revised approach to assessing public sector credit losses:
 - Public sector portfolio has not experienced any default since inception – Sovereigns that have defaulted on other obligations have continued performing on CTF obligations.
 - Therefore, expected losses for public sector loans are now zero.
- The credit risk associated with the program remains **High**.

Fraud, and sexual exploitation & abuse

- An instance of fraud, not directly related to any CTF funding, is affecting the implementation of the Solar Rooftop PV project in India.
 - Punjab National Bank (PNB) was embroiled in financial fraud cases in 2018 involving about USD 2.1 billion, which resulted in management changes at PNB. Subsequently, PNB management's focus shifted to core banking activities instead of the solar rooftop program resulting in significant implementation delays.
- No allegations or incidents of sexual exploitation and abuse associated with a CIF project were reported during the reporting period.

External Events

Ukraine – Russian troop buildup

- CTF has invested USDeq 345 million in projects in Ukraine

Table 3. Ukraine Public and Private Sector Default Scenario - Committed Loan Portfolio Credit Risk Exposure (as of 9/30/2021)

SECTOR	PORTFOLIO RISK RATING	TOTAL COMMITTED LOANS (MM USD EQUIVALENT)	ESTIMATED PROBABILITY OF DEFAULT (PD)	ESTIMATED LOSS GIVEN DEFAULT (LGD)	EXPECTED LOSS RATE	EXPECTED LOSSES (MM USD EQUIVALENT)
Public	BB-	2,937.2	0.0%	0.0%	0.0%	0.0
Private	CCC+	731.9	20.0%	50.3%	10.0%	73.5
Loans currently in default	D	39.9	100.0%	76.6%	76.6%	30.7
Ukraine	D	345.9	100%	76.6%	76.6%	265.0
Portfolio	B+	4,054.9			9.1%	369.2

CIF



CLIMATE INVESTMENT FUNDS

Investing in the future

