

CLIMATE INVESTMENT FUNDS

CTF/TFC.15/3
April 19, 2015

Meeting of the CTF Trust Fund Committee
Washington, D.C.
Tuesday, May 12, 2015

Agenda Item 3

**CTF SEMI-ANNUAL OPERATIONAL REPORT
(SUMMARY)**

PROPOSED DECISION

The CTF Trust Fund Committee reviewed document CTF/TFC.15/3, *CTF Semi-Annual Operational Report* and takes note of the progress that has been made in advancing the work of the CTF. The Committee further notes the expected shortfall of resources and its potential impact on projects and programs under active development in the CTF pipeline as well as on sustaining and scaling-up the momentum in the delivery of climate finance flows in developing countries. The Committee urges countries in a position to do so to make additional contributions to the CTF.

I. 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 related activities. The report covers the period from October 1 to December 31, 2014.

II. STRATEGIC ISSUES OF THE CTF

Resource status and expected shortfall

2. The CTF is expected to face a shortfall of resources starting in December 2015. Assuming that the payments and submissions of the projects/programs in the pipeline will be on schedule, the total funding shortfall by the end of FY16 will amount to USD 313.22 million. The amount of unmet funding will affect six country investment plans (Columbia, Egypt, India, Indonesia, Nigeria, and South Africa), the regional MENA-CSP, and the DPSP. In some cases, the unmet funding amount represents a significant share of the total indicative allocation under the endorsed investment plans and programs.

3. The expected shortfall of resources for the CTF is contributing to a loss of momentum in the delivery of climate finance by the MDBs to recipient countries. The shortfall is also having a negative impact in retaining the institutional capacity at the MDBs and recipient countries to develop and implement CTF operations. This expected resource shortfall is happening at a time when the MDB teams, recipient countries, and private sector sponsors have become more actively engaged in the CTF in developing programs and projects.

Knowledge management

4. Knowledge and learning for the CTF has focused on lessons learned from two key technologies supported by the CTF: concentrated solar power (CSP) and geothermal power. With the growing CIF (CTF and SREP) portfolio of geothermal investments, the CIF commissioned the Climate Policy Initiative (CPI) to explore the effective use of public finance in unlocking geothermal development, following the case study and dialogue approach that was previously undertaken for CSP. Three geothermal case studies (on projects in Turkey, Kenya and the CTF-backed Sarulla private sector project in Indonesia) will be published and lessons shared over the course of the next few months.

III. STATUS OF THE CTF

5. Since its creation in 2008, the CTF has entered its seventh year of operations. Total pledges and contributions to the CTF stand at USD 5.341 billion, of which USD 5.154 billion (almost 97%) are paid-in contributions.

6. To date, the Trust Fund Committee has endorsed 16 CTF investment plans, including 15 country plans and one regional investment plan, with a total indicative allocation of USD 5.58 billion in CTF funding for 111 projects and programs. Altogether 19 countries are participating in the CTF. In addition to these investment plans, the Trust Fund Committee has

endorsed two phases of the Dedicated Private Sector Programs (DPSP), with an indicative allocation of USD 508.5 million for 23 sub-programs (private sector operations) and/or projects (public sector operations) across six programs: geothermal power, mini-grids, mezzanine finance, energy efficiency, solar photovoltaic power, and early stage renewable energy. In total, the CTF portfolio consists of 134 projects and programs with an indicative allocation of USD 6.09 billion in CTF funding.

7. As of December 31, 2014, USD 4.1 billion in CTF funding for 77 projects and programs (including four from DPSP) has been approved by the Trust Fund Committee. Among them 58 projects and programs (USD 3.26 billion) have also been approved by the respective MDBs. These 77 projects and programs are expected to leverage USD 37.2 billion in co-financing from governments, MDBs, private sector, bilateral agencies, and other sources.

Updates since last semi-annual report

8. Overall funding approval by the Trust Fund Committee over the indicative allocations has reached 72% for the 16 endorsed country and regional investment plans and 19% for DPSP. The combined funding approval rate is 67%. Since the last semi-annual operational report, Ukraine has reached 100% funding approval (in addition to Mexico, Morocco, and Thailand), while Colombia, Egypt, and India remain at the same approval level, between 46 and 56%. Nigeria's funding approval rate continues to be the lowest, at 10%.

Approval of funding for projects and programs

9. Since the last report and over the period from October 1 to December 31, 2014, a total of USD 226.53 million in CTF funding was approved by the Trust Fund Committee for seven projects and programs. Four of them are public sector projects (USD 157.38 million in CTF funding) and three are private sector programs (USD 69.15 million in CTF funding). Six projects and programs were approved by the MDBs, with USD 250.79 million in CTF funding.

10. For the remainder of FY15 (March to June 2015), the MDBs have projected to submit 21 projects/programs totaling USD 507 million in CTF funding. Among them, 11 projects/programs are under the country and regional investment plans (USD 326 million) and 10 are under the DPSP (USD 181 million).

Disbursements

11. CTF disbursements from July to December 2014 saw a significant increase over the previous six months from January to June 2014, increasing from USD 210.9 million to USD 302.6 million. Total disbursements for the CTF amounted to USD 1,137.6 million as of December 31, 2014.