



# SREP Risk Report

FEBRUARY 1, 2019

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# Highlights

- Implementation Risk for the SREP is **Low**.
- Currency Risk associated with SREP's promissory notes is **High**.
- Resource Availability Risk is **High**.
- SREP's Risk Appetite Statement was circulated for review in August.

# Implementation Risk

“The risk that, after a project becomes effective, it is not implemented in a timely manner”

The CIF AU flags a project for implementation risk if the project meets at least one of the following two criteria.

1. The project has been Effective for 36 months, but has disbursed < 20% of approved funds.
2. The project is within 15 months of Closing (i.e. the date by which all of the CIF program/subprogram's funds are to be disbursed), but has disbursed < 50% of approved funds.

Program-level risk vs. Project-level risk

# Implementation Risk - Projects flagged

Changes from December 31, 2017, to June 30, 2018:

- 1 project vs. 4 as of December 31, 2017
- USD 8M vs. USD 20M as of December 31, 2017
- Of the 4 projects flagged as of December 31, 1 is still flagged now and the other 3 projects which had been flagged in December are no longer flagged because they have increased disbursements >20%.

Project Title	Country	MDB	Funding Approved by MDB	Cumulative Disbursement (as of June 30, 2018)	Disbursement ratio (as of June 30, 2018)	Effectiveness Date	Months Since effectiveness date	MDB Co-financing (USD millions)
Biogas Extended Program	Nepal	IBRD	7.9	1.1	14%	9/15/2014	46	0.0

# Currency Risk via Promissory Notes

- Currency Risk exposure remains **High**.
- Between March 31, 2018 and September 30, 2018, the GBP depreciated by 7% against the USD.
- Unrealized decline in the value of the outstanding promissory notes increased to USD 41 million from USD 28 million
- Since March 31, 2018 GBP 20 million of promissory notes have been cashed, leaving GBP 158 million outstanding as of September 30, 2018.

Currency Risk Exposure (Millions) as of September 30, 2018							
Program/ Subprogram	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
SREP	£268.0	£157.5	(20.4)	(41.3)	Very Likely	Severe	<b>High</b>

# Resource Availability Risk

- Resource availability risk remains **High**.
  - Between March 31, and 2018 September 30, 2018, the deficit in available resources increased from USD 66 million to USD 98 million.
    - Grant resources declined by USD 6.6 million
    - Capital resources declined by USD 25.6 million

Available Resources as of September 30, 2018				
Program	Available Resources for Projects/Programs (\$Million)*	Risk Likelihood	Risk Severity	Risk Score
SREP** Grant	(\$40.4)	Possible	Severe	<b>High</b>
SREP** Capital	(\$57.9)			

\*Available Resources for Projects/Programs represent Unrestricted Fund Balance for Project/Program Commitments less Total Anticipated Commitments, as reflected in Annex A.

\*\*SREP's resource availability is based on both the sealed and reserve pipelines.

# Resource Availability Risk

The decline in available resources is attributable to:

- Two new projects in Madagascar added to the reserve pipeline
  - i. Funding scheme for rural electrification by renewable energy plants and mini-grids
  - ii. Funding scheme for hybridization of the JIRAMA priority isolated centers
- Depreciation of the GBP relative to the USD



# Fraud Risk Update

- 4 MDBs have agreed to report this information.
- No instances of fraud or credible allegations of fraud have been reported by 2 of these MDBs, and the other two 2 MDBs are currently following up to confirm whether this is the case.

# Sexual Exploitation and Abuse (SEA)

At the June 2018 Committee meetings the members requested the CIFAU examine the potential for reporting on incidents of SEA.

- MDBs acknowledge the importance systematically addressing this issue and 10 IFIs signed a joint statement outlining principles addressing this issue at the DFID summit in October 2018.
- The MDBs are at varying stages of progress towards developing formal policies and procedures for addressing SEA (i.e. developing guidance and good practice notes, training staff, establishing/clarifying internal reporting channels, refining grievance redress mechanisms, and other preventive and detective measures)



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