Meeting of the SCF Trust Fund Committee

Washington, D.C. (Hybrid)

Friday, June 14, 2024

SCF RISK REPORT

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SCF/TFC.18/03

May 24, 2024

Proposed Decision

(i) The Committee reviewed the document, *SCF/TFC.18/03, SCF Risk Report*, and welcomes the progress that has been made in advancing the work of SCF.

(ii) The Committee requests the CIF Secretariat to continue to identify, assess, monitor, and report the key risk exposures to the program.

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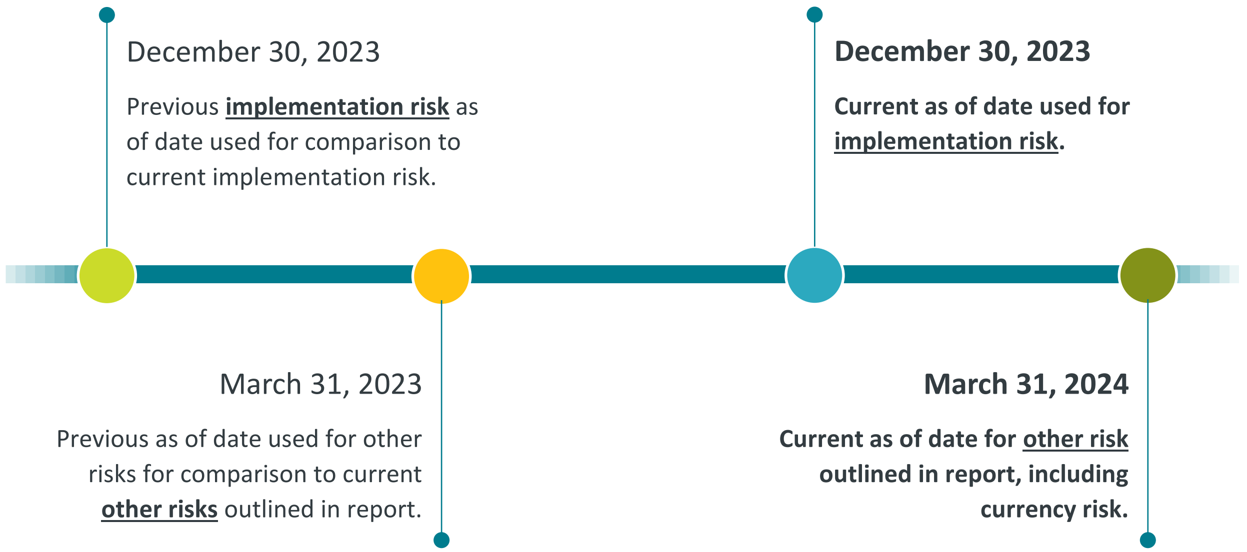
1. Introduction

1.1 Information Dates

Figure 1 As of dates for implementation risk and other risks



1.2 Implementation Risk

1.2.1 Data Collection

1. The MDBs provide this information semi-annually, and the most recent information available is as of December 31, 2023. In some cases, MDBs have provided more recent information, as indicated in the report. It is compared with projects flagged in the previous SCF Risk Report (which used data as of December 31, 2022).

1.2.2 Criteria

2. The CIF Secretariat now flags a project for implementation risk if the project meets at least one of the following six criteria:

i) **Criteria 1A *New*:** The TFC committed funds to the project 4 years ago, but the project still is not effective.

ii) **Criteria 1B *New*:** The TFC committed funds to a program 4 years ago, but part of the funding remains unallocated to a sub-project, and therefore, not effective.

iii) **Criteria 2**: The project has been effective for 36 months but has disbursed less than 20% of program funds.

iv) **Criteria 3:** The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50% of program funds.

v) **Criteria 4:** The anticipated date of final disbursement for the project has been extended, but less than 50% of program funds have been disbursed.

vi) **Criteria 5 *New*:** The project has been effective for at least 5 years with less than 50% of program funds disbursed, and the anticipated date of final disbursement is more than 10 years after the effectiveness date.

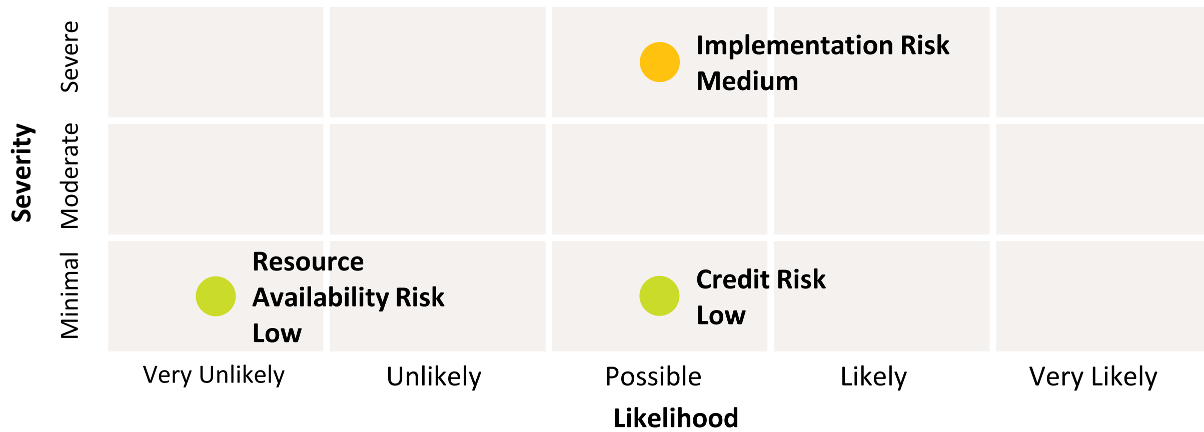
1.3 Currency Fluctuations

3. As of March 31, 2024, the GBP appreciated 1.9% against the USD from the previous reporting date and the UK encashed all remaining promissory notes for all SCF programs during the period. Therefore, the SCF programs are no longer exposed to currency risk via promissory notes denominated in non-USD/EUR currencies .

2. Forest Investment Program

2.1 Key Risk Exposure Matrix

Figure 2 FIP Risk Exposures Summary



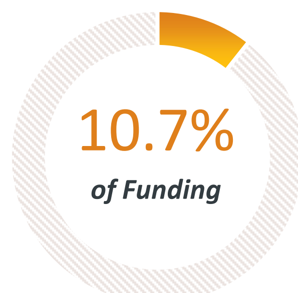
2.2 Implementation Risk Assessment

Risk Score: Medium

Figure 3 Implementation risk total funding impacted

Number of Projects Flagged

4[1] out of
54 projects



In millions of USD

	As of December 31, 2023	As of December 30, 2022	Change
Total Funding Flagged	**66.7**	28.6	+38.1

In millions of USD

	Newly Flagged	Resolved	Unresolved
Funding	36.3	4.0	30.4
# of Project	1	1	3

[1] Includes partial programs with sub-projects that have different effectiveness dates.

2.2.1 Disbursements

4. For the first half FY 2024, disbursements increased to USD 469.2 million from USD 446.4 million[2], which represents an increase of USD 22.8 million (+5.1%), and an overall increase in the disbursement ratio by 1.6% to 75.5%.

Figure 4 FIP Disbursement Ratio

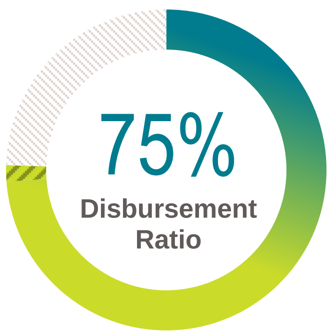
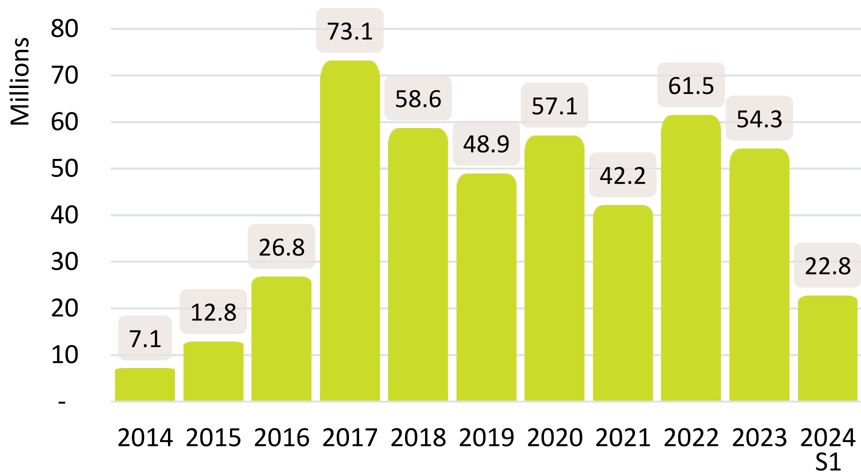


Figure 5 FIP fiscal year disbursements over the last 10 years



[2] Includes projects, PPGs, and IPPGs, and excludes MPIS and guarantees.

2.2.2 *Implementation Risk for Projects Not Yet Effective*

2.2.2.1 *Criteria 1A*

5. The following table represents projects where funds were committed at least four years ago by the TFC, but the projects are still not effective.

Table 1 Criteria 1A FIP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
9.2M	**0.0M**	**0.0M**	**0%**

In millions of USD as of December 31, 2023

										Criteria 1A	
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Effectiveness	Years since Committee Approval
Guatemala	Sustainable Forest Management	IADB	9.2	11-Jul-19	-	1-Apr-20	-	-	0.0%	**Not Effective**	4.5 years

6. The Sustainable Forest Management was previously flagged under Criteria 3, however, following a thorough review of the effectiveness dates by the CIF Secretariat along with the MDBs, this project was found to be not effective.

2.2.2.2 Descriptions of Projects Flagged in Past Reports

1	IADB, Guatemala: Sustainable Forest Management	**Criteria 1A**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Government Approval Process

7. The final legislative approval, which was initially expected in 2020, has been delayed, impacting project implementation. However, significant progress has been made in the last semester towards achieving final approval by the legislative body. The project was presented to the president of the congress, read in the plenary, approved by the commission of finance, and is now awaiting final approval by the legislature.

8. The operation was approved in January 2020 by the Bank's Board of Directors. However, legislative approval is still required before execution can begin. In Guatemala, the approval of sovereign loans involves several stages, including:

   i) Approval by the Monetary Board;
   ii) Approval by the Secretariat of the Presidency of the Republic;
   iii) Approval by the Legislative Directorate (Presidency of the Congress of the Republic);
   iv) Presentation to the plenary of Deputies of the Congress of the Republic;
   v) Judgment of the Finance Commission of the Congress of the Republic;
   vi) First Reading by the plenary of Deputies of the Congress of the Republic;
   vii) Second Reading by the plenary of Deputies of the Congress of the Republic;
   viii) Third Reading and final approval;

9. At the beginning of 2022, the project advanced in the approval process. It was sent to the Legislative Directorate on May 12; presented on November 16; and on December 6, it received the Favorable Opinion of the Finance Commission of the Congress of the Republic. During 2023, the first (March 15) and second reading (March 22) took place. Currently, it is only pending final approval expected to occur in May 2024 due to the new government assuming power in late January and the legislative agenda starting in March.

10. Negotiations with the authorities in both the Legislative and Executive Branches continue, as they remain relevant to the post-COVID economic recovery and the implementation of the country's current NDC.

b. Measures underway to accelerate implementation

11. The IDB Representation in Guatemala continues to support and accompany the authorities of the Legislative and Executive Bodies, leading to significant progress in the approval process. The IDB and the executing unit (National Institute of Forests)

have updated the planning and management tools of the project to facilitate immediate execution once approved by the congress.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	The project has not been approved to date by the Congress of the Republic; it is expected to have an official updated planning of use of resources once it is approved (expected to be in May 2024); so, it is expected that this level of disbursements can be reached out on the first semester of 2025.
Expected disbursement of SCF funds over the next 12 and 24 months	Considering that legislative approval is expected soon, at least two disbursements are anticipated in the next 12 and 24 months.

2.2.3 *Implementation Risk for Effective Projects*

2.2.3.1 *Criteria 2*

12. The following table represents projects that have been effective for at least 36 months but have disbursed less than 20% of program funds.

Table 2 Criteria 2 FIP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
9.0M	**10.4M**	**1.1M**	**12.2%**

In millions of USD as of December 31, 2023

									Criteria 2	
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Years since Effectiveness
Cote d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	AFDB	9.0	22-Aug-18	7-Nov-18	31-Dec-25	10.4	1.1	**12.2%**	5.2 years

2.2.3.2 *Criteria 3*

13. The following table represents projects that are within 15 months of their anticipated date of final disbursement but have disbursed less than 50% of program funds.

Table 3 Criteria 3 FIP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
36.3M	**0.0M**	**11.9M**	**32.8%**

In millions of USD as of December 31, 2023

									Criteria 3			
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Years since Effectiveness	Months to Final Disbursement	Extension Granted
Peru	Forest Investment Program Peru	IADB	36.3	6-Dec-17	8-Jan-18	8-Jul-24	-	11.9	**32.8%**	6.0 years	16 months	No

2.2.3.3 Criteria 4

14. The following table represents projects with extensions on their anticipated date of final disbursement but have disbursed less than 50% of program funds.

Table 4 Criteria 4 FIP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
21.2M	**12.7M**	**6.6M**	**31.3%**

In millions of USD as of December 31, 2023

									Criteria 4				
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Extended Date of Final Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Years since Effectiveness	Months to Final Disbursement	Extension Granted	
Cote d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	AFDB	9.0	22-Aug-18	7-Nov-18	31-Dec-25	10.4	1.1	**12.2%**	5.2 years	61 months	Yes	1 months
Peru	Integrated Land management in Atalaya, Ucayali Region	IBRD	12.2	23-May-18	8-May-19	28-Feb-25	2.3	5.5	**45.3%**	4.7 years	35 months	Yes	6 months

2.2.3.4 Descriptions of Projects Flagged in Past Reports

2	AFDB, Côte d'Ivoire: Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	**Criteria 2** **Criteria 4**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Other

15. At the request of the country, the AfDB-FIP interventions were merged with the Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC), a regional project covering nine countries, which is also supported by GEF and GCF among others. The program comprises nine national projects implemented by the countries and a regional project led by the Niger Basin Authority (NBA) to ensure synergy. Although launched in July 2019, this complex set up, including the effectiveness of all financial instruments, led to some delays in the project onset and the implementation of the FIP component. In the Center region the project has experienced the same implementation delays as the entire project. The following challenges were identified by a supervision mission conducted by the Bank in March 2022:

    i) Low procurement capacity of the project management unit;
    ii) Non-validation of the Project and Sub-project Financing Manual;
    iii) Late signing of GCF grant and loan agreements; and
    iv) Absence of an administrative, financial, and accounting procedures manual.

16. Moreover, disbursements were suspended by the Bank between February and September 2022, pending approval of financial audit reports on the first two years of the project.

17. Due to delays in signing the sub-project agreements and transferring resources to community groups, field activities with FIP financing did not start on time to catch up with the rainy season in 2022. As a result, the disbursement rate remains low.

b. Measures underway to accelerate implementation

18. The launch of the sub-projects and the implementation of technical recommendations from recent supervision missions are expected to accelerate progress on the ground and increase the disbursement rate. The project team is conducting quarterly meetings to monitor the implementation of mission recommendations and provide support to the project, considering the significant delays it is currently facing.

19. The project schedule and the disbursement plan have been reviewed to ensure the implementation of the community activities (sub-projects) within the next two years. Other specific recommendations under implementation include:

i) Setting up a network of 40 nurseries to produce seedlings with the support of the Regional Water and Forest Departments;
ii) Developing, adopting, and disseminating the procedure for the conception and approval of sub-projects led by community members;
iii) Fast-tracking the execution of the 187 approved and pending sub-projects, including the development and reforestation of the Yamoussoukro Urban Forest;
iv) Finalizing the development and approval of the 139 sub-projects already identified by the rural animators for execution;
v) Organize missions to inform stakeholders and support the finalization of the development of sub-projects generated by the rural animators in the regions;
vi) Collaborate with the sub-prefectural land management committees to verify the land tenure of the sites where the sub-projects are carried out;
vii) Systematically integrate agro-forestry into agricultural value chain development sub-projects;
viii) Validate (in the workshop) and submit to the AfDB the sub-project Financing Manual and the technical catalogs; and
ix) Transmit to the AfDB the request for financing of the sub-project for the construction of the vegetated fence of the Yamoussoukro Urban Forest.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

20. The project does not meet any of the AfDB's cancellation conditions for loans and grants. These conditions include low disbursements, where no disbursement has been made for a period of two years, and an amount that remains undisbursed by the closing date of the project or program.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	As of December 2023, the disbursement rate on FIP resources is currently at 12%. However, with the implementation of the recommended measures and the upcoming rainy season, a significant number of sub-projects are expected to be implemented by the end of 2024. As a result, the disbursement rate is projected to exceed 20% by December 2024.
Expected disbursement of SCF funds over the next 12 and 24 months	The project is still expected to be completed in December 2025. A mid-term review was conducted in the course of 2023 to fast track the implementation of the remaining activities in collaboration with the government of Côte d'Ivoire. Based on the current disbursement plan, the cumulative disbursement rate on FIP resources is projected to exceed 60% by end of 2024, and 100% of the funding will be disbursed at the project closure in December 2025.

3 IBRD, Peru: Integrated Land management in Atalaya, Ucayali Region **Criteria 4**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Other

21. Project implementation continues to experience delays as the implementation of business plans has not started during this reporting period.

b. Measures underway to accelerate implementation

22. Measures to accelerate project implementation are being discussed. The next Bank mission is planned in March 2024.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds	The MDB did not provide this information
Expected disbursement of SCF funds over the next 12 and 24 months	The MDB did not provide this information

2.2.3.5 Descriptions of Newly Flagged Projects

4 IADB, Peru: Forest Investment Program Peru **Criteria 3**

a. Reason(s) for delay: Other

23. Internal changes in the Executing Agency's management team have caused delays in internal approval processes. However, despite these challenges, Component 1 of the

project, which involves the implementation and approval of life plans, was achieved. There were administrative issues and incompatibility with the directors of the PNCBMCC, leading to the termination of the contract with the company IICA. As a result, the execution strategy was changed, and the services of the Banco de la Nación were contracted for the administration and transfer of resources from the incentive fund to native communities and small forest users.

24. In Component 2, the project has successfully completed the preparation of 12 forest cover maps and analysis reports that were planned for 2023. The training of communities and regional governments on forest monitoring and surveillance issues has also continued according to the planned goal. Additionally, the project has acquired the technological tool ARCGIS, which will facilitate the collection, organization, management, analysis, sharing, and distribution of geographic information for the implementation of forest monitoring.

b. Measures underway to accelerate implementation

25. To accelerate implementation, the following measures are underway:

i) The execution strategy is being changed, and services from Banco de la Nación are being contracted for the administration and transfer of resources from the incentive fund to native communities and small forest users.

ii) A technical consultant has been hired to enhance the Multi-Year Execution Planning (PEP) tool, which will help prevent delays in the execution of processes.

iii) Meetings have been conducted with potential suppliers to gather detailed market information, and adjustments have been made to the EETT for a revised call process to address delays in technical file preparation.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds	By the end of 2023, the project reached a disbursement ratio of 42%.
Expected disbursement of SCF funds over the next 12 and 24 months	Within the next 12 months, disbursements of USD 5 million are expected, and over the next 24 months, disbursements of USD 6 million are expected. These disbursements correspond to the FIP grant and loan.

2.3 Currency Risk Assessment

Risk Score: N/A

26. During the reporting period, the UK encashed the remaining GBP 37.7 million promissory notes, increasing the realized currency loss from USD 24.0 million to USD 35.5 million.

Table 5 FIP Currency Risk Exposures

	As of March 31, 2024	As of March 31, 2023
Amount of PNs Received	**£223.0**	£223.0
Amount of PNs Unencashed	**£0.0**	£37.7
Currency Gain/(Loss) Realized	**($35.5)**	($24.0)
Currency Gain/(Loss) Unrealized	**$0.0**	($12.9)

2.4 Resource Availability Risk Assessment

Risk Score: Low

27. As of March 31, 2024, FIP continues to hold surpluses of grant and capital resources of USD 4.8 million and USD 34.3 million. At the end of the period, promissory notes of GBP 37.7 million were encashed, releasing USD 7.0 million of currency risk reserves, causing a corresponding increase in capital resources. There was also a significant cancellation from the pipeline during the reporting period (Conservation and Sustainable use of Protected Areas in Ecuador: non-grant amount of USD 21 million and grant amount of USD 3.45 million was cancelled), which was offset by new commitments during the period for a project in Tunisia (non-grant amount of USD 14.0 million and grant amount of USD 3.0 million). The FIP MDB committee will be meeting after June 2024 to decide on the allocation of the available resources.

Table 6 FIP Resource Availability Risk Assessment

In millions of USD

	As of March 31, 2024	As of March 31, 2023	Change
Grant	**4.8**	4.8	-
Capital	**34.3**	18.3	+16.0

2.5 Credit Risk Assessment

Risk Score: Low

28. The following table represents FIP's credit risk exposures. Please refer to Appendix D for additional information and definitions pertaining to the table below.

Table 2 FIP Outstanding Loan Portfolio Credit Risk Exposure

In millions of USD as of December 31, 2023

		Portfolio Risk Rating	Committed Loans	PD	LGD	Expected Loss Rate	Expected Losses
Exposures	Public	B+	145.3	0.0%	0.0%	0.0%	0.0
	Private	CCC	15.2	74.6%	65.5%	48.9%	7.4
Portfolio Total			**160.5**			**4.6%**	**7.4**

29. There are no reported defaults, active or expected, for the FIP loan portfolio.

Figure 6 FIP loan exposure public vs. private sector[3]

2.5.1 Public Sector Exposure

30. All FIP public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently, FIP is exposed to ten countries (listed in Appendix B.1), and the following table represents the highest and lowest rated recipients.

Table 7 FIP Public Sector Highest and Lowest Recipient Credit Ratings[4]

Lowest Rating		Highest Rating		Recipient Count
CC	Ghana	BBB+	Peru	10

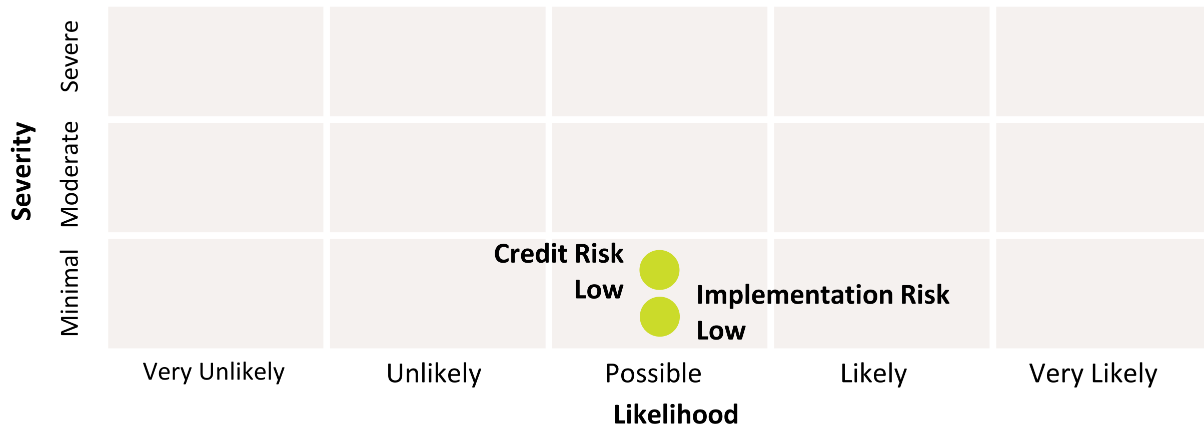
[3] Based on committed amounts provided by the Trustee, net of cancellations and reflows.

[4] The Lowest credit rating is based on the lowest rating of a rating agency, and the highest credit rating is based on the highest rating of a rating agency, excluding unrated.

3. Pilot Program for Climate Resilience

3.1 Key Risk Exposure Matrix

Figure 7 PPCR Risk Exposures Summary



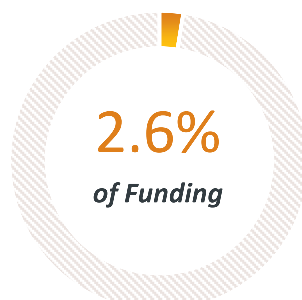
3.2 Implementation Risk Assessment

Risk Score: Low

Figure 8 PPCR Implementation risk total funding impacted

Number of Projects Flagged

2[5] out of 90 projects



In millions of USD

	As of December 31, 2023	As of December 31, 2022	Change
Total Funding Flagged	**25.7**	27.2	(1.6)

In millions of USD

	Newly Flagged	Resolved	Unresolved
Funding	10.0	17.4	15.7
# of Project	1	1	1

[5] Includes partial programs with sub-projects that have different effectiveness dates.

3.2.1 Disbursements

31. For the first half of FY 2024, disbursements increased to USD 926.2 million from USD 912.1 million[6], which represents an increase of USD 13.1 million (+1.5%), and an overall increase in the disbursement ratio of 1.2% to 90.5%.

Figure 9 PPCR Disbursement Ratio

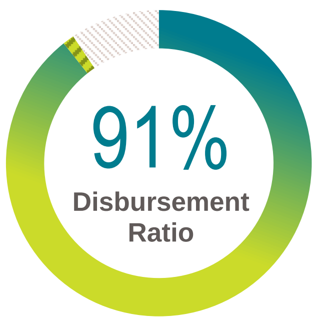
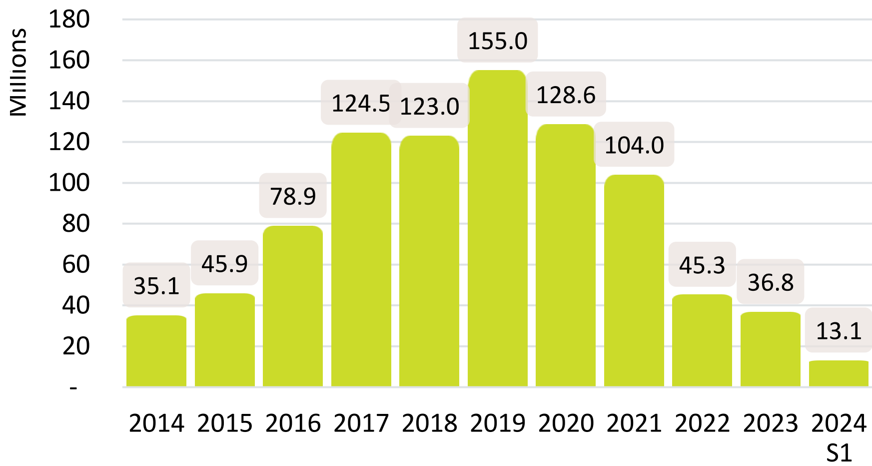


Figure 10 PPCR fiscal year disbursements over the last 10 years



[6] Includes projects, PPGs, and IPPGs, and excludes MPIS and guarantees.

3.2.2 *Implementation Risk for Projects Not Yet Effective*

3.2.2.1 *Criteria 1A*

32. The following table represents projects where funds were committed at least four years ago by the TFC, but the projects are still not effective.

Table 8 Criteria 1A PPCR implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
10.0M	**0.0M**	**0.0M**	**0%**

In millions of USD as of December 31, 2023

										Criteria 1A	
Country	**Project Title**	**MDB**	**Funding**	**Committee Approval Date**	**Effectiveness Date**	**Final Date of Disbursement**	**MDB Co-Financing**	**Cumulative Disbursement**	**Disbursement Ratio**	**Effectiveness**	**Years since Committee Approval**
Tajikistan	Enhancing the Climate Resilience of the Energy Sector	EBRD	10.0	6-Mar-14	-	10-Dec-25	-	-	0.0%	**Not Effective**	9.8 years

3.2.2.2 *Descriptions of Newly Flagged Projects*

5 EBRD, Tajikistan: Enhancing the Climate Resilience of the Energy Sector **Criteria 1A**

a. Reason(s) for delay: Other

33. The delay in disbursement for the project is due to various factors affecting the overall implementation, including the impact of recent global events and challenges, such as the pandemic and the war on Ukraine, which have caused disruptions, delays, and fluctuations in costs and global markets. Despite these challenges, the physical implementation of the project has continued to progress well during the reporting period.

34. The project is expected to be completed by the end of 2025, barring any unexpected delays. The project is complex in nature, involving technical and engineering aspects, and is being implemented in a challenging geographical environment. Despite the challenges encountered, its overall implementation has been progressing positively. It is important to note that projects of this nature often take longer than initially expected to complete.

b. Measures underway to accelerate implementation

35. The beneficiary and the contractor have taken measures to mitigate and limit delays in the project implementation. They have worked together to introduce changes to the work program, bringing forward activities that could be carried out during the pandemic. This allowed the continuation of work on the site, despite the COVID-induced challenges, and helped to limit implementation delays. Additionally, they have agreed to replace turbines in pairs instead of individually, which will further contribute to limiting delays.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds	12 months
Expected disbursement of SCF funds over the next 12 and 24 months	100% in 12 months

3.2.3 Implementation Risk for Effective Projects

3.2.3.1 Criteria 2

36. The following table represents projects that have been effective for at least 36 months but have disbursed less than 20% of program funds.

Table 9 Criteria 2 PPCR implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
15.7M	**13.3M**	**0.3M**	**2.2%**

In millions of USD as of December 31, 2023

									Criteria 2	
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Years since Effectiveness
Nepal	Building Climate Resilient Communities through Private Sector Participation / Expansion of IFC-PPCR Strengthening Vulnerable Infrastructure Project	IFC	15.7	10-Sep-12	21-Mar-19	31-Dec-27	13.3	0.3	**2.2%**	4.8 years

3.2.3.2 Descriptions of Projects Flagged in Past Reports

6	IFC, Nepal: Building Climate Resilient Communities through Private Sector Participation/Expansion of IFC-PPCR Strengthening Vulnerable Infrastructure Project	**Criteria 2**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Other

37. The Program is supporting three sub-projects through six financial instruments that are all in disbursement. In November 2019, USD 15.65 million was committed for a 216 MW run of river hydropower project on the Upper Trishuli River in Nepal. However, the start of construction was delayed until January 2021 due to COVID-19.

b. Measures underway to accelerate implementation

38. Various measures are under way with a target to complete construction in December 2026.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	Estimated during 2024
Expected disbursement of SCF funds over the next 12 and 24 months	44% of funds estimated to be disbursed during 2024.

3.3 Credit Risk Assessment

Risk Score: Low

39. The following table represents PPCR's credit risk exposures. Please refer to Appendix D for additional information and definitions on the table below.

Table 2 PPCR Outstanding Loan Portfolio Credit Risk Exposure

In millions of USD as of December 31, 2023

		Portfolio Risk Rating	Committed Loans	PD	LGD	Expected Loss Rate	Expected Losses
Exposures	Public	CCC+	288.6	0.0%	0.0%	0.0%	0.0
	Private	CCC	38.6	31.2%	24.7%	7.7%	3.0
Portfolio Total			**327.2**			**0.9%**	**3.0**

40. There are no reported defaults, active or expected, for the PPCR loan portfolio.

Figure 11 PPCR loan exposure public vs. private sector[7]

3.3.1 Public Sector Exposure

41. All PPCR public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently, PPCR is exposed to thirteen countries (listed in Appendix B.2), the following table represents the highest and lowest rated recipients.

Table 10 PPCR Public Sector Highest and Lowest Recipient Credit Ratings[8]

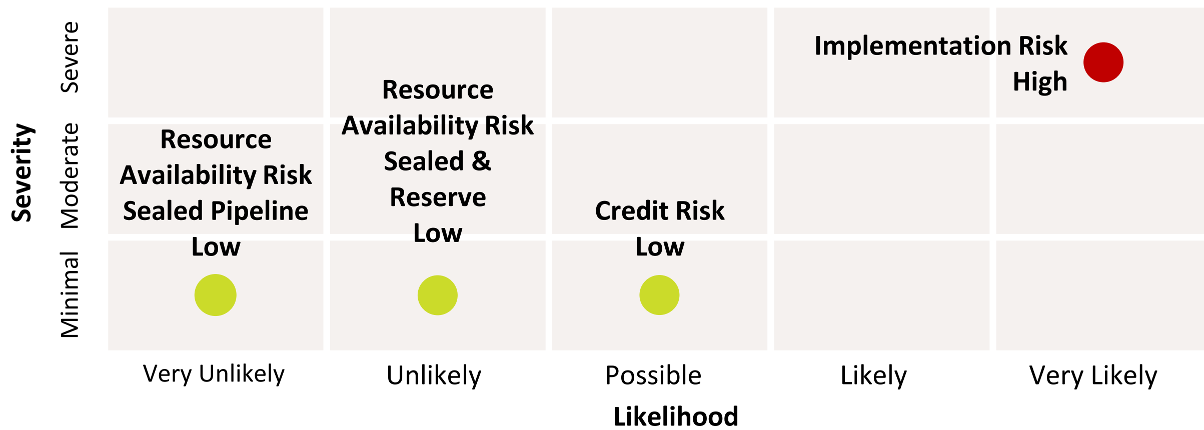
Lowest Rating		Highest Rating		Recipient Count
CC	Zambia	BB-	Bangladesh, Grenada	13

[7] Based on committed amounts provided by the Trustee, net of cancellations and reflows.
[8] The Lowest credit rating is based on the lowest rating of a rating agency, and the highest credit rating is based on the highest rating of a rating agency, excluding unrated.

4. Scaling Up Renewable Energy Program

4.1.1 Key Risk Exposure Matrix

Figure 12 SREP Risk Exposures Summary



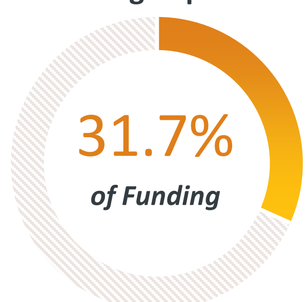
4.2 Implementation Risk Assessment

Risk Score: High

Figure 13 SREP Implementation risk total funding impacted

Number of Projects Flagged

12[9] out of 52 projects



In millions of USD

	As of December 31, 2023	As of December 31, 2022	Change
Total Funding Flagged	**178.1**	173.7	+4.4

In millions of USD

	Newly Flagged	Resolved	Unresolved
Funding	52.4	50.9	125.7
Projects #	4	3	8

[9] Includes partial programs with sub-projects that have different effectiveness dates.

4.2.1 Disbursements

42. For the first half of FY 2024, disbursements increased to USD 302.3 million from USD 271.3 million[10], which represents an increase of USD 30.5 million (+11.4%), and an overall increase in the disbursement ratio by 5.1% to 50.2%.

Figure 14 SREP Disbursement Ratio

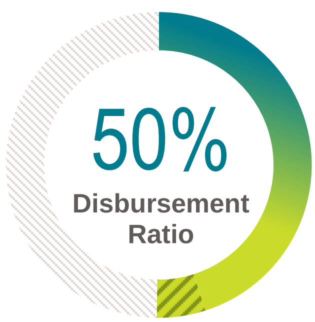
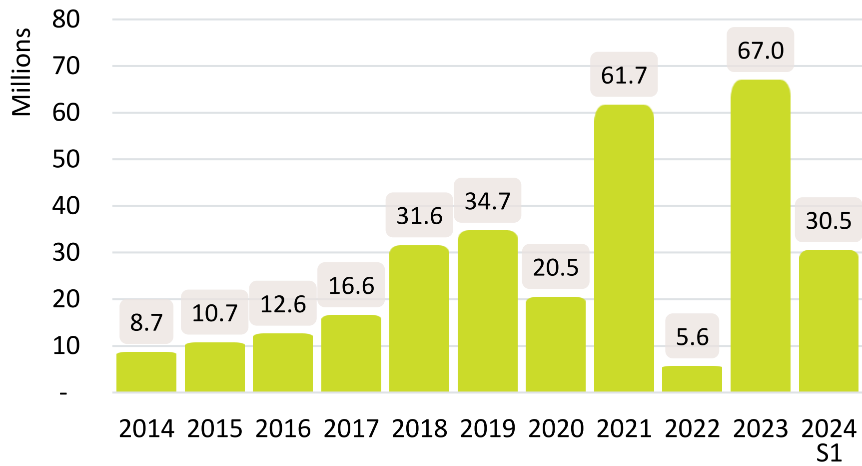


Figure 15 SREP fiscal year disbursements over the last 10 years



[10] Includes projects, PPGs, and IPPGs, and excludes MPIS and guarantees.

4.2.2 *Implementation Risk for Projects Not Yet Effective*

4.2.2.1 Criteria 1A

43. The following table represents projects where funds were committed at least four years ago by the TFC, but the projects are still not effective.

Table 11 Criteria 1A SREP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
15.5M	**18.8M**	**0.0M**	**0%**

In millions of USD as of December 31, 2023

										Criteria 1A	
Country	**Project Title**	**MDB**	**Funding**	**Committee Approval Date**	**Effectiveness Date**	**Final Date of Disbursement**	**MDB Co-Financing**	**Cumulative Disbursement**	**Disbursement Ratio**	**Effectiveness**	**Years since Committee Approval**
Bangladesh	Grid-connected Utility-scale Solar PV	IFC	15.5	19-Sep-19	-	-	18.8	-	0.0%	**Not Effective**	4.3 years

4.2.2.2 Descriptions of Newly Flagged Projects

7 IFC, Bangladesh: Grid-connected Utility-scale Solar PV **Criteria 1A**

a. Reason(s) for delay: Other

44. The delay in the implementation of the project in Bangladesh is primarily due to complexities of land availability and acquisition faced by most developers. Additionally, there are other challenges associated with developing the first private sector-led, grid-connected solar power project in Bangladesh, such as obtaining numerous government approvals in a timely manner and managing the high cost of projects leading to low return expectations.

b. Measures underway to accelerate implementation

45. To hasten the deployment of SREP funding, IFC will utilize Program resources to enable the “next candidate” in the pipeline, which is advanced and on track to reach Board approval in the coming months.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds Expected disbursement of SCF funds over the next 12 and 24 months	N/A (There are no disbursement projections since the SREP funding is expected to be structured as an unfunded guarantee.)

4.2.3 Implementation Risk for Effective Projects

4.2.3.1 Criteria 2

46. The following table represents projects that have been effective for at least 36 months but have disbursed less than 20% of program funds.

Table 12 Criteria 2 SREP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
77.9M	**255.8M**	**10.3M**	**13.2%**

In millions of USD as of December 31, 2023

									Criteria 2	
Country	**Project Title**	**MDB**	**Funding**	**Committee Approval Date**	**Effectiveness Date**	**Final Date of Disbursement**	**MDB Co-Financing**	**Cumulative Disbursement**	**Disbursement Ratio**	**Years since Effectiveness**
Bangladesh	Off-Grid Solar PV-Solar Irrigation	ADB	22.4	25-Jul-17	18-Feb-19	31-Dec-24	20.0	4.0	**18.0%**	4.9 years
Kenya	PSSA: Kopere Solar Park	AFDB	11.6	28-Dec-18	27-Feb-19	MISSING	18.2	-	**0.0%**	4.8 years
Nicaragua	Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	7.5	2-Aug-16	15-Dec-16	15-Dec-23	51.4	1.5	**19.9%**	7.0 years
Bangladesh	Scaling Up Renewable Energy	IBRD	29.3	25-Aug-17	27-Jun-20	31-Jul-25	156.0	4.3	**14.7%**	3.5 years
Solomon Islands	Electricity Access and Renewable Expansion Project – 2	IBRD	7.1	14-Mar-18	23-Oct-18	30-Nov-25	10.3	0.5	**6.4%**	5.2 years

4.2.3.2 *Criteria 3*

47. The following table represents projects that are within 15 months of their anticipated date of final disbursement but have disbursed less than 50% of program funds.

Table 13 Criteria 3 SREP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
33.9M	66.0M	6.6M	19.4%

In millions of USD as of December 31, 2023

									Criteria 3			
Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Years since Effectiveness	Months to Final Disbursement	Extension Granted
Kenya	PSSA: Kopere Solar Park	AFDB	11.6	28-Dec-18	27-Feb-19	MISSING	18.2	-	**0.0%**	4.8 years	**PAST DUE**	No
Mali	Mini Hydropower Plants and Related Distribution Networks Development Project	AFDB	8.7	10-Apr-18	17-Sep-18	30-Jun-23	27.8	2.4	**27.1%**	5.3 years	**PAST DUE**	No
Haiti	Renewable Energy and Access for All	IBRD	13.6	5-Jun-17	23-Jul-18	1-Apr-25	20.0	4.2	**31.1%**	5.4 years	15 months	No

4.2.3.3 *Criteria 4*

48. The following table represents projects with extensions on their anticipated date of final disbursement but have disbursed less than 50% of program funds.

Table 14 Criteria 4 SREP implementation risk project table

Total Funding Flagged	Total MDB Co-Financing	Total Cumulative Disbursement	Average Disbursement Ratio
121.6M	307.4M	32.0M	26.3%

In millions of USD as of December 31, 2023

									Criteria 4				
Country	**Project Title**	**MDB**	**Funding**	**Committee Approval Date**	**Effectiveness Date**	**Extended Date of Final Disbursement**	**MDB Co-Financing**	**Cumulative Disbursement**	**Disbursement Ratio**	**Years since Effectiveness**	**Months to Final Disbursement**	**Extension Granted**	
Bangladesh	Off-Grid Solar PV-Solar Irrigation	ADB	22.4	25-Jul-17	18-Feb-19	31-Dec-24	20.0	4.0	**18.0%**	4.9 years	31 months	Yes	42 months
Nepal	South Asia Sub-regional Economic Cooperation Power System Expansion Project: Rural Electrification Through Renewable Energy	ADB	31.2	12-May-14	15-Jan-15	30-Jun-24	5.0	10.3	**32.9%**	9.0 years	15 months	Yes	24 months
Nicaragua	Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	7.5	2-Aug-16	15-Dec-16	15-Dec-23	51.4	1.5	**19.9%**	7.0 years	**PAST DUE**	Yes	21 months
Bangladesh	Scaling Up Renewable Energy	IBRD	29.3	25-Aug-17	27-Jun-20	31-Jul-25	156.0	4.3	**14.7%**	3.5 years	48 months	Yes	18 months
Nepal	Nepal Private Sector – Led Mini-Grid Energy Access Project	IBRD	7.6	21-Jul-17	30-Sep-19	30-Apr-24	-	2.1	**27.4%**	4.3 years	10 months	Yes	12 months
Tanzania, United Republic of	Renewable Energy for Rural Electrification	IBRD	9.0	14-Apr-16	17-Mar-17	15-Jun-26	35.0	2.8	**30.6%**	6.8 years	75 months	Yes	43 months
Mongolia	Upscaling Renewable Energy Sector	ADB	14.6	13-Apr-18	12-Feb-19	29-Feb-24	40.0	7.1	**48.5%**	4.9 years	5 months	Yes	14 months

4.2.3.4 Descriptions of Projects Flagged in Past Reports

8	ADB, Bangladesh: Off-Grid Solar PV-Solar Irrigation	**Criteria 2** **Criteria 4**

Number of reporting periods this project has been flagged: 4 years

a. Reason(s) for delay: Government Approval Process, Other

49. The implementation of the Off-Grid Solar PV-Solar Irrigation project in Bangladesh has been delayed, as only 280 out of 2000 solar irrigation pumps have been installed so far. The project required contract variation with a 33% price increment for the pumps, which was approved by ADB. However, the Ministry did not approve this variation, and instructed for the termination of the contracts. Bangladesh Rural Electrification Board (BREB) requested ADB's no objection on contract termination, but ADB advised BREB to reconsider and initiate renegotiation with the contractor to install at least 705 pumps. The decision is still pending from the government's side.

b. Measures underway to accelerate implementation

50. During this period, only USD 0.67 million was disbursed from Grant 0584 against the target of USD 4.0 million. The target was not achieved because the government did not approve the required contract variation, and the decision is still pending.

51. Measures are underway to accelerate implementation, including the approval of contract variations by the Cabinet Committee on Government Purchase (CCGP). The CCGP approval for the contract variation of the six EPC contracts for solar pumps and 2 EPC contracts for grid integration is expected by June 2024. Additionally, the Ministry decided to cancel all six EPC contracts and initiate a rebidding after five years of implementation, but ADB rejected the proposal and requested the executing agency (EA) to proceed with the existing contracts. The EA and the Ministry have agreed to ADB's advice and are pursuing CCGP approval for the contract variations.

c. Summary of MDB’s cancellation guidelines and rationale for not canceling the project

52. The government of Bangladesh has set ambitious targets to meet 40% of its energy needs from renewable energy sources, as stated in its updated NDC submission in 2021. In August 2023, the government approved a national roadmap for solar irrigation, with the aim of scaling up solar irrigation to cover 100% of the irrigation pumps in Bangladesh.

53. The SCF funded project in Bangladesh has experienced implementation delays due to changes in the baselines and global uncertainties. These delays were caused by factors such as the COVID-19 pandemic, which led to the shutdown of manufacturing facilities for pumps and PV panels and shipping congestion. Price hikes in equipment, caused by the Russian invasion of Ukraine, further contributed to delays in implementation.

54. To address these delays, remedial measures have been taken. One measure is the addition of a grid integration package to the project, which allows farmers to sell surplus electricity back to the main grid during the non-irrigation season. Another measure is the concurrence to a contract variation request from the executing agency (EA) to cover the financial losses incurred by the contractor due to the global situation changes.

55. Despite the delays, the government of Bangladesh has shown a strong commitment to implementing the project. They are pursuing the approval of the contract variation by the Cabinet Committee on Government Purchase (CCGP) and the award of the grid integration packages by June 2024. The project is expected to demonstrate good progress by the end of 2024.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% and 50% of SCF funds	20% - December 2024 50% - June 2026
Expected disbursement of SCF funds over the next 12 and 24 months	USD 5 million

9 ADB, Nepal: South Asia Sub-regional Economic Cooperation Power System Expansion Project: Rural Electrification Through Renewable Energy — **Criteria 4**

Number of reporting periods this project has been flagged: 3 years

a. Reason(s) for delay: Government Restructuring, Other, Procurement/Bidding Issues

56. The total SCF funding for this project is USD 31.2 million, consisting of two components. The first component, Grant 0398, has a financing of USD 11.2 million and is executed by Alternative Energy Promotion Centre (AEPC) for a Mini Grid-based renewable energy system in off-grid areas. The second component, Grant 0520, has a financing of USD 20 million and is executed by Nepal Electricity Authority (NEA). Grant 0520 includes the promotion of 25MWp of solar energy system using viability gap financing (VGF) to the private sector, as well as 2.9 MWp of solar and 11 MWh of battery storage systems.

57. As of now, USD 8.8 million (78% of the available amount) has been disbursed for Grant 0398, while only USD 0.48 million (2.4%) has been disbursed for Grant 0520. The slow disbursement of Grant 0520 is attributed to several factors, including changes in the regulatory regime in the energy sector, delays in finalizing power purchase agreements (PPAs) with solar power developers, COVID-19 related delays in installing solar plants, and contractual disputes in the determination of VGF. Only three out of the five signed

contracts with private solar developers have been completed, and VGF payments have commenced for only one developer. Additionally, the procurement process for Solar & Battery Storage System components was delayed, and the contract for USD 15.84 million was awarded in February 2024.

b. Measures underway to accelerate implementation

58. The project unit is currently engaged in regular discussions with the executing agencies (NEA and AEPC), to address any unresolved issues that are hindering the disbursement process. The remaining issues related to determining eligible VGF are expected to be resolved by April 15, 2024. Upon resolving this issue, significant disbursement will take place. The contract for the Solar and Battery Energy System is progressing smoothly after being awarded, and the project unit is conducting fortnightly meetings with the contractor and EA staff to ensure that the project timelines are strictly adhered to. The government has shown strong commitment to implementing the project. The successful implementation of the project will lead to speedy disbursement.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

59. All the grant proceeds are expected to be utilized, and the project's cancellation is not foreseen at this stage.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% and 50% of SCF funds	The project will have a disbursement of >50% by the end of October 2024.
Expected disbursement of SCF funds over the next 12 and 24 months	Next 12 Months: USD 15 million Next 24 Months: USD 22 million

10 AFDB, Kenya: PSSA: Kopere Solar Park **Criteria 2** **Criteria 3**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Other

60. The project was approved by the AfDB's Board in February 2019, but the financial agreement with the country has yet to be signed. Except for the Letter of Support from the government of Kenya, which explains why there is no disbursement on the project to date although all project documents are finalized.

61. Various efforts are being made by the team through AfDB's country office in Kenya to accelerate the conclusion of the letter. AfDB decided that a cancellation notice will be sent to the Sponsors in case no progress is made by end of Q1 2024.

b. Measures underway to accelerate implementation

62. Various efforts are being made by the team through AfDB's country office in Kenya to accelerate the conclusion of the letter. The final negotiation is yet to start. AfDB has decided that a cancellation notice will be sent to the Sponsors in case no progress is made by end Q1 of 2024.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	Given the current circumstances, there is no disbursement planned for 2024. AfDB will advise on next steps if no progress is made by end of Q1 2024.
Expected disbursement of SCF funds over the next 12 and 24 months	A detailed disbursement schedule will be prepared as part of launching activities upon signature of the financial agreement, should financial close is reached.

11	IADB, Nicaragua: Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	**Criteria 2** **Criteria 4**

Number of reporting periods this project has been flagged: 3 years

a. Reason(s) for delay: Procurement/Bidding Issues

63. The Executing agency subscribed a memorandum of understanding with the Costa Rican institute of electricity to support the development of the drilling campaign.

b. Measures underway to accelerate implementation

64. IADB to carry out a fair to attract possible drilling companies.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

65. The MDB did not provide this information.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	Second half of 2024, USD 1.2 million
Expected disbursement of SCF funds over the next 12 and 24 months	Second half of 2025, USD 4.8 million

12	IBRD, Bangladesh: Scaling Up Renewable Energy	**Criteria 2** **Criteria 4**

Number of reporting periods this project has been flagged: 3 years

a. Reason(s) for delay: Other

66. The disbursement rate for this facility is low because it has not financed any utility-scale projects, which have more potential. The current restrictions in eligible renewable energy investments, such as the inability to finance utility-scale wind projects or RE mini-grids in isolated islands, need to be lifted to better align with the demand. However, there has been progress in the implementation of rooftop solar PV sub-projects. IDCOL has approved 28 rooftop solar PV sub-projects with a capacity of 75 MWp for REFF financing. Eighteen sub-projects are now in operation with approximately 41 MWp installed. Despite this progress, implementation needs to be further accelerated to fully commit all the REFF funds. Additionally, there are plans to consider larger utility-scale projects for REFF.

b. Measures underway to accelerate implementation

67. The project was restructured in April 2024 to include mini-grids and utility-scale wind projects, and the financing cap for rooftop solar PV projects was increased from 50% to 80% of the total project cost. The IBRD team strongly encourages IDCOL to take full advantage of this allowance to ensure full disbursement of funds by the project closing date of July 31, 2025. Additionally, the restructuring aims to accelerate the implementation of the project and maximize the utilization of available funds.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

68. As per the World Bank's Directive for Investment Project Financing, either the World Bank or the borrower may decide to cancel an unwithdrawn amount of Loan in accordance with the provisions of the Loan Legal Agreement signed between the World Bank and the recipient. In addition, the World Bank may suspend the right of the borrower to make withdrawals from the loan account under specific conditions, which will then lead to cancellation of the loan amount. As these conditions are not applicable to the project at hand, it does not warrant a cancelation or suspension of funds by the World Bank. Moreover, as previously stated, the situation faced by the World Bank's regional team is a delay in disbursement of SCF funding due to a delay in implementation.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% and 50% of SCF funds	Will reach 50% disbursement in FY25 Q1-Q2
Expected disbursement of SCF funds over the next 12 and 24 months	USD 1.3 million in the next 1 to 2 years

13 IBRD, Nepal: Nepal Private Sector – Led Mini-Grid Energy Access Project **Criteria 4**

Number of reporting periods this project has been flagged: 2 years

a. Reason(s) for delay: Natural Disaster/Epidemic, Other

69. The implementation of two mini hydros has been delayed due to challenges in financial closure caused by the unfavorable fiscal environment and market conditions in the country. The economic viability of the country has been further worsened by the COVID-19 pandemic.

70. Despite the delays, progress has been made in the implementation of the project. The two mini hydros and two solar sub-projects have completed the necessary technical and environmental studies, including the approval of Environmental and Social Impact Assessments (ESIAs) and Environmental and Social Management Plans (ESMPs). One of the solar sub-projects, Subhakalika Solar Mini-grid, is currently under construction. Additionally, 12 out of 14 sub-projects for the Biogas component of the project have been completed and are already in operation. The remaining two sub-projects are planned to be completed by March 2024.

b. Measures underway to accelerate implementation

71. IBRD is collaborating with FCDO to leverage financial viability gap funding to support the financial closure of two mini hydros by mid-February 2024. FCDO has already approved funding for one mini hydro and is reviewing the proposal for the second one. This collaboration has resulted in the completion of financial closure for three out of four mini-grids. The project has also been restructured to extend the project timeline by 11 months to allow for the completion of mini-grid sub-projects and to reallocate funds to include the implementation of six additional biogas sub-projects. These measures will help expedite disbursement and ensure the completion of the project.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

72. As per the World Bank's Directive for Investment Project Financing, either the World Bank or the borrower may decide to cancel an unwithdrawn amount of Loan in accordance with the provisions of the Loan Legal Agreement signed between the World Bank and the recipient. In addition, the World Bank may suspend the right of the borrower to make withdrawals from the loan account under specific conditions, which will then lead to cancellation of the loan amount. As these conditions are not applicable to the project at hand, it does not warrant a cancelation or suspension of funds by the World Bank. Moreover, as previously stated, the situation faced by the World Bank's regional team is a delay in disbursement of SCF funding due to a delay in implementation.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds Expected disbursement of SCF funds over the next 12 and 24 months	About USD 1.5 million of funds likely to be disbursed in the next year.

14 IBRD, Solomon Islands: Electricity Access and Renewable Expansion Project – 2 **Criteria 2**

Number of reporting periods this project has been flagged: 3 years

a. Reason(s) for delay: Natural Disaster/Epidemic, Procurement/Bidding Issues

73. In October 2023, the government of Solomon Islands passed the Electricity (Amendment) Bill, which included key recommendations from consultants who reviewed the Electricity Act. One of the recommendations was to amend the definition of "installation" to include solar, which resolved any legal ambiguity regarding the permissibility of solar as a source of generation.

b. Measures underway to accelerate implementation

74. The project was restructured in May 2023 to extend the project closing date to November 28, 2025, allowing for sufficient time to complete contract implementation. The Solomon Islands Country Management Unit has hired a procurement specialist as an Implementation Support Consultant to help increase disbursement in the portfolio. The consultant started working with the task team in May 2023 to address the issue of contract effectiveness and continues to provide support in contract management and procurement-related matters.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	Disbursement estimates to be provided soon
Expected disbursement of SCF funds over the next 12 and 24 months	USD 1 million

15 IBRD, Tanzania, United Republic of: Renewable Energy for Rural Electrification **Criteria 4**

Number of reporting periods this project has been flagged: 3 years

a. Reason(s) for delay: Establishment of the Project Management Unit (PMU), Natural Disaster/Epidemic

75. The Maguta Mini Hydro (1.2 MW) project and the Injangala Mini Hydro (0.36 MW) project were approved by the TIB Board in 2023. The Injangala project has been fully implemented by the project promoter and was officially launched on 25 October 2023, in Makete Njombe region. The implementation and associated disbursements on the Maguta mini hydro project are progressing well. The Bugando Natural Energy Limited (5 MW) project was also approved by the TIB Board in 2023, and the project promoter is currently in the process of completing the disbursement conditions.

b. Measures underway to accelerate implementation

76. On November 20, 2023, Rural Energy Access (REA) has submitted the annual progress report for Year 7 (2022–23). The report highlighted significant progress under the Small Power Producers (SPP) credit line because of loan disbursements towards two mini hydro projects, which now achieve the DLI threshold and would allow disbursements to begin. The new RE Transaction Advisor Consultant, who was recruited by REA, is expected to work with Small Power Producers (SPP) developers to support completion of all steps needed to achieve financial close.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

77. As per the World Bank's Directive for Investment Project Financing, either the World Bank or the borrower may decide to cancel an unwithdrawn amount of Loan in accordance with the provisions of the Loan Legal Agreement signed between the World Bank and the recipient. In addition, the World Bank may suspend the right of the borrower to make withdrawals from the loan account under specific conditions, which will then lead to cancellation of the loan amount. As these conditions are not applicable to the project at hand, it does not warrant a cancelation or suspension of funds by the World Bank. Moreover, as previously stated, the situation faced by the World Bank's regional team is a delay in disbursement of SCF funding due to a delay in implementation.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 20% of SCF funds	Disbursement estimate to be provided soon
Expected disbursement of SCF funds over the next 12 and 24 months	USD 1 million

4.2.3.5 Descriptions of Newly Flagged Projects

16	ADB, Mongolia: Upscaling Renewable Energy Sector	**Criteria 4**

a. Reason(s) for delay: Other, Procurement/Bidding Issues

78. The procurement of the 10MW Umunogovi wind sub-project was delayed due to a failed bid and repeated low wind measurements. As a result, a new potential location in Taishir soum in Gobi-Altai aimag was identified to replace the wind sub-project. However, the feasibility study report recommended not proceeding with the development of the Taishir wind farm, and instead replacing it with a solar sub-project. The procurement of the solar PV sub-project is expected to take place in late 2024.

b. Measures underway to accelerate implementation

79. As of December 31, 2023, the project has achieved a cumulative disbursement of USD 7.1 million, which represents 88% of the cumulative contract awards or 48.5% of the total SCF project financing. The project team is planning to accelerate implementation by recruiting consultants for the feasibility study of the new solar PV within the first quarter of 2024 and initiating the bidding process within the third quarter of 2024. Once the new PV sub-project is procured in late 2024, approximately USD 2 million will be disbursed by the first quarter of 2025, exceeding the 50% disbursement target against the total SCF project financing.

c. Summary of MDB's cancellation guidelines and rationale for not canceling the project

80. This is not applicable for this project because it is actively disbursing. The project was extended from February 29, 2024, to February 28, 2027, to allow sufficient time for a new solar PV sub-project to be approved and commissioned. A feasibility study will be conducted in Q2 2024 to determine the cost of the subproject.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds Expected disbursement of SCF funds over the next 12 and 24 months	1. Procurement of new solar PV sub-project by Q4 2024 and disbursement of about USD 2 million by Q1 2025; and 2. With the approval of contract variations for Uliastai, Bayankhongor, and Ulaangom shallow-ground heat pump sub-projects, disbursements are expected to increase by Q4 2024.

17 AFDB, Mali: Mini Hydropower Plants and Related Distribution Networks Development Project **Criteria 3**

a. Reason(s) for delay: Other

81. The project in Mali has faced several challenges that have resulted in delays in disbursement since its effectiveness in March 2019. The procurement process for the power plant construction was initially delayed due to the COVID-19 outbreak in March 2020. Additionally, a coup d'état, in August 2020, further impacted the project's progress. The procurement process was eventually finalized in August 2021, but the selected enterprise was unable to request the cash advance before the freezing of all disbursements towards Mali due to the political situation. The cash advance of 30% was finally paid in December 2022, after the lift on disbursement restrictions. On the distribution network, the call for tenders to connect the 22 target villages was launched on January 26, 2022. These challenges have resulted in a cumulative disbursement rate of 27.1% on SREP resources and 29.6% on AfDB co-financing as of December 2023.

b. Measures underway to accelerate implementation

82. The project was extended until December 2025 due to start-up challenges, including the COVID-19 outbreak and a disbursement ban caused by the political situation. The construction work of the power plant began in December 2023, and it is expected that the cumulative disbursement rate will reach 65% in 2024. The last supervision mission took place in June 2023.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds	As of December 2023, the cumulative disbursement rate of the project is at 27% on SREP resources
Expected disbursement of SCF funds over the next 12 and 24 months	12 months: 65% 24 months: 100%

18 IBRD, Haiti: Renewable Energy and Access for All **Criteria 3**

a. Reason(s) for delay Natural Disaster/Epidemic, Other

83. The rehabilitation of the 1.5 MW mini hydro plant in Drouet has been completed, along with the electrification of five priority hospitals. The project has also launched the process to electrify hospitals on existing mini grid and mesh grid sites under the ESMAP grant. The installation of solar-powered water pumps at four water pumping sites is progressing and is expected to be finalized by the end of December 2023. The

off-grid activities, including mini grids, solar home systems, and mesh grids, are also progressing and providing electricity to many households. The number of people with electricity access has reached 130,000, with around 65,000 females benefiting. Additionally, six new enabling policy and regulatory frameworks for clean energy and access have been enacted, and the RISE score has increased to 22.07 compared to the baseline of 11 in 2017. The project has leveraged approximately USD 16 million in private investment and other commercial financing. Further progress includes signing the first concession contracts for mini grids, successful piloting of mesh grids (micro-grids), and implementing results-based financing for off-grid solar systems and productive uses.

b. Measures underway to accelerate implementation

84. The project team was proactive in addressing the delay in disbursement by restructuring the project three times. This restructuring involved reallocating funding to areas of the project that have shown the fastest progress, aiming to facilitate faster disbursement and scale up successful approaches.

85. The restructuring was necessary due to increased country risks and security challenges, including logistics of traveling inside Haiti, which have led to higher costs for mini-grid developers and distributors of solar lanterns and solar home systems. The project has experienced delays in both components' activities and requires additional time and resources to complete. Additional resources from IDA are being processed for an extension of 18 months from the current closing date, and it would be beneficial if SREP could supplement these resources to cover the cost overrun of the initial scope of the project.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of SCF funds Expected disbursement of SCF funds over the next 12 and 24 months	All remaining SREP funding are to be disbursed by closing date of December 2024 unless extended.

4.3 Currency Risk Assessment

Risk Score: N/A

86. During the reporting period, the UK encashed the remaining GBP 93.5 million promissory notes increasing the realized currency loss from USD 37.0 million to USD 65.2 million.

Table 15 SREP Currency Risk Exposures

	As of March 31, 2024	As of March 31, 2023
Amount of PNs Received	**£268.0**	£268.0
Amount of PNs Unencashed	**£0.0**	£93.5
Currency Gain/(Loss) Realized	**($65.2)**	($37.0)
Currency Gain/(Loss) Unrealized	**$0.0**	($31.0)

4.4 Resource Availability Risk Assessment

87. In March 2024, the SREP MDB committee met and agreed on a revised pipeline and cancelled some projects from the existing pipeline. During the reporting period, USD 25 million of non-grant projects and USD 8.5 million of grant projects were cancelled from TFC approved commitments.

4.4.1 Sealed Pipeline

Risk Score: Low

88. As of March 31, 2024, SREP maintained a surplus in available capital and grant resources to fund its sealed pipeline only. At the end of the period promissory notes of GBP 93 million were encashed, which released currency risk reserves of USD 18.0 million (USD 3.3 million in grants and USD 14.7 million in capital).

Table 16 SREP Sealed Pipeline Resource Availablity Risk Assessment

In millions of USD

	As of March 31, 2024	As of March 31, 2023	Change
Grant	**23.3**	8.4	+14.9
Capital	**66.4**	25.7	+40.7

4.4.2 Sealed & Reserve Pipeline

Risk Score: Low

89. As of March 31, 2024, SREP's available capital resources are USD 20 million and grant resources are USD 2.1 million to fund the combined sealed and reserve pipelines. Please refer to reasons enumerated above for the movements between the periods.

The MDB committee has committed to submit all projects in the reserve pipeline for TFC approval by December 2024.

Table 17 SREP Sealed & Reserve Pipeline Resource Availablity Risk Assessment

In millions of USD

	As of March 31, 2024	As of March 31, 2023	Change
Grant	**2.1**	(5.6)	+7.7
Capital	**20.0**	25.7	-5.7

4.5 Credit Risk Assessment

Risk Score: Low

90. The following table represents SREP's credit risk exposures. Please refer to Appendix D for additional information and definitions on the table below.

Table 2 SREP Outstanding Loan Portfolio Credit Risk Exposure

In millions of USD as of December 31, 2023

		Portfolio Risk Rating	Committed Loans	PD	LGD	Expected Loss Rate	Expected Losses
Exposures	Public	B+	91.2	0.0%	0.0%	0.0%	0.0
	Private	CCC+	11.6	27.7%	61.8%	17.1%	2.0
Portfolio Total			**102.8**			**1.9%**	**2.0**

91. There are no reported defaults, active or expected, for the SREP loan portfolio.

Figure 16 SREP loan exposure public vs. private sector[11]

[11] Based on committed amounts provided by the Trustee, net of cancellations and reflows.

4.5.1 Public Sector Exposure

92. All SREP public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently, SREP is exposed to seven countries (listed in Appendix B.3), the following table represents the highest and lowest rated recipients.

Table 18 SREP Public Sector Highest and Lowest Recipient Credit Ratings[12]

Lowest Rating		Highest Rating		Recipient Count
B-	Honduras, Kenya	BB-	Bangladesh, Honduras	7

5. MDB cancellation guidelines and criteria

93. 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)

6. Fraud and sexual exploitation and abuse

94. At the January 2019 meeting, SCF Trust Fund Committee requested that the MDBs provide the CIF Secretariat information regarding fraud and sexual exploitation and abuse in SCF 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.

95. The MDBs did not report any allegations or instances of fraud, or sexual exploitation and abuse to the CIF Secretariat 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

[12] The Lowest credit rating is based on the lowest rating of a rating agency, and the highest credit rating is based on the highest rating of a rating agency, excluding unrated.

EBRD – Integrity and Anti-Corruption Annual Report

World Bank Group – Integrity Vice Presidency Annual Report

7. Forced Labor

96. At the January 2022 TFC Meeting, the Trust Fund Committee requested that the MDBs provide the CIF Secretariat 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.

97. 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.

98. The MDBs did not report any allegations or instances of forced labor to the CIF Secretariat during the period.

Appendix A Available Resources

A.1. FIP

Table 19 FIP - Resources Available for Commitments

FIP - RESOURCES AVAILABLE for COMMITMENTS *Inception through March 31, 2024* *(USD millions)*		Total	Capital	Grant
Donor Pledges and Contributions				
Contributions		750.6	257.1	493.6
Pledges	a/	0.3	0.0	0.3
Total Pledges and Contributions		**751.0**	**257.1**	**493.9**
Cumulative Funding Received				
Contributions Received				
Cash Contributions		750.9	257.4	493.6
Unencashed promissory notes	b/	0.0	0.0	
Unencashed promissory notes- TAF		0.0		0.0
Cash Contribution - Allocation from Capital to Grants	c/	0.0	(14.0)	14.0
Total Contributions Received		750.9	243.3	507.6
Other Resources				
Investment Income earned -up to Feb 1, 2016	d/	14.5	0.0	14.5
Total Other Resources		14.5	0.0	14.5
Total Cumulative Funding Received (A)		**765.5**	**243.3**	**522.1**
Cumulative Funding Commitments				
Projects/Programs		707.0	250.8	456.2
MDB Project Implementation and Supervision services (MPIS) Costs		35.5	0.0	35.5
Administrative Expenses-Cumulative to 1st Feb 2016	d/	25.6	0.0	25.6
Country Programming Budget from 1st Jan 2018	d/	0.9		0.9
Technical Assistance Facility	i/	5.8		5.8
Total Cumulative Funding Commitments		774.7	250.8	523.9
Project/Program,MPIS and Admin Budget Cancellations	e/	(73.7)	(51.3)	(22.5)

Net Cumulative Funding Commitments (B)		**701.0**	**199.6**	**501.4**
Fund Balance (A - B)		**64.5**	**43.8**	**20.7**
Currency Risk Reserves	f/	**0.0**	**0.0**	
Currency Risk Reserves-TAF		**0.0**		**0.0**
Unrestricted Fund Balance (C)		**64.5**	**43.8**	**20.7**
Future Programming Reserves:	-			
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017)	g/	(10.9)		(10.9)
subtract				
Administration Expense reserve for CIF Secretariat, MDB & Trustee USD 20.9 Million				
Country Programming Budget Reserve USD 1.0 Million				
Learning and Knowledge Exchange Reserve USD 1.1 Million				
add				
Estimated Investment Income Share for FIP USD 5.4 Million				
Projected Reflows USD 6.6 Million				
Technical Assistance Facility	i/ j/	**(3.4)**		(3.4)
Unrestricted Fund Balance (C) after reserves		**50.3**	**43.8**	**6.5**
Anticipated Commitments (FY23-24)	-		-	- -
Program/Project Funding and MPIS Costs		11.3	9.5	1.8
Technical Assistance Facility		0.0		0.0
Total Anticipated Commitments (D)	k/	**11.3**	**9.5**	**1.8**
Available Resources (C - D)		**39.1**	**34.3**	**4.8**
Potential Future Resources (FY23-24)	-			
Pledges	a/	0.3		0.3
Contributions Receivable		0.0		0.0
Release of Currency Risk Reserves	f/	0.0	0.0	0.0
Total Potential Future Resources (E)		**0.3**	**0.0**	**0.3**
Potential Available Resources (C - D + E)		**39.4**	**34.3**	**5.1**

Reflows from MDBs	h/	13.4		13.4

a/ The balance of the pledge amount from the U.S

b/ All promissory notes from United Kingdom have been encashed.

c/ Promissory Notes amounting to GBP 9.9 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements. The Promissory Notes were encashed for USD 14.03 on May 27, 2021

d/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin “account”, from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

e/ This refers to cancellation of program and project commitments approved by the SCF TFC

f/ 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.

g/The amount of this reserve is estimated by the CIF Secretariat and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 22% fixed pro rata share of the FIP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 11.6 million from the available grant resources in the FIP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 81.8 million in FIP grant resources remains available for allocation to FIP projects. This reserve amount has been reduced by USD 0.5 million approved for country engagement from January 2018.

h/ Any payments of principal, interest from loans, which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB. The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income. The reflows includes the commitment fee, front end fee and late payment fee.

i/ The SCF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

j/ Commitments for the Technical Assistance Facility, as estimated by the CIF Secretariat.

k/ Anticipated commitments as estimated by the CIF Secretariat.

A.2. SREP

Table 20 SREP – Sealed Resources Available for Commitments

SREP - RESOURCES AVAILABLE for COMMITMENTS Inception through March 31, 2024 (USD millions)		Total	Capital	Grant
Donor Pledges and Contributions				
Contributions		774.4	270.03	504.34
Allocation of Capital to Grants	a/		(25.82)	25.82
Total Pledges and Contributions		**774.4**	**244.21**	**530.16**
Cumulative Funding Received				
Contributions Received				
Cash Contributions		655.9	151.5	504.3
Unencashed Promissory Notes		118.2	118.2	0.0
Unencashed promissory notes- TAF		0.0		0.0
Allocation of Capital to Grants	a/		(25.8)	25.8
Total Contributions Received		774.1	243.9	530.2
Other Resources				
Investment Income earned -up to Feb 1, 2016	b/	9.9		9.9
Other Income		0.0		
Total Other Resources		9.9		9.9
Total Cumulative Funding Received (A)		**784.0**	**243.9**	**540.1**
Cumulative Funding Commitments				
Projects/Programs		738.0	243.5	494.5
MDB Project Implementation and Supervision services (MPIS) Costs		23.4	0.0	23.4
Administrative Expenses-Cumulative to 1st Feb 2016	b/	14.2	0.0	14.2
Country Programming Budget expense from 1st Jan 2018, net	b/	0.4		0.4
Technical Assistance Facility		14.7		14.7
Total Cumulative Funding Commitments		790.7	243.5	547.2
Project/Program, MPIS and Admin Budget Cancellations	c/	(171.1)	(97.7)	(73.5)

Net Cumulative Funding Commitments (B)		**619.6**	**145.9**	**473.7**
Fund Balance (A - B)		**164.4**	**98.1**	**66.3**
Currency Risk Reserves	d/	**(17.7)**	**(13.9)**	**(3.9)**
Currency Risk Reserves-TAF		**0.0**		**0.0**
Unrestricted Fund Balance		**146.7**	**84.2**	**62.5**
Future Programming Reserves:	-			
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017)	e/	(31.2)		(31.2)
Subtract				
Administration Expense reserve for CIF Secretariat, MDB & Trustee USD 37.9 Million				
Country Programming Budget Reserve USD 1.9 Million				
Learning and Knowledge Exchange Reserve USD 1.1 Million				
Add				
Estimated Investment Income Share for SREP USD 9.0 Million				
Projected Reflows USD 0.6 Million				
Technical Assistance Facility	h/	(0.6)		(0.6)
Unrestricted Fund Balance (C) after reserves		**114.8**	**84.2**	**30.6**
Anticipated Commitments (FY24)	-			
Program/Project Funding and MPIS Costs	f/	43.2	32.0	11.2
Technical Assistance Facility	h/	0.0		0.0
Total Anticipated Commitments (D)		**43.2**	**32.0**	**11.2**
-	-			
Available Resources (C - D)		**71.6**	**52.2**	**19.4**
Potential Future Resources (FY24)	-			
Pledges		0.0		0.0

Contributions Receivable		0.0		0.0
Release of Currency Risk Reserves	d/	17.7	13.9	3.9
Release of Currency Risk Reserves-TAF		0.0		0.0
Total Potential Future Resources (E)		**17.7**	**13.9**	**3.9**
-	-			
Potential Available Resources (C - D + E)		**89.3**	**66.1**	**23.3**
Reflows from MDBs	g/	0.4		0.4

a/ Promissory Notes amounting to GBP 19.84 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements.

b/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin “account”, from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

c/ This refers to cancellation of program and project commitments approved by the SCF TFC.

d/ 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.

e/ The amount of this reserve is estimated by the CIF Secretariat and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 37% fixed pro rata share of the SREP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 31.7 million from the available grant resources in the SREP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 59.6 million in SREP grant resources remains available for allocation to SREP projects”. This reserve amount has been increased by the approved commitment amount of USD 0.1 million for country engagement net cancellations from January 2018.The reflows includes the commitment fee, front end fee and late payment fee.

f/ Anticipated commitments for SREP program includes both Sealed and Reserve pipeline. Anticipated commitments as estimated by the CIF Secretariat.

g/ Any payments of principal, interest from loans, which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB. The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

h/ The SCF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

Table 21 SREP – Sealed and Reserved Resources Available for Commitments

SREP - RESOURCES AVAILABLE for COMMITMENTS Inception through March 31, 2024 (USD millions)		Total	Capital	Grant
Donor Pledges and Contributions				
Contributions		774.4	270.0	504.3
Allocation of Capital to Grants	a/		(25.8)	25.8
Total Pledges and Contributions		**774.4**	**244.2**	**530.2**
Cumulative Funding Received				
Contributions Received				
Cash Contributions		774.4	270.0	504.3
Unencashed Promissory Notes		0.0	0.0	0.0
Unencashed promissory notes- TAF		0.0		0.0
Allocation of Capital to Grants from encashed Promissory Notes	a/		(25.8)	25.8
Total Contributions Received		774.4	244.2	530.2
Other Resources				
Investment Income earned -up to Feb 1, 2016	b/	9.9		9.9
Other Income		0.0		
Total Other Resources		9.9		9.9
Total Cumulative Funding Received (A)		784.3	**244.2**	**540.1**
Cumulative Funding Commitments				
Projects/Programs		738.0	243.5	494.5
MDB Project Implementation and Supervision services (MPIS) Costs		23.4	0.0	23.4
Administrative Expenses-Cumulative to 1st Feb 2016	b/	14.2	0.0	14.2
Country Programming Budget expense from 1st Jan 2018, Net	b/	0.4		0.4
Technical Assistance Facility		14.7		14.7
Total Cumulative Funding Commitments		790.7	243.5	547.2
Project/Program, MPIS and Admin Budget Cancellations	c/	(171.1)	(97.7)	(73.5)
Net Cumulative Funding Commitments (B)		**619.6**	**145.9**	**473.7**

Fund Balance (A - B)		**164.7**	**98.4**	**66.3**
Currency Risk Reserves	d/	**0.0**	**0.0**	**0.0**
Currency Risk Reserves-TAF		**0.0**		**0.0**
Unrestricted Fund Balance		**164.7**	**98.4**	**66.3**
Future Programming Reserves:	_			
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows).Breakup of various components are provided below. (Model Updated as of December 31,2017)	e/	(31.2)		(31.2)
Subtract				
Administration Expense reserve for CIF Secretariat, MDB & Trustee USD 37.9 Million				
Country Programming Budget Reserve USD 2.3 Million				
Learning and Knowledge Exchange Reserve USD 1.1 Million				
Add				
Estimated Investment Income Share for SREP USD 9.0 Million				
Projected Reflows USD 0.6 Million				
Technical Assistance Facility	h/	(0.6)		(0.6)
Unrestricted Fund Balance (C) after reserves		**132.8**	**98.4**	**34.5**
Anticipated Commitments (FY24)	_			
Program/Project Funding and MPIS Costs	f/	110.7	78.4	32.3
Technical Assistance Facility		0.0	0.0	0.0
Total Anticipated Commitments (D)		**110.7**	**78.4**	**32.3**
Available Resources (C - D)		**22.1**	**20.0**	**2.1**
Potential Future Resources (FY24)	_			
Pledges		0.0		0.0
Contributions Receivable		0.0		0.0
Release of Currency Risk Reserves		0.0	0.0	0.0
Release of Currency Risk Reserves-TAF		0.0		0.0
Total Potential Future Resources (E)		**0.0**	**0.0**	**0.0**
Potential Available Resources (C - D + E)		**22.1**	**20.0**	**2.1**
Reflows from MDBs	g/	0.4		0.4

a/ Promissory Notes amounting to GBP 19.84 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements.

b/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin “account”, from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

c/ This refers to cancellation of program and project commitments approved by the SCF TFC.

d/ 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.

e/ The amount of this reserve is estimated by the CIF Secretariat and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 37% fixed pro rata share of the SREP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 31.7 million from the available grant resources in the SREP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 59.6 million in SREP grant resources remains available for allocation to SREP projects”. This reserve amount has been increased by the approved commitment amount of USD 0.1 million for country engagement net cancellations from January 2018.The reflows includes the commitment fee, front end fee and late payment fee.

f/ Anticipated commitments for SREP program includes both Sealed and Reserve pipeline. Anticipated commitments as estimated by the CIF Secretariat.

g/ Any payments of principal, interest from loans, which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB. The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

h/ The SCF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

Appendix B Public Sector Loan Recipients

99. Public sector loan recipients' credit ratings are based on publicly available sovereign ratings. PDs are based on the 5-year default rates for sovereign issuers, and LGDs are derived from the issuer-weighed recovery rates from Moody's Sovereign Default and Recovery Rates, 1983-2022.

B.1. FIP

Table 22 FIP Public loan portfolio credit risk exposures

As of December 31, 2023

Total Exposure	Average Credit Rating	Average 5-year PD	LGD	Implied Expected Loss Rate
145,318,527	BB	17.2%	50.0%	8.6%

Country	Net Committed Amount	Least Rating (S&P)	S&P	Moody's	Fitch	5-year PD	LGD
Brazil	8,280,000	BB-	BB-	Ba2	BB	5.1%	50.0%
Congo, Republic of	18,000,000	CCC	B-	Caa2	CCC+	36.8%	50.0%
Cote d'Ivoire	23,800,000	BB-	**NR**	Ba3	BB-	5.1%	50.0%
Ghana	7,000,000	CC	CCC	Ca	CC	36.8%	50.0%
Guatemala	8,450,000	BB	BB	Ba1	BB	5.1%	50.0%
Mexico	14,253,711	BBB-	BBB	Baa2	BBB-	1.5%	50.0%
Mozambique	13,184,816	CCC	CCC+	Caa2	CCC+	36.8%	50.0%
Nepal	17,900,000	**NR**	**NR**	**NR**	**NR**	36.8%	50.0%
Peru	23,200,000	BBB	BBB	Baa1	BBB	1.5%	50.0%
Rwanda	11,250,000	B	B+	B2	B+	14.9%	50.0%

B.2. PPCR

Table 23 PPCR Public loan portfolio credit risk exposures

As of December 31, 2023

Total Exposure	Average Credit Rating	Average 5-year PD	LGD	Implied Expected Loss Rate
288,572,087	BB	28.3%	50.0%	14.1%

Country	Net Committed Amount	Least Rating (S&P)	S&P	Moody's	Fitch	5-year PD	LGD
Bangladesh	47,372,364	B+	BB-	B1	BB-	14.9%	50.0%
Bolivia	27,559,635	CCC+	B+	Caa1	B-	36.8%	50.0%
Cambodia	34,529,941	B	B	B2	**NR**	14.9%	50.0%
Dominica	9,000,000	**NR**	**NR**	**NR**	**NR**	36.8%	50.0%
Grenada	11,498,813	BB-	BB-	**NR**	**NR**	5.1%	50.0%
Jamaica	8,707,100	B+	B+	B1	B+	14.9%	50.0%
Mozambique	25,575,143	CCC	CCC+	Caa2	CCC+	36.8%	50.0%
Nepal	11,842,871	**NR**	**NR**	**NR**	**NR**	36.8%	50.0%
Niger	56,306,220	CCC	**NR**	Caa2	**NR**	36.8%	50.0%
Rwanda	2,380,000	B	B+	B2	B+	14.9%	50.0%
Saint Lucia	15,000,000	**NR**	**NR**	**NR**	**NR**	36.8%	50.0%
Saint Vincent and the Grenadines	2,850,000	B-	**NR**	B3	**NR**	14.9%	50.0%
Zambia	35,950,000	CC	CCC+	Ca	CCC+	36.8%	50.0%

B.3. SREP

Table 24 SREP Public loan portfolio credit risk exposures

As of December 31, 2023

Total Exposure	Average Credit Rating	Average 5-year PD	LGD	Implied Expected Loss Rate
91,152,279	BB	15.4%	50.0%	7.7%

Country	Net Committed Amount	Least Rating (S&P)	S&P	Moody's	Fitch	5-year PD	LGD
Bangladesh	26,380,000	B+	BB-	B1	BB-	14.9%	50.0%
Cambodia	17,000,000	B	B	B2	**NR**	14.9%	50.0%
Honduras	5,000,000	B-	BB-	B1	B-	14.9%	50.0%
Kenya	5,272,279	B-	B	B3	B	14.9%	50.0%
Lesotho	8,000,000	B	**NR**	**NR**	B	14.9%	50.0%
Nepal	2,000,000	**NR**	**NR**	**NR**	**NR**	36.8%	50.0%
Rwanda	27,500,000	B	B+	B2	B+	14.9%	50.0%

Appendix C Key Risk Exposure Assessment Criteria

100. For SCF, Risk is defined as any threat to the achievement of SCF's objectives. This definition, along with the definition of SCF's objectives, establishes the context for appraising SCF's risk exposures.

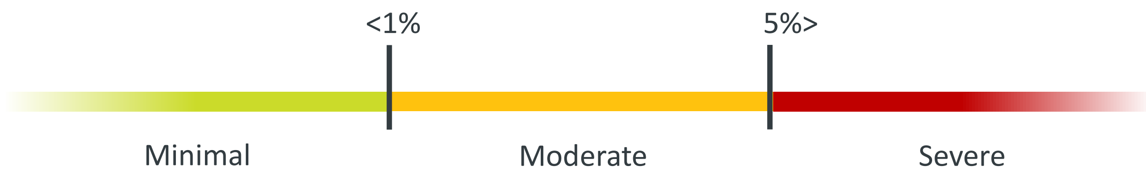
Table 25 SCF Risk Exposure Matrix

Severity	Very Unlikely	Unlikely	Possible	Likely	Very Likely
Severe	Low	Moderate	High	High	High
Moderate	Low	Low	Moderate	High	High
Minimal	Low	Low	Low	Low	Low

Likelihood

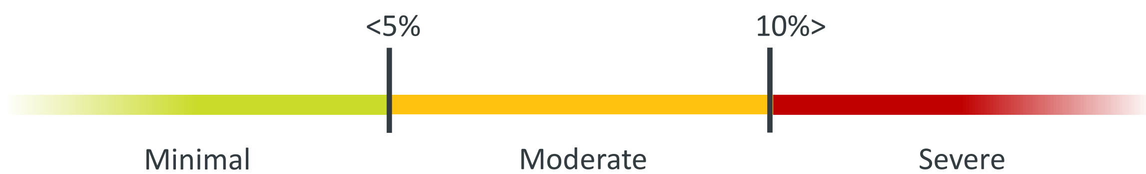
C.1. Severity

101. 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.



Implementation Risk

102. 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 as a percentage of the program's total pledges and contributions.



C.2. Implementation Risk Criteria

103. Implementation risk is the risk that a project is not implemented in a timely manner, or at all. The CIF Secretariat flags a project for implementation risk if the project meets at least one of the following five criteria.

Criteria 1A	Criteria 1B	Criteria 2	Criteria 3	Criteria 4	Criteria 5
• The TFC committed funds to the project 4 years ago, but the project still is not effective.	• The TFC committed funds to a program 4 years ago, but part of the funding remains unallocated to a sub-project.	• The project has been effective for 36 months but has disbursed less than 20% of program funds.	• The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50% of program funds.	• The anticipated date of final disbursement for the project has been extended, but less than 50% of program funds have been disbursed.	• The project has been effective for at least 5 years with less than 50% of program funds disbursed, and the anticipated date of final disbursement is more than 10 years after the effectiveness date.

C.3. Resource Availability Risk

104. 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.

105. To mitigate this risk, the MDBs, and CIF Secretariat continuously monitor the resource availability situation and manage the pipeline development accordingly. Additionally, the TFC, MDBs, and CIF Secretariat have all consistently conveyed the message that resource allocations are not guaranteed until funds are committed to specific projects.

C.4. Currency Risk via Promissory Notes

106. 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.

C.5. Credit Risk

107. Credit risk is the risk that a SCF 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 SCF's outgoing financing. 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.

108. SCF's primary source of credit risk exposure is incurred through the funds it commits as loans, while credit risk exposure incurred through other instruments (e.g., guarantees) is minimal.

109. The committed loan amounts are provided by the Trustee for public and private exposures and are net of cancellations and principal reflows received. For private exposures, active defaults, expected defaults, and write-offs are subtracted from the total committed loans, since they are currently no defaults in the public portfolio.

110. For the public sector loans, the portfolio risk rating is based on the weighted average country rating, excluding Ukraine. Expected probability of defaults (PD) and loss given defaults (LGD) for these exposures are 0% since SCF has never experienced payment defaults on any of its public sector loans. Therefore, the CIF Secretariat has determined that, for the public sector exposures, the rating agency's credit ratings are a poor predictor of defaults and expected losses. Over the years, rating agencies have downgraded some recipient countries' ratings to default status, and even when SCF recipient countries have defaulted on obligations to their bondholders, these countries have not defaulted on their obligations to CIF.

111. For the private sector loans, SCF's loan commitments to private sector entities have limited publicly available information. Therefore, PDs and LGDs are based on internal credit ratings provided by the MDBs with private sector operations. For private sector loans with no internal credit ratings provided to the CIF Secretariat, PDs and LGDs taken from the latest Moody's Annual default study, and sovereign ratings are notched down by one rating. All PDs are based on or converted to 5year PDs.

112. For defaults, PDs and LGD are assigned based on the experience of the CIF Secretariat with defaults. Historically, the CIF has experienced an average of 67.6% of losses of the defaulted amounts for a given project. Further, due to the nature of the ongoing war in Ukraine, the CIF Secretariat is now incorporating the assumption that recipients will default on all disbursed amounts to projects in Ukraine, resulting in a PD of 100% for private section and 50% for public sector, and an LGD of 67.6% for those projects.

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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