

CLIMATE INVESTMENT FUNDS

CTF/TFC.16/3/Rev.1

November 5, 2015

Meeting of the CTF Trust Fund Committee

Washington, D.C.

Tuesday, November 10, 2015

Agenda Item 3

CTF SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The CTF Trust Fund Committee reviewed documents, CTF/TFC.16/3/Rev.1 *CTF Semi-Annual Operational Report* and CTF/TFC.16/4 *CTF Results Report*, and welcomes the progress that has been made in advancing the work of the CTF.

CTF Semi-Annual Operational Report:

The Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on resource availability, pipeline review and the scale of the expected shortfall of resources. The Committee requests the CIF Administrative Unit and the MDBs to continue to review projects and programs for which funding has been approved by the Committee, but not yet approved by the MDBs, with a view to continue to identify stalled projects and sub-projects under programs and the amount of funding that could be released and reallocated to the active projects and programs in the pipeline.

The Committee also recognizes efforts in gender-disaggregated program data collection and reporting, and encourages strengthening of data systems and reporting going forward. The Committee also welcomes future development of sector-specific gender tools and the Gender and Renewable Energy study.

CTF Results Report

The Committee welcomes the *CTF Results Report* and notes the progress made in implementing CTF-financed activities leading to results on the ground. The Committee encourages the MDBs to continue to work towards harmonizing methodologies for estimating and reporting results, especially related to GHG emissions reduction and co-financing.

The Committee also welcomes the work of the CIF Administrative Unit to migrate the results data and reporting to an online platform to ensure quality control and convenient access to Committee members and other users to serve their individual analytical needs.

1 Introduction

1. This document provides an update on the status of the Clean Technology Fund (CTF), the portfolio of the CTF-funded programs and projects under the endorsed investment plans and the Dedicated Private Sector Programs (DPSP), and related activities. The report covers the period from January 1 to June 30, 2015.

2 Strategic Issues

2.1 Resource Availability and Expected Shortfall

2. At its last meeting, the Trust Fund Committee requested the CIF Administrative Unit, in collaboration with the MDBs, to conduct a thorough review of the pipeline, including expected timelines of projects and any potential withdrawal, and present a clear picture on resource availability and the scale of the expected shortfall of resources. The CIF Administrative Unit circulated a note to the Trust Fund Committee based on data available as of July 15, 2015. Subsequently, the resource availability and pipeline information has been further updated as of September 30, 2015 and the key parameters are summarized below:

- a) The total amount of resources available for funding commitment as of end of September 2015 was USD 684.84 million, including the payment of USD 16.61 million in September. A total of USD 170.67 million additional resources are expected to be received by December 2015. As per the current pipeline, the available resources will cover all projects scheduled to be submitted for approval until November 2015, as well as some to be submitted in December 2015.
- b) Active projects in the pipeline, i.e., projects that have been submitted or are under active development, total USD 1.623 billion.
- c) Dropped projects, i.e., projects that are no longer considered by the MDBs for further development, total USD 246 million.
- d) Considering all active projects and resources from the receivable pledges, the shortfall of resources would amount to USD 647 million if we exclude *restricted funds*, or USD 520 million if we include *restricted funds*.

2.2 Pipeline Management Measures and Cancellation Policy

3. The CIF Administrative Unit, working closely with the MDBs, undertook several reviews of all the projects in the pipeline. As a result, 10 stalled projects, totaling USD 246 million in CTF funding, were dropped from the pipeline. The reviews also covered projects and programs for which funding has been approved by the Trust Fund Committee, with a view to identifying stalled projects and subprojects under programs and the amount of funding

that could be released and reallocated to the active projects and programs in the pipeline in the event of a funding shortfall. A paper on pipeline management measures and cancellation policy is under development for consideration by the Trust Fund Committee.

2.3 New Financing Modalities

4. The Trust Fund Committee at its meeting in May 2015 invited the CIF Administrative Unit, working with the MDBs and in consultation with Committee members, to present options to the Committee on alternative financing models and increasing resource availability in the CTF. The CIF Administrative Unit, working closely with the MDBs and in consultation with the Trust Fund Committee members, has identified broad options that are outlined in a separate paper¹.

2.4 Knowledge Management

5. The CIF is a global leader in supporting geothermal deployment with USD 810 million supporting geothermal investments in 15 middle- and low-income countries. CIF-supported projects are expected to attract over USD 10 billion co-financing and lead to up to 3.5 GW of new geothermal capacity (more than one-quarter of current global installed capacity). In August 2015, the CIF concluded a second project with the Climate Policy Initiative (CPI) drawing lessons from a series of three case studies and three dialogues on how public finance can be utilized more effectively to scale up global deployment of geothermal power². The Third Geothermal Dialogue took place in Vienna in June 2015, in conjunction with the Vienna Energy Forum 2015: Sustainable Energy for Inclusive Development. It was followed by a country knowledge exchange to facilitate knowledge and idea sharing amongst countries supported by the CIF. The case studies and dialogues conclude that concessional loans and grants to geothermal projects must be increased and that scarce public resources can be utilized most effectively to:
 - a) Support earlier, riskier stages of project development
 - b) Deploy political risk and off-taker guarantees specific to geothermal
 - c) Support countries where geothermal has the greatest potential to increase energy supply at low cost and can achieve most emissions reductions

3 Status of the CTF

6. The CTF portfolio and pipeline consists of 134 projects and programs from 16 endorsed investment plans and the DPSP, with total indicative allocation of USD 6.1 billion. Implementation of investment plans and DPSP has been advancing steadily. Funding approval by the Trust Fund Committee has reached over 72 percent of the indicative allocations for the endorsed investment plans and over 34 percent of DPSP. Table 2 provides a summary of the CTF portfolio status.

¹ CTF/TFC.16/5, *Alternative Financing Models and Options to Increase Resource Availability in the CTF*.

² <http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Lessons-on-the-Role-of-Public-Finance-in-Deploying-Geothermal-Energy-in-Developing-Countries-Full-Report.pdf>

Table 2: Overview of CTF Portfolio (USD million)

	Endorsed investment plans	Endorsed DPSP	Total endorsed	CTF approved funding ^a	MDB approved	Disbursing (June 2015) ^b
USD million	5,585.0	508.5	6,093.5	4,213.2 (69% ^c)	3,372.3 (55% ^d)	1,299.5
Number of projects and programs	112	22	134	84	71	N/A

a. The figure includes project preparation grants.

b. Project-level disbursement figures are available for public sector projects only and include project preparation grants.

c. Percentage of total indicative allocation

d. Percentage of total indicative allocation

3.1 Approvals

7. *TFC Approvals:* Projects with a total funding of USD 189 million, were approved by the Trust Fund Committee between January 1 and June 30, 2015. Around one-third of the funding approved was for projects in South Africa while at least three-quarters of the projects involved renewable energy.
8. *MDB Approvals:* Projects with a total funding of USD 84 million, were approved by the MDBs between January 1 and June 30, 2015. Over one-third of the approved funding was for projects in the Europe and Central Asia region and the overall funding was spread almost evenly between renewable energy and energy efficiency projects.

3.2 Disbursements

9. Cumulatively, a total of USD 1.3 billion has been disbursed by the six MDBs against total funding of USD 3.3 billion approved by MDBs and USD 4.2 billion approved by the Trust Fund Committee. This is equivalent to 31 percent of Trust Fund Committee approved funding or 39 percent of MDB approved funding.

3.3 Gender

10. *Gender Review of Portfolio:* A full portfolio review was undertaken at investment plan and project levels to identify baseline figures and progress on gender “quality at entry” at design stage regarding: a) sector-specific gender analysis; b) gender-disaggregated indicators; and c) women-specific activities. Baseline figures as of June 30, 2014 were identified to allow for analysis of program performance since implementation of the Gender Action Plan. The portfolio was analyzed in terms of cumulative performance from inception in 2008 until December 31, 2014; and in relation to the most recent period under review July 1-December 31, 2014. Results showed that CTF trailed all programs significantly on gender performance, although the gap was less on the sector-specific gender analysis indicator. CTF

project performance on these three indicators did largely improve over time however, following specific CIF policy attention to gender. A full 50 percent of projects approved in the most recent period featured sector-specific gender analysis and 50 percent featured women-specific activities (compared to baselines of 21 percent and 17 percent respectively). However, just 13 percent of projects approved in this period had gender-disaggregated indicators (whereas the cumulative total for the CTF project portfolio as a whole on June 30, 2014 was 15 percent). Key findings on CTF investment plans approved since inception include: 6 percent feature sector-specific gender analysis; 13 percent have women-specific activities; and 13 percent host gender-disaggregated indicators.

11. *Learning and Knowledge Management*: EBRD has been conducting gender assessments in energy efficiency (EE) related to two CTF projects: Turkish Residential Energy Efficiency Financing Facility (TuREEFF) and the District Heating Modernization Project in Kazakhstan. Both assessments were completed as of end-FY15 and used similar methodologies.[1] Findings in Turkey and Kazakhstan pointed to the need for information outreach campaigns by energy product vendors to improve women consumers' sources of information in EE. Support for women's leadership and participation in multi-unit building associations was also highlighted as an entry point in Turkey as these are the formal site of EE investment decisionmaking by consumers. In Kazakhstan, findings revealed the need for consultations with both women and men on proposed payment system changes. Possibilities for expanding women's employment in district heating service provision were also highlighted in Kazakhstan. A third gender assessment was originally planned for the CTF Ukraine EE project, but as that sub-project is on hold due to the country situation, the team will instead prepare a toolkit and training that synthesizes recommendations, best practices, and key entry points identified in the other two assessments, many of which are already being taken up by operational teams in EBRD. Planned toolkit delivery is June 2016.