

CCMM Update – June 2023

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June 29, 2023



Update I – Finalizing CCMM Structure

- All MDBs have now provided their indicative endorsement of the enhanced CTF liquidity policy, as requested by the TFC at its last meeting
- All CTF grant and capital contributors have provided their indicative confirmations to participate in CCMM; all but one CTF loan contributor have provided their indicative endorsement of the *pari passu* enhancement
- Indicative endorsements by the stakeholders are subject to obtaining final approvals and completion of all legal arrangements
- Behind schedule for CCMM to be ready to issue bonds by end 2023

Update II - Legal documents and next steps

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- Shared in December 2022:
 - Draft amendments to the **Standard Provisions and Loan Contribution Agreements** (for pari passu and non-pari passu scenarios) with CTF contributors
 - Draft amendments to the **Financial Procedures Agreements (FPAs)** and the draft **Financial and Risk Management Policies** with the MDBs
- Following decision on pari passu and confirmation of CCMM structure:
 - IBRD to prepare revised versions of documents needed for CCMM, including:
 - **Standard Provisions and FPAs**
 - **Revised CTF Governance Framework**
 - **Treasury Management Agreement**
 - **Pass-Through Agreement**
 - **Bond transaction documentation**
 - **Financial and Risk Management Policies**

Update III - Credit Rating Agency Engagement

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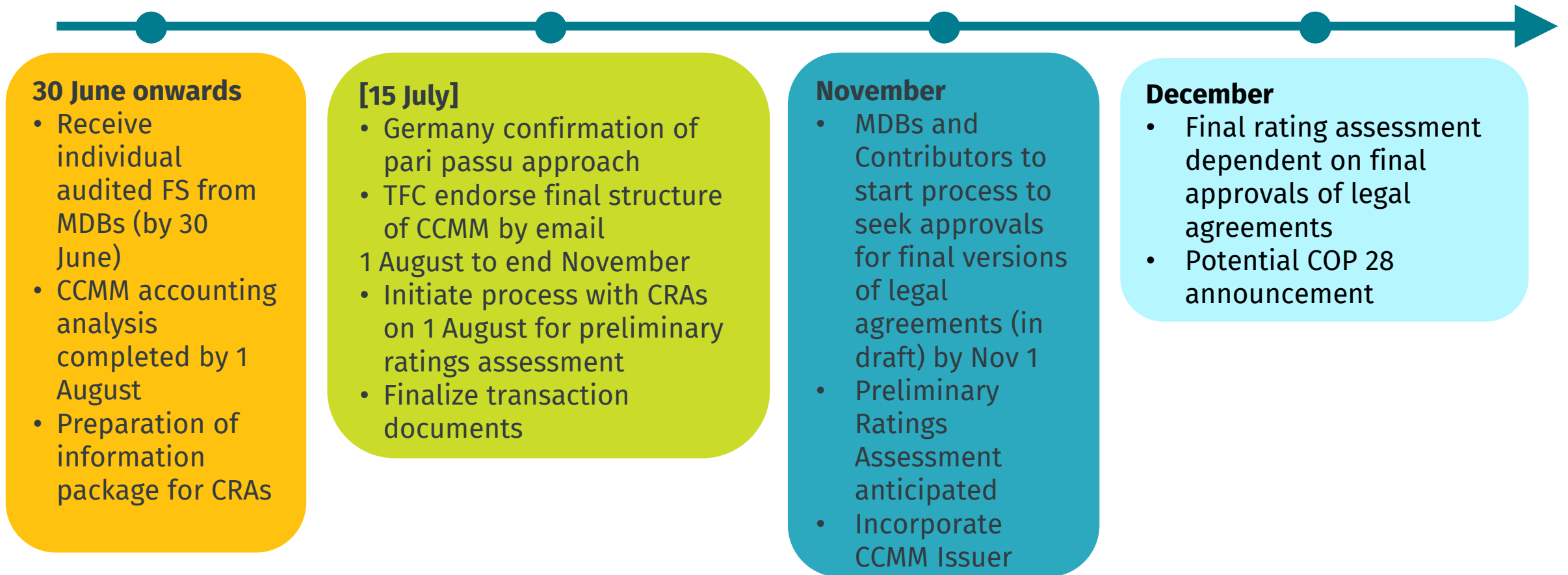
- CRA engagement is **in progress**. We are coordinating with MDBs to finalize data inputs and are working on questionnaires to share with CRAs for their preliminary assessment **following confirmation of CCMM structure**
- We are working towards a preliminary rating, that will be followed by a public rating. The preliminary rating will highlight any adjustments to the structure that may be recommended ahead of the public rating.

Update IV - KPMG Engagement

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- As part of CCMM due diligence work, IBRD has hired KPMG to provide accounting advisory services for the establishment of CCMM.
- Scope of work includes:
 - Determining accounting treatment for the CCMM Issuer
 - Drafting related accounting policies and CCMM Issuer pro-forma financial statements
 - Finalizing financial reporting requirements for the CCMM Issuer.
- KPMG work is **in progress** with targeted completion by early August.

CCMM – Phase 3 – UPDATED Implementation *



**Based on an indicative endorsement by Germany of pari passu approach by 15 July*

CCMM – Phase 4 – Public credit rating and launch of bond process – Q1 2024

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Signing of all documents and completion of arrangements to establish CCMM structure

- Open bank accounts
- CCMM issuer appoints auditors and an accounting firm
- Auditors prepare audited consolidated opening balance sheet (2-3 months after incorporation)

Public ratings assessment

- Submit information package to CRAs for assessment and obtain issuer credit rating

Bond issuance readiness

- TM/CIF AU/MDBs: Completing first CCMM reporting cycle
- Finalize Bond Documentation and Listing Info Memorandum
- Investor outreach

Annex



Recent TFC Decisions on CCMM

- At its meeting in early February, the TFC anticipated “a final decision and approval of the CCMM structure (including necessary draft documentation) taking place in June 2023, which would allow the CCMM issuer to be ready by the end of 2023...”.
- The TFC then decided to:
 - request these CTF Contributors to conduct any remaining due diligence necessary to provide their indicative endorsements in respect of the CCMM proposal and their participation in CCMM by March 30, 2023
 - request any Implementing Entity that has not yet provided their indicative confirmation in respect of: (i) the requested reporting requirements; and (ii) the adoption of the new liquidity policy to do so by March 30, 2023
 - request the CCMM Working Group to continue to move forward on the CCMM proposal and structure on the basis of the Indicative CCMM Timeline, including drafting documentation necessary for implementation of the CCMM and preparation for initial engagement with the credit rating agencies

CCMM – Phase 2 – Finalization of Structure 10

Phase 2 MDB engagement: consultations; reviewing draft FPAs and other documents; and obtaining indicative endorsements of CCMM

Phase 2 Contributor engagement: consultations; reviewing draft contribution agreements and other documents; and obtaining indicative endorsements of CCMM

**TFC Meeting
26 October**

1 November to 30 November

- CIF AU/Trustee/TM Consultations and draft responses to the LCs' and MDBs' information requests
- LEG draft documents - amendments to FPAs, Contribution Agreements, CTF Governance Framework, Operating Manual*, Draft Pass-Through Agreements, TMA, Financial and Risk Management Framework and Information Memorandum
- Legal Due Diligence (CC): Refresh domiciliation, regulatory and tax analysis for CCMM issuer and tax analysis for CCMM recipient countries *

1 to 12 December

- Consultations: LCs and MDBs (as needed)
- CIF AU/Trustee/TM circulate responses to LCs' and MDBs' information requests
- LEG: circulate drafts to Contributors: CAs, GF, OM and Financial and Risk Management Framework
- LEG: circulate drafts to MDBs: FPAs, TMA, GF, OM and Risk Management Framework

12 December to 15 January

- Consultations with LCs and MDBs to discuss documents

30 January to 1 February 2023

- TFC UPDATE MEETING**
- CIF AU, Trustee, and Treasury Manager to provide update on CCMM

1 February to 14 April 2023

- TM/CIF AU: consultations with contributors and MDBs for indicative endorsements
- Receive preliminary data templates from MDBs*

1 November to January 15

- HR: TORs for new hires and HR mapping
 - CIF AU/Trustee/TM/WFA - draft MDB financial reporting requirements; obtain information requirements and cost/timing estimates for rating agencies; CIF AU, Trustee and other IBRD Finance Partners and MDBs to prepare budgets

CCMM – Phase 2 – Finalization of Structure 11

REMAINING OUTSTANDING ISSUES

**TFC Meeting
26 October**

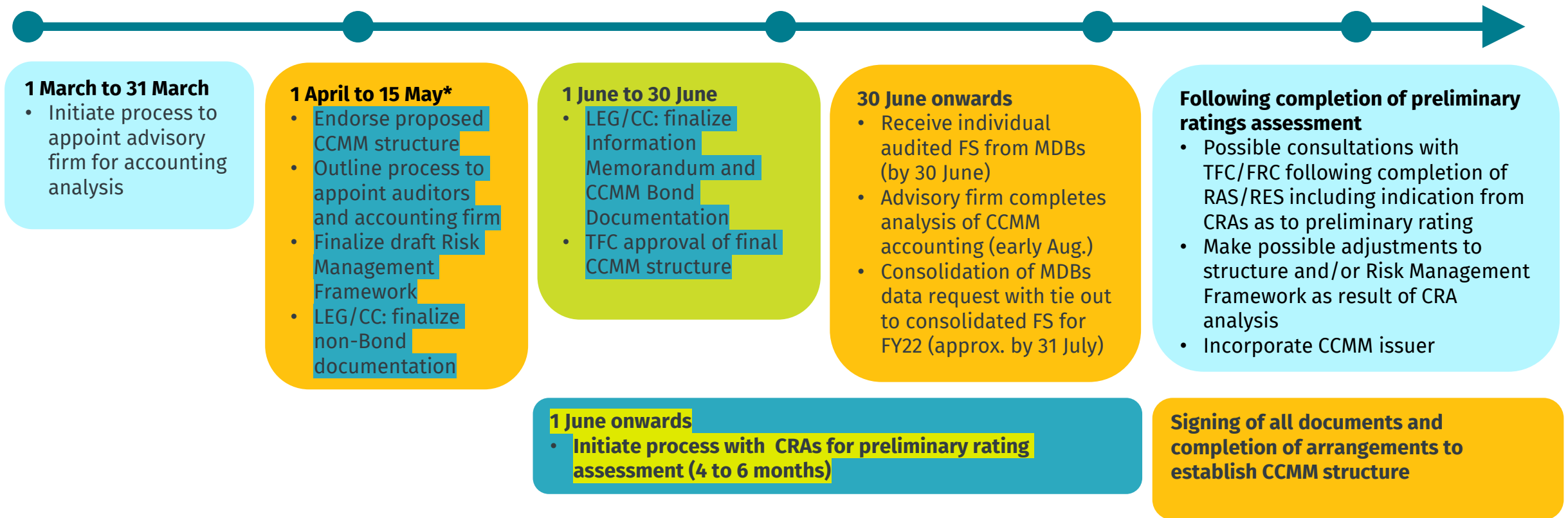
1 November to 30 November

- LEG draft documents - amendments to CTF Governance Framework, Operating Manual,
- Legal Due Diligence (CC): Refresh domiciliation, regulatory and tax analysis for CCMM issuer and tax analysis for CCMM recipient countries

**1 February to
14 April 2023**

- Receive preliminary data templates from MDBs*

CCMM – Phase 3 – PLANNED Implementation and preliminary CRA engagement*



*NOTE: Highlight indicates work not yet completed as dependent on confirmation of CCMM structure

CIF



CLIMATE INVESTMENT FUNDS

Investing in the future

