

# CLIMATE INVESTMENT FUNDS

CTF/TFC.20/3/Rev.1  
December 4, 2017

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Meeting of the CTF Trust Fund Committee  
Washington, DC  
Friday, December 15, 2017

## **CTF SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)**

## **PROPOSED DECISION**

The CTF Trust Fund Committee reviewed document CTF/TFC.20/3/Rev.1, *CTF Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the CTF.

The Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on resource availability, portfolio updates, co-financing, and disbursements

## 1 Introduction

1. This report provides an update on the status of the Clean Technology Fund (CTF), the portfolio of the CTF-funded programs and projects under endorsed investment plans, the Dedicated Private Sector Programs (DPSP), and related activities. This report covers the period from January 1 to June 30, 2017. Fiscal year refers to July 1 to June 30 period.

## 2 Strategic issues

### 2.1 New financing modalities

2. A new financing modality, known as the CTF 2.0 proposal, presents a unique opportunity to ensure highly efficient use of limited public resources by maximizing the expected reflows from legacy assets. The proposed approach incentivizes higher mobilization of private sector financing without requiring the need for periodic replenishments from contributor countries.
3. Two borrowing approaches have been considered as part of the CTF 2.0 proposal: a) under the **Structured Finance (SF)** approach, the CTF Issuer would offer investors debt instruments collateralized by the cash flows expected to be received by the CTF Trust Fund in respect of the project loans and investments in its existing portfolio, and as well as those new loans financed with funds raised from debt issuances by the CTF Issuer. Under the **General Obligation (GO)** approach, the CTF Issuer would borrow in the same manner as IBRD, IFC or, now, IDA, offering debt instruments constituting general obligations of the CTF Issuer.
4. At its meeting in December 2016, the Trust Fund Committee agreed to meet in 2017 to determine how to proceed with the new financing modalities (CTF 2.0) based on the credit rating agencies assessments, legal structure, and key elements of governance and operational policy framework of each modality. As of October 2017, the following progress has been made:
  - a) Credit Rating Agencies Assessments: Moody's and S&P have been engaged to evaluate the proposed modalities. Despite constraints in data availability, primarily related to confidential, private sector data, the assessment has been completed and the findings will be shared with the TFC members.
  - b) CTF 2.0 Draft Governance Framework document: Building on the original CTF Governance Framework Document, an updated *CTF 2.0 Governance Framework Document* has been prepared and will be shared with the Trust Fund Committee.
  - c) The Trust Fund Committee held an informal consultation in mid-October 2017 to review the key elements of the proposal and the way forward. Committee members are expected to agree on the next steps at an inter-sessional meeting following the upcoming CTF Trust Fund Committee meeting in December 2017.

### 2.2 Resource availability

5. As per the CTF Pipeline Management and Cancellation Policy approved by the Trust Fund Committee last year, the deadline for submission of projects/programs from the CTF pipeline to the Trust Fund Committee for funding approval was June 30, 2017. Projects/programs in the pipeline that did not meet the submission deadline were dropped and the remaining resources are available

for future CTF programing. As of September 30, 2017, after considering all submissions for approval, the total amount of potential available resources was **USD 526 million**, *excluding* the projected investment income and the projected administrative budget.

### 2.3 Programing of remaining CTF resources

6. The CIF Administrative Unit, working closely with the Trustee, updated CTF resource availability, taking into account the closure of the CTF pipeline as of July 1, 2017. To utilize the remaining CTF resources, the CIF Administrative Unit, in consultation with the MDBs and Trustee, explored opportunities under a flexible programming approach similar to that of the DPSP based on potential demand from the MDBs and recipient countries. The proposal will be presented to the Trust Fund Committee at its upcoming meeting in December.

## 3 Status of the CTF

### 3.1 Portfolio overview and trends

7. The CTF portfolio consists of 109 projects and programs from 16 endorsed Investment Plans and the DPSP, totaling USD 5 billion in CTF funding. Implementation of investment plans and DPSP has been advancing steadily. Funding approval by the Trust Fund Committee accounts for 84 percent of the indicative allocations.

**Table 1: Overview of CTF portfolio (as of June 30, 2017)<sup>1</sup>**

	Approved funding		Disbursement
	Committee	MDB	
CTF Funding (in \$M)	4,990.30	4,222.30	2,002.58
Number of projects	109	93	71

### 3.2 Portfolio updates

8. During the current reporting period, seven funding requests, totaling USD 246 million, supporting solar and geothermal technologies, were approved by the Trust Fund Committee while four public sector projects, with USD 174 million in CTF funding, were approved by the MDBs. As of June 2017, five projects/sub-projects, with USD 185 million in approved funding, were submitted for cancellation by AfDB, IBRD, and IFC.

### 3.3 Disbursements

9. As of June 30, 2017, 71 projects/programs crossed USD 2 billion in cumulative disbursements. Disbursements, as a percentage of MDB approvals, continue to show an upward trend, moving from 30 percent in FY14 to 48 percent as of FY17. Since they were first recorded, CTF funds have now disbursed at over USD 300 million annually. As implementation continues to progress, disbursements are expected to rise at an increase pace, implying more resources on the ground.

<sup>1</sup> A number of projects were submitted by June 30, 2017 and actual approval dates took place subsequently in July and August.

## **4 Results reporting**

10. Eighty-five projects, with a total of USD 4.69 billion in CTF funding, are now at various stages of implementation and reporting results compared to last year when seventy projects reported results. This shows a maturing portfolio of projects pointing to real impact on the ground. Projects under implementation are resulting in 9.3 million tCO<sub>2</sub> in GHG emissions reductions per year, installing close to 4 GW in renewable energy capacity so far, saving close to 3,178 GWh annually, and moving over 175,000 passengers per day to sustainable forms of transportation. Projects reporting results have, so far, mobilized close to USD 20 billion in co-financing from a range of sources, including the private sector.

## **5 Cross-cutting themes**

### **5.1 Gender**

11. The portfolio of seven CTF projects approved by the Trust Fund Committee from January 1 to August 31, 2017 was reviewed to identify program progress regarding gender 'quality at entry'. The three 'scorecard' indicators related to the presence of (i) sector-specific Gender Analysis; (ii) Women-Specific Activities; and (iii) Sex-Disaggregated Indicators were reviewed for each project. Figures were compared to baseline performance of the CTF portfolio as on June 30, 2014. For CTF projects approved during the period under review, sector-specific gender analysis was undertaken in 14 percent of projects approved (compared to a baseline of 21 percent). Forty-three percent of projects approved had planned specific activities aimed at women (17 percent). Similarly, 14 percent of projects approved during the period had sex-disaggregated indicators (15 percent).

### **5.2 Knowledge and learning**

12. Analytical work, to better understand the efficient use of public finance, particularly concessional climate finance provided through the CTF in scaling up investment in energy efficiency, continued during this period. The second energy efficiency dialogue took place in conjunction with DEMEX (Dialogues for the Future of Energy), in September 2017 in Mexico City with more than 30 participants from the CTF countries, MDBs, private and public sectors, and experts from other organizations. It involved presentation of CTF case studies that showed that a combination of grant for capacity building/advisory services and investment is crucial for scaling up energy efficiency investments.

### **5.3 Evaluation and Learning (E&L) Initiative**

13. Following Trust Fund Committee approval under the CIF Evaluation and Learning (E&L) Initiative's Call for Proposals in late 2016, work has advanced on the World Bank proposal to review the effectiveness of various financing instruments in facilitating the mobilization of private capital for the scale-up of grid-connected solar power in Africa. In February 2017 following an international competitive bidding process, a consortium comprising CPCS (Canada) and Rina Consulting (Spain) was selected to conduct the review with the first analytical report expected in December 2017.