

# CLIMATE INVESTMENT FUNDS

CTF/TFC.6/3/Rev.1  
November 8, 2010

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Meeting of the CTF Trust Fund Committee  
Washington, DC  
November 12, 2010

## **CTF SEMI-ANNUAL OPERATIONAL REPORT**

**Proposed Decision by CTF Trust Fund Committee**

The CTF Trust Fund Committee reviewed document CTF/TFC.6/3/Rev.1, *CTF: Semi-Annual Operational Report*, and welcomes the progress that has been made to date in endorsing the additional country and regional investment plans, and notes the progress made in moving forward on project development under the endorsed country and regional investment plans. The Committee welcomes in particular the fact that 15 projects have already been submitted to the CTF Trust Fund Committee for approval of CTF funding, and looks forward to the submission of additional project proposals in an expeditious manner in accordance with the proposed pipeline.

## INTRODUCTION

1. The purpose of this note is to provide the CTF Trust Fund Committee with a semi-annual report on the status of CTF operations. Part I provides an update on the preparation of the investment plans. Part II summarizes the status of the pipeline of projects in CTF investment plans and projects that have been approved by the Trust Fund Committee to date.

## STATUS OF PREPARATION OF CTF INVESTMENT PLANS

2. At its meeting in November 2008, the CTF Trust Fund Committee provided guidance to the MDBs that 15-20 Investment Plans should be prepared for its review, noting its expectation that the resources of the fund should not be spread too thinly if the fund is to achieve its objective of providing scaled-up financing to demonstrate, deploy and transfer low carbon technologies with significant cost potential for long-term greenhouse gas emissions savings. The status of preparation of CTF investment plans as of November 1, 2010, is summarized below:

- a) The Trust Fund Committee has endorsed 13 investment plans for a total of US\$4.3 billion of CTF funding for 12 country investment plans including Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, Philippines, South Africa, Thailand, Turkey, Ukraine and Vietnam, and a regional investment plan for the CSP-MENA covering Algeria, Egypt, Jordan, Morocco and Tunisia. An update on the CSP-MENA Investment Plan has been prepared by the AfDB, IBRD and IFC and will be presented to the CTF Trust Fund Committee on November 12, 2010. (See document CTF/TFC.6/Inf.2, *Update on the CSP-MNA Investment Plan*)
- b) *Joint MDB assessments in progress:* According to document CTF/TFC.6/4, *Trustee Report on the financial status of the CTF*, the total projected pledged funds to the CTF amounts to \$4.4 billion<sup>1</sup>. Taking into consideration that the total amount of endorsed plans to date amounts to US\$4.35 billion, and further to the CTF Trust Fund Committee's deliberation on document CTF/TFC.5/4, *Pipeline of projects under development and projections of resources availability*, presented in its meeting in March 2010, the Trust Fund Committee agreed that Chile and Nigeria should be invited to complete the preparation of their investment plans and submit them to the Trust Fund Committee for endorsement, but that funding of the projects therein will be contingent upon the availability of funds beyond what is planned for in the current pipeline. Nigeria has decided to pursue its plans and is presenting its investment plan to the CTF Trust Fund Committee for a total CTF funding envelop of US\$250 million, while Chile has decided to put its preparation of an investment plan on hold due to the uncertainty associated with CTF funds availability.

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<sup>1</sup> Based on Exchange Rates as of September 30, 2010.

- c) *New Expressions of Interest:* The MDBs have not received any further formal requests for developing CTF investment plans, however additional countries are having exploratory discussions with the MDBs on the possibilities for accessing CTF funding.

#### STATUS OF CTF PROJECT PIPELINE

3. *Pipeline management:* In its meeting in March 2010, the CTF Trust Fund committee requested that the CIF Administrative Unit, in collaboration with the MDB Committee to prepare a paper for review at its meeting in November 2010, which recommends a strategy for actively managing the project pipeline in a manner that maximizes the efficient and effective use of fund resources over time. It was also recommended that this paper should include analysis of how to manage the portfolio risks associated with the portfolio of CTF-financed projects. A proposal for pipeline and portfolio risk management will be presented by the CIF Administrative Unit in the meeting of the CTF Trust Fund Committee on November 12, 2010. (See document CTF/TFC.6/5, *Proposal for pipeline and portfolio risk management.*)

4. The following is a table of the pipeline of projects under development pursuant to the 13 endorsed investment plans. It should be recalled that prior to appraisal, a proposed program or project, developed pursuant to the endorsed investment plan, is to be submitted by the relevant MDB to the Trust Fund Committee for approval of CTF Trust Fund financing. The further processing of a program or project in an investment plan is to follow the MDB's policies and procedures for appraisal, MDB Board approval, and supervision.

<b>Colombia CTF Investment Plan – US\$150 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Transport (IBRD)	40	July 2011	995
Transport (IDB)	60	June 2011	1250
Energy Efficiency (IDB)	6.5	October 2010	265
Energy Efficiency (IDB)	26	March 2011	265
Energy Efficiency (IFC)	17.5	October 2010	90
<b>Egypt CTF Investment Plan – US\$300 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Egypt Wind (AfDB)	50	February 2011	140
Egypt Transport (IBRD)	100	November 2011	765

<b>Indonesia CTF Investment Plan – US\$400 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Energy Efficiency (ADB)	25	October 2010	250
Energy Efficiency (ADB)	25	October 2010	250
Geothermal (ADB)	125	August 2011	505
Geothermal (ADB)	25	December 2010	338
Geothermal (IFC)	25	December 2010	338
Energy Efficiency (IFC)	50	November 2010	500
Geothermal (IBRD)	125	February 2011	530
<b>Kazakhstan CTF Investment Plan – US\$200 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Renewable Energy (EBRD)	116	March 2011	480
District Heating (EBRD)	42	November 2010	160
District Heating (IFC)	21	January 2011	90
Energy Efficiency (IFC)	22	June 2011	80
<b>CSP – MENA CTF Investment Plan – US\$750 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Egypt Kom Ombo CSP (AfDB, IBRD, IFC)	100	June 2011	319
Morocco Ouarzazate CSP (AfDB, IBRD, IFC)	200	February 2011	368
Jordan CSP Transmission (IBRD, IFC)	40	October 2011	370
Jordan Maan CSP (IBRD, IFC)	70	July 2011	346
Algeria Meghair CSP (AfDB, IBRD)	58	July 2011	264
Tunisia STEG CSP (AfDB, IBRD, IFC)	75	July 2011	377
Algeria Naama CSP (AfDB, IFC)	51	January 2012	234
Algeria Hassi R'Mel CSP (AfDB, IBRD, IFC)	51	June 2012	234
Tunisia CSP Transmission (AfDB, IBRD, IFC)	40	October 2011	1,100
Tunisia ELMED CSP (AfDB, IBRD, IFC)	70	October 2011	377

<b>Mexico CTF Investment Plan – US\$500 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Mexico EE (IDB)	25	October 2010	100
Mexico EE (IDB)	50	November 2010	237
Mexico RE (IDB)	71.6	November 2010	1,207
Mexico RE (IFC)	14.4	November 2010	150
Mexico EE (IFC)	20	July 2011	200
<b>Morocco CTF Investment Plan – US\$150 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Slurry pipeline (AfDB)	25	February 2011	300
Wind (AfDB)	25	February 2011	300
Morocco FDE (IBRD)	75	January 2011	800
Renewable Energy (IFC)	25	May 2011	700
<b>Philippines CTF Investment Plan – US\$250 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Philippines RE/EE (IBRD)	45	September 2011	305
Philippines Solar (ADB)	125	August 2011	800
Philippines BRT (IBRD)	50	August 2011	890
<b>South Africa CTF Investment Plan – US\$500 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
South Africa Eskom (IBRD)	250	November 2010	350
South Africa Eskom (AfDB)	100	November 2010	300
South Africa Solar Water Heater (AfDB/IFC)	50	October 2010	349
<b>Thailand CTF Investment Plan – US\$300 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Thailand RE/EGAT (IBRD)	110	June 2011	758
Thailand RE/FI (IBRD)	50	June 2011	758
Thailand BMA (IBRD)	70	September 2011	1,250

<b>Turkey CTF Investment Plan – US\$250 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Turkey RE (IFC)	28.3	June 2011	120
Turkey Transmission (IBRD)	50	September 2012	400
<b>Ukraine CTF Investment Plan – US\$350 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Energy Efficiency (EBRD)	22.65	January 2011	100
Energy Efficiency (EBRD)	37.25	July 2012	200
Zero Emmissions Power from the Gas Network (IBRD/EBRD)	100	May 2012	600
Energy Efficiency (IBRD)	50	December 2012	500
Ukraine Transmission (IBRD)	50	May 2012	400
Energy Efficiency (IFC)	37.5	January 2011	125
Renewable energy (IFC)	25	January 2011	35
<b>Vietnam CTF Investment Plan – US\$250 million in CTF Financing</b>			
<b>Project</b>	<b>Notional CTF Amount (Million US\$)</b>	<b>Expected Trust Fund Committee Review Date with a View to Approval of CTF Funding</b>	<b>Indicative Co-Financing (Million US\$)</b>
Vietnam Transmission (IBRD)	30	August 2012	270
Vietnam EE (ADB)	50	March 2011	1,215
Vietnam Transport (ADB)	100	September 2011	1,100
Vietnam RE (IFC)	40	March 2011	640

## **STATUS OF CTF PROJCTS AND PROGRAMS APPROVAL**

5. To date, 15 CTF projects and programs have been approved by the CTF Trust Fund Committee, totalling US\$888 million. The following is the list of projects and programs listed in a chronological order:

- i. **Mexico: Private Sector Wind Development** – approved on May 11, 2009  
**Financing:** CTF investment \$15.6 million  
**Implementing agency:** International Finance Corporation  
**Technology:** Wind turbines - supporting local wind power manufacturing and local developers.  
**Description:** Development of a wind power generation plant, and attracting private commercial banks to re-engage in Mexico’s wind sector with debt financing to promote construction and implementation of already designed wind projects, and restructure and optimize the capital structure to free up capital.

- ii. ***Turkey: Private sector renewable energy and energy efficiency*** – approved on May 28, 2009  
**Financing:** CTF investment \$100 million  
**Implementing agency:** World Bank  
**Technology:** Financial mechanism to support energy efficiency and renewable energy  
**Description:** Increase privately owned and operated energy production from indigenous renewable sources, and enhance demand side energy efficiency, through credit lines to financial intermediaries (FI), complemented by a technical assistance program focusing on capacity building for FI and industries for energy efficiency investments.
- iii. ***Turkey: Commercializing Sustainable Energy Finance Program*** – approved on September 17, 2009  
**Financing:** CTF investment \$22 million  
**Implementing agency:** International Finance Corporation  
**Technology:** Financial mechanism to support energy efficiency and renewable energy  
**Description:** Addressing energy efficiency for the commercial, residential and municipal sectors with a particular focus on the SME sector and smaller scale energy efficiency projects.
- iv. ***Mexico: Urban Transport Transformation Program*** – approved on October 15, 2009  
**Financing:** CTF investment \$200 million  
**Implementing agency:** World Bank  
**Technology:** Transport, Bus Rapid Transit (BRT) and Non-motorized transport  
**Description:** Transformation of urban transport in selected Mexican cities through rehabilitation of roads, terminals, yards, transfer and access stations, mixed traffic lanes, rolling stock, signaling, control centers, information systems, environmental monitoring equipment, and fare collection systems; and pedestrian and bicycle facilities.
- v. ***Mexico: Public-Private Renewable Program*** – approved on November 17, 2009  
**Financing:** CTF investment \$53 million  
**Implementing agency:** Inter-American Development Bank  
**Technology:** Renewable energy: wind, solar, biomass, mini-hydro.  
**Description:** Demonstration of renewable energy as a commercially attractive, proven, and reliable power source and transformation of the Mexican energy sector with public and private participation.
- vi. ***Turkey: Extension Sustainable energy financing facility (TurSEFF)*** - approved on January 15, 2009  
**Financing:** CTF investment \$50 million



**Implementing agency:** European Bank for Reconstruction and Development  
**Technology:** Financial mechanism to support energy efficiency and renewable energy

**Description:** Funding a small number of commercial banks in Turkey for on-lending to private sector borrowers (including SMEs and households) for energy efficiency and small-scale renewable energy investments, using new business models designed to overcome risky aspects of energy efficiency projects and reduce transaction costs. GHG emissions avoided potential.

- vii. ***Egypt: Wind Power Development Project*** – approved on May 7, 2010  
**Financing:** CTF investment \$150 million  
**Implementing agency:** World Bank  
**Technology:** wind turbines  
**Description:** Development of business models for scaling up wind power with public and private participation; infrastructure to transmit 3,000 MW wind from gulf of Suez and Gabel El Zait to main load centers.
- viii. ***Thailand: Renewable Energy Accelerator Program*** – approved on June 2, 2010  
**Financing:** CTF investment \$40 million  
**Implementing agency:** International Finance Corporation  
**Technology:** Financial mechanism for wind and solar photovoltaic (PV) sector  
**Description:** Strengthening private sector participation in the power sector, particularly the Sustainable Energy power sector, reducing risk for future investors. The program will promote private sector investments in renewable energy.
- ix. ***Mexico: Energy Efficiency lighting and appliances*** – approved on September 2, 2010  
**Financing:** CTF investment \$50 million  
**Implementing agency:** World Bank  
**Technology:** Energy efficient lighting and appliances.  
**Description:** Promotion of energy-efficient technologies at the residential level, and development of a sustainable market for energy efficiency equipment among end-use sectors for lighting, refrigeration and air conditioning. Project includes: for low-income residential consumers, replacement of Incandescent Bulbs with Compact Fluorescent Lamps and replacing old and inefficient refrigerators and air conditioners, and technical assistance to Ministry of Energy to promote energy efficiency activities.
- x. ***Philippines: Renewable Energy Accelerator Program (REAP)*** - approved on September 30, 2010  
**Financing:** CTF investment \$20 million  
**Implementing agency:** International Finance Corporation  
**Technology:** Financial mechanism to support renewable energy development

**Description:** Strengthening private sector participation in the power sector, particularly the Sustainable Energy power sector, reducing risk for future investors.

- xi. ***Vietnam: Sustainable Energy Finance Program*** – approved on September 30, 2010

**Financing:** CTF investment \$30 million

**Implementing agency:** International Finance Corporation

**Technology:** Financial mechanism to support energy efficiency and renewable energy

**Description:** Scaling up investments in energy efficiency for the industrial, commercial, and residential sectors with a particular focus on SMEs and small-scale renewable energy projects, targeting several commercial private banks or leasing companies and addressing market barriers through advisory services to catalyze market transformation.

- xii. ***South Africa: Sustainable Energy Acceleration Program*** – approved on October 5, 2010

**Financing:** CTF investment \$85 million

**Implementing agency:** African Development Bank, International Finance Corporation

**Technology:** Solar photovoltaic (PV) for captive/self-generation, concentrating solar power (CSP), wind turbines, and cogeneration

**Description:** Strengthening private sector participation in the power sector, particularly the Sustainable Energy power sector, reducing risk for future investors.

- xiii. ***South Africa: Energy Efficiency Program*** - approved on October 5, 2010

**Financing:** CTF investment \$15 million

**Implementing agency:** African Development Bank, International Finance Corporation

**Description:** Support for private sector energy efficiency projects through collaboration with Financial Intermediaries (FIs) and Energy Service Companies (ESCOs), encouraging transformation of the energy efficiency sector by establishing a source of funding for on-lending to small and medium-sized industrial operations for investments in energy efficient equipment.

- xiv. ***Thailand: Sustainable Energy Finance Program*** - approved on October 5, 2010

**Financing:** CTF investment \$30 million

**Implementing agency:** International Finance Corporation

**Technology:** Financial mechanism to support energy efficiency and renewable energy

**Description:** Support the scale-up of Thailand's energy efficiency and renewable energy financing through the private sector by supporting local

financial institutions, ESCO operators, and global banks on a programmatic basis in Thailand's large corporate, SME, commercial, residential and municipal sectors.

- xv. *Ukraine: Renewable Energy Direct Lending Facility* - approved on October 12, 2010

**Financing:** CTF investment \$27.8 million

**Implementing agency:** European Bank for Reconstruction and Development

**Technology:** Direct lending to medium-sized renewable energy projects

**Description:** Increasing creation of renewable energy companies in Ukraine and fostering an enabling environment for the growth of renewables as a primary energy sector in the country GHG emissions avoided potential.