CIF CLIMATE INVESTMENT FUNDS

Investing in the future

Meeting of the CTF Trust Fund Committee

Washington D.C. (Virtual)

Thursday, January 27, 2022

CTF RISK REPORT

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CTF/TFC.27/4
December 23, 2021

PROPOSED DECISION

The CTF Trust Fund Committee reviewed the document, CTF/TFC.27/4, *CTF Risk Report*, and welcomes the progress that has been made in advancing the work of CTF.

The Trust Fund Committee requests the CIF Administrative Unit to continue to identify, assess, monitor and report the key risk exposures to the program.

Contents

1 Introduction

1. Pandemic-related implementation challenges to CIF projects persist. Additionally, private sector investors' reluctance to commit funds, as well as public sector recipients' need to refocus resources to address the impacts of the pandemic continue to pose financial and operational risks.
2. The development of new variants, as well as the uneven and sparse availability of vaccines in many developing countries continue to exasperate these challenges.
3. While credit deterioration appears to have leveled off, or in some cases, improved, CIF project implementation challenges will persist.

1.1 Risk Exposure Summary

4. Data as of June 30, 2021, was used to flag projects for implementation risk and compare them with projects flagged in the previous CTF Risk Report (which used data as of June 30, 2020 for implementation risk). Certain projects use more updated information, as indicated in the report. Data as of September 30, 2021 was used to assess other risks and compare them with risk assessments in the previous CTF Risk Report (which used data as of March 31, 2021 for those risk assessments).
5. The following matrix summarizes CTF's key risk exposures.

Summary Risk Matrix - CTF			
Risk	**Likelihood**	**Severity**	**Risk Score**
Implementation Risk	Likely	Severe	High
Currency Risk	Possible	Minimal	Low
Credit Risk	Likely	Moderate	High
Resource Availability Risk	Possible	Moderate	Medium

7. During the reporting period the GBP depreciated by 2.4 percent against the USD and the unrealized gain associated with these notes decreased to USD 8 million from USD 14 million. The program's exposure to this risk remains **Low**. It should be noted, however, that if these notes remain unencashed for a prolonged period, they will be exposed to greater fluctuations in foreign exchange rates. The program's currency risk score has been **Low** for the current and prior three reporting cycles but had been **High** for the preceding four reporting cycles.
8. Credit risk exposure for CTF remains **High**, however, expected losses for CTF's loan portfolio declined to 2.9%, largely due to the revised approach to assessing the credit risk associated with the public sector portfolio (see section 3.4.1), and an increase in credit quality reported for the private sector portfolio. As of September, 2021, four loans were reported to be

experiencing payment defaults (two representing EUR 8 million and two representing USD 14 million). Additionally, a EUR 16 million defaulted loan was sold in 2019. Two additional loans, although not yet experiencing payment defaults, are experiencing significant challenges and are highly likely to experience payment defaults imminently. The program's credit risk score has been **High** for the last six reporting cycles.

9. Resource availability risk declined to **Medium**. As of September 30, 2021, CTF's deficit in available resources had decreased to USD 265 million from USD 434 million as reported during the last reporting cycle largely due to a decline in Anticipated Projects/Programs Funding and Fees - CTF Dedicated Private Sector Programs (DPSP) - Phase IV.

2 Update on the Impacts of the COVID-19 Pandemic

10. CIF recipient countries continue to struggle due to the ongoing global and local economic challenges posed by the pandemic. While the consensus among all credit rating agencies is that the credit cycle has bottomed, the view was based on the anticipated re-opening of the global economy on the back of various vaccine rollout programs by countries, but this view did not factor in the rapidly developing impacts of the Omicron variant. Developing economies will remain depressed for the foreseeable future. Negative rating actions, citing the pandemic as a contributing factor, to CTF public sector recipients credit rating declined by two thirds during the reporting period.

11. Debt burdens have significantly increased as governments borrow to alleviate the impact of various travel restrictions, supply chain disruptions, lock downs and social distancing measures on households and businesses. The S&P rating agency does not, however, expect the heightened levels to morph into a debt crisis.

12. All CIF programs continue to face heightened implementation challenges as a result of the ongoing pandemic. We are now seeing more formal project and program restructuring requests citing complications resulting from the pandemic. Project cancellations or curtailments are becoming more prevalent, especially within subprojects of private sector programs. Implementation impacts include:

    - delays in readiness for Board approval and anticipated Effectiveness for pipeline projects
    - delays in negotiating and finalizing project documents between project stakeholders, which in turn delays the initial timeline of the projects
    - pandemic-related exacerbation of pre-existing civil unrest in some countries have contributed long unexpected delays in the government tendering processes
    - Project Sponsors are facing delays in completing land allocation
    - bidders are requiring for more time to prepare proposals
    - pandemic-related declines in demand for public transportation are creating uncertainty related to transportation projects

13. Also, the financial impacts of the pandemic continue to affect CIF projects. Most notably, the resulting uncertainty continues to adversely affect private sector appetite for climate related investments. Private sector investors are holding off on investment decisions and are reluctant to commit funds, and instead are focusing on immediate liquidity and operational challenges posed by the pandemic. As a result, some pipeline projects are being put on hold. Additionally, the risk of public sector budgetary recalibrations away from climate-related investments persists. Together, these factors point to potential a decline in CIF project co-financing.

14. Additionally, in some markets difficulties continue to be reported in obtaining payments from end consumers, and in turn offtakers/clients.

15. Going forward it appears that we can expect to see new strains of virus develop. The world has had to grapple with the Delta variant, and is now struggling with the Omicron variant. Although the major variants have developed annually so far, one could reasonably expect the frequency of these developments to increase. Each variant seems to be more contagious than previous variants, and the risk remains that currently developed vaccines' efficacies against new variants will diminish.

16. These developments along with the low vaccination rates in many recipient countries continue to pose significant risks to CIF projects. As of December 2021, 57 percent of the world population had received at least one dose of a COVID-19 vaccine, however only 8 percent of people in low-income countries had received at least one dose. Additionally, it now seems likely that, at some point in the not-too-distant future, three vaccine doses will be required to achieve fully vaccinated status which will create further challenges in countries where access to vaccines remain limited.

3 Assessment of key risk exposures[1]

17. For CTF, the definition of risk is any threat to the achievement of CTF's objectives. This definition, along with the definition of CTF's objectives, establishes the context for appraising CTF's risk exposures.

3.1 Implementation risk

18. Implementation risk is the risk that a project, once effective, is not implemented in a timely

[1] Severity, in the risk scoring process, is determined (where possible) based on the estimated impact of a risk as a percentage of the program's total pledges and contributions.

- Severe represents an estimated potential impact > 5% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 1% - 5% of total pledges and contributions.
- Minimal represents an estimated potential impact < 1% of total pledges and contributions.

However, because the impact on funds exposed to implementation risk may simply be delays in the implementation of projects which are ultimately successful (vs. a complete loss of funding for projects as is the case with currency risk), the following ranges are used to classify implementation risk severity.

- Severe represents an estimated potential impact > 10% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 5% - 10% of total pledges and contributions.
- Minimal represents an estimated potential impact < 5% of total pledges and contributions.

manner. The CIF Administrative Unit now flags a project for implementation risk if the project meets at least one of the following three criteria.

I. The project has been effective for 36 months but has disbursed less than 20 percent of program funds.

II. The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50 percent of program funds.

III. The anticipated date of final disbursement for the project has been extended, and less than 50 percent of program funds have been disbursed.

19. The CIF Administrative Unit expects the pandemic to continue to impact project implementation. Some projects already flagged for implementation risk are experiencing further delays due to the pandemic. Specific pandemic-related causes include lock downs, mandated quarantines, social distancing measures, travel restrictions (domestic and international), and project restructurings.

20. The MDBs provide this information semi-annually, and the most recent information available is as of June 30, 2021. It is compared with projects flagged in the previous CTF Risk Report (which used data as of June 30, 2020).

21. CTF's risk score for implementation risk is **High** as eight out of 138 projects representing USD 618 million (eleven percent) of program funding have been flagged for this risk, and the CIF Administrative Unit expects the program's exposure to this risk to increase due to the impacts of the pandemic. MDBs cited the pandemic as a contributing factor to the implementation challenges faced with following six CTF projects.

- **Cebu Bus Rapid Transit Project – Philippines**
- **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 – Vietnam**
- **Shared Infrastructure for Solar Parks - Phase I – India**
- **District Heating Energy Efficiency Project – Ukraine**
- **Second Urban Infrastructure Project (UIP-2) – Ukraine**
- **Rajasthan Renewable Energy Transmission Investment Program – India**

22. Table 1 illustrates the five projects representing USD 324 million of program funding that have been flagged under the first criterion (vs. four projects totaling USD 174 million as of June 30, 2020). Three of the projects which were flagged in the last CTF Risk Report are highlighted in orange. *District Heating Energy Efficiency Project – Ukraine* is no longer flagged as disbursements have increased to 25 percent, however the project remains flagged under the second criterion.

Table 1: Projects effective for 36 months with less than 20 percent of approved funds disbursed

COUNTRY	PROJECT TITLE	MDB	Funding (USD million)	Cumulative Disb. As of June 30, 2021 (USD million)	Disbursement Ratio	Effectiveness Date	Months After Effectiveness Date	MDB Co-Financing (USD millions)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.00	0.0	0%	12/3/2014	80	116.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.7	2%	7/9/2015	73	4.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	0.4	1%	5/5/2017	51	64.8
India	Shared Infrastructure for Solar Parks - Phase I	IBRD	25.0	3.6	14%	1/31/2018	42	75.0
India	Solar Rooftop PV	ADB	174.8	26.3	15%	7/25/2017	48	330.0

23. **Cebu Bus Rapid Transit Project – Philippines (World Bank):** All CTF funds remain undisbursed. This project has been flagged in each of the last six reporting cycles.

   a. *Reason(s) for delay:* The project is in its seventh year of implementation. Soon after the project became effective, the implementing agency put the project on hold for reevaluation while reconsidering its urban transportation development strategy for a substantial period of almost two years. In July 2018, the government confirmed its commitment to implementing the project as part of the integrated inter-modal transport system planned for the metropolitan area.

   Since March 2020, enforcement of the Enhanced Community Quarantine (ECQ) by the National Government to contain the impact of the COVID19 pandemic has slowed down the implementation of critical project activities including mobilizing international consultants to support project implementation. In addition, there has been a high turnover of staff and lack of institutional support for procurement. For example, the DOTr is yet to engage a full-time long-term procurement specialist which negatively affected project procurement activities and further slowed project implementation. Another new factor which will further affect project implementation is the government's lack of general budget for all World Bank projects (except one) in the Philippines for CY2022.

   b. *Measures underway to accelerate implementation:* The bidding of Civil work package 1 (for four bus stations and 2.6 km of trunk bus corridor) for partial operability of BRT system was advertised in the week of February 09, 2021, In August, the implementing agency declared the failure of the bidding after carefully reviewing the bids submitted. It is now preparing for the rebidding of the package 1. The original interim target set by the government of having partial operation of the BRT system upon the completion of package 1 is now pushed to a later date. The project's closing date has been extended by two years to June 30, 2022for both IBRD loan and CTF loan to ensure that all planned activities are completed and funds fully disbursed.

   To enhance project management, a seasoned project manager was hired in March 2021 and recruitment of additional staff for the project management office (PMO) is on-going. To accelerate project procurement, DOTr has signed a Memorandum of Action with the procurement service unit of the Department of Budget and Management (PS-DBM) so that

PS-DBM (with more procurement staff and capacity) will manage the procurement process of two BRT projects and other ODA projects for DOTr. The key procurement activities include completion of procurement of civil work package 1, a new Technical consultant for the remainder of the project implementation period till June 2023, a procurement specialist and a financial management specialist.

The upcoming national election season will start in April 2022, DOTr needs to sign all the key contracts by the end of March 2022.When procurement is at the contract award stage, DOTr will submit request for unprogrammed funds as an alternative for general budget to finance these contracts.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds*: The World Bank estimates that CTF disbursement will reach 46 percent by the end of calendar year 2022 and will reach 91 percent during 2023.

d. *Expected disbursement of CTF funds over the next 12 and 24 months*: IBRD projects disbursements to reach USD 11 million by the end of 2022 and USD 23 million by the end of 2023.

24. **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 – Vietnam (ADB):** For the past five years, approximately USD 0.09 million of CTF funds have been disbursed annually. Although ADB had forecast that USD 2.2 million would be disbursed during the reporting period, only USD 0.1 million was disbursed. This project has been flagged in each of the last six reporting cycles for low financial performance with only one contract – Design – awarded in 2018 since loan effectiveness. At the government's request, ADB (ADF) loan 3235 was closed in May 2020[2], but (CTF) loan 8291[3] was extended to June 2023.

a. *Reason(s) for delay:* This project is heavily dependent on the parent Ha Noi Metro System Line 3 Project (Project 1), which was delayed for five years due to a prolonged procurement process, land acquisition and resettlement, and a contractor's performance. Delays have also been due to the change in implementing agency (IA) and its poor capacity,

[2] The reasons of the ADF loan closure were: (i) non-performance since the loan effectiveness, and (ii) the government's new policy of not using ODA fund for capacity building and recurrent expenditure (e.g., project management support consultant).

[3] The government and IA requested ADB to retain the CTF loan to cover the remaining project's scope as it is sufficient after some minor changes. The CTF loan will finance the following:

Output 1: Metro line 3 station access improved

- 03 CS for: design (CS4.1); procurement, supervision and implementation support (CS4.2); and bus restructure, procurement and implementation support (CS2);
- Civil works: 02 CW contract packages for improvement of accessibility to the metro line 3 stations, including 2 foot bridges, intersection improvements, pavement/ road surface along line 3 corridor improvement; lighting, security;
- Equipment: CCTV cameras within 100 m catchment area from metro line 3 station;

Output 2: Public transport system improved

- Provision of a clean technology feeder bus feet (approximately 52 buses) to link with main bus control center in Ha Noi

Output 3: Public transport policy developed

- 01 CS package (Station area development program)

(see also CTF loan agreement, Schedule 2) the government's prolonged project adjustment and loan extension processing and the recent Covid-19 impacts which slowed down the government approval processes. The adjustments of the project scope remain on-going at loan agreement amendment stage. The Project Executing Agency (EA) approved the project adjustments in May, and the request for amendments to loan agreement is with the Ministry of Finance (MOF) at present, and is expected to be approved by the government by Q4 2021

b. *Measures underway to accelerate implementation:* To expedite Project 2, the following actions have been/are being taken:

- A mission was fielded in May 2021 to confirm final details of adjustments of the project scope with the implementing agency and next steps;
- Viet Nam Resident Mission (VRM) procurement team provided the implementing agency with trainings on ADB consulting services (CS) recruitment and procurement procedures in 1st half of 2021 to help them expedite procurement activities;
- After May 2021 mission, the updated procurement plan was approved for some CS and civil works (CW) packages. ADB has cleared the TOR and cost estimates for CS4.2 (Project Implementation Support); CS4.2 will be advertised in last week of Oct, and 2 CW packages to be procured from December 2021.
- Continue to closely coordinate with the IA through direct meetings, hands-on training to expedite the recruitment of the remaining consulting services and procurement of civil works and equipment packages.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* The government was expected to submit a request in May 2019 to extend the project until mid-2023 to align with the schedule of the parent project. However, due to the prolonged loan extension process, ADB did not received a request and thus the CTF loan expired in June 2019. A retroactive extension until June 2023 was since approved, and, based on the updated interface schedule with the parent project and this project, ADB had anticipated that by 2022, 20 percent of the CTF loan amount would be disbursed, however ADB has now revised this expectation to Q3 2022. The EA and ADB team are discussing possibility of extending the loan beyond June 2023. The EA needs to obtain an updated implementation schedule for the parent Ha Noi metro line 3 project as a basis to process this extension.

d. *Expected disbursement of CTF funds over the next 12 and 24 months*:

- 12-month projection: USD 3.2 million
- 24-month projection: USD 15.6 million

25. **Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3 – Vietnam (ADB):** This project was flagged in the last risk report. USD 0.1 million was disbursed during the past 12 months. ADB had expected an extension of loan closing date to June 30, 2023 would be necessary, but now expects an extension to June 30, 2026 will be necessary to allow completion of underground stations.

a. *Reason(s) for delay:*
- Almost all the required land has been acquired (99.97%), except for the five households, three in station 9 and two in station 11. Land clearance and site hand over were delayed because some affected households (AHs) have not received compensation due to inheritance procedures, lengthy process of the assessment of the bearing strength of a building before a partial land acquisition causing some delays in resettlement and funding issues along the underground tunneling issues;
- Interfaces among contract packages;
- Prolonged grievances at Depot and Access lines
- Extension of time, claims and contractual issues;
- Lack of progress and delays in preparation for partial operation of the elevated section will delay partial operation to Q1 or Q2/2022.

b. *Measures underway to accelerate implementation:*
- MRB (the Implementing Agency) is working towards speeding up the remaining land acquisition and hand-over of 100 percent of the site to the contractor for construction.
- MRB is coordinating with the Ha Noi People's Committee (the Executing Agency) on Resettlement and funding issues along the underground tunnelling section.
- ADB is attempting to ensure resolution (closing) of grievances in the depot and access line as soon as possible.
- MRB is working with contractors, Project Implementation Consultant (PIC) to resolve the contract packages interfaces, extension of time, claims and contractual issues, O&M, etc to speed up the project progress.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* ADB anticipates that by Q1/2023, 20 percent of the CTF loan amount will be disbursed.

Expected disbursement of CTF funds over the next 12 and 24 months: No CTF funds are projected to be disbursed over the next 24 months.

The original loan proceeds under the ADB OCR loan (L2741) will be disbursed first prior to the disbursement of the CTF loan (L8302) proceeds. Disbursement of CTF loan proceeds will be front-loaded prior to the disbursement of the loan proceeds from ADB's OCR (L3363 and L3364). As of 15 September 2021, a total of USD 85.9 million of ADB's loan 2741-VIE proceeds, covering the advance payment for contract CP03 and loan commitment charges, has been disbursed.

26. **Shared Infrastructure for Solar Parks - Phase I – India (World Bank):**

a. *<u>Reason(s) for delay:</u>*

- Government Approval Process

The Central Electricity Regulatory Commission (CERC) along with other state electricity commissions were required to appoint a member from the field of law with qualifications of a high court or district judge. However, the ministry of power failed to do so and so the Supreme court, the apex court in India suspended the CERC's operation for a temporary period of time or till the appointment is made. This suspension resulted in delays in the bidding process of solar parks in India. The CERC was suspended from Aug 2020 until March 2021 delaying the closure of the bidding process for 1500 MW Solar Parks in Madhya Pradesh (MP). Since April 2021, CERC has been functioning full-time and has accorded necessary approvals required for concluding the tender process for 1500 MW solar parks in MP.

- Impact of Covid on implementation

Due to COVID pandemic and CERC's suspension, multiple extensions were given thus delaying the tendering process. The tendering process is complete now. Although the pandemic was at its peak from April to early June, substantive progress has been made since then as exemplified below.

- Delays in clarity on disbursements to 250 MW Mandsaur Solar Park (MP):

This solar park was fully commissioned in September 2017. The shared infrastructure facility (transmission line) was to be done in two parts. While the first part was completed and commissioned in 2017, the second part was completed but it could not be commissioned due to delay in commissioning of the substation (outside the scope of this Project). However, this line has recently been commissioned (on September 15, 2021). This park is eligible for central financial assistance (CFA) from the Government of India and the CFA can be determined only after the transmission line is commissioned. Since the line has recently been commissioned, the implementing agency is seeking clarity on CFA, which will also determine the fund requirement under the Project. However, the fund requirements for Mandsaur park have now been lowered from US$13 million (at appraisal) to US$5 million since the solar park is likely to get CFA from the Government of India. This also led to lower disbursements.

b. *<u>Measures underway to accelerate implementation:</u>*
Since resumption of CERC and improved situation on pandemic substantive progress has been made. The bids for solar generation assets of 1500 MW Agar, Shajapur, and Neemuch solar parks in MP have been closed and letter of award placed. Contracts have also been placed for the shared infrastructure facilities of these parks.

However, given the delays noted above, the commissioning of the parks will not be possible within the current project closing date – July 2022. Further, the client is also working on additional parks of about 2350 MW in MP and another 1200 MW in Uttar Pradesh (UP). Their commissioning schedules will also go beyond the current project closing date. Given this, the client is processing an extension of project closing date from July 2022 to March 2024.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* June 2022

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* Subject to extension of closing date to March 2024 the disbursement amount is likely to reach USD 10 million and USD 11 million in the next 12 and 24 months respectively.

27. **Solar Rooftop PV – India (ADB):** This project is flagged under all three criteria.

a. *Reason(s) for delay:* PNB took time in adopting the institutional policy and guidelines on the solar rooftop financing; hence a systematic approach was not in place at an early stage and there was lack of staff assignments dedicated to the program implementation.

PNB underwent institutional challenges since it was embroiled in financial fraud cases in 2018, which resulted in changes of PNB management. Subsequently, PNB management's focus was shifted to the core banking operations' restructuring and stabilizing rather than implementing the solar rooftop program. The fraud is not related to CTF, is linked to PNB's regular lending operations. As the scale of the fraud was significant, it has caused indirect impacts on the CTF project including extremely slow decision making, replacement of PNB's staff from the PMU of SRIP, priorities of PNB's management changed etc..

Additionally, solar rooftop developers have had difficulties with pledging adequate collateral required under PNB's typical lending requirements.

b. *Measures underway to accelerate implementation:* As per ADB loan regulations, if the borrower is unable to fulfil the stipulated requirements of loan agreement, ADB can suspend borrower's rights to withdraw loan amount. Even after suspension, if performance of the borrower remains unsatisfactory, the loan may be canceled. Out of USD 100 million from Tranche 1 of the Solar Rooftop Multi-tranche Financing Facility (MFF), USD 90.5 million was canceled (USD 75 million effective 18 June 2021 and USD 15.5 million effective 16 July 2021) based on requests from the borrower (PNB) and guarantor. As of now, the revised loan size is USD 9.5 million, which is fully disbursed, and ADB has lifted the suspension. The cancelled portion of Tranche 1 of USD 90.5 million and the MFF is being proposed to be taken over by another capable borrower (executing agency IREDA), based on government of India's recommendation, to undertake implementation of subsequent two tranches of this MFF.

MFF availability period will be extended till a reasonable implementable period (Under MFF modality, extension of MFF up to a maximum 10 years would require necessary approval of ADB's South Asia Regional Department (SARD) management, however, for extension beyond 10 years, it requires approval of the Board. As the program didn't make much progress in the last 5 years, it would be prudent to seek an extension beyond 10 years to provide reasonable implementation period to the additional borrower, subject to ADB board approval.

IREDA will be added as EA in TA to ensure effective utilization of TA. Also, TA is being extended up to a reasonable implementable period to match the MFF availability period.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of CTF funds:* ADB expects this will occur by Q2 2022.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* At present USD 9.5 million in Tranche 1 disbursed and USD 1.3 million in TA is utilized out of USD 174.8 million allocation. As USD 90.5 million from the first tranche is canceled and an additional borrower is being added for the program, it will be appropriate to provide the next 12- and 24-months disbursement projections after an additional borrower is included for the program.

28. Table 2 illustrates that two projects representing USD 75 million of program funding have been flagged under the second criterion (vs. one project representing USD 50 million as of June 30, 2020).

Table 2: Projects within 15 months of closing and less than 50 percent of approved funds disbursed

COUNTRY	PROJECT TITLE	MDB	Funding (USD million)	Cumulative Disb. As of June 30, 2021 (USD Millions)	Disbursement Ratio	Anticipated Date of Final Disbursement	Months Before Anticipated Date of Final Disbursement	Co-Financing (USD Millions)
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	12.7	25%	2/1/2021	-5	332.5
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	-	0%	10/1/2021	3	116.0

29. **District Heating Energy Efficiency Project – Ukraine (World Bank):** Disbursements increased by USD 4.5 million during the period. This project has been flagged in each of the last seven reporting cycles. The project is at advanced contract implementation stage with no significant new procurement procedures initiated, the key remaining challenges are therefore related to implementation and contract management.

a. *Reason(s) for delay:* During the first years of implementation, most district heating companies have made insufficient progress in preparing their investment plans and feasibility studies and in tendering. Additionally, **the COVID -19 crisis has had significant and multifaceted implications for project implementation, including major delays in the**

supply of equipment by foreign companies (mostly West European suppliers and limitations in the ability of local teams to carry out planned activities). The COVID-19 crisis will delay implementation of certain activities that were supposed to be completed by the beginning of the heating season (e.g., boiler house reconstructions). Finally, project disbursements have also been disrupted by multiple changes in the government between January and May 2020 and Ukraine-specific technical requirements that have demanded specific design documentation and State expertise applicable to each individual facility, irrespective of the size, which has proved to be a major source of delays for contractors installing Individual Heat Substations under CTF. In addition, the complicated procedures to authorize payments involving two ministries have resulted in payment delays to contractors.

b. *Measures underway to accelerate implementation:* The World Bank team and the government have extended the project closing date to October 2021 to complete ongoing project activities. **Given the impact of COVID-19 on project implementation, the authorities have requested an extension of the closing date to December 31, 2022 in order to allow for the completion of activities under CTF for which the procurement is completed.** This will be especially important to complete the SCADA in Kharkiv, which would have major benefits complementary to other project investments and an important demonstration effect in the context of the Ukraine DH sector. It will also play an important role in informing the new Municipal Energy Efficiency project (PCN scheduled for September 29), which will have a DH component mainly focused on installation of meters and individual heat substations, and replacement of pumping equipment, for which installation of SCADA will generate the most benefits and will allow for highly efficient and real-time control of the DH system operations.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* Estimated disbursement is likely to be 40% by mid December 2021 and 50% by end-February or early March 2022.

d. *Expected disbursement of CTF funds over the next 12 and 24 months*: The World Bank expected that disbursements would reach about USD 35 million by end of FY2021 but this did not occur, and about USD 45 million by end of FY 2022. The World Bank now forecasts that disbursements will reach USD 35 million by end of FY 2022 and USD 45 million by the end of the first half of FY23 (which would be the revised closing date).

30. Table 3 illustrates that five projects representing USD 493 million of program funding have been flagged under the third criterion (vs. two projects representing USD 99 million as of June 30, 2020).

Table 3: CTF projects with extensions and less than 50 percent of approved funds disbursed

COUNTRY	PROJECT TITLE	MDB	Funding (USD million)	Cumulative Disb. As of Dec 31, 2019	Disbursement Ratio	Effectiveness Date	Months After Effectiveness Date	Initial Anticipated Date of Final Disbursement	Extended Anticipated Date of Final Disbursement	MDB Co-Financing (USD millions)
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	12/3/2014	80	10/1/2021	6/30/2021	116
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.6	1%	7/5/2015	73	6/1/2019	12/1/2022	4
Ukraine	Second Urban Infrastructure Project (UIP-2)	IBRD	49.5	15.3	31%	11/21/2014	80	2/1/2021	4/30/2023	300
India	Solar Rooftop PV	ADB	174.8	26.3	15%	7/25/2017	48	12/31/2021	1/31/2022	330
India	Rajasthan Renewable Energy Transmission Investment Program (Multi-tranche Financing Facility / MFF)	ADB	194.9	73.5	38%	11/6/2014	81	12/21/2018	12/31/2021	300

31. **Cebu Bus Rapid Transit Project – Philippines (World Bank):** This project was also flagged under the first criterion. Please see the corresponding section above for the description.

32. **Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3 (ADB):** This project was also flagged under the first criterion. Please see the corresponding section above for the description.

33. **Second Urban Infrastructure Project (UIP-2) – Ukraine (World Bank):** In the May 2019 Risk Report this project was flagged under the first criterion, and it was flagged in the November 2020 Risk Report and the June 2021 Risk Report. No CTF funds were disbursed during the past 12 months.

    a. *Reason(s) for delay:* The political situation in Ukraine caused delays at the initial stage of the project. Additionally, there has been significant turnover of project coordinators (i.e., the project has had over six project coordinators who are Deputy Ministers of Regional Development, Construction, Housing and Communal Services). Implementation progress is rated Moderately Satisfactory.

    Disbursement was also affected by the ongoing pandemic situation in the country but picked up this year. Internal traveling restrictions (to "red" zones) as well as more complicated admission of foreigners in Ukraine affected the performance and workings of contractors and consultants.

    The overall public finances situation in Ukraine is again slowing down UIP2 disbursement due to the implemented spending limitation. This issue started with the approval of a significant reduction of Minregion capital budget for 2021 which resulted in funds being exhausted by the end of May. Despite the availability of loan funds, Miniregion is not allowed to spend the money because it already reached the limit of its annual capital budget in May 2021. Spending of additional funds was allowed in June but it only covered the accumulated payments under UIP2. Therefore, due to utilization of allocated budgets and current spending limitations, no payments have been made since July 2021. This issue will be raised again in the next mission. National budget funds are already exhausted for the year, the team is working with the MoF to allocate additional funds for the project.

    b. *Measures underway to accelerate implementation:* The World Bank team restructured and project, cancelled subproject and reallocated funding in 2020 to accelerate implementation. Two of the utilities that joined the project in the October 2016 restructuring, namely Chuguiv and Vinnitsa, cannot complete most of their subprojects in a foreseeable timeframe, and hence the government has agreed to cancel all the associated activities. The funds freed up from this cancellation would be partly cancelled and partly used to cover costs of four other utilities to complete ongoing contracts. This would not affect PDO results as the Vinnitsa project was included after the signing of the UIP2. The CTF/IBRD co financing amounts have been adjusted to reflect this, as seen in the fourth restructuring paper. Since the middle of this year the problem relates to allocation of funding for the project as mentioned above, and the team and CMU are working with the Government to grant access to loan resources to the utilities.

The World Bank continues to work with utilities to overcome implications of the COVID-19 pandemic on subproject delivery, and with the central government to develop a Water Supply and Sanitation Strategy for improvement of services. The project was restructured with a USD 0.5 million partial cancellation of the CTF loan and extended till October 31, 2022. Despite the ongoing challenges the World Bank team assessed that the project objective will be achieved. However, this would require finding a solution to ongoing budget spending limitations quickly so that the project does not face new implementation delays.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* The World Bank expects 50 percent disbursements during 2021 but this did not occur. The World Bank reports that current disbursements are now near 46% and in the next two months they are projected to exceed 50%.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* The World Bank expects disbursements to reach 75%, and should reach 100% by the current closing date of October 31, 2022. The World Bank had expected disbursements to reach 75%, and 100% by the closing date of October 31, 2022. However, depending on resolving the current public expenditure issues that affect UIP2 implementation, the team is gearing towards continuous improvement of disbursement and successful project completion. If the problem is not resolved by the end of the year the Bank team will propose yet another UIP2 restructuring to try to salvage the financed water supply and sanitation infrastructure and service improvements.

34. **Solar Rooftop PV – India (ADB):** This project was also flagged under the first criterion. Please see the corresponding section above for the description.

35. **Rajasthan Renewable Energy Transmission Investment Program – India (ADB):**

a. *Reason(s) for delay:* The Government of the State of Rajasthan (GOR) deferred the implementation of RRETIP multi-tranche financing facility transmission investments due to lower evaluation demand. But the government also maintained the possibility to process the loan under a new tranche (Tranche 3) subject to subsequent request made by state power transmission utility RRVPNL and the Government of India (GOI).

b. *Measures underway to accelerate implementation:*
   - The GOR has sought ADB assistance amounting USD 110 million of CTF and USD 120 million ADB-OCR, for RRVPNL under the MFF through the Department of Economic Affairs Ministry of Finance of the GOI.
   - ADB and the GOR are in continuous discussions with the state power transmission utility RRVPNL. The RRVPNL has confirmed that it will use ADB's new procurement framework for the proposed tranche. Unfortunately, the loan processing was delayed due to severe impact of COVID19 pandemic in India since early 2020 but discussions are now reviving between ADB and India to expedite the implementation of the program.
   - In order to process the request for a new tranche under the MFF, the current availability period needs to be extended from 31 December 2021 to 25 September 2023. This would assist in the implementation and completion of the new tranche within the extended availability period.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of CTF funds:* ADB expects that Tranche 3 will be approved by Q2 of 2022 for the total remaining CTF share in the MFF program, however the timeframe for reaching this milestone remains unclear.

d. *Expected disbursement of CTF funds over the next 12 and 24 months:* Under current volatile circumstances in India, it is difficult to provide any specific timeframe. ADB would be able to provide more details once remaining loan is approved in Q2, 2022.

3.1.1 MDB cancellation guidelines and criteria

36. During the December 2017 CIF Trust Fund Committees' and Sub-Committees' meetings, members expressed interest in receiving information pertaining to MDBs' potential decisions to cancel projects. Some MDBs have provided the following links to their guidelines.

- ADB – Project Administration Instructions: Suspension and Cancellation of Loans
- ADB – Externally Financed Grant Regulations Applicable to Grants Financed from a Trust Fund or Other External Sources and Administered by ADB
- AfDB – Revised Guidelines on Cancellation of Approved Loans, Grants and Guarantees
- IBRD - Trust Fund Handbook (see Section 5.9)

3.2 Currency risk via promissory notes

37. Currency risk via promissory notes is the risk that fluctuations in currency exchange rates will cause the value of the foreign currency in which a promissory note is denominated to decline.

38. During the reporting period the GBP depreciated against the USD by two percent, causing the value of CTF's GBP 200 million promissory notes to decrease in value by USD 6 million. There is now an unrealized gain of USD 8 million associated with these notes (see Table 4).

CTF's exposure to this risk therefore remains **Low**. It should be noted, however, that if these notes remain unencashed for a prolonged period, they could be exposed to greater fluctuations in foreign exchange rates. The program's currency risk has been **Low** in the last three reporting cycles, and **High** for the preceding four reporting cycles.

Table 4: CTF currency risk exposure summary

Currency Risk Exposure (Millions) as of September 30, 2021							
Program	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
CTF	£1,330.0	£200.0	($191.5)	**$7.9**	Possible	Minimal	**Low**

3.3 Resource availability

39. Resource availability risk is the risk that the Trustee will not have sufficient resources, under a respective CIF program, to commit to fund all projects in the program's pipeline. The CTF Trust Fund Committee agreed to accept a certain level of this risk, and to permit over-programming by 30 percent of the program's pledged resources in order to accelerate the implementation of viable projects rather than wait until after unviable projects had been identified and removed from the pipeline. This has proven to be a successful strategy, enabling accelerated project implementation. However, this policy also necessitates that some resource availability risk be incurred.

40. As of September 30, 2021, CTF's deficit in available resources had decreased to USD 265 million from USD 434 million as reported during the last reporting cycle largely due to a decline in Anticipated Projects/Programs Funding and Fees - CTF Dedicated Private Sector Programs (DPSP) - Phase IV (see Annex A). The risk that CTF will be unable to fund all projects in its pipeline decreased to **Medium**.

41. To mitigate this risk, the CTF Trust Fund Committee, MDBs, and CIF Administrative Unit have all consistently conveyed the message that resource allocations in CTF are not guaranteed during the initial project preparatory stages and that CTF has adopted an over-programming approach in developing the CTF pipeline for planning purposes. It is not until the CTF Trust Fund Committee approves project funding, that CTF funds are committed for a specific project.

42. As of September 30, 2021, USD 224 million of the current shortfall in available resources can be attributed to realized and unrealized gains/declines in the value of CTF's GBP-denominated promissory notes (see Section 2.2), as well as the currency reserve which the Trustee maintains to mitigate the FX risk associated with the outstanding promissory notes.

3.4 Credit risk

43. Credit risk is the risk that a CTF financing recipient will become unwilling or unable to satisfy the terms of an obligation to an MDB in the MDB's capacity as an originator and servicer of CTF's outgoing financing.

44. Exposure to this risk could lead to insufficient available resources for the Trustee to repay

loan contributors. Additionally, the viability and success of a project can be affected by a recipient's financial solvency.

45. CTF's primary source of credit risk exposure is incurred through the funds it commits as loans, (approximately 75 percent public sector and 25 percent private sector). Credit risk exposure incurred through other instruments (e.g., guarantees) is minimal.

46. Expected losses for CTF's loan portfolio declined to 2.9%, largely due to the revised approach to assessing the credit risk associated with the public sector portfolio (see section 3.4.1), and an increase in credit quality reported for the private sector portfolio.

3.4.1 Public sector exposure

All CTF public sector loans are extended directly to externally rated sovereigns or to entities guaranteed by externally rated sovereigns. Presently CTF is exposed to 17 sovereigns with ratings ranging from CCC- (Ecuador) to BBB+ (Mexico, Peru and Philippines).

47. For CIF, public sector rating agency credit ratings have been a very poor predictor of defaults and expected losses. CIF has been operational for over 12 years and has experienced no payment defaults on any of its public sector projects, and this has been the case despite the fact that, at various points, rating agencies have downgraded some recipient countries' ratings to default status. In other words, even when CIF recipient countries have defaulted on loan obligations to their bondholders, these countries have not defaulted on their obligations to CIF. For this reason, the CIFAU no longer uses rating agencies' public sector credit ratings to assess the credit risk associated with CTF's public sector loan portfolio, and the CIFAU's expected losses for the public sector portfolio are zero.

48. However, changes to recipient country credit ratings can be a useful indicator of the overall financial and project implementation environments in these countries. Recipient country credit ratings have been relatively stable since March 31, 2021, (see Annex B) especially relative to the rating volatility experienced during the prior two reporting cycles.

3.4.2 Private sector exposure

49. The remaining 25 percent of CTF's loan commitments are to private sector entities for which publicly available information is limited. The CIF Administrative Unit uses the MDBs' internal risk assessments[4] of the transactions, which are provided in the form of either S&P-equivalent ratings or estimated probabilities of default (PD) and loss given default (LGD) to calculate a weighted average credit rating, PD, LGD, and expected loss rate for the private sector portfolio (see Table 7).

[4] Presently EBRD, IDB Group, and IFC provide internal credit ratings or PDs assigned to their respective private sector CTF loans or loan portfolios. The resulting credit rating for the combined portfolio of private sector CTF loans originated and serviced by these three MDBs is then applied to the entire portfolio of private sector CTF loans.

Committed Loan Portfolio Credit Risk Exposure (as of 9/30/2021)						
Sector	Portfolio Risk Rating[5]	Total Committed Loans (MM USD equivalent)[1]	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]
Public	BB-[8]	3,119.1	0.0%	0.0%	0.0%	0.0
Private	CCC+[7,4]	895.9	20.0%	50.3%	10.0%	86.0

Expected Losses for Loans in Default (as of 9/30/2021)						
# of Loans Experiencing Payment Default	Portfolio Risk Rating[5]	Principal Outstanding in Default[5] (MM USD equivalent)	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]
5	D	39.9	100.0%	76.6%	76.6%	30.5

Expected Losses for Total Loan Portfolio (as of 9/30/2021)		
Total Committed Loans (MM USD equivalent)[1]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]
4,054.9	2.9%	116.6

1. Committed loan amounts are provided by the Trustee.
2. Expected losses are in addition to total loan principal reported to be in default.
3. Expected Loss Rate = (PD x LGD) and does not take into account any correlations between the performance of loans within the portfolio.
4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.
5. Derived based on the mapping of the portfolio's estimated PD to the corresponding rating agency credit rating as published in *Moody's Annual Default Study: Following a sharp rise in 2020, corporate defaults will drop in 2021* .
6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in *Moody's Annual Default Study: Following a sharp rise in 2020, corporate defaults will drop in 2021* (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2020).
7. Based on internal credit ratings or PDs assigned to their respective private sector CTF loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.
8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of September 30, 2021. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2020 as published in *Moody's Annual Default Study: Following a sharp rise in 2020, corporate defaults will drop in 2021* were used.

3.4.3 Update on loans currently experiencing payment defaults

50. As of September 30, 2021, four private sector CTF loans (EUR 2.0 million, EUR 5.6 million, USD 1.5 million and USD 12.1 million) were experiencing payment defaults. Additionally, a defaulted EUR 15.5 million loan was sold to investors during the first half of FY 2019 (see Table 8).

Table 8: CTF loans experiencing payment defaults

Loan Amount	Amount Outstanding at time of default	Total interest payments prior to default	Currency	Missed Interest Payments		Repaid Delinquent Interest		Missed Principal Repayments		Repaid Delinquent Principal		Default Interest	Paid Default Inerest		Total Amt Past Due
				Date	Amount	Date	Amount	Date	Amount	Date	Amount		Date	Amount	
2,030,000	1,873,846	171,908	EUR					5/30/2018	78,077		(38,349)				1,904,845
								11/30/2018	78,077						
				4/10/2019	11,933		(11,933)	4/10/2019*	1,639,615			2,038		(2,038)	
				5/30/2019	-			5/30/2019	-			9,960		(9,960)	
				11/29/2019	-			11/29/2019	-			36,385			
				5/29/2020	-			5/29/2020	-			36,275			
				11/30/2020	-			11/30/2020	-			37,618			
				5/28/2021	-			5/28/2021	-			37,146			
				TOTAL	**11,933**		**(11,933)**		**1,795,769**		**(38,349)**	**159,423**		**(11,998)**	
15,500,000	15,500,000	357,000	EUR	This loan was sold to a syndicate of distressed debt investors in 2018. There is little likelihood of recovering CTF funds.					**15,500,000**						**15,500,000**
1,500,000	1,500,000	325,777	USD	There is little likelihood of recovering CTF funds.					**1,500,000**						**1,500,000**
5,600,000	5,540,195	98,958	EUR					8/15/2018	107,692						**1,774,905**
								11/10/2018	107,692						
								2/13/2019	107,692						
				5/13/2019	26,091			5/13/2019	107,692			3,663			
				8/13/2019	49,368			8/13/2019	107,692			5,158			
				11/13/2019	25,870			11/13/2019	107,692			6,816			
				2/13/2020	25,320			2/13/2020	107,692			8,251			
				5/13/2020	24,231			5/13/2020	107,692			9,484			
				8/13/2020	24,219			8/13/2020	107,692			11,141			
				11/13/2020	23,668			11/13/2020	107,692			12,603			
				2/15/2021	23,621			2/15/2021	107,692			14,380			
				5/13/2021	21,341			5/13/2021	107,692			14,718			
				8/13/2021	44,965			8/13/2021	107,692			-			
				TOTAL	**288,693**		**-**		**1,399,998**		**-**	**86,213**		**-**	
12,065,953	11,872,898	1,660,206	USD	8/1/2017	245,688			8/1/2017	96,528						**4,235,099**
				2/1/2018	245,029			2/1/2018	90,495			30,961			
				8/1/2018	241,818			8/1/2018	132,725			21,733			
				2/1/2019	244,325			2/1/2019	90,495			34,567			
				8/1/2019	237,198			8/1/2019	211,154			45,212			
				2/1/2020	232,829			2/1/2020	180,989			60,348			
				8/1/2020	227,825			8/1/2019	271,484			74,477			
				2/1/2021	224,694			2/1/2021	271,484			92,381			
				8/1/2021	217,848			8/1/2021	301,649			111,164			
				TOTAL	**2,117,254**		**-**		**1,647,002**		**-**	**470,842**		**-**	

* Loan acceleration

51. Although they have not yet missed any interest payments or principal repayments, during the reporting period MDBs reported that the following two loans will experience payment defaults imminently.

   - **(USD 3.0 million)** – Maximum recovery of the CTF loan is being pursued.
   - **(USD 13.2 million)** – A sale of the CTF loan and its prepayment are being pursued. A modest recovery may be realized.

3.5 Fraud and sexual exploitation and abuse

52. At the January 2019 meeting, the CTF Trust Fund Committee requested that the MDBs provide the CIF Administrative Unit information regarding fraud and sexual exploitation and abuse in CTF projects implemented by them, to the extent that such information is provided to their own MDB boards and subject to any necessary legal/confidentiality arrangements prior to disclosure.

53. An instance of fraud, not directly related to any CTF project, is affecting the implementation of the **Solar Rooftop PV project in India**. **Punjab National Bank** (PNB) underwent institutional challenges since it was embroiled in financial fraud cases in 2018 involving USDeq 1.5 – 2.1 billion, which resulted in changes of PNB management. Subsequently, PNB management's focus was shifted to the core banking operations' restructuring and stabilizing rather than implementing the solar rooftop program. As the scale of the fraud was significant, it has caused indirect impacts on the CTF project including extremely slow decision making, replacement of PNB's staff from the PMU of SRIP, priorities of PNB's

management changed etc..

54. The MDBs did not report any allegations or instances sexual exploitation and abuse to the CIF Administrative Unit during the period; however, MDBs issue the following annual reports on fraud and corruption highlighting statistics related to their anti-corruption efforts.

- ADB – Office of Anti-Corruption and Integrity Annual Report
- AfDB – Office of Integrity and Anti-Corruption Annual Report
- EBRD – Integrity and Anti-Corruption Annual Report
- IDB Group – Office of Institutional Integrity Annual Report
- World Bank Group – Integrity Vice Presidency Annual Report

Annex A: CTF Available Resources

CTF TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS *Inception through September 30, 2021* *(USDeq. millions)*		As of September 30, 2021 USDeq.
Cumulative Funding Received		
Contributions Received		
Cash Contributions		5,514.31
Unencashed promissory notes	k/	268.69
Total Contributions Received		5,783.00
Investment Income and Other Resources		
Investment Income		348.2496
Other income	a/	31.4087
Total Other Resources		379.6583
Total Cumulative Funding Received (A)		**6,162.6579**
Cumulative Funding Commitments		
Projects/Programs		6,930.22
MDB Project Implementation and Supervision services (MPIS) Costs		56.64
Cumulative Administrative Expenses		116.94
Total Cumulative Funding Commitments		7,103.80
Administrative Expense Cancellations	b/	(6.54)
Projects/Programs, MPIS Cancellations	c/	(1,696.08)
Net Cumulative Funding Commitments (B)		**5,401.18**
Funding Availability(A - B)		**761.48**
Country Engagement Budget reserve FY23	d/	**(0.82)**
CTF 2 Special Reserve	e/	**(0.59)**
Currency Risk Reserves	f/	**(40.30)**
Unrestricted Fund Balance for Trustee Commitments -Projects/Programs and Admin (C)		**719.76**
Net investment income available for Admin Budget commitments and the loan losses (D)		**267.85**
Unrestricted Funding Available for Projects/Programs commitments (E = C - D)	g/	**451.91**
Unrestricted Funding Available for Projects/Programs commitments	g/	197.74
Unrestricted Funding Available for Projects/Programs commitments -DPSP IV and other new Programs	g/	254.17
Anticipated Commitments for Projects/Programs		
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase III		-
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase IV		716.46
Total Anticipated Commitments (F)	l/	**716.46**
Available Resources for Projects/Programs (G = E -F)		**(264.54)**
Potential Future Resources		
Contribution Receivable		-
Pledges		-
Release of Currency Risk Reserves	f/	40.30
Total Potential Future Resources (H)		**40.30**
Potential Available Resources for Projects/Programs (G+H)		**(224.24)**
Potential Net Future Resources for Admin Expenses and Loan Losses		
Projected Investment Income from Oct 2021 to FY26 (I)	h/	58.70
Projected Administrative Budget (FY23-27) (J)	i/	50.25
Potential Net investment income available for Admin Expenses and Loan losses (K= I -J)		**8.45**
Potential Available Resources for Admin Expenses and Loan Losses (D + K)	j/	**276.30**

a/ Return of funds other than reflows due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent CTF funding approved by the CTF Trust Fund Committee.Includes Investment income, commitment fee,

b/ The admin budget cancellations includes the unused admin budget refunds, Country Programming Budget revisions/cancellations by

c/ Cancellation of program and project commitments approved by the committee

d/ The amount of USD 0.5 million approved by TFC in June 2019 for the multi-year country programing budget and the balance in reserve estimate provided by CIFAU for the period FY23.

e/USD 0.59 million committed under the special initiative related to CTF 2.0 as approved by the TFC in June 2017.

f/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

g/ In January 2019, the CTF Trust Fund Committee agreed that any remaining resources in CTF that can be made available for further programming may be used to fund more projects/programs under DPSP III. Subsequently all the resources were programmed. The amount cancelled after June 30, 2020 is not available for programming pending the decision from the CTF committee about the usage of these funds. Only the new contributions signed and received after January 2019 are considered as available for new non-DPSP-III programs/projects. The EURO balance available for commitments in EURO currency is nil.

h/ Investment income on undisbursed funds as projected by Trustee through the cash flow model assuming a stable investment environment, steady pace of cash transfers and encashment of unencashed promissory notes.

i/ FY22 Budget commitment approved by TFC in June 2021 was USD 10.05 million for Administrative service . The amount approved for FY22 Administrative Services was extrapolated for 5 years.Projected administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

j/ Losses on outgoing CTF Financial Products will be shared as stipulated by the Principles regarding Contributions to the CTF and

k/ This amount represents the USD equivalent of the UK's GBP 200 million outstanding PNs.

l/ Anticipated commitment pipeline information provided by CIFAU

Annex B: Rating Changes for Public Sector Loan Recipients

	9/30/2021				3/31/2021			
Country	S&P	Moody's	Fitch	Lowest Rating	S&P	Moody's	Fitch	Lowest Rating
Burkina Faso	B	NR	NR	B	B	NR	NR	B
Colombia	BB+	Baa2	BB+	BB+	BBB-(N)	Baa2(N)	BBB-(N)	BBB-
Ecuador	B-	Caa3	B-	CCC-	B-	Caa3(N)	B-	CCC-
Egypt	B	B2	B+	B	B	B2	B+	B
India	BBB-	Baa3	BBB-(N)	BBB-	BBB-	Baa3(N)	BBB-(N)	BBB-
Indonesia	BBB(N)	Baa2	BBB	BBB	BBB(N)	Baa2	BBB	BBB
Honduras	BB-	B1	NR	B+	BB-	B1	NR	B+
Maldives	NA	Caa1	CCC	CCC	NA	B3(N)	CCC	CCC
Mexico	BBB+(N)	Baa1(N)	BBB-	BBB-	BBB+(N)	Baa1(N)	BBB-	BBB-
Morocco	BB+	Ba1(N)	BB+	BB+	BBB-(N)	Ba1	BB+	BB+
Peru	BBB+	Baa1	BBB+(N)	BBB+	BBB+	A3	BBB+(N)	BBB+
Philippines	BBB+	Baa2	BBB(N)	BBB	BBB+	Baa2	BBB	BBB
South Africa	BB-	Ba2(N)	BB-(N)	BB-	BB-	Ba2(N)	BB-(N)	BB-
Tanzania	NR	B2	NR	B	NR	B2	NR	B
Turkey	B+	B2(N)	BB-	B	B+	B2(N)	BB-	B
Ukraine	B	B3	B(P)	B-	B	B3	B	B-
Vietnam	BB(P)	Ba3(P)	BB(P)	BB-	BB	Ba3(N)	BB	BB-

CIF CLIMATE INVESTMENT FUNDS

The Climate Investment Funds

The Climate Investment Funds (CIF) were established in 2008 to mobilize resources and trigger investments for low carbon, climate resilient development in select middle and low income countries. To date, 14 contributor countries have pledged funds to CIF that have been channeled for mitigation and adaptation interventions at an unprecedented scale in 72 recipient countries. The CIF is the largest active climate finance mechanism in the world.

THE CLIMATE INVESTMENT FUNDS

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