



# CTF Risk Report

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# Agenda

- COVID-19 Pandemic Update – External Event Risk
- Implementation Risk
- Currency Risk
- Resource Availability Risk
- Credit Risk
- Fraud, sexual exploitation & abuse

# External Event Risk – Impact of COVID-19

## COVID-19 PANDEMIC



## IMPACT ON COUNTRIES

Quarantine/Distancing/  
Travel Restrictions

Fiscal & Monetary Constraints

Commodity Price Shocks

Plummeting Tourism Revenue

Financial Uncertainty and  
Negative Pressure on Credit  
Ratings

## ANTICIPATED IMPACT ON CTF

### Implementation Risk

- Workers Unable to Reach Project Sites
- Supplies/Equipment Delivery Delays
- Project Restructurings & Cancellations
- Project Delays of up to 24 months
- Budgetary Reprioritizations by Sovereigns and MDBs

### Financial Risk

- Increased ELs expected to remain heightened
- Financial Uncertainty Deterring Private Investors

# CTF Implementation Risk

## Flagging Criteria

### CRITERIA 1

- The project has been **effective for 36 months**; and
- The project has disbursed **less than 20 percent** of approved CIF funds.

### CRITERIA 2

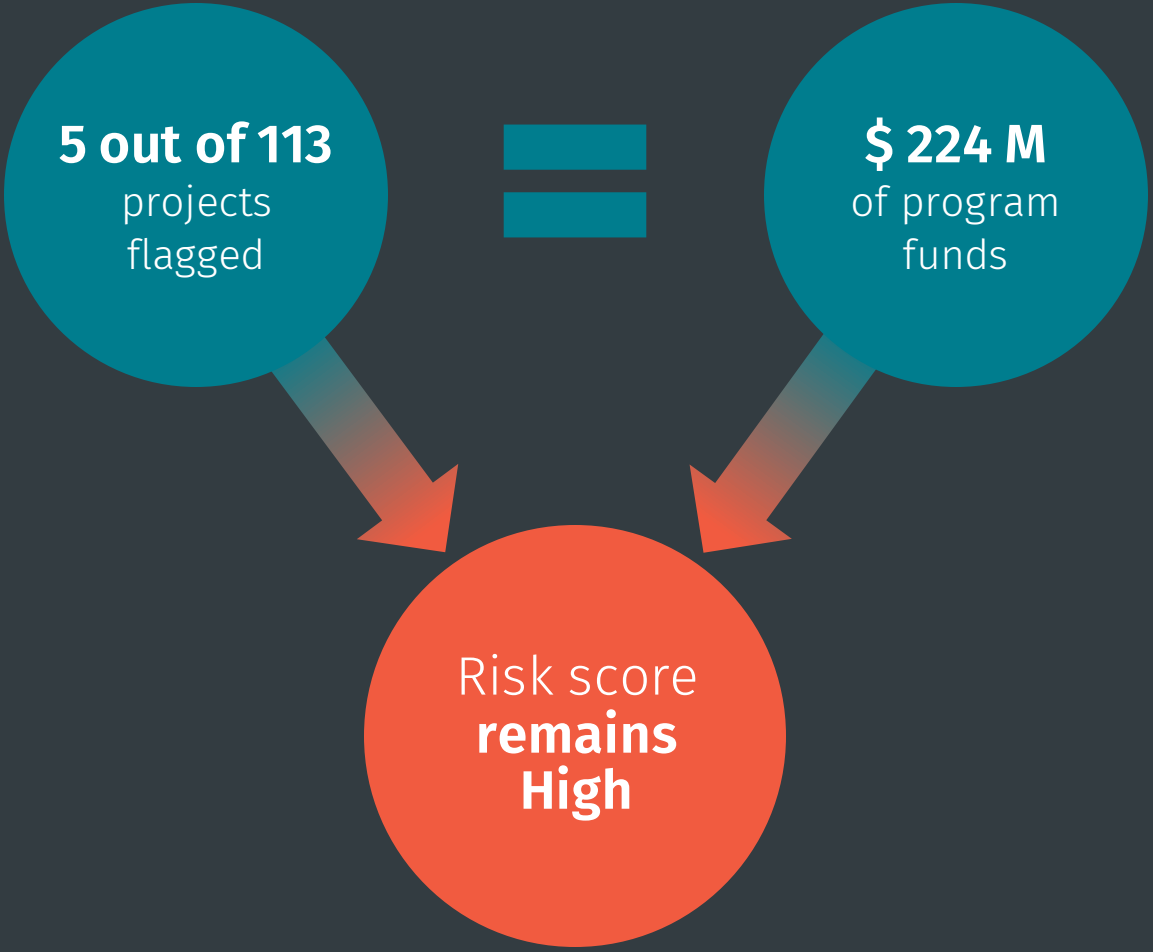
- The project is within **15 months** of the anticipated date of **final disbursement (financial closure)**; and
- The project has disbursed **less than 50 percent** of approved funds.

### CRITERIA 3

- The anticipated date of **final disbursement (financial closure)** for the project **has been extended**; and
- The project has disbursed **less than 50 percent** of approved funds.

# CTF Implementation Risk Summary

## Program-level risk



# CTF Implementation Risk: CRITERIA 1

COUNTRY	PROJECT TITLE	MDB	CTF FUNDING (\$M)	DISBURSMNT AS OF June 30, 2020 (\$M)	DISBURSMNT RATIO	EFFECTIVNSS DATE	MONTHS SINCE EFFECTVNSS DATE	MDB CO-FINANCING (\$M)
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	8.2	16%	11/21/14	68	332.0
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	0.0	0%	12/3/14	68	116.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.6	1%	7/9/15	61	4.0
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	0.3	<1%	5/5/17	38	0

# CTF Implementation Risk: CRITERIA 2

COUNTRY	PROJECT TITLE	MDB	CTF FUNDING (USD MILLION)	CUMULATIVE DISB. AS OF JUNE 30, 2020 (USD MILLION)	DISBURSEMENT RATIO	ANTICIPATED DATE OF FINAL DISBURSEMENT	MONTHS BEFORE ANTICIPATED DATE OF FINAL DISBURSEMENT
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	8.2	16%	2/1/2021	7

# CTF Implementation Risk: CRITERIA 3

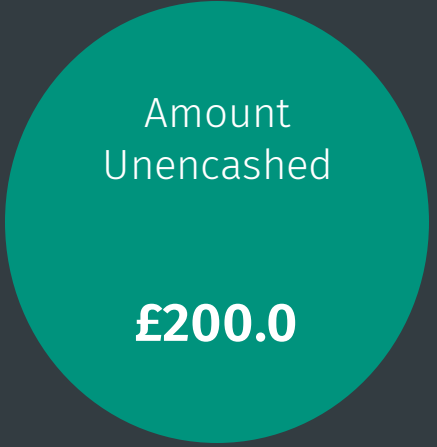
COUNTRY	PROJECT TITLE	MDB	PROGRAM FUNDING (USD MILLION)	CUMULATIVE DISB. AS OF JUNE 30, 2020 (USD MILLION)	DISBURSEMNT RATIO	EFFECTIVENESS DATE	MONTHS SINCE EFFECTIVENESS DATE	INITIAL ANTICIPATED DATE OF FINAL DISBURSEMENT	EXTENDED ANTICIPATED DATE OF FINAL DISBURSEMENT
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.6	1%	7/5/2015	61	6/1/2019	12/1/2022
Ukraine	Second Urban Infrastructure Project (UIP-2)	IBRD	49.5	15.3	31%	11/21/14	68	2/1/2021	4/30/2021



# CTF Currency Risk Summary



## RISK EXPOSURE



## RISK ASSESSMENT



**Possible**



**Minimal**



**Low**

# CTF Resource Availability Risk Summary



## RISK EXPOSURE



## RISK ASSESSMENT

Likelihood

Possible

Severity

Severe

Risk Score

High

# Credit Risk

## COMMITTED LOAN PORTFOLIO CREDIT RISK EXPOSURE (AS OF 03/31/2021)

SECTOR	PORTFOLIO RISK RATING	TOTAL COMMITTED LOANS (MM USD EQUIVALENT)	ESTIMATED PROBABILITY OF DEFAULT (PD)	ESTIMATED LOSS GIVEN DEFAULT (LGD)	EXPECTED LOSS RATE	EXPECTED LOSSES (MM USD EQUIVALENT)	TOTAL LOAN ORIGINATED PRINCIPAL IN DEFAULT (MM USD EQUIVALENT)	# OF LOANS EXPERIENCING PAYMENT DEFAULT	LOAN PRINCIPAL IN DEFAULT VS. TOTAL LOAN AMOUNT ORIGINATED
Public	BB-	3,090.1	12.1%	59.8%	7.3%	224.4	0	0	0%
Private	B-	913.4	27.5%	45.7%	12.6%	109.9	38.8	4	4.2%
Portfolio	B+	4,003.5	15.6%	56.6%	8.9%	351.0	38.8	4	1.0%

## What do the numbers say?

- The COVID-19 adjustment was removed as the CIFAU believes the current PDs now capture the majority of the pandemic's impacts on the financial strength of CTF's loan recipients. Expected losses associated with CTF's public and private sector loan portfolios total USD 351.0 million.
- The credit risk associated with the program remains **High**.

# Fraud, and sexual exploitation & abuse

- No allegations or instances of fraud, or sexual exploitation and abuse associated with a CIF project were reported during the reporting period.

# CIF



# CLIMATE INVESTMENT FUNDS

*Investing in the future*

