

# CLIMATE INVESTMENT FUNDS

CTF/TFC.5/4  
March 3, 2010

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Meeting of the CTF Trust Fund Committee  
Manila, Philippines  
March 15, 2010

## **PIPELINE OF PROJECTS UNDER DEVELOPMENT AND PROJECTIONS OF RESOURCES AVAILABILITY**

**Proposed Trust Fund Committee Decision**

The Trust Fund Committee reviewed document CTF/TFC.5/4, *Pipeline of projects under development and projections of resources availability*.

The Trust Fund Committee welcomes the report, endorses the approach to pipeline management as proposed by the document, and encourages contributors to ensure adequate and timely disbursement of their pledges to the CTF.

The Trust Fund Committee further agrees that [Chile and Nigeria should complete the preparation of their investment plans and submit them to the Trust Fund Committee for endorsement] [Chile and Nigeria should complete preparation of their investment plans but these plans should not be brought to the Trust Fund Committee for endorsement until new funds are pledged by the CTF] [ the CTF should be closed to new plans until additional funds are made available].

## Introduction

1. At its inter-sessional meeting in December 2009, the CTF Trust Fund Committee confirmed its request that the “CIF Administrative Unit, in coordination with the Trustee and the MDB Committee, prepare a document for review at its next regular meeting in March 2010 that provides the Committee with information on the pipeline of projects under development consistent with the endorsed investment plans together with projections of resources expected to be available under the CTF Trust Fund so as to better understand the anticipated timing of project approvals as compared to the availability of resources in the CTF. The document should include recommendations to manage the pipeline of projects in light of the availability of resources.”
2. This document covers two aspects of CTF resource availability: Part 1 deals with available resources (donors’ actual payments) and the implications for the current pipeline of projects. Part 2 deals with available pledges and implications for new Investment Plans.

### **Part 1: Pipeline of projects under development and projections of resources availability**

3. As of March 1, 2010, the Trust Fund Committee has endorsed nine Investment Plans for a pipeline of 49 planned projects amounting to \$3.25 billion in CTF funding. To date, the Trust Fund Committee has approved CTF funding of \$434 million for six projects. The resulting pipeline is composed of 43 projects for \$2.816 billion in CTF funding. Annex 1 lists these projected investment operations, their anticipated CTF financing amounts, and planned dates for approval of CTF funding by the Trust Fund Committee.

Table 1: CTF Investment Plans endorsed by the Trust Fund Committee as of March 1, 2010.

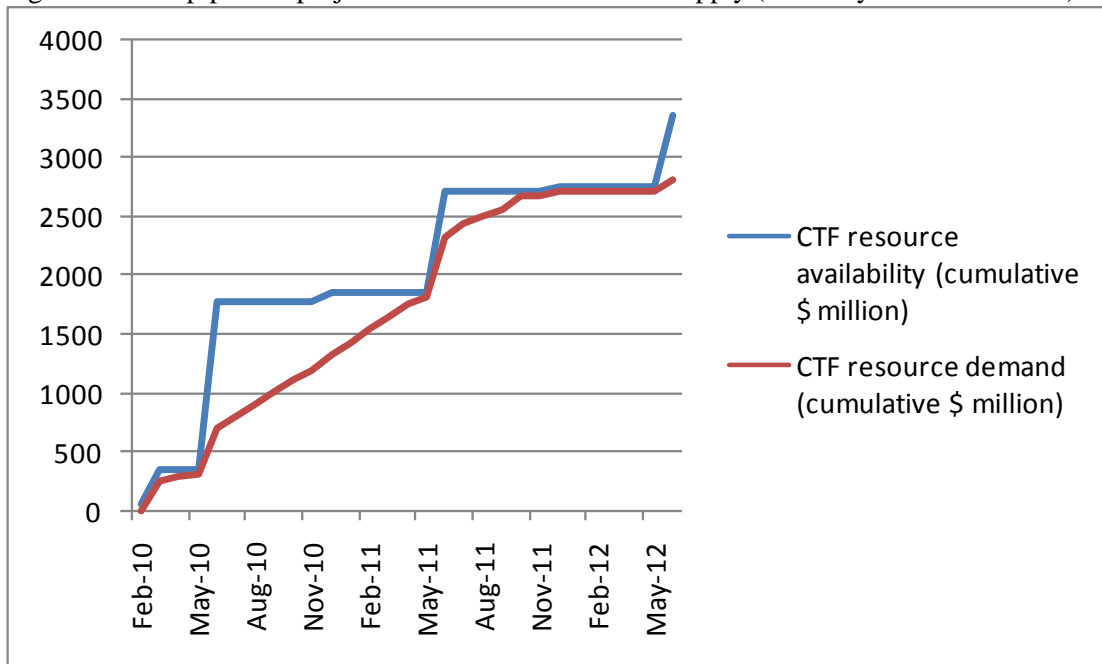
<b>Endorsed Investment Plans</b>	<b>Amounts (\$ million)</b>
Egypt	300
Mexico	500
Turkey	250
Morocco	150
South Africa	500
Thailand	300
Philippines	250
Vietnam	250
Regional MENA Concentrated Solar Power	750
<b>Total</b>	<b>3,250</b>

4. Annex 1 presents a table that indicates when projects are expected to be presented to the Trust Fund Committee for approval of CTF funding. These proposed dates are based on the following steps:

- a) projections from the MDBs on planned timing for project development and approval by the CTF Trust Fund Committee of CTF funding and subsequent approval by their respective Boards. These projections update milestones provided in the Investment Plans' project annexes.
- b) application of a Resource Availability Projection Tool, developed by the Trustee, which forecasts funds available (on a monthly basis) for the Trust Fund Committee's funding decisions. Projections are based on the Trustee's discussions with contributors and past practice.
- c) balancing resource demand and supply on a month-to-month basis, within the overall resource envelope.

5. The resulting demand-supply graph is presented in Figure 1. Large donor contribution payments tend to be concentrated around May and June of each year, which explains the “step-shaped” graph for cumulative funds available. The cumulative demand curve is smoother, with somewhat steep increases around June of each year, broadly matching donor inflows and reflecting the MDBs' fiscal year targets. However, it is important to note that funding constraints have shaped this demand curve. MDBs could deliver projects to the Trust Fund Committee for funding approval at a faster rate than projected in the pipeline. For example, IFC currently has two projects designed and ready for submission to the Trust Fund Committee for approval. These include a Thailand Solar Program and a Vietnam EE/FI program. Both programs have sub-projects on hold. Submission to the Trust Fund Committee is being held back pending resource availability in the CTF Trust Fund. Similarly, processing of several IBRD/CTF co-financed projects has also been postponed.

Figure 1: CTF pipeline: projected resource demand and supply (February 2010-June 2012)



6. Table 2 below presents the pipeline in more detail, with the projected monthly funding requests for approvals by the Trust Fund Committee. It is based on the assumption that donor contributions would total about \$3.3 billion up to June 2012. The balance of donor pledges is expected to be available in FY13. Funding approvals by the Trust Fund Committee would increase significantly from \$116 million in FY09 to \$1.08 billion in FY10, rising steadily to \$1.569 billion in FY11, and then dropping to \$485 million in FY12. However, it is likely that some projects will slip in FY10-11, and therefore the FY12 figure will probably increase.

Table 2: Projected CTF Resource Demand and Supply

<b>Month</b>	<b>CTF resource availability (cumulative \$ million)</b>	<b>CTF resource demand (cumulative \$ million)</b>	<b>Monthly approvals (\$ million)</b>
Feb-10	54	0	0
Mar-10	354	250	250
Apr-10	354	287	37
May-10	354	317	30
Jun-10	1772	712	445
Jul-10	1772	802	90
Aug-10	1772	902	100
Sep-10	1772	1012	110
Oct-10	1772	1112	100
Nov-10	1772	1197	50
Dec-10	1843	1321	109
Jan-11	1843	1434	113
Feb-11	1843	1554	120
Mar-11	1843	1644	90
Apr-11	1843	1769	125
May-11	1843	1819	50
Jun-11	2713	2331	512
Jul-11	2713	2440	109
Aug-11	2713	2510	70
Sep-11	2713	2561	51
Oct-11	2713	2671	110
Nov-11	2713	2671	0
Dec-11	2756	2715	44
Jan-12	2756	2715	0
Feb-12	2756	2715	0
Mar-12	2756	2715	0
Apr-12	2756	2715	0
May-12	2756	2715	0
Jun-12	3353	2816	101
		<b>Total</b>	<b>2816</b>
		Amount approved prior to Feb 2010	434
		<b>Grand Total Pipeline</b>	<b>3250</b>

7. Finally, it is important to note that projected dates for submission to the Trust Fund Committee are not cast in stone, but rather serve a planning purpose that helps ensure predictability for country clients. Changes in project preparation timetable and availability of funding will be monitored regularly and the timing may need to be adjusted accordingly.

## **Part 2: Impact of Changes in Pledges, Contributions and Receipts on CTF Operations**

8. The Trustee has prepared the document CTF/TFC.5/3, *Trustee report on financial status of the CTF*, which notes that the United States has allocated a part of its original CTF pledge of \$2 billion to the SCF. The allocations across CIF in future years are indicative. However, extrapolating from current U.S. allocations would suggest that the U.S. contributions to the CTF would be reduced to about \$1.4 billion, with receipts spread out over a greater number of years than originally anticipated.

9. As a result of the change in the U.S. pledge to the CTF, as well as exchange rate fluctuations, the total pledged amount for the CTF has declined to \$4.378 billion. This is about \$700 million less than envisaged in the Business Plan that was presented to the Trust Fund Committee in May 2009. With investment plans endorsed to date for \$3.25 billion, the remaining balance for new investment plans is about \$1.1 billion. Four investment plans have been presented for the Trust Fund Committee's review in March: Indonesia (\$400 million), Colombia (\$150 million), Kazakhstan (\$200 million), and Ukraine (\$350 million), which total \$1.1 billion.

10. However, two more investment plans for Chile and Nigeria are currently under preparation, on the basis of the FY10-12 Business Plan. In fact, the MDBs have been planning using a more cautious program target of \$4.75 billion, recognizing the risk of exchange rate fluctuations. In light of the above, the following options are proposed for consideration:

- a) the Committee may agree that the CTF is closed to new investment plans until and unless additional funds are made available. The MDBs would be requested not to continue with the preparation of investment plans for Chile and Nigeria until new pledges are made by contributors;
- b) the Committee may agree that Chile and Nigeria should complete preparation of their investment plans but that these should not be brought to the Trust Fund Committee for endorsement until new funds are pledged to the CTF. No investment plans beyond Chile and Nigeria should be initiated unless there are new pledges beyond the estimated \$400 million required for those plans; or
- c) the Committee may agree that preparation of the Chile and Nigeria Investment Plans should be completed and the plans should be submitted to the Trust Fund Committee for endorsement. However, funding for projects in these two plans would be approved only if and when resources become available from projects

dropped from other investment plans or new pledges are renewed for the CTF. In this context, the Trust Fund Committee might consider requesting implementation updates for all investment plans 18-24 months after endorsement in order to assess whether adequate progress has been made in the preparation of projects in the investment plans and whether to re-allocate funds from slow-moving projects.

11. The Trustee's revised projections of available funds over the next three fiscal years have caused a number of projects to be slowed down and shifted from FY11 to FY12, resulting in longer elapsed time for country clients. However, even with these adjustments, there is limited space for projects from the four new investment plans that have been submitted for review endorsement (Colombia, Indonesia, Kazakhstan and Ukraine) to be submitted to the Committee into FY11-12. These countries may have to wait up two years after their investment plans are endorsed to have their first CTF funding approved. This problem could be addressed by contributors accelerating their payments to the CTF. Alternatively, it might be necessary to create space by moving an even larger number of projects that are currently in the pipeline from FY11 to FY12. In such an event, the Committee would need to agree on criteria to prioritize projects in the pipeline. Possible criteria might be:

- a) Country balance.
- b) Sensitivity of co-financing to delay.
- c) Order in which the investment plan was endorsed; and
- d) Sector/thematic balance.

12. For example, first priority would be given to a country that has not yet had project funding approved by the Committee. If tied on that factor, it would be necessary to assess whether and how much co-financing might be jeopardized by the delay. If tied on that score, projects would be prioritized based on when the investment plan was endorsed. Finally, if that is the same, priority would be based on whether projects enhance portfolio diversification.

Country and Project (MDB)		Cumulative Amount	Project Amount
Mexico Wind (IFC)	May-09	16	16
Turkey RE/EE (IBRD)	May-09	116	100
Turkey Energy (IFC)	Sep-09	138	22
Mexico Transport (IBRD)	Oct-09	338	200
Mexico RE (IDB)	Nov-09	391	53
Turkey EE/RE (EBRD)	Jan-10	434	43
South Africa Eskom (IBRD)	Mar-10	684	250
Thailand RE (IFC)	Apr-10	721	37
Vietnam Transmission (IBRD)	May-10	751	30
Egypt Wind (IBRD)	Jun-10	901	150
Mexico EE (IDB)	Jun-10	973	72
Mexico RE (IDB)	Jun-10	1048	75

FY09 = 116

Thailand EE (IFC)	Jun-10	1081	33	
Turkey RE (IFC)	Jun-10	1116	35	
Vietnam EE (IFC)	Jun-10	1146	30	
Vietnam Transport (ADB)	Jun-10	1196	50	FY10 = 1080
Mexico EE (IBRD)	Jul-10	1246	50	
South Africa RE (IFC)	Jul-10	1286	40	
Vietnam EE (ADB)	Aug-10	1386	100	
Morocco FDE (AfDB/IBRD)	Sep-10	1466	80	
Philippines EE/RE (IFC)	Sep-10	1496	30	
South Africa Eskom (AfDB)	Oct-10	1596	100	
Mexico RE (IFC)	Nov-10	1611	15	
South Africa EE (IFC)	Nov-10	1646	35	
Morocco Ouarzazate CSP	Dec-10	1755	109	
Jordan CSP Transmission	Jan-11	1795	40	
Jordan Maan CSP	Jan-11	1868	73	
Philippines RE/EE (IBRD)	Feb-11	1913	45	
South Africa EE/RE (AfDB)	Feb-11	1988	75	
Egypt Wind (AfDB/IFC)	Mar-11	2038	50	
Vietnam RE (IFC)	Mar-11	2078	40	
Philippines Solar (ADB)	Apr-11	2203	125	
Philippines BRT (IBRD)	May-11	2253	50	
Algeria Meghair CSP	Jun-11	2311	58	
Egypt Kom Ombo CSP	Jun-11	2362	51	
Egypt Transport (IBRD)	Jun-11	2462	100	
Morocco FDE (AfDB/IBRD)	Jun-11	2532	70	
Thailand RE/EGAT (IBRD)	Jun-11	2612	80	
Thailand RE/FI (IBRD)	Jun-11	2692	80	
Tunisia STEG CSP	Jun-11	2765	73	FY11 = 1569
Mexico EE (IFC)	Jul-11	2784	19	
Morocco Air Beni Mather CSP	Jul-11	2874	90	
Thailand BMA (IBRD)	Aug-11	2944	70	
Algeria Naama CSP	Sep-11	2995	51	
Tunisia CSP Transmission	Oct-11	3035	40	
Tunisia ELMED CSP	Oct-11	3105	70	
Egypt Marsa Alam CSP	Dec-11	3149	44	
Algeria Hassi R'Mel CSP	Jun-12	3200	51	
Turkey Transmission (IBRD)	Jun-12	3250	50	
		<b>TOTAL (\$ million)</b>	<b>3250</b>	FY12 = 485