



Meeting of CTF Trust Fund Committee

Washington, D.C. (Hybrid)

Tuesday, November 7, 2023

CTF RISK REPORT



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CTF/TFC.31/07

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Proposed Decision

CTF Trust Fund Committee reviewed the document, CTF/TFC.31/07, *CTF Risk Report*, and welcomes the progress that has been made in advancing the work of CTF.

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

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1. Introduction

1.1 External Events

1.1.1 *War in Ukraine*

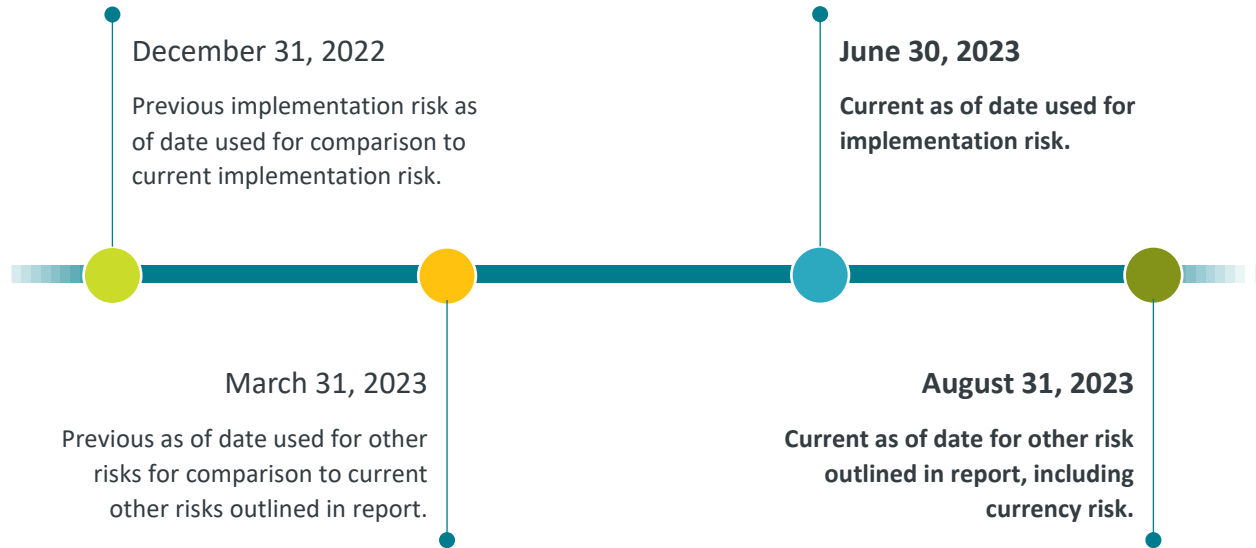
1. CTF has committed USD 329.4 million to 13 projects in Ukraine. Given CTF's significant existing investments in Ukraine, the MDBs which originate and service CTF projects in the country will provide updates to the TFC pertaining to concerns relating to the ongoing war in the country, and will continue to do so while these concerns persist.

1.1.2 *South Africa and Eskom*

2. CTF has committed USD 432 million to 7 projects in South Africa. Additionally, USD 500 million has been allocated to fund ACT projects in the country. Given CTF's significant existing and anticipated investments in South Africa, most of which directly or indirectly involve Eskom (the country's public utility), the MDBs which originate and service CTF projects in the country will provide updates to the TFC pertaining to concerns relating to corruption, the political environment and the finances of the utility and country, and will continue to do so while these concerns persist.
3. South African authorities conducted raids across five provinces to break up a coal-smuggling syndicate they blamed for stealing coal, degrading state-owned power plants and contributing to an electricity crisis. The criminal gang diverted trucks carrying high-grade coal to power stations, stealing the coal to sell, and replacing it with sub-standard product. The substandard coal has caused crippling damage to the country's power plants, authorities said. Load shedding continues in the country.
4. The electricity crisis has badly impacted South Africa's economy, which is expected to grow by less than 1% this year. South Africa will hold national elections next year, and the power crisis will be a key issue for voters.

1.2 Information Dates

Figure 1 As of dates for implementation risk and other risks

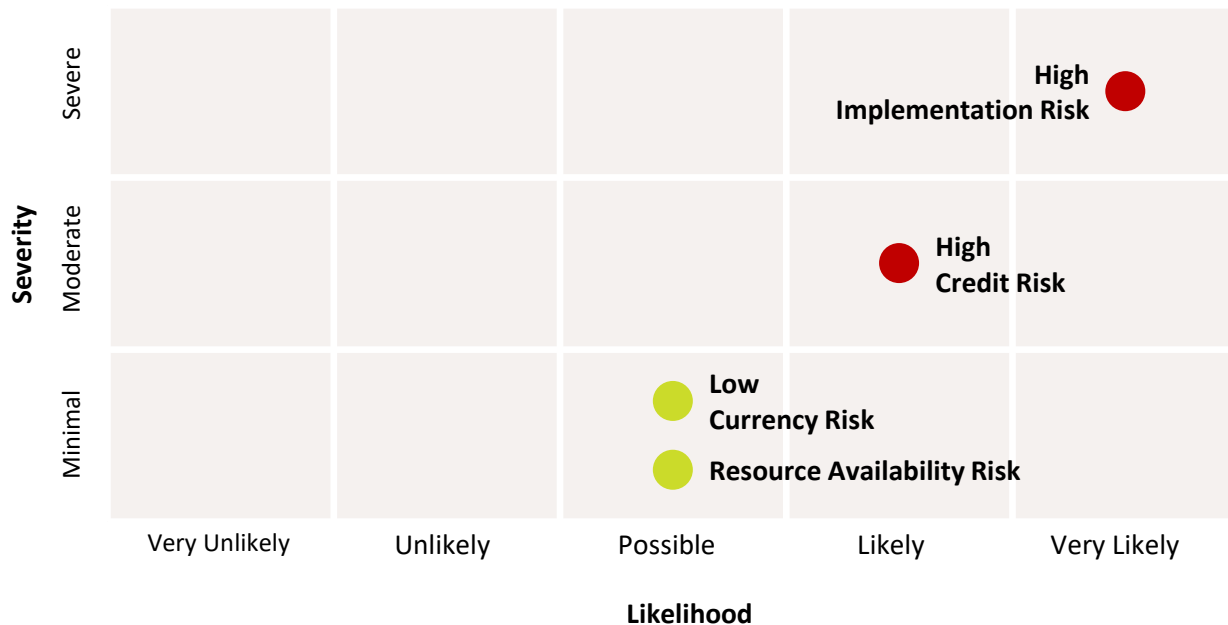


1.3 Risk Exposure Summary

1.3.1 Key Risk Exposure Matrix

- The following matrix summarizes CTF’s key risk exposures, where the implementation and credit risk are both flagged as high, and the resource availability and currency risk are flagged as low.

Figure 2 CTF Risk Exposures Summary



1.3.2 Implementation Risk

Risk Score: High

6. CTF's implementation risk remains high. It has been high for the past eleven reporting periods, as programs/projects continue to struggle with disbursements. Beginning this period, the CIF Secretariat began flagging geothermal projects for implementation risk causing the number of flagged projects to increase. Currently, 20 out of 162 projects, representing USD 938.3 million (18.3%) of committee approved program funding, are flagged for this risk. The CIF Secretariat has increased the likelihood rating from likely to very likely this reporting period.
7. CTF has committed USD 4,768 million¹, of which USD 1,854 million has not been disbursed. During the past fiscal year, the MDBs disbursed USD 189 million, representing a substantial improvement. In September, ADB cancelled USD 110 million from the Rajasthan Renewable Energy Transmission Investment Program which will cause a decline of USD 195 million (>20%) of CTF funding being flagged for implementation risk.

1.3.3 Currency Risk

Risk Score: Low

8. As of August 31, 2023, the GBP appreciated 2.5%² against the USD from the previous reporting date, which has resulted in a decline in the unrealized loss associated with CTF's GBP denominated notes from USD 16.9 million to USD 7.3 million. CTF's currency risk has remained low for the past seven reporting periods, previously it had been high for the preceding four reporting periods.

1.3.4 Resource Availability Risk

Risk Score: Low

9. As of August 31, 2023, CTF's surplus in available resources increased substantially from USD 608.2 million to USD 904.6. This is primarily due to approximately USD 68 million of project cancellations during the reporting period, Canada's contributions for the CTF Parallel Fund of USD 88 million, and a reduction in pipeline projects by USD 161.7 million that is offset by new commitments of approximately USD 30 million. Further, substantial cancellations have occurred since the reporting date as an additional USD 110 million in cancellation from ADB occurred in September 2023, which is not captured in the current figures. CTF's resource availability risk has been low for

¹ This amount represents MDB board approved funding.

² Changes in the exchange rate is based on exchange rates provided by the Trustee.

the past two reporting periods, previously it had been high for the preceding four reporting periods.

1.3.5 Credit Risk

Risk Score: High

10. Credit risk exposure for CTF remains High. In total, seven private sector CTF loans representing EUR 28.5 million, four private sector loans representing USD 27.8 million have defaulted. CIF Secretariat continues to conservatively estimate that defaults will occur on all disbursed amounts for projects in this country due to the nature of the war in the nation. As of August 31, 2023, 11 loans were reported to be experiencing payment defaults. The program's credit risk score has been high for the last eight reporting periods. During the period, a EUR 1.1 million in Ukraine exited default and resumed timely payments/repayments of all interest and principal due.

2. Implementation Risk Assessment

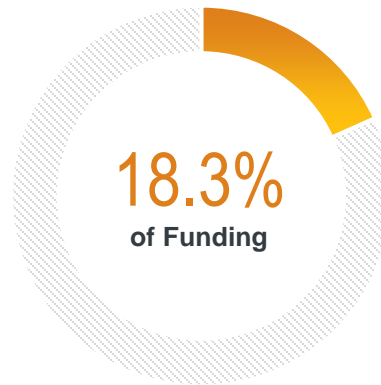
Risk Score: High

11. The MDBs provide this information semi-annually, and the most recent information available is as of June 30, 2023. In some cases, MDBs have provided more recent information, as indicated in the report. It is compared with projects flagged in the previous CTF Risk Report (which used data as of December 31, 2022).

Figure 3 Implementation risk total funding impacted

Number of Projects Flagged

**20 out of
162 projects**



2.1 Disbursements

12. Disbursements increased to USD 2,919.2 million from USD 2,732.0 million in FY 2022, which represents an increase of USD 188.8 million (+6.9%) over FY 2023, and an overall increase in the disbursement ratio by 3.7% to 61.3%.

Figure 4 CTF Disbursement Ratio

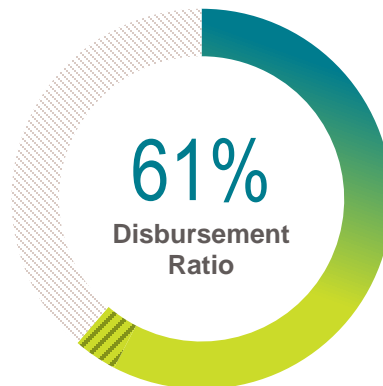


Figure 5 CTF fiscal year disbursements over the last 10 years

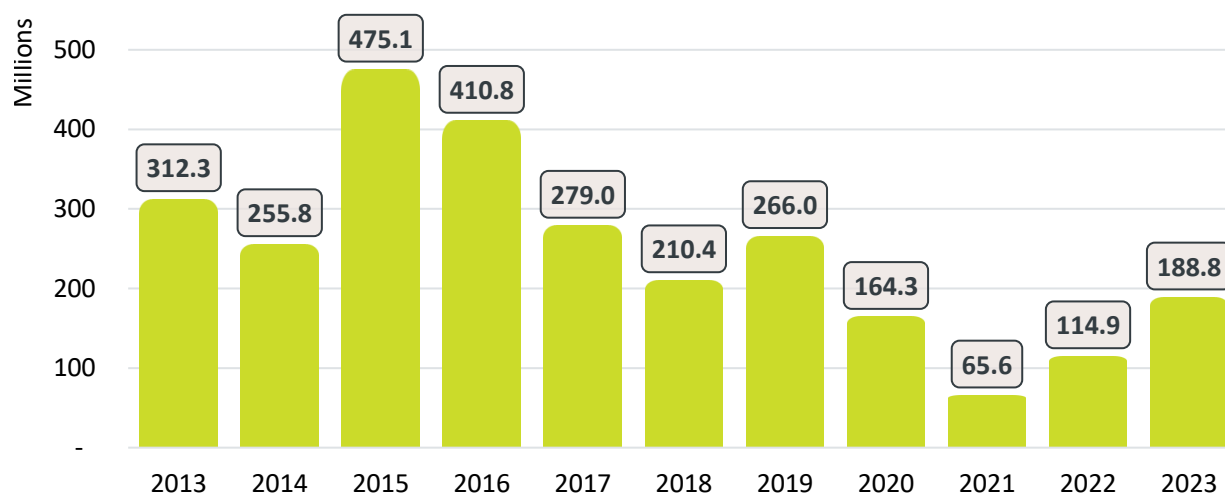


Table 1 CTF cumulative approvals and disbursements by MDB as of FY 2023

	Disbursement Ratio	Cumulative Funding			Disbursements in Fiscal 2023
		MDB Approvals	Disbursed	Undisbursed	
EBRD	73.7%	385.6	284.2	101.4	7.5 (+2.7%)
IFC	72.3%	245.6	177.6	68.0	4.4 (+2.5%)
AfDB	67.4%	617.7	416.3	201.4	0.9 (+0.2%)
IADB	63.0%	548.3	345.7	202.6	12.6 (+3.8%)
IBRD	59.0%	2,098.9	1,238.0	860.9	121.0 (+10.8%)
ADB	53.2%	898.3	478.2	420.2	42.5 (+9.7%)
Total	61.3%	4,794.4	2,940.0	1,854.4	188.8 (+6.9%)

Table 2 CTF disbursed and undisbursed amounts by MDB during the last 2 reporting periods

	As of June 30, 2023		As of December 31, 2022	
	Undisbursed	Disbursed	Undisbursed	Disbursed
IBRD	860.9	83.7	997.9	37.3
ADB	420.2	33.4	438.1	9.0
IADB	202.6	2.7	213.7	9.9
EBRD	101.4	6.8	75.8	0.6
IFC	68.0	1.8	44.6	2.6
AfDB	201.4	0.9	195.3	0.0
Total	1,854.4	129.3	1,965.4	59.5

2.2 Criteria 1

13. The following table represents projects where funds were committed four years ago by the TFC, but the projects are still not effective.

Table 3 Criteria 1 implementation risk project table

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Disbursement Ratio	Criteria 1	
										Effectiveness	Years since Committee Approval
Indonesia	Renewable Energy Program (REP)	IFC	36.9	9-Aug-17	-	-	100.0	0.0	0%	Not Effective	5.9 years
Regional	DPSP III: High Climate Impact for the Corporate Sector	EBRD	28.1	25-Jan-19	-	-	101.0	0.0	0%	Not Effective	4.4 years
Global	Utility Scale Solar Photovoltaic Sub-Program	IFC	25.9	1-Aug-15	-	-	35.0	0.0	0%	Not Effective	7.9 years
Total			64.9				201.0	0.0	0%		

Project Drop Offs from Previous Reports

14. A correction was made to AfDB - DPSP II: Concessional Finance Program for Geothermal Generation in Kenya, the effective date of October 31, 2020, was not being picked up by the system. The project is no longer flagged under any of the criteria.

2.2.1 *Projects Flagged in Past Reports*

2.2.1.1 IFC

1 IFC, Indonesia: Renewable Energy Program (REP)

🚩 Number of reporting periods this project has been flagged: 2 periods.

a. Reason(s) for delay

15. After several years of intensive work advancing a ground-breaking waste-to-energy project, progress came to a standstill in 2021 as COVID delays eventually derailed negotiations aimed at ensuring bankability improvements to the project agreements and adequate risk allocation between the project parties. Several other pipeline projects targeted by the REP have either been unable to proceed or are taking longer to develop due to regulatory changes and policy uncertainty in Indonesia.

b. Measures underway to accelerate implementation

16. To improve the deployment of CTF resources for private sector in Indonesia, IFC reallocated REP resources within its pipeline. CTF funding under the Program is expected to support an advanced and first RE + storage project for which IFC has secured a mandate for financing. Various measures are underway to accelerate implementation and IFC Board approval is now currently expected by June 2024.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 20% of CTF funds	By October 2024
Expected disbursement of CTF funds over the next 12 and 24 months	100% of the loan is expected to be drawn by December 2025

2.2.2 *Newly Flagged Projects*

2.2.2.1 EBRD

2 EBRD, Regional: DPSP III: High Climate Impact for the Corporate Sector

17. EBRD reports that almost 60% of committed funding has been disbursed as of the end of September 2023. This project will no longer be flagged for implementation risk in the next reporting period.

2.2.2.2 IFC

3 IFC, Global: Utility Scale Solar Photovoltaic Sub-Program

a. Reason(s) for delay

18. The Utility-Scale Solar PV Sub-Program was originally approved with USD 34 million Investment Funds, of which IFC already programmed USD 9 million to finance the Mozambique Mocuba Solar PV sub-project. The remaining funding will support a pipeline of up to 500 MW of solar PV projects in Tunisia that are expected to help kick-start the development of private sector financed RE projects in the country. The delay in Board approval resulted from several factors including: (i) protracted negotiations between the government, lenders and sponsors to ensure adequate risk allocation, (ii) cabinet reshuffles and changes within the government following the sudden death of the Tunisian President in July 2019, (iii) significant delays stemming from the COVID-19 pandemic beginning in March 2020, and (iv) suspension of Parliament in July 2021. Additionally, the rising cost of solar panels, energy inflation linked to the war in Ukraine, and the deteriorating macroeconomic situation in Tunisia led to a change in project economics from when the extremely competitive electricity tariffs were proposed by Sponsors.

b. Measures underway to accelerate implementation

19. IFC Board approval was obtained in December 2022 and the sub-project committed and signed the legal agreement for the IFC loan package (including CTF) in September 2023, after which the loan funds can now be disbursed for the project to start implementation.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 20% of CTF funds	By December 2024
Expected disbursement of CTF funds over the next 12 and 24 months	100% of the loan is expected to be drawn by March 2026.

2.3 Criteria 2

20. The following table represents projects that have been effective for 36 months but have disbursed less than 20% of program funds.

Table 4 Criteria 2 implementation risk project table

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Criteria 2	
									Disbursement Ratio	Months since Effectiveness
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	28-Oct-14	9-Jul-15	30-Jun-23	4.2	7.9	16.2%	96 months
India	Solar Rooftop PV	ADB	174.8	16-May-16	25-Jul-17	30-Jun-23	330.0	11.6	6.6%	71 months
Morocco	Noor-Midelt Phase 1 Concentrated Solar Power Project	AFDB	20.0	29-Jun-17	28-Oct-19	28-Dec-23	0.0	0.0	0.0%	44 months
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	28-Nov-12	3-Dec-14	30-Jun-23	116.0	0.0	0.0%	103 months
Mexico	Geothermal Financing and Risk Transfer Facility	IADB	34.3	15-Apr-14	29-May-14	3-Oct-23	54.3	3.4	10.0%	109 months
Mexico	DPSP: Geothermal Financing and Risk Transfer Facility	IADB	20.0	15-Apr-14	3-Oct-14	1-Jan-25	0.0	0.0	0.0%	105 months
Colombia	Utility Scale RE-geothermal	IADB	9.5	2-Nov-15	13-Dec-16	13-Dec-26	0.0	0.0	0.0%	79 months
Nicaragua	DPSP II: Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	9.5	2-Aug-16	15-Dec-16	15-Dec-23	51.4	1.7	18.0%	79 months
Indonesia	Geothermal Energy Upstream Development Project	IBRD	49.0	8-Mar-16	4-Aug-17	31-Dec-25	0.0	8.2	16.8%	71 months
Morocco	Morocco - Noor Midelt I	IBRD	25.0	29-Jun-17	6-Mar-20	28-Jun-24	240.0	0.0	0.0%	40 months
Türkiye	DPSP III: Energy Efficiency in Public Buildings	IBRD	50.0	24-Jun-19	16-Mar-20	30-Jun-26	150.0	3.3	6.6%	40 months
Total			466.1				945.9	36.2	7.8%	

2.3.1 Projects Flagged in Past Reports

2.3.1.1 ADB

4 ADB, Vietnam: Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3

🚩 Number of reporting periods this project has been flagged: 9 periods.

🚩 Amount disbursed during the reporting period: USD 3.5 million.

21. This project was also flagged under the fourth criterion (see below).

5 ADB, India: Solar Rooftop PV

🚩 Number of reporting periods this project has been flagged: 5 periods.

🚩 Amount disbursed during the reporting period: USD 0.3 million.

22. This project was also flagged under the fourth criterion (see below).

2.3.1.2 AfDB

6 AFDB, Morocco: Noor-Midelt Phase 1 Concentrated Solar Power Project

🚩 Number of reporting periods this project has been flagged: 4 periods.

🚩 Amount disbursed during the reporting period: nil.

23. This project was also flagged under the third criterion (see below).

2.3.1.3 IBRD

7 IBRD, Philippines: Cebu Bus Rapid Transit Project

🚩 Number of reporting periods this project has been flagged: 10 periods.

🚩 Amount disbursed during the reporting period: nil.

24. This project was also flagged under the fourth criterion (see below).

2.3.2 Newly Flagged Projects

2.3.2.1 IADB

8 IADB, Nicaragua: DPSP II: Geothermal Exploration and Transmission Improvement Program under the PINIC

25. This project was also flagged under the fourth criterion (see below).

9 IADB, Colombia: Utility Scale RE-geothermal

a. Reason(s) for delay

26. Project restructuring - Bancóldex asked for a reformulation of the program because the actual design of the program is not proactive with the developer.

b. Measures underway to accelerate implementation

27. The reformulation is in progress, in coordination with the country office.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed $\geq 20\%$ of CTF funds	March 2026
Expected disbursement of CTF funds over the next 12 and 24 months	Assuming the reformulation of the project is approved in March 2024, the disbursement will be in March 2025, 25% of the total funding CO-G1007 and in March 2026 the 50% of the total funding.

10 IADB, Mexico: DPSP: Geothermal Financing and Risk Transfer Facility

28. This project was also flagged under the fifth criterion (see below).

11 IADB, Mexico: Geothermal Financing and Risk Transfer Facility

29. This project was also flagged under the fourth criterion (see below).

2.3.2.2 IBRD

12 IBRD, Indonesia: Geothermal Energy Upstream Development Project

30. This project was also flagged under the fourth criterion (see below).

13 IBRD, Morocco: Morocco - Noor Midelt I

31. This project was also flagged under the third criterion (see below).

14 IBRD, Türkiye: DPSP III: Energy Efficiency in Public Buildings

32. This project was also flagged under the fourth criterion (see below).

2.4 Criteria 3

33. The following table represents projects that are within 15 months of their anticipated date of final disbursement but have disbursed less than 50% of program funds.

Table 5 Criteria 3 implementation risk project table

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Criteria 3			
									Disbursement Ratio	Months since Effectiveness	Months to Final Disbursement	Extension Granted
Morocco	Noor-Midelt Phase 1 Concentrated Solar Power Project	AFDB	20.0	29-Jun-17	28-Oct-19	28-Dec-23	0.0	0.0	0.0%	44 months	6 months	No
Regional	DPSP II: SEMed Private Renewable Energy Framework (SPREF)	EBRD	29.5	11-Feb-15	26-Nov-15	30-Sep-24	250.0	10.7	36.1%	91 months	15 months	No
Morocco	Morocco - Noor Midelt I	IBRD	25.0	29-Jun-17	6-Mar-20	28-Jun-24	240.0	0.0	0.0%	40 months	12 months	No
Total			74.5				490.0	10.7	14.3%			

2.4.1 Projects Flagged in Past Reports

2.4.1.1 AfDB

15 AFDB, Morocco: Noor-Midelt Phase 1 Concentrated Solar Power Project

- ✔ Number of reporting periods this project has been flagged: 4 periods.
- ✔ Amount disbursed during the reporting period: nil.

a. Reason(s) for delay

34. The project is facing delays outside the control of AfDB. Since the award, the implementing entity, Moroccan Agency for Sustainable Energy, has held various negotiations with the successful bidder to finalize all contractual documentation that are key to launching the procurement process and eventually starting disbursements.
35. Currently, the Power Purchase Agreement, the Engineering, Procurement and Construction Contract, the Interim and Long-Term Operations and Maintenance Contract, the Midelt I Specific Convention, and the Security documents have yet to be finalized and executed. The conclusion of these contracts is a condition precedent to the start of project implementation.
36. Fulfilment of these conditions was delayed due to a series of measures and restrictions related to COVID-19 that impacted all project stakeholders, creating uncertainties at the level of the value chain for several important components (e.g., solar PV modules).

b. Measures underway to accelerate implementation

37. Negotiations between key stakeholders are ongoing.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 20% of CTF funds	June 30, 2024
Expected disbursement of CTF funds over the next 12 and 24 months	<ul style="list-style-type: none"> • 12 months: 25% • 24 months: 55%

2.4.1.2 EBRD

16 EBRD, Regional: DPSP II: SEMed Private Renewable Energy Framework (SPREF)

- ✔ Number of reporting periods this project has been flagged: 2 periods.
- ✔ Amount disbursed during the reporting period: nil.

a. Reason(s) for delay

38. The main reason for the delay and a significant portion of funds remaining undisbursed is that these funds are yet to be Board approved. These funds had been allocated to

sub-projects under Tunisian state tender, and it took much more time to finalize these sub-projects compared to original expectations. More details on this can be found in the most recent extension request submitted for this programme.

b. Measures underway to accelerate implementation

39. The banking team is working closely with the clients and Tunisian authorities to finalize the sub-projects that will utilize the remaining undisbursed funding.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of CTF funds	
Expected disbursement of CTF funds over the next 12 and 24 months	Remaining undisbursed funding will either be fully disbursed over the next 12 months or will be cancelled.

2.4.2 Newly Flagged Projects

2.4.2.1 IBRD

17 IBRD, Morocco: Morocco - Noor Midelt I

a. Reason(s) for delay

40. For Noor Midelt 1, the signing of the PPA between MASEN and ONEE was blocked due to ONEE’s reluctance to pay the full cost of the CSP project component arguing that it was too expensive and/or not needed. The King of Morocco chaired a meeting in November 2022, in which it was decided to move forward with the project implementation without fully dropping the CSP part, and consequently the second PPA was signed in December 2022. Negotiations are underway with the developer who is claiming a tariff increase due to escalation of material costs internationally.
41. The Noor Midelt 2, the selection process under revised technical specifications to achieve more competition and value for money restarted in July 2023. This process resulted in the prequalification of 6 bidders, to which the RfP will be sent shortly.

b. Measures underway to accelerate implementation

42. During the midterm review mission undertaken during June 2023, the bank conveyed the message to MASEN that if Noor Midelt 1 doesn’t reach financial close by end of 2023, the bank will cancel its financing for the project. For Noor Midelt 2, the bank informed MASEN of its intention to withdraw from the project financing due to the delay registered so far, which make it impossible to be completed within the project timeline.
43. For Noor Midelt 1, MASEN informed the mission that negotiations with developers EDF, Masdar, and Green of Africa have resulted in an offer that would lead to a essentially

unchanged tariff level, although there would be an increase in the turnkey contract (EPC) cost, with the same electricity production profile, provided that the capacity of Concentrated Solar Power (CSP) production is reduced from 190 MW to 50 MW, adding storage batteries, and possibly extending the Power Purchase Agreement (PPA) duration from 25 years to 30, or even 35 years. At this stage, MASEN would like to know if the World Bank has no objection to this change, particularly from a procurement perspective; consequently, it will invite the International Financial Institutions involved in the project for an information meeting towards the end of September 2023. The World Bank will review this proposal internally and share its opinion with MASEN.

44. For Noor Midelt 2, and following the midterm review mission in July 2023, the Bank informed MASEN on its intention to withdraw from the project financing. Options for reallocating the USD 100 million from Noor Midelt 2 were also discussed and will be examined in more detail once Noor Midelt 1 gains visibility by the end of 2023.

c. Disbursement Timeframes

<p>Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds</p>	<p>If Noor Midelt 1 reaches financial close by end of 2023, we might expect the project to disburse USD 12.5 million during the first semester of 2024.</p> <p>No disbursement is expected from Noor Midelt 2 as the bank’s position is to withdraw from the project financing.</p>
<p>Expected disbursement of CTF funds over the next 12 and 24 months</p>	<p>If Noor Midelt 1 reaches financial close by end of 2023, we might expect the project to disburse USD 12.5 million during the first semester of 2024.</p> <p>No disbursement is expected from Noor Midelt 2 as the bank’s position is to withdraw from the project financing.</p>

2.5 Criteria 4

45. The following table represents projects with extensions on their anticipated date of final disbursement, but have disbursed less than 50% of program funds.

Table 6 Criteria 4 implementation risk project table

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Revised Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Criteria 4				
									Disbursement Ratio	Months since Effectiveness	Months to Final Disbursement	Extension Granted ³	
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3	ADB	50.0	28-Oct-14	5-May-17	30-Jun-23	64.8	15.9	31.8%	74 months	PAST DUE	Yes	6 months
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	28-Oct-14	9-Jul-15	30-Jun-23	4.2	7.9	16.2%	96 months	PAST DUE	Yes	49 months
India	Rajasthan Renewable Energy Transmission Investment Program (Multi-tranche Financing Facility / MFF)	ADB	194.9	29-Jul-13	6-Nov-14	25-Sep-23	300.0	73.5	37.7%	104 months	3 months	Yes	21 months
India	Solar Rooftop PV	ADB	174.8	16-May-16	25-Jul-17	30-Jun-23	330.0	11.6	6.6%	71 months	PAST DUE	Yes	18 months
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	28-Nov-12	3-Dec-14	30-Jun-23	116.0	0.0	0.0%	103 months	PAST DUE	Yes	21 months

³ Extensions less than 1 year are highlighted in green, less than two years in orange and any extensions greater than two years are highlighted in red.

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Revised Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Criteria 4				
									Disbursement Ratio	Months since Effectiveness	Months to Final Disbursement	Extension Granted ³	
Ukraine	Second Power Transmission Project	IBRD	48.4	4-Nov-14	9-Jun-15	31-Dec-23	332.5	13.5	27.9%	97 months	6 months	Yes	39 months
India	Shared Infrastructure for Solar Parks - Phase I	IBRD	17.5	13-Jan-16	31-Jan-18	30-Jun-24	75.0	8.0	45.6%	65 months	12 months	Yes	20 months
Mexico	Geothermal Financing and Risk Transfer Facility	IADB	34.3	15-Apr-14	29-May-14	3-Oct-23	54.3	3.4	10.0%	109 months	3 months	Yes	31 months
Nicaragua	DPSP II: Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	9.5	2-Aug-16	15-Dec-16	15-Dec-23	51.4	1.7	18.0%	79 months	5 months	Yes	21 months
Indonesia	Geothermal Energy Upstream Development Project	IBRD	49.0	8-Mar-16	4-Aug-17	31-Dec-25	0.0	8.2	16.8%	71 months	30 months	Yes	33 months
Türkiye	DPSP III: Energy Efficiency in Public Buildings	IBRD	50.0	24-Jun-19	16-Mar-20	30-Jun-26	150.0	3.3	6.6%	40 months	36 months	Yes	6 months
Total			702.3				1,478.2	147.1	20.9%				

2.5.1 Projects Flagged in Past Reports

2.5.1.1 ADB

18 ADB, Vietnam: Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3

- 🚩 Number of reporting periods this project has been flagged: 9 periods.
 - 🚩 Amount disbursed during the reporting period: USD 3.5 million.
46. At the government's request, the ADB (ADF) loan 3235 was closed in May 2020. After the anticipated 2019 closure of CTF loan 8291, ADB retroactively extended CTF loan to June 2023. ADB stated in the last Risk Report that it expected to extend CTF loan to December 2025, but ADB now plans to extend it to June 2026.
- a. Reason(s) for delay
47. The project was delayed due to: (i) the changes compared to the original scope of work to align it with a number of other domestically funded work components along the project corridor, and (ii) heavy dependency on the Ha Noi Metro Rail System Project (Line 3: Nhon-Ha Noi Station Section) where most of this project's civil works can only be constructed once the Line 3 station construction work is near to its completion, particularly at underground stations.
48. In 2020, the loan closing date was first extended from June 30, 2019 to June 30, 2023, following the extended loan closing date of the financing of main metro line 3 project to June 30, 2023.
- b. Summary of MDB's cancellation guidelines and rationale for not canceling the project
49. The instructions on loan cancellation by ADB can be found in ADB's Project Administration Instructions (PAI) 4.02, paras. 11-16. However, in this case, ADB's PAI 4.03, paras. 8-15, the instructions relating to loan closing date extension, would be more relevant. According to the PAI 4.03, para. 9, the loan closing date can be extended if it is justifiable to achieve the project outcome and outputs.
50. The rationale for not cancelling the project is: (i) the causes of the delay have been removed after extensive consultation with the government (see section c), and (ii) the project is progressing with the following measures (see section c) agreed between ADB and the counterparty.
51. The Ha Noi People's Committee (HPC) and Ha Noi Transport Construction Investment Project Management Unit (HTPMU) are committed to completing the project. Buses to be procured under the project will be electric buses, fully aligning with the government's aspiration for the transition to green energy and mitigation of GHG

emissions from transport sources. The second loan extension enables the project to fully achieve its outcome and outputs. The government's planned loan extension until June 2026 is to ensure this is the final loan extension.

c. Measures underway to accelerate implementation:

52. The following actions are being undertaken to further catch up the delay.
- (i) Dependency on the Ha Noi Metro Rail System Project (the Line 3 project) was significantly reduced. ADB agreed with HTPMU on a new demarcation of works between the present project and the Line 3 project. HTPMU carved out three civil works packages totaling USD 4.1 million awaiting the Line 3 project progress, thereby allowing the remaining civil works of USD 10.2 million to proceed immediately. HTPMU awarded USD 8.7 million in December 2022 and will award the remaining USD 1.5 million within Q3 2023.
 - (ii) For buses and equipment purchase (estimated USD 15.6 million to USD 28.7 million), HTPMU is at shortlisting stage for a consultant to design the bus system (estimated USD 0.6 million). After finalizing the design, in 2024 HTPMU will procure a supplier for delivery, and testing and operation in 2025. HTPMU expects completion of the separated USD 4.1 million civil works packages by Q4 2025. ADB and HPC regularly review and discuss measures to accelerate the progress.
53. ADB closely monitors the progress and regularly discusses any measures to accelerate the progress. ADB Country Director expressed his concerns on the slow progress to high-level government authorities during the ADB country portfolio review meeting and to the HPC leader at this project's groundbreaking ceremony in October 2022. The government and HPC leader reiterated their commitment to extend the project completion date in order to achieve the desired results. On June 23, 2023, the Ministry of Finance requested the Prime Minister to consider the second extension of the loan closing date until June 30, 2026. Upon receipt of the official request from the government, ADB will promptly proceed with internal approval process to mitigate implementation delays.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	ADB had anticipated that by 2022, 20% of CTF loan amount would be disbursed, however this did not occur. The project team estimates that more than 50% of CTF funds will be disbursed by the end of Q3 2025. The disbursement could be earlier depending on the actual contract value for bus and equipment. As of June 30, 2023, total disbursements reached USD 7.9 million (16%).
Expected disbursement of CTF funds over the next 12 and 24 months	<p>In the January 2022 Risk Report, ADB projected the following:</p> <ul style="list-style-type: none"> ▪ 12-month projection: USD 3.2 million ▪ 24-month projection: USD 15.6 million <p>In the June 2022 Risk Report, ADB updated their projection to:</p> <ul style="list-style-type: none"> ▪ 12-month projection (April 2022–end March 2023): USD 5.2 million ▪ 24-month projection (April 2022–end March 2024): USD 21.1 million <p>As of December 31, 2022 ADB updated their projection to:</p> <ul style="list-style-type: none"> ▪ 12-month projection (to December 31, 2023): USD 9.5 million to USD 10.5 million ▪ 24-month projection (to December 31, 2024): USD 15.6 million to USD 18.8 million <p>The funds can be fully disbursed before mid-2026. This is subject to an official government request and ADB approval of a second extension of CTF loan agreement’s closing date from June 30, 2023 to June 30, 2026.</p>

19 ADB, Vietnam: Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3

- 🚩 Number of reporting periods this project has been flagged: 5 periods.
- 🚩 Amount disbursed during the reporting period: USD 15.4 million.

a. Reason(s) for delay

54. The Construction Package 03 (CP03) contract was signed on October 30, 2015, but the works only commenced in February 2017 due to delayed site handover. The contract progressed for 4.5 years until the contractor suspended their works on July 31, 2021, due to the employer’s failure to comply with its material contractual obligations, including site access and payments, followed by a notice of contract termination submitted by the contractor on October 30, 2021. The actual physical progress of the

package is 36.4% as of May 25, 2023. The project's disbursement arrangement made the original ADB OCR loan disburse prior to the additional financing loan in which CTF fund is allocated.

b. Summary of MDB's cancellation guidelines and rationale for not canceling the project

55. The instructions on loan cancellation by ADB can be found in ADB's Project Administration Instructions (PAI) 4.02, paras. 11-16. However, in this case, ADB's PAI 4.03, paras. 8-15, the instructions relating to loan closing date extension, would be more relevant. According to the PAI 4.03, para. 9, the loan closing date can be extended if it is justifiable to achieve the project outcome and outputs.

The rationale for not cancelling the project is:

- (i) the causes of the delay have been removed (see section c), and
 - (ii) CTF funds disbursement was accelerated by front-loading it over the original ADB OCR loan.
56. All the project co-financiers, i.e., AFD, DGT and EIB, support the extensions of their financing agreements to complete the project.

c. Measures underway to accelerate implementation

57. In 2022, ADB facilitated the negotiation between the CP03 contractor and HPC, and successfully reached agreement on the following two pending items for resumption of the works. The contractor gradually resumed the works from October 26, 2022, and fully from 16 March 2023. The parties are addressing the remaining issues.
- (i) Access to the site. HPC resolved with the relevant authorities to complete the pending land acquisition and compensation for the underground section and enabled the contractor to access the site of the underground section as required by the contractor in October 2022.
 - (ii) Claims for Additional Payment and Extension of Time. A dispute board (DB) triggered an effective resolution in addition to the resolution by the Engineer's determination.
58. On April 26, 2022, the DB issued its decision on the dispute related to the 1st claim, and the payment was made.
59. On August 15, 2022, the DB issued its decision on the methodology for calculation of the quantum under the dispute related to the 2nd claim, and accordingly the contractor submitted claim amounts of USD 8 million for the Engineer's determination, and the payment was partially made.
60. For the 3rd claim, on September 15, 2022, the Engineer determined an extension of time of 56.3 months, i.e., a new completion date of 31 October 2026, and accordingly

determined a correspondent additional payment of USD 14.2 million, and the payment was made.

d. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	<p>The project team estimates that more than 50% of CTF funds will be disbursed by December 31, 2023. As of June 30, 2023, total disbursements under Loan 8302 have reached USD 15.9 million (31.8%).</p> <p>As of July 19, 2023, total disbursements under Loan 8302 reached USD 18.6 million (37.2%).</p>
Expected disbursement of CTF funds over the next 12 and 24 months	<p>ADB expects that USD 28.0 million to USD 35.0 million of CTF funds will be disbursed by December 31, 2023 (next 12 months), and CTF funds will be fully disbursed by June 30, 2024 (next 24 months). This is subject to the government's official request and ADB's approval of a second extension of CTF loan agreement's closing date. The government is internally reviewing an optimal option of the second loan extension to ensure this is a final extension, i.e., 2-year extension.⁴</p>

20 ADB, India: Solar Rooftop PV

- 🚩 Number of reporting periods this project has been flagged: 5 periods.
- 🚩 Amount disbursed during the reporting period: USD 0.3 million.

a. Reason(s) for delay

61. The project executing agency, Punjab National Bank (PNB), has been unable to implement the program effectively due to internal reasons. While PNB had the demonstrated capacity at the time of its inclusion in the program to develop a dedicated team to implement solar rooftop financing, it took a long time in adopting the institutional policy and guidelines. Despite the institutional commitment, a systematic approach was not in place at an early stage and there was lack of staff assignments dedicated to the program implementation.
62. PNB was also embroiled in financial fraud cases in 2018, which resulted in changes in PNB management. While project implementation is not related to these cases in any way, PNB management's focus was shifted to restructuring and stabilizing the core banking operations rather than implementing the solar rooftop program.

⁴ ADB approved the extension of the project, Ha Noi Sustainable Urban Transport Program - Project 1, to December 31, 2027.

b. Summary of MDB's cancellation guidelines and rationale for not canceling the project

63. Due to slow progress in utilizing the disbursed funds and pipeline build up, ADB has had a series of consultations with the Government of India. As a result, ADB suspended and canceled the Multi-tranche Financing Facility (MFF) tranche containing CTF loan of USD 90.5 million toward PNB effective June 2021 as per the relevant ADB guidelines.
64. The remaining portion of first tranche of USD 9.5 million is utilized and closed effective November 2022.⁵ To still achieve the MFF's intended outcome of increased solar rooftop capacity, the government of India requested ADB to include both the State Bank of India (SBI) and National Bank for Agriculture and Rural Development (NABARD) as additional borrowers and executing agencies under this MFF for the remaining program implementation. These financial institutions are expected to take over the program implementation, based on their:
- (i) historical record of solar rooftop financing;
 - (ii) proven technical and financial capacity to identify and promote similar projects; and
 - (iii) subproject pipeline being tied up with key state entities. SBI and NABARD have already agreed in principle to take over implementation with necessary approvals from government side are in placed as well.
65. ADB board approved a major change of the MFF facility that is proposed for restructuring with the additional borrowers and an extension of the MFF availability period for 3.25 years on July 04, 2023. With this change, the program's outputs and outcome are still achieving the original impact. There are no substantial and material changes in the MFF program in relation to the following aspects: (i) the strategic direction of the road map; (ii) the policy framework that ensures the viability or sustainability of the program; (iii) the sector covered by the investment program; and (iv) the investment types contemplated under the investment program.

c. Measures underway to accelerate implementation

66. ADB has been collaborating with a number of focal state power distribution companies and state governments in India, and their nodal renewable energy development agencies with the aim of aligning financing available under the MFF with the investment needs of the focal states. These state entities have specific targets to install rooftop solar systems and plan to invest them by themselves or help private investors recover investment costs through electricity bills to the customers. These arrangements with state entities will improve credit risk profile of the residential rooftop solar investments. They are allowed to aggregate a larger number and size of rooftop solar systems and sell solar power in bulk to distribution companies.

⁵ Utilization is reflected in CTF Annual Result Report across all CTF core indicators based on annual outputs.

67. Eventually, this business approach can benefit distribution companies in
- (i) reducing distribution losses, especially from the residential customers;
 - (ii) meeting the regulatory requirements of renewable purchase obligations; and
 - (iii) procuring additional solar power without losing the existing retail customers.

Thus, the program's focus has been shifted from the financial institution's own initiative to the state entity's partnership towards subsequent program implementation.

68. Based on the focal state development approach, SBI and NABARD have identified pipelines of residential solar rooftop subprojects to finance. They are among the best-performing public financial institutions in India with sound and comprehensive corporate governance systems. Each institution's financial position is adequate in terms of capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk—following ADB's guidelines. SBI has already financed solar rooftop facilities equivalent to 600 megawatts (MW) with the World Bank, and NABARD has also been financing similar facilities that is equivalent to 267 MW with the Green Climate Fund. Both SBI and NABARD have project implementation units whose staff are familiar with solar rooftop subproject pipeline development and implementation. To expedite the operations, they plan to on-lend to other nonbanking financial companies widely to support solar rooftop financing needs, along with their housing loans. It is possible for them to provide their borrowers with longer financing terms than other commercial banks in similar transactions. ADB is simultaneously processing balance of original first tranche (i.e. USD 90.5 million) as second tranche with SBI, and original second tranche of USD 150 million as third tranche with NABARD to accelerate implementation of the program.

d. Disbursement Timeframes

<p>Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds</p>	<p>ADB is processing the above options for continuing to implement the MFF with additional borrowers.⁶ Restructuring of the MFF is processed accordingly. Two tranches being processed, each with SBI and NABARD, simultaneously to accelerate implementation of the program. Upon approval and signing of these two tranches, a clearer implementation timeline and disbursement estimates will be shared.</p>
<p>Expected disbursement of CTF funds over the next 12 and 24 months</p>	<p>See above</p>

⁶ [Solar Rooftop Investment Program: Major Change in Facility \(adb.org\)](https://www.adb.org/projects/507011230000000000/operations)

21 ADB, India: Rajasthan Renewable Energy Transmission Investment Program (Multi-tranche Financing Facility / MFF)⁷

- ✔ Number of reporting periods this project has been flagged: 5 periods.
 - ✔ Amount disbursed during the reporting period: nil.
69. The Government of Rajasthan (GOR) deferred the implementation of proposed subprojects under RRETIP multi-tranche financing facility (MFF) transmission investments.
70. Following extensive consultations, the Department of Economic Affairs, Ministry of Finance Govt. of India, has advised ADB to drop the processing of envisaged Tranche 3 under the MFF and to close MFF. Therefore, the MFF amount, including the remaining USD 110 million of CTF funds will be cancelled with the closure of MFF. ADB due process will be followed, and these funds will be returned to CTF. These funds have now been returned and this project will no longer be flagged.

2.5.1.2 IBRD

22 IBRD, Philippines: Cebu Bus Rapid Transit Project

- ✔ Number of reporting periods this project has been flagged: 10 periods.
 - ✔ Amount disbursed during the reporting period: nil.
71. The initial date for the final disbursement was October 1, 2021. Another extension is planned to push the final disbursement date into 2025. Although the project has not shown any disbursements from CTF side, the project has disbursed USD 26.6 million or about 23% of IBRD funding.
- a. Reason(s) for delay
72. The project was substantially delayed in the initial years, due to changes in leadership at the national and local levels following elections in June 2016 which put project implementation on hold for an extended period, and the consequent delays in procurement and mobilization of key consultants. Even after the implementation resumed in September 2018, the project once again faced delays as the COVID-19 pandemic and the quarantine protocols limited deployment of international and local consultants in the field and slowed down the activities of the government staff involved in the project.
73. Considering these delays, the first restructuring (approved in June 2021) extended the project loan closing date by two years, up to June 30, 2023. Subsequently, the project made some progress in engaging key consultants. This momentum, however, was soon

⁷ As of October 4, 2023, CTF resources of USD 110 million was cancelled.

lost due to frequent staff turnover in the Department of Transportation (DOTr, the project implementing agency) and delays in filling critical positions at the project leadership level, and the absence of regular allocations from the annual budget of the GOP, which, in turn, delayed the procurement of and/or payments to the key consultants. Furthermore, the initial round of procurement for the first civil works package (Civil Works Package 1 or CW1) failed due to non-responsive bids, and the contract with the DED consultant was suspended for a prolonged period.

b. Summary of MDB's cancellation guidelines and rationale for not canceling the project:

74. In the last 15 months, the Cebu BRT project has shown significant implementation progress. During the latest Implementation Support Mission in November 2022, a notable improvement was observed in the performance of the project, especially since the new administration following elections assumed office in July 2022. The project secured the budget allocation for CY2022, CW1 had been awarded and a dedicated Project Manager was appointed at the DOTr - BRT National Program Management Office (NPMO). Also, a critical amendment to the contract of the Engineering Design has been processed, thereby clearing the path of expediting the completion of the design of the civil works package. The project also received strong endorsement and support from all levels of the government: President Marcos mentioned Cebu BRT as a priority project in his first State of the Nation Address, the Mayor of Cebu City reaffirmed his commitment and support to the project and the Cebu Provincial Council's accorded approval for the revised project scope.
75. Based on these positive developments, the rating of the Implementation Progress was upgraded from "Moderately Unsatisfactory" to "Moderately Satisfactory" At the same time, it became clear that a substantial portion of the project activities will not be completed by the closing dates of the loan financing from CTF and WB (June 30, 2023). Furthermore, the project has been progressing in its implementation with 23% of IBRD's funding disbursed as of July 2023.
76. In the meantime, considering the need for extension of the closing date, the Task Team has prepared a memo for the restructuring and extension of loan closing date to December 2025 in coordination with the Country Management Unit and has secured RVP's in-principle approval for the same.

Implementation Progress since the last reporting period:

77. On June 29, 2023, the Department of Finance (DOF) requested only an extension of the closing date of the IBRD and CTF loans supporting the project to December 31, 2025, and informed that the project restructuring will be subject to the review and approval of the Investment Coordination Committee-Cabinet Committee (ICC) depending on

Department of Transportation's compliance, within 3-4 months of the remaining requirement for the proposed restructuring request.

78. Subsequently, on June 30, 2023, the project was restructured, wherein the closing date was extended by three months, to allow the Government of Philippines (GOP) to submit a request for restructuring to reflect the current scope/design as agreed during the Mid Term Review (MTR), with due revisions to (a) the component description and the results framework to better reflect the current scope/design, outputs and outcomes; and (b) the financing plan and loan category allocation table to ensure the availability of funds for each of the balance activities, along with the amounts to be financed by each of the development partners and the Government. Such a restructuring and revisions are necessitated to reflect the changes to the concept design of BRT infrastructure and system that were agreed during the MTR and corresponding revisions to the estimates of ridership, savings in annual GHG emissions and total project cost since appraisal in 2013.
79. Since June 30, 2023, implementation further progressed with the achievement of physical progress of about 22% in the Civil Works Package 1, and preparation of the first draft of design and bidding documents for the Civil Works Packages 2 and 3.
80. Considerable progress has also been made by the government in expediting the process for securing necessary approvals for restructuring the project in alignment with the scope/design agreed during the MTR. On September 14, 2023, the DOF requested the Bank to initiate amendment of the IBRD Loan Agreement and CTF Loan Agreement, to reflect inter alia the Project Description as per the MTR revised scope and revised allocation of the loan proceeds for the adjusted project activities as indicated in the DOTr' submission to the National Economic and Development Authority (NEDA)⁸ and ICC-CC. DOF also requested the Bank to issue the requisite amendment letter and informed that the letter will be countersigned by the Borrower upon ICC approval and NEDA Board confirmation of the proposed restructuring, expected to be received in mid- October 19, 2023.
81. In view of the above, the Bank has recently processed another short extension of the closing date of the project by 4 months (December 2023), to allow time for the government to secure the internal approvals and submit a formal request for restructuring the project in keeping with the MTR scope and extending the closing date to December, 2025.
82. As per the World Bank's Directive for Investment Project Financing, either the World Bank or the Borrower may decide to cancel an unwithdrawn amount of Loan in

⁸ NEDA - the National Economic and Development Authority - is the country's premier socioeconomic planning body, with a mandate to review the implementation of all projects financed through Official Development Assistance (ODA).

accordance with the provisions of the Loan legal agreement signed between the World Bank and the recipient. In addition, the World Bank may suspend the right of the borrower to make withdrawals from the loan account under specific conditions which will then lead to cancellation of the loan amount. As these conditions are not applicable to the project at hand, it does not warrant a cancellation or suspension of funds by the World Bank. Moreover, as previously stated, the situation faced by the World Bank’s regional team is a delay in disbursement of CTF funding due to a delay in implementation.



c. Measures underway to accelerate implementation

- 83. DOTr and The World Bank and AFD have prepared A detailed action plan for completing all key activities by the proposed extended loan closing date (December 2025) and is monitoring it regularly. The project has continued to improve its performance with notable progress on key elements of the detailed action plan which were envisaged to be either completed or have made substantial progress by now.

d. Disbursement Timeframes

<p>Estimated timeframe within which the project will have disbursed ≥ 50% of CTF funds</p>	<p>The World Bank expects 20% of CTF funding disbursed by Q1 if FY 25.</p> <p>During the last reporting period, the World Bank estimated that CTF disbursement would reach 46% by the end of calendar year 2022 and 91% during 2023; however, given the slow progress of the project, the World Bank revised the estimate 20% during 2023. This did not occur either. The World Bank now estimates that USD 5 million will be disbursed by Q3 2024.</p>
<p>Expected disbursement of CTF funds over the next 12 and 24 months</p>	<p>Over the next 12 and 24 months, USD 5 million and USD 20 million of CTF funds are expected to be disbursed.</p> <p>Two reporting periods ago, the World Bank estimated disbursements to reach USD 11 million by the end of 2022 and USD 23 million by the end of 2023. It then revised these estimates in June 2022 to USD 4 million by the end of 2022 and USD 15 million by the end of 2023.</p> <p>The World Bank now estimates that USD this to USD 0.5 million by the end of FY 2024 and USD 10 million by the end of FY 2025.</p>

23 IBRD, India: Shared Infrastructure for Solar Parks - Phase I

-  Number of reporting periods this project has been flagged: 5 periods.
-  Amount disbursed during the reporting period: USD 2.1 million.

a. Reason(s) for delay

- 84. Disbursements were impacted due to a condition requiring the acceptance of the project’s operations manual before disbursements could occur. This disbursement condition is now lifted and the cumulative disbursement of about USD 7.5 million is expected soon.
- 85. This project has created substantial private sector leverage, upwards of 22 times directly and upwards of 40 times when include technical assistance and other activities. This project is important to continue as 1500 MW solar parks are already under construction. So, the project will need to support these solar parks till commissioning.

b. Measures underway to accelerate implementation:

- 86. Restructuring package has been approved to reduce CTF funding from USD 25 million to USD 17.5 million, extend the closing date from July 2023 to June 30, 2024, and revise the results framework.
- 87. Process to lift the disbursement condition for the new solar parks is completed now.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of CTF funds	
Expected disbursement of CTF funds over the next 12 and 24 months	USD 19.15 million

24 IBRD, Ukraine: Second Power Transmission Project

- 🚩 Number of reporting periods this project has been flagged: 7 periods.
 - 🚩 Amount disbursed during the reporting period: USD 1.1 million.
- 88. The World Bank reports that the amount of disbursed CTF funds substantially increased by USD 22 million in FY24, therefore this project will no longer be flagged in the next reporting period.

a. Reason(s) for delay

- 89. The Project has been significantly affected by Russia’s invasion of Ukraine, causing significant delays in the implementation due to inability to enter the projects sites. All substation contracts were declared as force majeure immediately after the start of the invasion. Since then, the contractors have not been able to enter the sites. The situation further deteriorated when military attacks targeted transmission substations in October 2022. Many substations including the project substations, namely Zhytomyrska, Sumy, and Rivne, were damaged due to these attacks. Closing dates of most of the contracts have been extended to December 2023. The World Bank is in the process of

extending the closing date to June 2025. The Bank RVP's in-principle agreement for the extension was obtained in April 2023.

b. Measures underway to accelerate implementation

90. The Bank has introduced regular online meetings with the Ukrenergo PIU to expedite the implementation.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	As of 30 sept 2023, the cumulative disbursement holds at 75% surpassing the 50% threshold.
Expected disbursement of CTF funds over the next 12 and 24 months	The World Bank expects the project to be fully disbursed in 24 months, see timeline below

In millions of USD

Dec. 31, 2023	Mar. 31, 2024	June 30, 2024	Sept. 30, 2024	Dec. 31, 2023
7.0	1.4	2.6	1.9	0.7

2.5.2 Newly Flagged Projects

2.5.2.1 IADB

25 IADB, Nicaragua: DPSP II: Geothermal Exploration and Transmission Improvement Program under the PINIC

a. Reason(s) for delay

91. The three bidding processes to hire a drilling company for the commercial diameter wells have failed. Drilling companies have displayed limited enthusiasm for engaging in the bidding processes, despite our invitations to participate in the tendering process. Several factors underpin this reluctance, including the global energy landscape, which has prompted these companies to prioritize existing projects and hydrocarbon development efforts. Additionally, Nicaragua's country risk context has contributed to the subdued response from potential bidders. In 2018, Nicaragua experienced a socio-political crisis that limited the IDB Group's approval of new investment operations, limiting interventions in humanitarian aid, basic needs, and contingency care. The crisis has continued due to problems of imprisonment of political opponents and representatives of the Church, and the closure of some Universities in the country.

b. Measures underway to accelerate implementation

92. A new bidding process has been structured. The executing agency decided to make a memorandum of understanding with the Electricity Power Costa Rican Institute (ICE) to support the preparation of bidding documents, and the project management. In

addition an independent firm has been hired to support the executing agency to double check ICE and executing agency work. The executing agency has implemented an action plan to speed up execution.

93. The Ministry of Energy and Mines, executor of the program, signed a collaboration agreement with the Costa Rican Institute of Electricity (ICE), which will carry out a large tender for drilling commercial wells, also incorporating those from Nicaragua. Additionally, the Nicaraguan Government has carried out greater promotion of the program to potential bidders.

c. Disbursement Timeframes

94. The IDB Group expects that USD 6 million will be disbursed by March 2024. This is tied to the results of the bidding process to hire the drilling of commercial diameter wells.

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	Until July 2024.
Expected disbursement of CTF funds over the next 12 and 24 months	USD 4.4 million in the next 12 months and USD 9.4 million for the second year.

26 IADB, Mexico: Geothermal Financing and Risk Transfer Facility

a. Reason(s) for delay

95. The implementation of the Investment Grant for the Geothermal Financing and Risk Transfer Program faced delays outside IDB control that were linked to policy changes of the Mexican government. In December 2018, the federal government of Mexico changed, and the new government, under its authority, halted the project to analyze the feasibility of its continuation. Government reviews and the IDB’s process of explanation and negotiation lasted until the end of 2021. Now the IDB and participating government agreed on continuing the Program. Advance is made on selecting the geothermal sites that are going to receive the support and launch two bidding processes to contract drilling services, however both processes have resulted in non-participation.

b. Measures underway to accelerate implementation

96. The bidding process for contracting drilling services has been launched for the third time, it is planned to have the drilling firm during 2023 and start the drilling wells in 2024 first quarter. Once the second bidding process was completed, various interviews were conducted with the companies that had shown interest to understand the reasons for their non-participation. Consequently, a thorough review of the bidding documents was conducted, and substantial changes were implemented. The main changes were:
- i) the areas were divided into two lots so that bidders could decide to participate in one or both;

- ii) the number of wells was reduced to five to align with market costs; and
- iii) adjustments were made to the types of bank guarantees and bonds requested by the contractor.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	First disbursement expected in Q1 2024 (18 months)
Expected disbursement of CTF funds over the next 12 and 24 months	70%

2.5.2.2 IBRD

27 IBRD, Türkiye: DPSP III: Energy Efficiency in Public Buildings

a. Reason(s) for delay

97. Disbursements of the Climate Technology Fund (CTF) Loan for the Türkiye Energy Efficiency in Public Buildings (P162762) has been slower than originally planned with USD 0.9 million disbursed to date for the loan. The low disbursements are primarily due to the adverse economic conditions globally and in Türkiye. Türkiye was one of the countries hit hard by the series of global crises that followed the COVID-19 outbreak. The annual inflation rate soared to a record high at 85.5% in October 2022 against the steep depreciation of the Turkish Lira, which continues today, declining by more than 80% against the US dollar over the last five years. A series of intertwined factors have contributed to constraining investments, including:
- i) Fluctuations in material, equipment, and energy prices caused some measures from the approved energy audit to be either uneconomical or less attractive, making several projects ineligible for CTF loan, which has a specified payback period of 12 – 20 years.
 - ii) Uncertainties in both global and domestic supply chains caused some energy service providers (ESCOs) and contractors to either submit exorbitant bids, 2-3 times the government cost estimates, or not bid at all, resulting in several cancelled tenders.
 - iii) As an underlying factor, the lack of awareness and capacity for ESCOs to undertake full building renovations has been stalling the implementation of Component 1b on ESCO investments. Out of six ESCO tenders issued, only one contract could be signed. The increased market volatility added to ESCOs reluctance to take risks.

b. Measures underway to accelerate implementation

98. A project restructuring aimed to address the major barriers to project implementation was developed in May 2023 and approved in September 2023. The restructuring measures that would help accelerate CTF loan disbursement include:

- i) **Revision of deep renovation criteria.** A part of CTF loan was allocated to support ‘deep renovations’ under Component 1a, defined as ‘renovation with energy savings of at least 30% and a payback period of 12-20 years.’ As the volatile global energy and supply costs made several renovations unqualified for the criteria, to facilitate the use of CTF loan and encourage deep renovations, the definition will be revised to ‘*deeper renovation investments that reduce energy use in buildings by at least 40 percent.*’
- ii) **Revision to the “NZEB” definition.** When the project began, the government did not have a near zero energy building (NZEB) definition, so the project had to define one. Since then the government has published a definition, which is a bit more flexible than the proposed project definition. This new definition will help increase CTF loan utilization under Component 1c.
- iii) **Reallocation of IBRD and CTF loan proceeds.** Taking into account the prevailing market conditions combined with the lack of awareness and capacity for ESCOs to undertake full building renovations, all of the IBRD loan and a portion of CTF loan dedicated to Component 1b will be reallocated to other components (1a, 1c and 2a). Additional funding for Components 1a - Conventional EE investments in central government buildings and 1c – Pilot Near-Zero Energy Buildings (NZEBs) would allow scale up of the conventional and NZEB renovations. Additional funding for Component 2a - Technical assistance and implementation support would allow the Project Implementation Unit (PIU) expand its human resources to cope with a large volume of technical tasks for implementation, such as managing bidding documents and site visits, as well as associated capacity building activities.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed ≥ 50% of CTF funds	It is projected that CTF loan disbursements should surpass 50% by FY25 – Q3.
Expected disbursement of CTF funds over the next 12 and 24 months	The below disbursements are contingent up finalization of the restructuring request and disbursements are currently on hold till the restructuring is approved.

Forecast In millions of USD

FY 2024	FY 2025	FY 2026
8.98	25.96	10.43

28 IBRD, Indonesia: Geothermal Energy Upstream Development Project

a. Reason(s) for delay

99. The technical studies and major part of safeguards instruments for Waesano, the first exploration site under the GEUDP, have been completed and funded by the Global Environment Facility (GEF) Grant under the Technical Assistance (TA) phase. However, the civil and drilling works, which would be financed by CTF Grant under the Investment Phase, did not progress over the past 36 months as the commencement of works was pending on the achievement of the Broad Community Support (BCS) and, subsequently, the World Bank Indigenous People Plan (IPP) clearance. The Government and the Implementing Agency have decided to exclude Waesano from GEUDP and a restructuring request letter related to this decision has been received by the World Bank in July/August 2023.

b. Measures underway to accelerate implementation

100. Based on the request from the Government and the Implementing Agency, the Bank's task team is preparing a Project restructuring with the proposed changes to: (i) exclude Waesano from the GEUDP pipeline and scale down the GEUDP pipeline into two sub-projects; (ii) extend the Grants closing date from December 31, 2025, to December 31, 2027; and (iii) change to the Results Framework and relevant Project's documents (Project Implementation Manual, PIM, and Environmental & Social Management Framework, ESMF). The restructuring is expected to be completed by October 2023.
101. In parallel, the Implementing Agency is continuing the project preparation for Jailolo, the next site, and aiming to complete all technical studies and safeguards instruments by December 2023. Commencement of the civil work and drilling work will be scheduled in Q2 and Q4 of Calendar Year 2024, respectively.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	Disbursements should accelerate once the restructuring concludes, and the subproject is removed. At this point it is difficult to specify when the 50% threshold would be surpassed.
Expected disbursement of CTF funds over the next 12 and 24 months	<p>Total disbursement over the next 12 months: USD 18 million</p> <p>Additional disbursement over the next 24 months: USD 32 million</p>

2.6 Criteria 5

102. The following table represents projects that have been effective for at least 5 years with less than 50% of approved funds disbursed, and the anticipated date of final disbursement is more than ten years after the effectiveness date.

Table 7 Criteria 5 implementation risk project table

In millions of USD as of June 30, 2023

Country	Project Title	MDB	Funding	Committee Approval Date	Effectiveness Date	Final Date of Disbursement	MDB Co-Financing	Cumulative Disbursement	Criteria 5		
									Disbursement Ratio	Months since Effectiveness	Effectiveness to Final Disbursement
Ukraine	District Heating Modernisation Program (the Program)	EBRD	41.1	1-May-14	24-Oct-14	31-Dec-28	154.9	19.7	47.9%	104 months	14.2 years
Mexico	DPSP: Geothermal Financing and Risk Transfer Facility	IADB	20.0	15-Apr-14	3-Oct-14	1-Jan-25	0.0	0.0	0.0%	105 months	10.3 years
Total			61.1				154.9	19.7	32.2%		

2.6.1 *Projects Flagged in Past Reports*

2.6.1.1 EBRD

29 EBRD, Ukraine: District Heating Modernisation Program (the Program)

- ✔ Number of reporting periods this project has been flagged: 2 periods.
- ✔ Amount disbursed during the reporting period: USD 0.4 million.

a. Reason(s) for delay

103. Municipal/sub-sovereign projects, in particular district heating projects, generally take longer to implement and thus disburse. Over the past several years, delays were first related to COVID and associated restrictions, which slowed down implementation of certain assignments. More recently, projects in Ukraine have seen additional delays related to the ongoing war.
104. Sub-projects with slower disbursements are multi-stage, multi-component projects with a number of conditions precedent for disbursements, which all adds time to overall timeline. Despite delays, implementation of these sub-projects is still ongoing.

b. Measures underway to accelerate implementation:

105. Close engagement is maintained with the clients under sub-projects with delays. Since the disruptions caused by COVID and during early days of the Russian invasion, implementation is returning back on track.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	12 months
Expected disbursement of CTF funds over the next 12 and 24 months	This is partially contingent on how the situation develops in Ukraine, but current expectation is that there will be further progress in implementation of district heating sub-projects (which are responsible for most of the undisbursed funding) and related disbursements.

2.6.2 *Newly Flagged Projects*

2.6.2.1 IADB

30 IADB, Mexico: DPSP: Geothermal Financing and Risk Transfer Facility

a. Reason(s) for delay

106. The delay on the implementation of the Geothermal Financing and Risk Transfer Facility is outside IDB control due to policy changes of the Mexican government. In December

2018, the federal government of Mexico changed, and the new government, under its authority, halted the project to analyze the feasibility of its continuation. Government reviews and the IDB’s process of explanation and negotiation lasted until the end of 2021. Additionally, global drilling market conditions have made drilling equipment less readily available, which is compounded by the initial bidding processes being conducted during the pandemic. This has made it complex for companies to participate in the bidding processes.

b. Measures underway to accelerate implementation

- 107. Now the IDB and participating government agreed on continuing the Program. Progress had been made on selecting the geothermal sites and two bidding processes to contract drilling services were launched, however both processes have resulted in non-participation.
- 108. The program being implemented by the IDB and the Mexican government counterparts, thanks to CIF financing, is a robust mechanism for promoting the development of geothermal energy and is of great interest to other countries. In essence, the program has not failed in its design and implementation, but global drilling market conditions have made drilling equipment less readily available, which is compounded by the fact that the initial bidding processes were conducted during the pandemic. This has made it complex for companies to participate in the bidding.

c. Disbursement Timeframes

Estimated timeframe within which the project will have disbursed \geq 50% of CTF funds	18 months
Expected disbursement of CTF funds over the next 12 and 24 months	70%

2.7 MDB cancellation guidelines and criteria

109. 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. Currency Risk Assessment via Promissory Notes

Risk Score: Low

110. The GBP continued to appreciate by 2.5%⁹ against the USD from the previous reporting date, which has resulted in a decline in the unrealized loss associated with CTF's GBP denominated promissory notes (PN) from USD 16.9 million to USD 7.3 million.

Table 8 Currency Risk Exposures

	As of Aug 31, 2023	As of March 31, 2023
Amount of PNs Received	£1,444.8	£1,444.8
Amount of PNs Unencashed	£314.9	£314.9
Currency Gain/(Loss) Realized	(\$191.5)	(\$191.5)
Currency Gain/(Loss) Unrealized	(\$7.3)	(\$16.9)

⁹ Changes in the exchange rate are provided by the Trustee.

4. Resource Availability Risk Assessment

Risk Score: Low

Table 9 Resource Availability Risk Exposures

	As of August 31, 2023	As of March 31, 2023	Change
Surplus/(Deficit)	904.6	608.2	+296.3

111. This increase is primarily due to approximately USD 68 million of project cancellations during the reporting period, Canada's contributions for the CTF Parallel Fund of USD 88 million, and a reduction in pipeline projects by USD 161.7 million that is offset by new commitments of approximately USD 30 million.

Table 10 CTF project with cancelations, including partial cancellations

MDB	Country	Project Title	Month ¹⁰
ADB	Regional	Renewable Energy Mini-grids and Distributed Power Generation	Aug-23
AFDB	Nigeria	DPSP III: Ropeways Transport Limited - Lagos Cable Car Transit Project	Jul-23
EBRD	Türkiye	DPSP I: Geothermal Development Lending Facility (GeoDELf)	Apr-23
EBRD	Ukraine	DPSP III: Finance and Technology Transfer Centre for Climate Change (FINTECC): Ukraine Agribusiness Waste Residues Window	Jun-23
IADB	Colombia	Energy Efficiency Program in the San Andrés, Providencia and Santa Catalina Archipelago	Aug-23
IBRD	India	Innovations in Solar Power and Hybrid Technologies	Apr-23
IFC	Global	Utility Scale Solar Photovoltaic Sub-Program	Aug-23

112. To mitigate this risk, CTF Trust Fund Committee, MDBs, and CIF Secretariat 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 CTF pipeline for planning purposes. It is not until CTF Trust Fund Committee approves project funding, that CTF funds are committed for a specific project.

¹⁰ The dates are based on which the funds are returned to the Trustee.

5. Credit Risk Assessment

Risk Score: High

5.1 Summary

113. The following table represents CTF's credit risk exposures and default amounts outstanding. Please refer to Appendix D for additional information and definitions on the table below.

Table 11 Committed Loan Portfolio Credit Risk Exposure and Defaulted Amounts Outstanding

In millions of USD as of August 31, 2023

		Portfolio Risk Rating	Committed Loans ¹¹	PD	LGD	Expected Loss Rate	Expected Losses
Exposures	Public	BB	2,798.9	0.0%	0.0%	0.0%	0.0
	Private ¹²	B	647.8	23.5%	45.9%	10.8%	70.0
Ukraine Exposures		D	260.4	100.0%	67.6%	67.6%	176.0
Defaults	Active	D	21.9	100.0%	67.6%	67.6%	14.8
	Expected Defaults	D	35.5	100.0%	67.6%	67.6%	24.0
Written Off Loans		N/A	34.3	100.0%	100.0%	100.0%	34.3
Portfolio Total			3,798.8			8.6%	319.1

114. Active defaults for the period have dropped slightly from the previous report due to a EUR 1.1 million loan that has now recovered.

Figure 6 CTF loan exposure public vs. private sector¹³



¹¹ Non-USD denominated projects are converted using the latest FX rate provided by the Trustee,.

¹² Previously, committed amounts excluded regional and global projects as they do not have an assigned credit rating.

¹³ Based on committed amounts provided by the Trustee, net of cancellations and reflows.

5.2 Public Sector Exposure

115. 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:

Table 12 Public Sector Highest and Lowest Recipient Credit Ratings

Lowest Rating		Highest Rating		Recipient Count
CC	Ukraine	BBB	Indonesia	18

5.3 Private Sector Exposure

5.3.1 Loans with Payment Defaults Update

116. In total, seven private sector CTF loans representing EUR 28.5 million, and four private sector loans representing USD 27.8 million.

5.3.2 Transactions at Risk of Default

117. Currently, three loan transactions are at heightened risk of default, and one equity investment which is unlikely to return CTF funds.

Transaction 1

118. The USD 19 million guarantee flagged in the last Risk Report remains at imminent risk of being called. Because this is a first loss guarantee, CTF's loan contributors would not share in any losses associated with this transaction.

Transaction 2

119. MDBs have reported implementation challenges with multiple CIF projects in Haiti due to political instability, and one project (~USD 4 million outstanding) is now at material risk of imminent default.

Transaction 3

120. A loan with USD 12.5 million outstanding is experiencing financial distress and the CIF Secretariat expects that material losses associated with this transaction will be incurred at maturity. The loan was restructured into local currency, with the principal now due at maturity in 2029 (principal was being repaid according to an amortization schedule under the original loan agreement). The borrower is currently deferring interest payments which, under the terms of the restructuring, is now permitted. Deferred interest payments are being added to the outstanding principal.

Transaction 4

121. The recipient of a USD 3 million equity investment is experiencing significant financial challenges. The CIFAU does not expect to recover any if its investment in this transaction.

6. Fraud and sexual exploitation and abuse

122. At the January 2019 meeting, CTF Trust Fund Committee requested that the MDBs provide the CIF Secretariat 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.
123. The MDBs did not report any allegations or instances of fraud, or sexual exploitation and abuse to the CIF Secretariat 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 Office of Institutional Integrity and Sanctions System: Annual Report](#)
 - ✔ [World Bank Group – Integrity Vice Presidency Annual Report](#)

7. Forced Labor

124. At the January 2022 TFC Meeting, the Trust Fund Committee requested that the MDBs provide the CIF Secretariat information any allegations or instances of forced labor associated with the CIF projects implemented by them. This was in light of the increasing reports of the use of forced labor involving Uyghurs and other ethnic minorities in parts of China in the manufacturing of materials used to produce solar panels. The company Hoshine has been flagged as a polysilicon manufacturer which has employed forced labor, and polysilicon from this supplier is used in the production of most solar panels currently.
125. MDBs have been developing and implementing safeguards to mitigate forced labor risks, but most of MDBs' CIF-backed projects pre-date any enhanced due diligence requirements for solar supply chains. Even where safeguards are applied, it is often not possible to trace who supplies the polysilicon to panel producers. MDBs continue to engage in multi-stakeholder dialog to increase transparency and traceability in solar supply chains.
126. The MDBs did not report any allegations or instances of forced labor to the CIF Secretariat during the period.

Appendix A CTF Available Resources

Table 13 CTF Trust Fund - Resources Available for Commitments

CTF TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS <i>Inception through August 31, 2023</i> <i>(USDeq. millions)</i>	As of August 31, 2023 USDeq.	As of Aug 31, 2023 USD	As of Aug 31, 2023 EUR	As of March 31, 2023 USDeq.
	Total	Total	Total	Total
Cumulative Funding Received				
Contributions Received				
Cash Contributions	6,298.2	6,077.4	203.0	6,209.3
USD converted to Euro for Euro commitments	(0.3)	(5.2)	4.5	(0.3)
Unencashed promissory notes	a/ 399.3	399.3	0.0	389.7
Total Contributions Received	6,697.1	6,471.5	207.5	6,598.7
Investment Income and Other Resources				
Investment Income	429.6	429.6	0.0	371.9
Other income	b/ 26.6	26.6	0.0	26.6
Total Other Resources	456.2	456.2	0.0	398.4
Total Cumulative Funding Received (A)	7,153.3	6,927.7	207.5	6,997.1
Cumulative Funding Commitments				
Projects/Programs	7,109.7	6,797.8	286.9	7,051.9
MDB Project Implementation and Supervision services (MPIS) Costs	59.6	59.6	0.0	59.0
Cumulative Administrative Expenses	163.0	163.0	0.0	138.2
Total Cumulative Funding Commitments	7,332.2	7,020.3	286.9	7,249.1
Administrative Expense Cancellations	c/ (7.4)	(7.4)	0.0	(6.9)
Projects/Programs, MPIS Cancellations	d/ (1,941.3)	(1,851.1)	(83.0)	(1,845.4)
Net Cumulative Funding Commitments (B)	5,383.4	5,161.7	203.9	5,396.8

Meeting of CTF Trust Fund Committee: CTF Risk Report

Funding Availability(A - B)		1,769.9	1,766.0	3.6	1,600.4
Country Engagement Budget reserve FY23	e/	(0.0)	(0.0)	0.0	(0.3)
CTFPF Admin and MPIS set aside	f/	(31.4)	(31.4)	0.0	(29.7)
Currency Risk Reserves- GESP	g/	(38.0)	(38.0)	0.0	(37.1)
Currency Risk Reserves- ACT	g/	(21.9)	(21.9)		(21.3)
Unrestricted Fund Balance for Trustee Commitments -Projects/Programs and Admin (C)		1,678.5	1,674.6	3.6	1,511.9
Net investment income available for Admin Budget commitments and the loan losses (D)		269.2	269.2	0.0	237.1
Unrestricted Funding Available for Projects/Programs commitments (E = C - D)	h/	1,409.3	1,405.4	3.6	1,274.8
Unrestricted Funding Available for Projects/Programs commitments -DPSP III and other old programs-50% of this would be moved to GESP and balance would be for Futures Program- As of Reporting datePast commitments in future program = USD 57.9 million. Available for Future program USD 150.17 million and GESP USD 208.07 Million	h/	358.2	354.3	3.6	284.8
Unrestricted Funding Available for Projects/Programs commitments - GESP . Add 202.33 million from above line item. Total available for GESP for the reporting period- million= USD 208.07+172.22= 380.29 million	h/	172.2	172.2	0.0	195.6
Unrestricted Funding Available for Projects/Programs commitments -ACT		268.0	268.0	0.0	267.1
Unrestricted Funding Available for Projects/Programs/commitments -CTF Parallel Fund (Canada and USA Loan for ACT program)	i/	610.9	610.9	0.0	527.4

Meeting of CTF Trust Fund Committee: CTF Risk Report

Anticipated Commitments for Projects/Programs					
Projects/Programs Funding and Fees- Futures Program		102.5	102.5	0.0	58.0
Projects/Programs Funding and Fees- CTF Dedicated Private Sector Programs (DPSP)- Phase IV		402.3	402.3	0.0	608.5
Total Anticipated Commitments (F)	j/	504.8	504.8	0.0	666.5
Available Resources for Projects/Programs (G = E -F)					
		904.6	900.6	3.6	608.2
Potential Future Resources					
Contribution Receivable	k/	1,327.9	1,327.9	0.0	1,414.0
Pledges		0.0	0.0	0.0	-
Release of Currency Risk Reserves	g/	59.9	59.9	0.0	58.5
Total Potential Future Resources (H)		1,387.8	1,387.8	0.0	1,472.5
Potential Available Resources for Projects/Programs (G+H)					
		2,292.4	2,288.4	3.6	2,080.7
Potential Net Future Resources for Admin Expenses and Loan Losses					
Projected Investment Income from Sep 2023 to FY27 (I)	l/	149.6	149.6	0.0	116.2
Projected Administrative Budget (FY25-29) (J)	m/	97.0	97.0	0.0	65.0
Potential Net investment income available for Admin Expenses and Loan losses (K= I -J)		52.6	52.6	0.0	51.2
Potential Available Resources for Admin Expenses and Loan Losses (D + K)					
	n/	321.7	321.7	0.0	288.3

- a/ Represents the USD equivalent of the UK's GBP 315.9 million outstanding PNs.
- b/ Return of funds pursuant to the Financial Procedures Agreements for Investment income from MDB's.
- c/ Represents unused admin budget refunds, Country Programming Budget revisions/cancellations by MDBs, Trustee and CIF Secretariat.
- d/ Cancellation of program and project commitments approved by the committee
- e/ The amount of USD 0.5 million approved by TFC in June 2019 for the multi-year country programming budget and the balance in reserve estimate provided by CIFAU for the period FY23.
- f/ As per terms of the contribution agreement for CTFPF, 6% of contribution receipts are reserved for administrative and MPIS cost of the program.
- g/ Represents amounts withheld to mitigate over-commitment risk resulting from fluctuations in currency exchange rate which affect the value of outstanding non-USD denominated promissory notes.
- h/ In January 2019, 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 remaining resources were programmed. In January 2021 the committee made the decision to use the cancelled available resources after June 30, 2020, as follows. "CTF Trust Fund Committee notes the proposal to use canceled resources within the time period set out in the document for CTF Futures Window to support projects that follow the Dedicated Private Sector Program III (DPSP III) approach or projects in the Global Energy Storage Program (GESP) pipeline. CTF Trust Fund Committee approves the proposal for immediate effect, on the condition that the available funds within CTF Futures Window are split equally between DPSP III projects and GESP projects and each project proposed to be funded through CTF Futures Window aligns with the agreed approach with respect to the investment criteria for the new CIF programs endorsed in 2020/21". The EURO balance available for commitments in EURO currency is nil.
- i/ Represents Canada's Loan contribution of CAD 600 million and USD 95 million from United states in CTF Parallel Fund.
- j/ Based on anticipated commitment pipeline information provided by CIFAU
- k/ Represents contribution receivable from the United Kingdom GBP 85.1 million and Germany EUR 145 million. For CTF Parallel Fund Contribution receivable from Canada for 400 M CAD and United States USD 855.7 million.
- l/ Represents 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.
- m/ FY23 Budget commitment approved by TFC in June 2023 was USD 19.4 million for Administrative services. The amount approved for FY24 Administrative Services was extrapolated for 5 years. Projected administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.
- n/ Losses on outgoing CTF Financial Products will be shared as stipulated in the Principles regarding Contributions to CTF and will be covered from the Net income (net investment income, interest and guarantee fees received in excess of 0.75%), to the extent available.

Appendix B Public Sector Loan Recipients

127. Public sector loan recipients' credit ratings are based on publicly available sovereign ratings. PDs are based on the 5-year default rates for sovereign issuers, and LGDs are derived from the issuer-weighted recovery rates from Moody's Sovereign Default and Recovery Rates, 1983-2022.

Table 14 Public loan portfolio credit risk exposures

As of August 31, 2023

Total Exposure	Average Credit Rating	Average 5-year PD	LGD	Implied Expected Loss Rate
2,980,820,272	BB	6.4%	50.0%	3.2%

Country	Committed Amount	Least Rating (S&P)	S&P	Moody's	Fitch	5-year PD	LGD
Brazil	10,000,000	BB-	BB-	Ba2	BB	5.1%	50.0%
Burkina Faso	91,000,000	CCC+	CCC+	NR	NR	36.8%	50.0%
Colombia	69,380,770	BB+	BB+	Baa2	BB+	5.1%	50.0%
Ecuador	23,000,000	CCC-	B-	Caa3	CCC+	36.8%	50.0%
Egypt	117,879,699	B-	B	B3	B	14.9%	50.0%
Honduras	16,400,000	B+	BB-	B1	NR	14.9%	50.0%
India	715,000,000	BBB-	BBB-	Baa3	BBB-	1.5%	50.0%
Indonesia	210,581,753	BBB	BBB	Baa2	BBB	1.5%	50.0%
Maldives	33,000,000	CCC+	NR	Caa1	B-	36.8%	50.0%
Mexico	205,924,967	BBB-	BBB	Baa2	BBB-	1.5%	50.0%
Morocco	625,887,084	BB+	BB+	Ba1	BB+	5.1%	50.0%
Peru	9,500,000	BBB	BBB	Baa1	BBB	1.5%	50.0%
Philippines	32,412,223	BBB	BBB+	Baa2	BBB	1.5%	50.0%
South Africa	342,432,473	BB-	BB-	Ba2	BB-	5.1%	50.0%
Tanzania	22,000,000	B	NR	B2	B+	14.9%	50.0%
Türkiye	156,200,000	B-	B	B3	B	14.9%	50.0%
Ukraine	181,896,665	CC	CCC	Ca	CC	36.8%	50.0%
Vietnam	118,324,638	BB	BB+	Ba2	BB	5.1%	50.0%

Appendix C Default Details

Table 15 Loans in Active Default as of August 31, 2023

FX	Loan Amount	Date	Amount Outstanding at time of Default	Principal Repaid	Principal Outstanding	Total Delinquent Amount Outstanding	Interest Payments		Principal Payments		Default Interest	
							Delinquent	Paid	Delinquent	Paid	Accumulated	Paid
USD	3,620,000	May-22	3,016,373	731,261	2,888,739	2,905,035	517,799	(501,504)	3,016,373	(127,634)	624,612	(624,612)
USD	12,065,953	Aug-17	11,872,898	193,055	11,872,898	7,171,641	2,920,354	-	3,185,412	-	1,065,875	-
EUR	2,000,000	Apr-22	1,700,000	441,884	1,558,116	158,116	37,888	(37,888)	300,000	(141,884)	-	-
EUR	1,750,500	Apr-22	1,489,714	260,786	1,489,714	301,881	33,102	-	262,891	-	5,888	-
EUR	2,000,000	May-22	1,142,857	857,143	1,142,857	578,504	13,538	(11,712)	571,429	-	7,076	(1,826)

Table 16 Loans Written-Off as of August 31, 2023

FX	Loan Amount	Date of Default	Amount Outstanding at time of default	Unrecoverable Amount	Principal Repaid	Description
USD	1,500,000	Apr-18	1,500,000	1,500,000	-	There is little likelihood of recovering CTF funds.
EUR	15,500,000	Mar-15	15,500,000	15,478,292	21,708	This loan was sold to a syndicate of distressed debt investors in 2018. There is little likelihood of recovering CTF funds.
EUR	2,030,000	Jun-18	1,873,846	1,723,846	306,154	This loan was sold in 2023 for USD 150,000.
EUR	4,200,000	Mar-22	465,393	465,393	3,734,607	The loan has been assigned to their shareholders (all underlying assets destroyed as a result of direct fighting taking place in and around the town of Volnovakha)
EUR	5,600,000	Aug-18	5,540,195	5,040,195	559,805	This loan was sold in 2023 for USD 500,000.
USD	16,000,000	May-20	13,137,286	10,602,402	5,397,598	This loan was sold in 2022 for USD 2,532,320.77.

Table 17 Guarantees Called as of August 31, 2023

Guarantee Type	Currency	Guaranteed Amount	Amount Recovered
1st Loss Guarantee	USD	1,988,247	-

Appendix D Key Risk Exposure Assessment Criteria

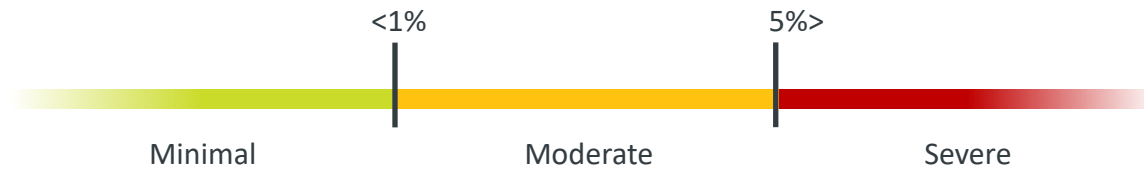
128. For CTF, Risk is defined as any threat to the achievement of CTF’s objectives. This definition, along with the definition of CTF’s objectives, establishes the context for appraising CTF’s risk exposures.

Table 18 CTF Risk Exposure Matrix

Severity	Severe	Low	Moderate	High	High	High
	Moderate	Low	Low	Moderate	High	High
	Minimal	Low	Low	Low	Low	Low
		Very Unlikely	Unlikely	Possible	Likely	Very Likely
		Likelihood				

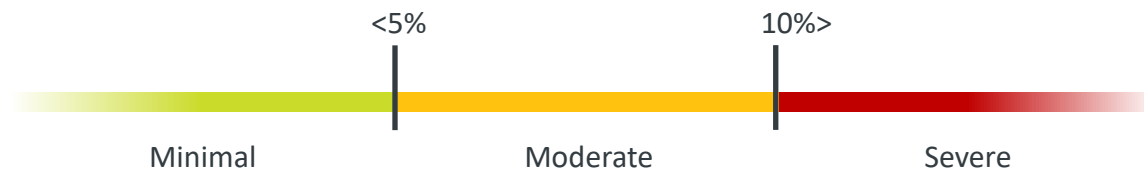
D.1. Severity

129. 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.



Implementation Risk

130. However, because the impact on funds exposed to implementation risk may simply be delays in the implementation of projects that 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 as a percentage of the program’s total pledges and contributions.



D.2. Implementation Risk Criteria

131. Implementation risk is the risk that a project is not implemented in a timely manner, or at all. The CIF Secretariat flags a project for implementation risk if the project meets at least one of the following five criteria.

Criteria 1	Criteria 2	Criteria 3	Criteria 4	Criteria 5
<ul style="list-style-type: none"> •The TFC committed funds to the project 4 years ago, but the project still is not effective. 	<ul style="list-style-type: none"> •The project has been effective for 36 months but has disbursed less than 20% of program funds. 	<ul style="list-style-type: none"> •The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50% of program funds. 	<ul style="list-style-type: none"> •The anticipated date of final disbursement for the project has been extended, but less than 50% of program funds have been disbursed. 	<ul style="list-style-type: none"> •The project has been effective for at least 5 years with less than 50% of program funds disbursed, and the anticipated date of final disbursement is more than 10 years after the effectiveness date.

D.3. Resource Availability Risk

132. 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. CTF Trust Fund Committee agreed to accept a certain level of this risk, and to permit over-programming by 30% 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.

D.4. Currency Risk via Promissory Notes

133. 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.

D.5. Credit Risk

134. 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. 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.

135. CTF's primary source of credit risk exposure is incurred through the funds it commits as loans, while credit risk exposure incurred through other instruments (e.g., guarantees) is minimal.
136. The committed loan amounts are provided by the Trustee for public and private exposures and are net of cancellations and principal reflows received. For private exposures, including Ukraine, active defaults, expected defaults, and write-offs are subtracted from the total committed loans, since there are currently no defaults in the public portfolio.
137. For the public sector loans, the portfolio risk rating is based on the weighted average country rating, excluding Ukraine. Expected probability of defaults (PD) and loss given defaults (LGD) for these exposures are 0% since CTF has never experienced payment defaults on any of its public sector loans. Therefore, the CIF Secretariat has determined that, for the public sector exposures, the rating agency's credit ratings are a poor predictor of defaults and expected losses. Over the years, rating agencies have downgraded some recipient countries' ratings to default status, and even when CTF recipient countries have defaulted on obligations to their bondholders, these countries have not defaulted on their obligations to CIF.
138. For the private sector loans, CTF's loan commitments to private sector entities have limited publicly available information. Therefore, PDs and LGDs are based on internal credit ratings provided by the MDBs with private sector operations. For private sector loans with no internal credit ratings provided to the CIF Secretariat, PDs and LGDs taken from the latest Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024. All PDs are based on or converted to 5-year PDs.
139. For defaults, PDs and LGD are assigned based on the experience of the CIF Secretariat with defaults. Historically, the CIF has experienced an average of 67.6% of losses of the defaulted amounts for a given project. Further, due to the nature of the ongoing war in Ukraine, the CIF Secretariat is now incorporating the assumption that recipients will default on all disbursed amounts to projects in Ukraine, resulting in a PD of 100% and an LGD of 67.6% for those projects.



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.

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