Meeting of the CTF Trust Fund Committee

Washington D.C. (Hybrid)

Wednesday, February 1, 2023

CTF RISK REPORT

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CTF/TFC.29/04
January 10, 2023

PROPOSED DECISION

The CTF Trust Fund Committee reviewed the document, CTF/TFC.29/04, *CTF Risk Report*, and welcomes the progress that has been made in advancing the work of CTF.

The Trust Fund Committee requests the CIF Administrative Unit to continue to identify, assess, monitor, and report the key risk exposures to the program.

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1 Introduction

1.1 Ukraine Military Conflict

1. As Russia's full-scale invasion approaches its 1-year anniversary, the situation remains highly unpredictable and volatile, with no resolution in sight. During the reporting period Russia has targeted Ukraine's infrastructure, and specifically its energy infrastructure with air strikes. CTF projects in the country continue to be directly impacted.
2. As mentioned in the last CTF Risk Report he CIF Administrative Unit began conservatively estimating that defaults will occur on all disbursed amounts for all projects in Ukraine, noting that one project had defaulted at that point. Indeed, four additional projects defaulted during the current reporting period (See Credit Risk section). MDBs report that they have paused most projects in the country and are dropping some projects from CTF's pipeline.
3. Significant portions of Ukraine's telecommunications infrastructure have been destroyed, and obtaining timely information on the status of CTF's projects remains challenging and slow. At this point the duration of the conflict should be regarded as indefinite, and the regions of the country which Russia targets militarily are unpredictable and can change at any time.

1.2 Risk Exposure Summary

4. Data as of June 30, 2022, was used to flag projects for implementation risk and compare them with projects flagged in the previous CTF Risk Report (which used data as of December 31, 2021, for implementation risk). Certain projects use more updated information, as indicated in the report. Data as of September 30, 2022, was used to assess other risks and compare them with risk assessments in the previous CTF Risk Report (which used data as of March 31, 2022, for those risk assessments).
5. The following matrix summarizes CTF's key risk exposures.

Summary Risk Matrix - CTF			
Risk	**Likelihood**	**Severity**	**Risk Score**
Implementation Risk	Likely	Severe	High
Currency Risk	Possible	Minimal	Low
Credit Risk	Likely	Moderate	High
Resource Availability Risk	Possible	Minimal	Low

6. Implementation risk for CTF and remains **High**. As of June 30, 2022, nine out of 152 projects representing USD 637 million (11 percent) of program funding have been flagged for this risk. The program's implementation risk score has been **High** for the past nine reporting cycles.
7. During the reporting period the GBP depreciated by 17 percent against the USD resulting in an unrealized loss of USD 50 million associated with CTF's GBP denominated notes vs. an unrealized gain of USD 1 million as of the last reporting period. The program's exposure to this risk remains **Low**. It should be noted, however, that as more such promissory notes are received, exposure to this risk will increase. The program's currency risk score has been **Low** for the past five reporting cycles but had been **High** for the preceding four reporting cycles.

8. Resource availability risk decreased to **Low**. As of September 30, 2022, CTF achieved a surplus in available resources of USD 121 million largely due to further receipts of pledged contributions, and project cancellations.

9. Credit risk exposure for CTF remains **High**. Since the invasion of Ukraine, five CTF private sector loans representing EUR 5.8 million have defaulted and the CIFAU continues to conservatively estimate that defaults will occur on all disbursed amounts for projects in this country due to the nature of the current military conflict in the nation. Additionally, the two other loans reported to be at imminent risk of default in the last Risk Report have now defaulted. As of September 30, 2022, 12 loans were reported to be experiencing payment defaults (eight representing EUR 34 million and four representing USD 30 million). The program's credit risk score has been **High** for the last seven reporting cycles.

2 Assessment of key risk exposures[1]

10. For CTF, the definition of risk is any threat to the achievement of CTF's objectives. This definition, along with the definition of CTF's objectives, establishes the context for appraising CTF's risk exposures.

2.1 Implementation risk

11. Implementation risk is the risk that a project, once effective, is not implemented in a timely manner. The CIF Administrative Unit flags a project for implementation risk if the project meets at least one of the following three criteria:

    I. The project has been effective for 36 months but has disbursed less than 20 percent of program funds.

    II. The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50 percent of program funds.

    III. The anticipated date of final disbursement for the project has been extended, and less than 50 percent of program funds have been disbursed.

12. The MDBs provide this information semi-annually, and the most recent information available is as of June 30, 2022. In some cases, MDBs more recent information, as indicated in the report. It is compared with projects flagged in the previous CTF Risk Report (which used data as of

[1] Severity, in the risk scoring process, is determined (where possible) based on the estimated impact of a risk as a percentage of the program's total pledges and contributions.

- Severe represents an estimated potential impact > 5% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 1–5% of total pledges and contributions.
- Minimal represents an estimated potential impact < 1% of total pledges and contributions.

However, because the impact on funds exposed to implementation risk may simply be delays in the implementation of projects that are ultimately successful (vs. a complete loss of funding for projects as is the case with currency risk), the following ranges are used to classify implementation risk severity:

- Severe represents an estimated potential impact > 10% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 5 –10% of total pledges and contributions.
- Minimal represents an estimated potential impact < 5% of total pledges and contributions.

December 31, 2021).

13. CTF's risk score for implementation risk is **High** as nine out of 152 projects representing USD 637 million of program funding have been flagged for this risk.

14. Table 1 illustrates the five projects (representing USD 319 million of program funding) that have been flagged under the first criterion. All these projects were flagged in previous CTF Risk Reports and are, therefore, highlighted in orange.

Table 1: Projects effective for 36 months with less than 20 percent of approved funds disbursed

Country	Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of June 30, 2022 (USD millions)	Disbursement Ratio	CTF Committee Approval Date	Effectiveness Date	Months After Effectiveness Date	MDB Co-Financing (USD millions)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	11/28/2012	12/3/2014	92	116.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable	ADB	49.0	1.2	3%	10/28/2014	7/9/2015	85	4.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	0.4	1%	10/28/2014	5/5/2017	63	64.8
India	Solar Rooftop PV	ADB	174.8	26.5	15%	5/16/2016	7/25/2017	60	330.0
MENA Region	Noor-Midelt Phase 1 Concentrated Solar Power Project	AFDB	20.0	0.0	0%	6/29/2017	10/28/2018	45	0.0

15. **Cebu Bus Rapid Transit Project – Philippines (World Bank):** All CTF funds remain undisbursed. This project has been flagged in each of the last eight reporting cycles.

    a. *Reason(s) for delay:* The project is in its eighth year of implementation. Soon after the project became effective, the implementing agency put the project on hold for two years to reevaluate the project alignment with its urban transportation development strategy. In July 2018, the government confirmed its commitment to implementing the project as part of the integrated inter-modal transport system planned for the metropolitan area.

       Since then, multiple factors have affected the project progress. **In March 2020 the government enforced a quarantine to contain the impact of the COVID-19 pandemic. That slowed implementation of critical project activities, including mobilizing international consultants to support project implementation.** In addition, there has been a high turnover of staff and including the Project Implementation Unit (PIU) and the National Project Management Office (NPMO). Another factor that continues affect project implementation is ***the government's lack of general budget for all World Bank projects (except one) in the Philippines*** for calendar year 2022.

       The bidding of a civil work procurement package for four bus stations and 2.6 km of trunk bus corridor for partial operability of BRT system was advertised in February 2021.

Department of Transportation (DOTr), with the support from the Procurement Service of Department of Budget and Management (PS-DBM), was successfully able to award the contract for Civil Works (CW) Package 1 on 4th Nov 2022.

Measures underway to accelerate implementation: Since May 2022, implementation has progressed. DBM allocated PhP152 million to the project for CY2022 through a Special Allotment Release Order (SARO). DOTr, with support from the Procurement Service of DBM (PS-DBM), was able to award the contract for Civil Works (CW) Package 1. A dedicated NPMO Project Manager was appointed, and the Procurement Advisor/Team has been fully engaged. The Detailed Engineering Design (DED) for CW package 2 and 3 is on-going and the procurement of other key contract services has progressed. The project also received strong endorsement and support from all levels of the government including the President, the Mayor of Cebu City, and the Cebu Provincial Council.

Despite the recent progress, the project cannot be completed by the current closing date of June 30, 2023. The government is committed to the completion of the project and the team is working on an extension of the closing date up to December 2025 to complete the balance activities.

b. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds*: The project's closing date had been extended to June 30, 2023, for both the IBRD loan and CTF loan, and has been extended again to December 2025, with plans to extend it further. Despite the progress achieved so far, it is possible that not all project activities will be completed by June 30, 2023. The World Bank team is assessing the situation to decide the needed actions for the project extension.

   To further extend the closing date, a revised RAP has been submitted and needs to be finalized soon. The Bank team is closely monitoring the situation through regular meetings to take stock of progress of various critical activities.

   During the last reporting period, the World Bank estimated that CTF disbursement would reach 46 percent by the end of calendar year 2022 and 91 percent during 2023; however, given the slow progress of the project, the World Bank now estimates that CTF disbursement will reach more than 20 percent during 2023. Although this estimate is the most accurate possible at this time, these figures are likely to changes due to the significant delays in the procurement of civil works. The disbursement projection will be re-estimated at the end of FY 2023.

c. *Expected disbursement of CTF funds over the next 12 and 24 months*: Two reporting cycles ago, the World Bank estimated disbursements to reach USD 11 million by the end of 2022 and USD 23 million by the end of 2023. It then revised these estimates during the last reporting period to USD 4 million by the end of 2022 and USD 15 million by the end of 2023. These estimates were not revised during the current reporting cycle.

16. **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 – Vietnam (ADB):** For the past seven years, approximately USD 0.09 million of CTF funds have been disbursed annually. Although ADB had forecasted that USD 1.6 million would be disbursed during the reporting period (October 2021–March 2022), only USD 0.49 million was disbursed. However, ADB reports that as of December 31st, USD 4.5 million had been disbursed. This project has been flagged in each of the last seven reporting cycles.

17. At the government's request, the ADB (ADF) loan 3235 was closed in May 2020.[2] The CTF loan 8291[3] expired in 2019 but was extended to June 2023. ADB now expects to extend the CTF loan to December 2025.

   a. *Reason(s) for delay:*
   The project was delayed due to: (i) changing the original work scope to align it with a number of other domestically funded works along the project corridor, and (ii) heavy dependency on the Ha Noi Metro Rail System Project (Line 3: Nhon-Ha Noi Station Section) where most of this project's civil works can only be constructed once the Line 3 station construction work is near to its completion, particularly at underground stations.

   In December 2019, the project completion date was first extended from December 31,2018 to December 31, 2022, following the extended completion date of the main metro line 3 project to December 31, 2022. It has since been extended again to June 30, 2023.

   Delayed recruitment of the relevant consulting services has contributed to delays in project outputs 1 and 3. The services were originally financed by both the ADB and CTF loans, but will now be entirely financed by the CTF loan.

   b. *Measures underway to accelerate implementation:* To expedite Project 2, the following actions have been or are being taken:

   (i) Based on the approved scope changes[4], the first two civil works contract packages were awarded by December 2022 ($8.6 million in total).[5] Ha Noi Transport Construction Investment Project Management Unit (HTPMU), the employer, Ha Noi People's Committee, executing agency, and ADB are procuring the remaining packages.

[2] The ADF loan closed due to non-performance since the loan effectiveness and the government's new policy of not using ODA fund for capacity building and recurrent expenditure (e.g., project management support consultant).

[3] The government and IA requested ADB to retain the CTF loan to cover the remaining project's scope as it was sufficient after some minor changes.

[4] The Ha Noi People's Committee (HPC) adjusted and approved project scopes in 2018 and 2021. As of 2022, the project scope included: (i) corridor improvement from Stations 1–8, (ii) two footbridges at Station 8, (iii) improvement of area around Stations 8, 9, 10, 11, 12, (iv) determination of the use of battery electric buses, and (v) equipment for maintenance and repair workshop, and electric charging stations. It excluded: (i) footbridge at Station 7, (ii) underground pedestrian crossings at Stations 9 and 12, (iii) underground plaza and pedestrian crossing at Station 10, (iv) improvement of alleys within 500 meters from the station, and (e) fares, ticketing and transport pricing study.

[5] Accounting for more than 50% of the total civil works value.

(ii) Dependency on the Line 3 project was reduced. ADB's March 2022 mission agreed with HTPMU on a new demarcation of works between the present project and the Line 3 project. HTPMU separated out three packages totaling USD 4.1 million (the civil works awaiting the Line 3 project progress), thereby allowing the remaining civil works of USD 9.9 million to proceed (of which the HTPMU awarded USD 8.6 million and will award the remaining USD 1.3 million) by Q3 2023. For bus and equipment purchase (estimated USD 15.6 to USD 29.1 million), HTPMU engaged a consultant to design the bus system (estimated USD 1.6 million, out of the total project's consultant costs of USD 5.2 million).[6] After finalizing the design and number of buses, HTPMU will procure a supplier by Q4 2024 for delivery and installation by Q4 2025. HTPMU expects completion of the separated USD 4.1 million packages by Q4 2025. ADB and HPC regularly review and discuss measures to accelerate the progress.

ADB discussed with HTPMU measures to accelerate the progress in September 2022 review mission. The pending issues were raised to high-level government authorities during the 2022 ADB country portfolio review meeting scheduled on October 18, 2022. On October 7, 2022, VRM CD participated the project groundbreaking ceremony and met with leaders of HPC. They expressed their supports and agreement to extend the project completion date for which the request was submitted by HTPMU on September 27, 2022. On December 8, 2022, the Ha Noi People's Council has delegated its approval authority of the extension to the HPC. The HPC approval is expected in January 2023, followed by a second CTF loan extension process.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* ADB had anticipated that by 2022, 20 percent of the CTF loan amount would be disbursed, however this did not occur. The project team nowvestimates that more than 20 percent of the CTF funds will be disbursed by the end of Q4 2023. By December 31, 2022, the total disbursements reached USD 4.5 million (9%).

d. *Expected disbursement of CTF funds over the next 12 and 24 months*:

In the January 2022 Risk Report, ADB projected the following:

- 12-month projection: USD 3.2 million
- 24-month projection: USD 15.6 million

In the June 2022 Risk Report, ADB amended their projection to:

- 12-month projection (April 2022–end March 2023): USD 5.2 million
- 24-month projection (April 2022–end March 2024): USD 21.1 million

As of December 31, ADB revised their projection to:

- 12-month projection (to December 31, 2023): USD 9.5 million to USD 10.5 million

[6] Estimated interest and management fee is $0.7 million.

- 24-month projection (to December 31,2024): USD 15.6 million to USD 18.8 million

The funds can be fully disbursed before December 2025. This is subject to an official government request and ADB approval of a second extension of the CTF loan agreement's closing date from June 30, 2023, to December 31, 2025.

18. **Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3 – Vietnam (ADB):** This project was flagged in the last three risk reports. For the past six years, approximately USD 0.09 million of CTF funds have been disbursed annually. In December 2022, ADB reported a significant increase in cumulative CTF disbursements to USD 11.1 million (22 percent). This project will no longer be flagged under the first criterion but remains flagged under the 3rd criterion.

    a. *Reason(s) for delay:* The Construction Package 03 (CP03) contract was signed on October 30,2015, but the works only commenced on February 6, 2017 due to delayed site handover.[7] The contract progressed for 4.5 years until the contractor suspended their works on July 31, 2021, due to the employer's failure to comply with its material contractual obligations, including site access and payments, followed by a notice of contract termination submitted by the contractor on 30 October 2021. The actual physical progress of the package stands at 32.2 percent. The original project's disbursement arrangement made the original OCR loan disburse prior to the additional financing loan in which the CTF fund is allocated.

    b. *Measures underway to accelerate implementation:* Negotiation items of CP03 works resumption includes (i) access to all parts of the site, and (ii) claims for additional payment and extension of time. The joint review mission by ADB and co-financiers in March 2022 urged Ha Noi People's Committee (HPC) to progress the above negotiation. ADB fielded review missions in June, October, and December to facilitate the negotiation.

    (i) Access to the site. HPC requested the relevant authorities to complete the pending land acquisition and compensation for the underground section in September 2022. By the end of October, all the key obstacles related to site access of the underground section have been reasonably addressed as required by the contractor.

    (ii) Claims for Additional Payment and Extension of Time. A dispute board (DB) triggered an effective resolution in addition to the resolution by the Engineer's determination.[8] On April 26, 2022, the DB issued its decision on the dispute related to the 1st claim, and the engineer issued a related interim payment certificate on May 16, 2022. On August 15, 2022, the DB issued its decision on the methodology for calculation of the quantum under the dispute related to the 2nd claim, and accordingly the contractor submitted claim amounts of USD 10.5 million for the Engineer's determination. For the 3rd claim, on September 15, 2022, the Engineer determined an extension of time of 56.3 months, i.e., a new completion date of 31

[7] The project only finances the CP03 contract package that is the tunnel section of the Ha Noi Line 3 metro line.

[8] Within 84 days after receiving a dispute (in relation to the claims), the DB will give its decision which is binding to both contract parties

October 2026, and accordingly determined a correspondent additional payment of USD 14.2 million.

On October 26, 2022, the contractor issued an official letter agreeing to resume the works with two minimum conditions (i) continuity of the DB, and (ii) the Engineer's certification of IPC No. 25 relating the above claims. HPC and MRB met these conditions in October 2022. The contractor prepares full resumption of construction works on sites from February 7, 2023.[9] The parties will continue addressing the remaining issues.

To accelerate CTF disbursement, ADB discussed with the executing agency to front-load the disbursement of the CTF funds over the original OCR loan. ADB approved the front-loading on August 24, 2022. By December 2022, USD 11.1 million was disbursed from the CTF funds.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* ADB reports that as of December 2022, 22 percent of the CTF funds (USD 11.1 million) had been disbursed.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* ADB expects that USD 28.0 million – USD 35.0 of the CTF funds will be disbursed by December 31, 2023 (next 12 months), and all CTF funds will be disbursed by June 30, 2024 (next 24 months). This is subject to the government's official request and ADB's approval of a second extension of the CTF loan agreement's closing date from June 30, 2023, to June 30, 2024.

19. **Solar Rooftop PV – India (ADB):**

a. *Reason(s) for delay:* The project executing agency, Punjab National Bank (PNB), has been unable to implement the program effectively due to internal reasons. While PNB had the demonstrated capacity at the time of its inclusion in the program to develop a dedicated team to implement solar rooftop financing, it took a long time in adopting the institutional policy and guidelines. Despite the institutional commitment, a systematic approach was not in place at an early stage and there was lack of staff assignments dedicated to the program implementation.

PNB was also embroiled in financial fraud cases in 2018, which resulted in changes in PNB management. While project implementation is not related to this case in any way, PNB management's focus was shifted to restructuring and stabilizing the core banking operations rather than implementing the solar rooftop program.

Finally, solar rooftop developers have had difficulties with pledging adequate collateral required under PNB's typical lending requirement.

b. *Measures underway to accelerate implementation:* Due to slow progress in utilizing the

[9] This is 1 week after Vietnamese Tet New Year break.

disbursed funds and pipeline build up, ADB has had a series of consultations with the Government of India. As a result, ADB suspended and canceled the MFF tranche containing the CTF loan of USD 90.5 million toward PNB effective June 2021.

To achieve its intended outcome of increased solar rooftop capacity, the government of India informed ADB that concessional CTF funds under the MFF program that remains active should be prioritized for residential houses, as large-scale solar rooftop projects in commercial and industrial buildings only gradually become commercially viable. ADB is currently discussing with some financial institutions and commercial banks to identify an appropriate financial intermediary to implement the remaining tranches of the program per the instructions of the government. This is expected to be arranged to fully utilize the CTF loan of $170 million by the end of the MFF utilization period in 2026.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* ADB is discussing promising new options for continuing to implement the MFF with additional borrowers. Following this step, restructuring of the MFF can be processed accordingly.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* See bullet c above.

20. Morocco - Noor Midelt Phase 1 Concentrated Solar Power Project – MENA Region (AfDB):

a. *Reason(s) for delay:* The project is facing delays outside the control of AfDB. Since the award, the implementing entity, Moroccan Agency for Sustainable Energy, has held various negotiations with the successful bidder to finalize all contractual documentation that are key to launching the procurement process and eventually starting disbursements.

   Currently, the Power Purchase Agreement, the Engineering, Procurement and Construction Contract, the Interim and Long-Term Operations and Maintenance Contract, the Midelt I Specific Convention, and the Security documents have yet to be finalized and executed. The conclusion of these contracts is a condition precedent to the start of project implementation.

   Fulfilment of these conditions was delayed due to a series of measures and restrictions related to COVID-19 that impacted all project stakeholders, creating uncertainties at the level of the value chain for several important components (e.g., solar PV modules).

b. *Measures underway to accelerate implementation:* With COVID-19 restrictions eased, negotiations are expected to resume and accelerate in the coming months.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* 10 months (July 30, 2023)

d. *Expected disbursement of CTF funds over the next 12 and 24 months:*

- 12 months: 25%
- 24 months: 55%

21. All projects which had been flagged under the second criterion, have since been extended and are now flagged under the third criterion.

22. Table 2 illustrates that eight projects representing USD 617 million of program funding have been flagged under the third criterion. All of these projects are highlighted in orange as they were flagged in previous risk report(s).

Table 2: CTF projects with extensions and less than 50 percent of approved funds disbursed

Country	Program / Project Title	MDB	Funding Amount (USD Equv)	Cumulative Disb. as of June 30, 2022	Disbursement Ratio	CTF Committee Approval Date	Effectiveness Date	Months After Effectiveness Date	Initial Anticipated Date of Final Disbursement	Extended Anticipated Date of Final Disbursement	MDB Co-Financing (USD millions)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	11/28/2012	12/3/2014	92	10/1/2021	6/30/2023	116.0
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	21.3	43%	1/28/2014	11/21/2014	87	2/1/2021	6/30/2023	332.5
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	0.4	1%	10/28/2014	5/5/2017	63	12/31/2022	6/30/2023	18.2
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	1.2	3%	10/28/2014	7/9/2015	85	6/1/2019	6/30/2023	4.0
India	Shared Infrastructure for Solar Parks - Phase I	IBRD	25.0	5.7	23%	1/13/2016	1/31/2018	54	11/1/2022	1/31/2023	75.0
India	Solar Rooftop PV	ADB	174.8	20.7	12%	5/16/2016	7/25/2017	60	12/31/2021	1/31/2022	330.0
India	Rajasthan Renewable Energy Transmission Investment Program (Multi-tranche Financing Facility / MFF)	ADB	194.9	73.5	38%	7/29/2013	11/6/2014	93	12/31/2021	9/25/2023	300.0
Ukraine	Second Power Transmission Project	IBRD	48.4	10.7	22%	11/4/2014	6/9/2015	86	10/1/2020	12/31/2023	332.5

23. **Cebu Bus Rapid Transit Project – Philippines (World Bank):** This project was also flagged under the first criterion (see preceding description).

24. **District Heating Energy Efficiency Project – Ukraine (World Bank):** **World Bank reports that as of December 31st, this project had disbursed USD 35.4 million. It will therefore no longer be flagged for implementation risk.**

25. **Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3 (ADB):** This project was also flagged under the first criterion (see preceding description).

26. **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 (ADB):** This project was also flagged under the first criterion (see preceding description).

27. **Rajasthan Renewable Energy Transmission Investment Program – India (ADB):**

    a. *Reason(s) for delay:* The Government of Rajasthan (GOR) deferred the implementation of proposed subprojects under RRETIP multi-tranche financing facility (MFF) transmission investments.

    b. *Measures underway to accelerate implementation:*

- The GOR has sought ADB assistance totaling USD 110 million from CTF and USD 70 million from ADB-OCR for RRVPNL under the MFF through the Department of Economic Affairs Ministry of Finance of the GOI.
- Due to the Honorable Supreme Court of India interim stay order in April 2021 on construction of overhead transmission lines in Rajasthan, Tranche 3 loan processing was put on hold. The Honorable Supreme Court of India ruling on the same is still awaited.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* ADB had projected that Tranche 3 would be approved by Q2 2022 for the total remaining CTF share in the MFF program, but now no further disbursements are anticipated.

   On April 13, 2022, RRVPNL informed the GOI and ADB of its inability to use the MFF funds within MFF closing date of September 23, 2023, due the Supreme Court's stay order on the construction of overhead transmission lines. RRVPNL is awaiting the final order (which may take time). The GOR and GOI have filed interlocutory applications in the matter for modification of the order, which are also currently under hearing before the Supreme Court of India. CTF funds may not be utilized by MFF closing date of September 23, 2023.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* Given the current situation, no disbursements are expected.

28. **Solar Rooftop PV – India (ADB):** This project was also flagged under the first criterion (see preceding section for description).

29. **Shared Infrastructure for Solar Parks - Phase I – India (World Bank):**

a. *Reason(s) for delay:* As of June 2022, CTF disbursements, including both loan and grant, amounted to USD 5.683 million, which is 22.7 percent of the total CTF funding approved. **This slow disbursement was due to the impacts of the COVID-19 pandemic impacting the procurement of the pipeline solar parks, suspension of Central Electricity Regulatory Commission (CERC), and uncertainty around fund requirement for Mandsaur solar park, which was dependent on the completion of the state transmission-owned substation.** Although this project slowed down due to the government approval process and COVID-19, these issues have been resolved and the disbursement increased by USD 1.5 million in the last reporting cycle.

   CERC is the authority to give an in-principle approval to the tariff structuring for setting up the solar generation assets that are funded by non-Bank sources within these solar parks. Their approval was critical to provide more comfort to the developers as well as to the off-takers. However, the apex court in India suspended CERC's operation temporarily due to a failure in meeting a requirement of appointing a member from the field of law with qualifications of a high court or district judge.

   The disbursement for 250 MW Mandsaur solar park was delayed due to the transmission line commissioning. The funding requirements may be reduced, consequently lowering the

CTF disbursement amount. The shared infrastructure facility, in particular the transmission lines, were planned to be constructed in two parts. While the first part was completed and commissioned in 2017, the second part was initially delayed in commissioning a connecting-substation. The substation was commissioned only on September 15, 2021. While the transmission lines are complete, the IBRD and CTF loan disbursements have been lowered given that this park is eligible for central financial assistance (CFA) from the Government of India.

b. *Measures underway to accelerate implementation:* Due to the COVID-19 pandemic and CERC's suspension, multiple extensions were given, initially delaying the tendering process. Currently, the tendering process for 1,500 MW solar parks in Madhya Pradesh is complete. Even during the peaks of the pandemic, substantive progress was made, increasing the disbursement by USD 1.5 million in FY22.

   CERC's full-time operation has resumed, and it has accorded necessary approvals required for concluding the tender process for 1,500 MW solar parks in Madhya Pradesh (MP). The bids for solar generation assets of 1,500 MW Agar, Shajapur, and Neemuch (ASN) solar parks in MP have been closed and the contracts are in place for the shared infrastructure facilities of these parks. Site activities have begun. However, given the delays, the commissioning of the parks is likely to take place by June 2023. The World Bank has adhered to the request of the Government of India to extend the project closing period to July 2023. Any extension beyond it will be processed after joint review is conducted (closer to July 2023) between the World Bank, Department of Economic Affairs (DEA) and Indian Renewable Energy Development Agency Limited (IREDA).

   Further, IREDA, the implementing agency, is also working on additional parks of 600 MW in Uttar Pradesh (UP) which would absorb the IBRD and CTF loan savings from Mandsaur solar park as well as any uncommitted funds. Their commissioning is scheduled in March 2024, which is also beyond the current project closing date. IFC has been hired as a transaction advisor for these parks.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* The project team estimates that by Q4 FY2023 (June2023) disbursements would be more than 50 percent.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* Subject to extension of closing date to March 2024, the additional disbursement amount is likely to reach about USD 6 million and USD 13.33 million in the next 12 and 24 months, respectively.

30. **Second Power Transmission Project – Ukraine (World Bank):** The amount of disbursed CTF funds increased by USD 0.6 million in FY23. This project has been flagged in the last five reporting cycles.

    a. *Reason(s) for delay:* The CTF-financed component of the project, Electricity Market Enhancement, has progressed slowly due to technical issues and **unprecedented external**

shocks, namely COVID-19 and the war on Ukraine. It had taken longer than expected to complete the procurement packages due to the complex nature of smart-grid technologies and the continuous changes in technical parameters of the packages. On the latter, the country's strategic agenda, the power system integration with European Network of Transmission System Operators for Electricity (ENTSO-E), had been accelerated even before the war, with integration initially envisaged after the project's closing date of 2023. Due to the fundamental change of the system, the client had to ensure all the technical requirements were aligned with European operational standards. Progress was further disrupted by the COVID-19 restrictions and then by the war,. The component's key contract, UE/4A Lot 1 on the Supervisory Control and Data Acquisition (SCADA), has been declared as Force Majeure since March 2022 due to the war, although the contractor continues their work. The large CTF-financed contract, UE 4B Lot 5 Radio Relay Communication in the amount of USD 15 million, had to be canceled since the majority of locations were in occupied regions of the war, rendering the contract impossible to implement.

b. *Measures underway to accelerate implementation:* The World Bank team has provided various kinds of support to the project implementation unit to accelerate the implementation of the CTF financed packages. Experts have been mobilized to support the client in resolving complicated outstanding technical issues. Moreover, the Bank also agreed to support the country's urgent need to install smart-grid equipment, called STATCOM (static synchronous compensator), under the CTF financed component. The equipment is urgently requested by ENTSO-E to enhance electricity trades between Ukraine and ENTSO-E. The electricity trades help Ukraine to compensate for the electricity sector's financial deficits through additional revenues in the amount of approximately USD 100 million, and also help European countries overcome the electricity crisis.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* World Bank expected the disbursement of the CTF loan to accelerate in early 2019 and disbursements to reach 50 percent in 2022, but these did not occur.

The World Bank now expects disbursements to increase during FY2023 due to the finalization of the key contracts and the new urgent contract for STATCOM. The disbursement is expected to reach to 50 percent during FY2023. However, the situation is highly uncertain due to the ongoing war.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* No estimate provided.

2.1.1 MDB cancellation guidelines and criteria

31. During the December 2017 CIF Trust Fund Committees' and Sub-Committees' meetings, members expressed interest in receiving information pertaining to MDBs' potential decisions to cancel projects. Some MDBs have provided the following links to their guidelines:

- ADB – Project Administration Instructions: Suspension and Cancellation of Loans
- ADB – Externally Financed Grant Regulations Applicable to Grants Financed from a Trust

[Fund or Other External Sources and Administered by ADB]

- [AfDB – Revised Guidelines on Cancellation of Approved Loans, Grants and Guarantees]
- [IBRD - Trust Fund Handbook (see Section 5.9)]

2.2 Currency risk via promissory notes

32. Currency risk via promissory notes is the risk that fluctuations in currency exchange rates will cause the value of the foreign currency in which a promissory note is denominated to decline.

33. During the reporting period the GBP depreciated against the USD by 17 percent, causing CTF's GBP 247 million promissory notes to decrease by USD 51 million in value. CTF has now accrued a USD 50 million unrealized loss (see Table 3) associated with these promissory notes vs. USD 1 million unrealized gain as reported as of March 31, 2022. Although increased, CTF's exposure to this risk remains **Low**. It should be noted, however, that as additional GBP-denominated promissory notes are received, exposure to currency risk will increase. The program's currency risk has been **Low** in the last five reporting cycles, and **High** for the preceding four reporting cycles.

Table 3: CTF currency risk exposure summary

Currency Risk Exposure (Millions) as of September 30, 2022							
Program	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
CTF	£1,377.7	£247.8	($191.5)	($49.9)	Possible	Minimal	Low

2.3 Resource availability

34. Resource availability risk is the risk that the Trustee will not have sufficient resources, under a respective CIF program, to commit to fund all projects in the program's pipeline. The CTF Trust Fund Committee agreed to accept a certain level of this risk, and to permit over-programming by 30 percent of the program's pledged resources in order to accelerate the implementation of viable projects rather than wait until after unviable projects had been identified and removed from the pipeline. This has proven to be a successful strategy, enabling accelerated project implementation. However, this policy also necessitates that some resource availability risk be incurred.

35. As of September 30, 2022, CTF experienced a surplus in available resources of USD 121 million vs a deficit of USD 132 million as of March 31, 2022, largely due to additional receipts of pledged contributions from Canada and project cancellations. The risk that CTF will be unable to fund all projects in its pipeline decreased and remains **Low**.

36. To mitigate this risk, the CTF Trust Fund Committee, MDBs, and CIF Administrative Unit have all consistently conveyed the message that resource allocations in CTF are not guaranteed during the initial project preparatory stages and that CTF has adopted an over-programming approach in developing the CTF pipeline for planning purposes. It is not until the CTF Trust Fund Committee approves project funding, that CTF funds are committed for a specific project.

2.4 Credit risk

37. Credit risk is the risk that a CTF financing recipient will become unwilling or unable to satisfy the terms of an obligation to an MDB in the MDB's capacity as an originator and servicer of CTF's outgoing financing.

38. Exposure to this risk could lead to insufficient available resources for the Trustee to repay loan contributors. Additionally, the viability and success of a project can be affected by a recipient's financial solvency.

39. CTF's primary source of credit risk exposure is incurred through the funds it commits as loans, (approximately 75 percent public sector and 25 percent private sector). Credit risk exposure incurred through other instruments (e.g., guarantees) is minimal.

40. Due to the nature of the ongoing military conflict in Ukraine, the CIF Administrative Unit is now incorporating the assumption that recipients will default on all disbursed amounts to projects in Ukraine.

41. We began to see the credit impacts of the conflict during the previous reporting period where one private sector project in Ukraine defaulted. Since then, **during the current reporting period, we have seen four more private sector projects default. These five projects represent ~EUR 5.8 million of outstanding principal and are highlighted in orange in table 5 below.**

2.4.1 Public sector exposure

42. All CTF public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently CTF is exposed to 17 sovereigns with ratings ranging from CC (Ukraine) to BBB+ (Peru).

43. For CIF, public sector rating agency credit ratings have been a very poor predictor of defaults and expected losses. CIF has been operational for over 12 years and has experienced no payment defaults on any of its public sector projects, and this has been the case despite the fact that, at various points, rating agencies have downgraded some recipient countries' ratings to default status. In other words, even when CIF recipient countries have defaulted on obligations to their bondholders, these countries have not defaulted on their obligations to CIF. For this reason, the CIFAU no longer uses rating agencies' public sector credit ratings to assess the credit risk associated with CTF's public sector loan portfolio, and the CIFAU's expected losses for the public sector portfolio are zero (please see Annexes B for recipient countries' expected losses implied by rating agency credit ratings) with the exception of Ukraine (see previous subsection).

2.4.2 Private sector exposure

44. The remaining 25 percent of CTF's loan commitments are to private sector entities for which publicly available information is limited. The CIF Administrative Unit uses the MDBs' internal risk assessments[10] of the transactions, which are provided in the form of either S&P-equivalent

[10] Presently EBRD, IDB Group, and IFC provide internal credit ratings or PDs assigned to their respective private sector CTF loans or loan portfolios. The resulting credit rating for the combined portfolio of private sector CTF loans originated and serviced by these three MDBs is then applied to the entire portfolio of private sector CTF loans.

ratings or estimated probabilities of default (PD) and loss given default (LGD) to calculate a weighted average credit rating, PD, LGD, and expected loss rate for the private sector portfolio (see Table 4).

Table 4: Total loan portfolio credit risk exposure summary

Committed Loan Portfolio Credit Risk Exposure (as of 9/30/2022)						
Sector	Portfolio Risk Rating[5]	Total Committed Loans (MM USD equivalent)[1]	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]
Public	BB-[8]	3,021.3	0.0%	0.0%	0.0%	0.0
Private	CCC+[7,4]	735.7	25.1%	49.6%	12.4%	91.6
Defaults	D	42.6	100.0%	76.6%	76.6%	32.6
Ukraine Exposures [9]	**D**	**152.5**	**100.0%**	**76.6%**	**76.6%**	**116.8**
Portfolio		**3,952.1**			**6.1%**	**241.0**

1. Committed loan amounts are provided by the Trustee.

2. Expected losses are in addition to total loan principal reported to be in default.

3. Expected Loss Rate = (PD x LGD) and does not take into account any correlations between the performance of loans within the portfolio.

4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.

5. Derived based on the mapping of the portfolio's estimated PD to the corresponding rating agency credit rating as published in *Moody's Annual Default Study: After a sharp decline in 2021, defaults will rise modestly this year.*

6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in *Moody's Annual Default Study: After a sharp decline in 2021, defaults will rise modestly this year* (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2021).

7. Based on internal credit ratings or PDs assigned to their respective private sector CTF loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.

8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of September 30, 2022. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2021 as published in *Moody's Annual Default Study: After a sharp decline in 2021, defaults will rise modestly this year*.

9. Ukraine exposures are based on disbursed amounts, not committed amounts because it is assummed that further disbursements will be minimal until there is a material improvement in the operating environment in this country.

2.4.3 Update on loans currently experiencing payment defaults

45. In addition to the five private sector projects in Ukraine which have defaulted, **the two projects representing USD 3 million and USD 13 million noted in the last Risk Report as being at imminent risk of default have now defaulted and are highlighted in yellow in Table 5 below**. The latter was sold for USD 2.5 million resulting in a realized loss of USD 10.6 million.

46. Looking ahead, the likelihood of a USD 19 million guarantee will be called, increased significantly during the period. Because this is a first loss guarantee, CTF's loan contributors would not share in any losses associated with this transaction.

47. In total eight private sector CTF loans representing EUR 34 million, and four private sector loans representing USD 30 million have defaulted.

Table 5: CTF loans experiencing payment defaults

Loan Amount	Amount Outstanding at time of default	Principal Repaid	Currency	Missed Interest Payments		Paid Delinquent Interest		Missed Principal Repayments		Repaid Delinquent Principal		Default Interest	Paid Default Inerest		Total Amt Past Due
				Date	Amount	Date	Amount	Date	Amount	Date	Amount		Date	Amount	
1,076,857	1,042,084	34,773	EUR	4/19/2022	2,707			4/19/2022	42,338						90,228
				10/17/2022	2,845			10/17/2022	42,338						
				TOTAL	5,552		-		84,676		-	-		-	
2,000,000	1,700,000	300,000	EUR	4/19/2022	7,363			4/19/2022	100,000						215,634
				10/17/2022	6,788			10/17/2022	100,000			1,484			
				TOTAL	14,150		-		200,000		-	1,484		-	
1,750,500	1,489,714	260,786	EUR	4/19/2022	6,353			4/19/2022	87,630						93,983
				TOTAL	6,353		-		87,630		-	-		-	
4,200,000	465,393	3,734,607	EUR	3/1/2022	3,667			3/1/2022	21,154						97,212
				4/1/2022	911			4/1/2022	21,154						
				10/3/2022	5,218			10/3/2022	21,154			964			
				11/1/2022	1,489			11/1/2022	21,154			347			
				TOTAL	11,285		-		84,617		-	1,311		-	
2,000,000	1,142,857	857,143	EUR	5/16/2022	2,679			5/16/2022	95,238						293,855
				8/15/2022	2,528			8/15/2022	95,238			186			
				11/15/2022	2,373			11/15/2022	95,238			375			
				TOTAL	7,579		-		285,714		-	561		-	
2,030,000	1,873,846	171,908	EUR					5/30/2018	78,077		(38,349)				1,835,887
								11/30/2018	78,077						
				4/10/2019	11,933		(11,933)	4/10/2019*	1,639,615			2,038	9/27/2019	(2,038)	
				5/30/2019	-			5/30/2019	-			9,960	10/1/2019	(9,960)	
				11/29/2019	-			11/29/2019	-			36,385	7/25/2022	(36,385)	
				5/29/2020	-			5/29/2020	-			36,275	7/25/2022	(36,275)	
				11/30/2020	-			11/30/2020	-			37,618	7/25/2022	(37,618)	
				5/28/2021	-			5/28/2021	-			37,146	7/25/2022	(37,146)	
				11/30/2021	-			11/30/2021	-			39,367	Writeoff		
				5/28/2022	-			5/28/2022	-			39,100	Writeoff		
				TOTAL	11,933		(11,933)		1,795,769		(38,349)	237,890		(159,423)	
5,600,000	5,540,195	98,958	EUR					8/13/2018	107,692						2,418,998
				11/13/2018	16,522	11/25/2021	(16,522)	11/13/2018	107,692						
				2/13/2019	27,521	11/25/2021	(17,012)	2/13/2019	107,692						
				5/13/2019	26,091			5/13/2019	107,692			3,663			
				8/13/2019	49,368			8/13/2019	107,692			5,158			
				11/13/2019	25,870			11/13/2019	107,692			6,816			
				2/13/2020	25,320			2/13/2020	107,692			8,251			
				5/13/2020	24,231			5/13/2020	107,692			9,484			
				8/13/2020	24,219			8/13/2020	107,692			11,141			
				11/13/2020	23,668			11/13/2020	107,692			12,603			
				2/15/2021	23,621			2/15/2021	107,692			14,380			
				5/13/2021	21,341			5/13/2021	107,692			14,718			
				8/13/2021	44,965			8/13/2021	107,692			17,033			
				11/13/2021	21,933			11/13/2021	107,692			19,176			
				2/15/2022	20,689			2/15/2022	107,692			20,689			
				5/13/2022	19,480			5/13/2022	107,692			40,101			
				8/13/2022	20,246			8/13/2022	107,692			23,468			
				TOTAL	415,085		(33,534)		1,830,768		-	206,680		-	
12,065,953	11,872,898	1,660,206	USD	8/1/2017	245,688			8/1/2017	96,528						5,657,428
				2/1/2018	245,029			2/1/2018	90,495			30,962			
				8/1/2018	241,818			8/1/2018	132,725			21,733			
				2/1/2019	244,325			2/1/2019	90,495			34,567			
				8/1/2019	237,198			8/1/2019	211,154			45,212			
				2/1/2020	232,829			2/1/2020	180,989			60,348			
				8/1/2020	227,825			8/1/2019	271,484			74,477			
				2/1/2021	224,694			2/1/2021	271,484			92,381			
				8/1/2021	217,848			8/1/2021	301,649			111,164			
				2/1/2022	212,769			2/1/2022	301,649			130,586			
				8/1/2022	205,364			8/1/2022	422,308			149,652			
				TOTAL	2,535,387		-		2,370,960		-	751,082		-	
3,620,000	3,016,373		USD	5/15/2022	417,784			5/15/2022	3,016,373			478,624			3,278,671
				11/15/2022	100,015	11/15/2022	(401,489)					145,988	########	(478,624)	
				TOTAL	517,799		(401,489)		3,016,373			624,612		(478,624)	
15,500,000	15,500,000	357,000	EUR	This loan was sold to a syndicate of distressed debt investors in 2018. There is little likelihood of recovering CTF funds.					15,500,000						15,500,000
1,500,000	1,500,000	325,777	USD	There is little likelihood of recovering CTF funds.					1,500,000						1,500,000
16,000,000	13,137,286		USD	This loan was sold in 2022 for USD 2,532,320.77, resulting is a loss of USD 10,604,965.10.					10,604,965						

2.5 Fraud and sexual exploitation and abuse

48. At the January 2019 meeting, the CTF Trust Fund Committee requested that the MDBs provide the CIF Administrative Unit information regarding fraud and sexual exploitation and abuse in CTF projects implemented by them, to the extent that such information is provided to their own MDB boards and subject to any necessary legal/confidentiality arrangements prior to disclosure.

49. The MDBs did not report any allegations or instances of fraud, or sexual exploitation and abuse to the CIF Administrative Unit during the period; however, MDBs issue the following annual reports on fraud and corruption highlighting statistics related to their anti-corruption efforts.

- ADB – Office of Anti-Corruption and Integrity Annual Report
- AfDB – Office of Integrity and Anti-Corruption Annual Report
- EBRD – Integrity and Anti-Corruption Annual Report
- IDB Group – Office of Institutional Integrity Annual Report

- World Bank Group – Integrity Vice Presidency Annual Report

2.6 Forced Labor

50. At the January 2022 TFC Meeting, the Trust Fund Committee requested that the MDBs provide the CIF Administrative Unit information any allegations or instances of forced labor associated with the CIF projects implemented by them. This was in light of the increasing reports of the use of forced labor involving Uyghurs and other ethnic minorities in parts of China in the manufacturing of materials used to produce solar panels. The company Hoshine has been flagged as a polysilicon manufacturer which has employed forced labor, and polysilicon from this supplier is used in the production of most solar panels currently.
51. MDBs have been developing and implementing safeguards to mitigate forced labor risks, but most of MDBs' CIF-backed projects pre-date any enhanced due diligence requirements for solar supply chains. Even where safeguards are applied, it is often not possible to trace who supplies the polysilicon to panel producers. MDBs continue to engage in multi-stakeholder dialog to increase transparency and traceability in solar supply chains.
52. The MDBs did not report any allegations or instances of forced labor to the CIF Administrative Unit during the period.

Annex A: CTF Available Resources

CTF TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS *Inception through September 30, 2022* *(USDeq. millions)*		As of Sep 30, 2022 USDeq.
		Total
Cumulative Funding Received		
Contributions Received		
Cash Contributions		5,870.50
USD converted to Euro for Euro commitments		(0.83)
Unencashed promissory notes	j/	274.17
Total Contributions Received		6,143.84
Investment Income and Other Resources		
Investment Income		286.45
Other income	a/	23.58
Total Other Resources		310.03
Total Cumulative Funding Received (A)		**6,453.87**
Cumulative Funding Commitments		
Projects/Programs		6,962.98
MDB Project Implementation and Supervision services (MPIS) Costs		57.22
Cumulative Administrative Expenses		135.39
Total Cumulative Funding Commitments		7,155.58
Administrative Expense Cancellations	b/	(6.79)
Projects/Programs, MPIS Cancellations	c/	(1,806.44)
Net Cumulative Funding Commitments (B)		**5,342.36**
Funding Availability(A - B)		**1,111.51**
Country Engagement Budget reserve FY23	d/	**(0.37)**
CTFPF Admin and MPIS set aside	n/	**(15.54)**
Currency Risk Reserves- GESP	e/	**(33.20)**
Currency Risk Reserves- ACT	e/	**(7.93)**
Unrestricted Fund Balance for Trustee Commitments -Projects/Programs and Admin (C)		**1,054.48**
Net investment income available for Admin Budget commitments and the loan losses (D)		**165.52**
Unrestricted Funding Available for Projects/Programs commitments (E = C - D)	f/	**888.96**
Unrestricted Funding Available for Projects/Programs commitments -DPSP III and other old programs-50% of this would be moved To GESP and balance would be for Futures Program- As of Reporting date- 328.16/2= USD 164.08 million available for Futures program	f/	328.16
Unrestricted Funding Available for Projects/Programs commitments -GESP . Add 164.08 million from above line item. Total available for GESP for the reporting period-164.08+143.32= USD 307.4 million	f/	143.32
Unrestricted Funding Available for Projects/Programs commitments -ACT		118.32
Unrestricted Funding Available for Projects/Programs/commitments -CTF Parallel Fund Canada Loan for ACT program	l/	299.15
Anticipated Commitments for Projects/Programs		
Projects/Programs Funding and Fees- Futures Program		116.90
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase IV		651.33
Total Anticipated Commitments (F)	k/	**768.23**
Available Resources for Projects/Programs (G = E -F)		**120.73**
Potential Future Resources		
Contribution Receivable	m/	1,756.89
Pledges		-
Release of Currency Risk Reserves	e/	41.13
Total Potential Future Resources (H)		**1,798.02**
Potential Available Resources for Projects/Programs (G+H)		**1,918.75**
Potential Net Future Resources for Admin Expenses and Loan Losses		
Projected Investment Income from Oct 2022 to FY26 (I)	g/	122.90
Projected Administrative Budget (FY24-28) (J)	h/	65.00
Potential Net investment income available for Admin Expenses and Loan losses (K= I -J)		**57.90**
Potential Available Resources for Admin Expenses and Loan Losses (D + K)	i/	**223.41**

a/ Return of funds pursuant to the Financial Procedures Agreements for Investment income from MDB's.
b/ The admin budget cancellations includes the unused admin budget refunds, Country Programming Budget revisions/cancellations by
c/ Cancellation of program and project commitments approved by the committee
d/ The amount of USD 0.5 million approved by TFC in June 2019 for the multi-year country programing budget and the balance in reserve estimate provided by CIFAU for the period FY23.
e/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.
f/ In January 2019, the CTF Trust Fund Committee agreed that any remaining resources in CTF that can be made available for further programming may be used to fund more projects/programs under DPSP III. Subsequently all the resources were programmed. In January 2021 the committee made the decision to use the cancelled available resources after June 30, 2020 as follows. "The CTF Trust Fund Committee notes the proposal to use canceled resources within the time period set out in the document for the CTF Futures Window to support projects that follow the Dedicated Private Sector Program III (DPSP III) approach or projects in the Global Energy Storage Program (GESP) pipeline.The CTF Trust Fund Committee approves the proposal for immediate effect, on the condition that the available funds within the CTF Futures Window are split equally between DPSP III projects and GESP projects and each project proposed to be funded through the
g/ Investment income on undisbursed funds as projected by Trustee through the cash flow model assuming a stable investment environment, steady pace of cash transfers and encashment of unencashed promissory notes.
h/ FY22 Budget commitment approved by TFC in June 2022 was USD 13 million for Administrative services . The amount approved for FY23 Administrative Services was extrapolated for 5 years.Projected administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.
i/ Losses on outgoing CTF Financial Products will be shared as stipulated by the Principles regarding Contributions to the CTF and covered to the extent available from the Net income (net investment income, interest and guarentee fees received in excess of 0.75%).
j/ This amount represents the USD equivalent of the UK's GBP 247.7 million outstanding PNs.
k/ Anticipated commitment pipeline information provided by CIFAU
l/ Contributions made by Canada as loan in the CTF parallel fund for 400 mn CAD.
m/ Contribution receiveable from United Kingdom GBP 152.2 million ,Germany EUR 205 million. For CTF Parallel Fund Contribution receivable from Canada for 600 mn CAD and United States USD 950.79 Million
n/ as per the contribution agreement terms for CTFPF 6% of receipts are reserved for admini and MPIS cost of the program

Annex B: Public Sector Recipient Credit Ratings and Exposures

Public Sector CTF Loan Portfolio - Credit Risk Exposures as of September 30, 2022

			Credit Rating				
Beneficiary Country	**Loan Amount**	**Least Rating**	**S&P**	**Moody's**	**Fitch**	**PD**	**LGD**
Brazil	10,000,000	BB-	BB-	Ba2	BB-	11.7%	59.0%
Burkina Faso	91,000,000	CCC+	CCC+	NR	NR	31.1%	61.6%
Colombia	70,422,263	BB+	BB+	Baa2	BB+	4.5%	59.0%
Ecuador	23,000,000	CCC-	B-	Caa3	B-	63.5%	61.6%
Egypt, Arab Republic of	124,083,894	B	B	B2(N)	B+	20.0%	61.6%
India	730,000,000	BBB-	BBB-	Baa3	BBB-	2.1%	55.9%
Indonesia	214,311,085	BBB	BBB	Baa2	BBB	1.2%	55.9%
Honduras	16,400,000	B+	BB-(N)	B1	NR	15.2%	61.6%
Maldives	23,000,000	CCC+	NA	Caa1	B-(N)	31.1%	61.6%
Mexico	240,529,668	BBB-	BBB	Baa2	BBB-	2.1%	55.9%
Morocco	628,792,354	BB+	BB+	Ba1	BB+	4.5%	59.0%
Peru	9,500,000	BBB	BBB	Baa1	BBB+(N)	1.2%	55.9%
Philippines	32,412,223	BBB	BBB	Baa2	BBB(N)	1.2%	55.9%
South Africa	349,932,473	BB-	BB-(P)	Ba2	BB-	11.7%	59.0%
Tanzania	22,000,000	B	NR	B2(P)	NR	20.0%	61.6%
Turkey	196,200,000	B-	B	B3	B(N)	25.4%	61.6%
Ukraine	181,896,665	CCC-	CCC+	Caa3(N)	CC	63.5%	61.6%
Vietnam	119,319,028	BB	BB+	Ba2	BB(P)	5.7%	59.0%
Total Exposure	**3,082,799,653**						
Expected Loss Rate Implied by Credit Ratings	**204,756,721**		**BB-**			**11.4%**	**58.3%**

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.

THE CLIMATE INVESTMENT FUNDS

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