



Meeting of the CTF Trust Fund Committee
Washington D.C. (Virtual)
Thursday, November 19, 2020

**CTF SEMI-ANNUAL OPERATION REPORT
(SUMMARY)**

PROPOSED DECISION

The Trust Fund Committee reviewed document CTF/TFC.25/3, *CTF Semi-Annual Operational Report*, and CTF/TFC.25/3.1, *CTF Results Report*, and welcomes the progress that has been made in advancing the work of CTF.

The Trust Fund Committee notes the three options presented in Section 2.3 paragraph 15 on the use of future cancelled resources and approves option 15 [a/b/c], as defined in the document.

- a. [Allocate for on-going DPSP III-like projects]
- b. [Direct cancelled resources to GESP]
- c. [Accumulate cancellations for new uses]

The Committee requests the CIF Administrative Unit and the MDBs to continue to monitor the projects and programs for which CTF funding has been approved, including those that are stalled and whose funding could be made available for future CTF programming

1. Introduction

1. The CTF Semi-Annual Report provides an update on the status of the Clean Technology Fund (CTF), a snapshot of the portfolio of CTF-funded programs and projects under the endorsed investment plans, including the Dedicated Private Sector Program (DPSP), and related activities. It also covers strategic issues that demand attention from the Trust Fund Committee (TFC). This report covers the period from January 1 to June 30, 2020.

2 Strategic Issues

2. The CTF was established in 2008 to provide concessional financing, channeled through six partner multilateral development banks (MDBs), to large-scale, country-led projects and programs in renewable energy, energy efficiency, and sustainable transport. Starting out with USD 4.5 billion in pledges and contributions and 12 country investment plans and a regional program, CTF has grown to USD 5.7 billion in resources while the programs now involve 15 country investment plans, one regional program (Concentrated Solar Power in the Middle East and North Africa (MENA-CSP)), and three completed phases of DPSP. GESP, the fourth phase of DPSP, will begin programming before year-end 2020.
3. As of June 30, 2020, the TFC has approved USD 5,329 million in funding for 154 projects and programs. Project approvals and disbursements are up, and results reporting continues to advance steadily, including into new areas of measuring the economic benefits of CTF projects (see Sections 3 and 4). Assessing risks to the CTF portfolio has been complicated by the COVID-19 crisis, but the CIF Administrative Unit (CIF AU) is working closely with MDBs to track changes to its operations along with its regular risk management efforts.

2.1 End of DPSP III Programming

4. The third phase of the DPSP was endorsed by the TFC in December 2017 to program remaining cancelled resources. The deadline for submission of operations for financing would be extended to the end of June 2020. The CIF Administrative Unit (CIF AU) worked closely with the respective MDB teams to ensure that the pipeline was kept up-to-date and that all resources would be programming by the end date. As a result, as of June 30, 2020, all remaining CTF resources not pledged to GESP have been allocated, and DPSP III has been successfully completed.
5. By the end of FY20, 52 projects were approved under DPSP III, totaling USD 1,100 million in funding¹. These operations are being deployed in 22 countries, along with five global and 20 regional programs. These figures also include 16 projects approved under the Business Development Facility (BDF)². DPSP III represents roughly 20 percent of all approved CTF projects.

¹ In total, 56 projects have been approved to date through DPSP III. Four projects were submitted before or on June 30 and approved in FY21. One project (Climate Stars, EBRD) was approved in FY20, but received supplemental funding that was approved in FY21. In this report, we include the approved project, but do not include its financing in our figures. The total amount of funding approved in FY21 is USD 88.5 million.

² As part of the DPSP III, in April 2018, the TFC approved USD 14.5 million for the BDF to support MDBs and countries in developing project pipelines. Eighteen operations were approved.

2.2 Status of Global Energy Storage Program (DPSP IV)

6. The GESP, as decided in the June 2019 CTF TFC meeting, was established as Phase IV of the DPSP to make concessional climate finance available for all CIF countries, working through partner MDBs, to support them in accelerating the deployment of a range of energy storage solutions to scale up renewable energy development. Unlike previous phases of the DPSP, GESP focuses on one specific thematic area: energy storage.
7. A new pledge of USD 250 million to support GESP was made by the United Kingdom in September 2019. Germany followed up with an additional pledge of EUR 80 million in summer 2020. Since the program's approval, CIF AU has worked with the MDB Committee to finalize the Implementation Plan, which includes an expanded set of monitoring and reporting activities and an indicative project pipeline. Once the pipeline is approved, operations can be submitted to receive funding.

2.3 Use of Future Cancelled Resources

8. With the completion of DPSP III, CTF resources outside of those pledged to GESP have been almost completely allocated. As shown in Table 1 below, there is USD 2.34 million available for programming. This amount is too small to support any potential CTF projects, nor could it be easily reprogrammed to support work in the CIF Technical Assistance Facility.

Table 1. Resource Availability Schedule as of Sept. 30, 2020

Unrestricted Fund Balance for Projects/Programs commitments (A) ³	206.74
Projects/Programs commitments for DPSP III	2.34
Projects/Programs commitments for GESP	204.40
Less: Anticipated Commitments	
Anticipated Projects/Programs Funding and Fees for GESP (B)	909.97
Available Resources for Projects/Programs (A-B)	(703.2)

9. Currently, there is not a clear use for CTF resources made available from cancellations. The TFC may take this opportunity to direct the CIF AU and MDBs to utilize future resources in a way it deems appropriate or it may defer a decision until a time when cancelled resources are available. Three options the TFC can pursue are 1) allocate resources for on-going DPSP III-like projects; 2) direct cancelled resources to GESP; or 3) accumulate cancellations for new uses.

3 Status of CTF

10. As of June 30, 2020, the TFC had approved 154 projects and programs from 16 endorsed investment plans, totaling USD 5.3 billion in CTF funding (see Table 2).⁴

³ This number does not include administrative costs, including country engagement reserves, learning and knowledge, and currency risk reserves, which are withheld from the value of outstanding non-USD denominated promissory notes amount to mitigate the over-commitment risk resulting from the effects of currency exchange rate fluctuations.

⁴ Figures are net of canceled funding.

Table 2. Overview of CTF Portfolio as of June 2020

	Approved funding		Disbursement
	Committee	MDB	
CTF Funding (in \$M)	5,329	4,650	2,535
Number of projects	154	113	90

11. Investment plans: During the current reporting period (January 1 to June 30, 2020), no new CTF investment plans (IPs) or revised investment plans were submitted for endorsement.
12. CTF TFC approvals: Approvals increased from 9 in FY19 to 24 in FY20. Submissions for all non-GESP resources were received by the reporting deadline (June 30, 2020). During the current reporting period, 19 projects and programs were approved by the TFC for a total of USD 487.95 million in funding.
13. MDB approvals: During the current reporting period, three projects were approved by ADB, two by IDB, and one by IBRD for a total of 6 projects with USD 147.44 million in funding.
14. Co-financing: USD 5.3 billion in TFC-approved funding is expected to mobilize more than USD 57 billion in co-financing from private and public sectors, MDBs, bilateral, and other sources. This represents a leverage ratio of 1 to 10.7. Private sector is the largest source of co-financing with around USD 19 billion and a CTF leveraging ratio of 1:3.5, followed by MDBs (1:2.9), bilateral (1:1.4) and other sources (1:1.5).
15. Funding by Sector and technology: Renewable energy remains the most prominent sector of CTF investment, accounting for about two-thirds of TFC-approved funding. Energy efficiency, including investments in smart grids, accounts for 15 percent of the portfolio, and sustainable transport accounts for 7 percent. Of the renewable technologies, solar accounts for 46 percent of the portfolio, followed by mixed renewables (22 percent), geothermal (17 percent) and wind (11 percent) with hydropower, bioenergy, and waste to energy (combined 4 percent, see Figure 8).
16. Funding Cancellations: As of June 30, 2020, 16 programs and projects totaling USD 253.30 million in approved funding were canceled or reallocated by the MDBs (see Table 5 below).

4 Results Overview

17. The RY2020 results portfolio of 89 MDB-approved projects and programs amounts to USD 4.4 billion in total CTF funding.⁵ Out of 89 reporting projects, 46⁶ reported results on GHG emission reductions

⁵ Results reporting has the same reporting periods as disbursements. RY2020 corresponds either to calendar year 2019 or to the period of July 1, 2019 to June 30, 2020.

⁶ Forty-one projects reported in RY2019 while 50 projects have reported in at least one year. Four projects did not report GHG emissions in RY2020: Sustainable Energy Finance Program (T-SEF), Renewable Energy I – Waste Management, Renewable Energy II – Novoazovsk Wind Project, and Energy Efficiency Program in the San Andrés, Providencia and Santa Catalina Archipelago.

in RY 2020, totaling 19.21 MtCO₂. Cumulatively, these projects have resulted in 83.7 MtCO₂ in GHG emissions reductions, mostly attributable to renewable energy projects (47 percent). Of the 51 CTF projects with an installed capacity target, 34 projects have reported achieved results with a total cumulative installed capacity of 7,569 MW. Twenty-five CTF projects have a target for energy savings, and 19 have reported non-zero results totaling 5,563 GWh. Of the nine projects with passengers per day targets, three reported achieved results of 306,868 passengers per day using low-carbon transport in RY2020. Please consult the CTF Results Report for more details.

18. This year's Results Report features a new workstream (Social and Economic Development Impacts of Climate Finance (SEDICI)) aimed at increasing the knowledge base of development impacts of climate finance, strengthening the investment case for climate programs, and giving decisionmakers improved ways of analyzing climate investments for both climate and other development outcomes.

5 Cross-cutting Themes

5.1 Risk Management

19. The COVID-19 pandemic constitutes an unprecedented global macroeconomic shock of uncertain magnitude and duration. Due to the pandemic, all CIF programs face heightened credit, market and operational risks, and CIF AU notes that these impacts are already occurring. Understanding of the length and severity of the impacts of the pandemic will continue to evolve and the CIF AU will continue to provide updates on such developments.
20. CTF's risk score for implementation risk is **High** as six out of 104 projects representing USD 271 million (or 5 percent) of program funding have been flagged for this risk, and the CIF AU expects the program's exposure to this risk to increase due to the existing and anticipated impacts of the pandemic.

5.2 Gender

21. In June 2020, the CIF Gender Action Plan Phase 3 was approved for implementation from FY21-24. Phase 3 intends to continue with the CIF Gender Program aims of mainstreaming gender in CIF policies and programs and deepening knowledge, learning and technical support, while undertaking more scaled-up efforts in capacity building, institutional development, and support to Women's Climate Leadership with a new multi-year initiative.

5.3 Evaluation & Learning and Knowledge Management

22. Several CTF-related activities under the CIF Evaluation and Learning (E&L) Initiative are progressing well. They include the aforementioned CTF economic modeling, using recent CIF evidence and experience to share lessons and insights on how climate-related investments can support countries' COVID-19 recovery efforts, workstreams related to just transitions, and continuing the CIF Transformational Change Learning Partnership. Six E&L products are having been completed or are in the final stages of implementation.