

CLIMATE INVESTMENT FUNDS

Joint CTF-SCF/TFC.18/6
December 7, 2017

Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C.
Friday, December 15, 2017

**RISK REPORT OF THE CTF AND SCF
(SUMMARY)**

HIGHLIGHTS

1. Since the last TFC Meetings in June, the three-year Admin Expense Reserve reported at the SCF-level has been increased to five years and now reported under each of the SCF program-level Resource Availability calculations. This has increased the total reserve (net of estimated investment income) from USD 26.2 million at end-March 2017 to USD 53.1 million at end-September 2017. The inclusion of this reserve requirement in the program-level Resource Availability calculations has resulted in a severe negative impact (USD 41 million) on the FIP's Available Resources.
2. CTF's available resources increased substantially to USD 422 million from a deficit of USD 40 million in March due to the closing of its pipeline.
3. In May 2017, the UK encashed GBP 240 million of promissory notes it contributed to the CTF causing a significant decline in CTF's currency risk exposure.
4. In July 2017, the UK encashed GBP 64 million of promissory notes it contributed to the SREP causing a significant decline in SREP's currency risk exposure.
5. In June 2017, a payment default occurred relating to a private sector project involving less than USD 0.5 million of CTF funds.
6. Since the last TFC Meetings in June, the CIF AU has extended an offer of employment to the successful candidate for the Risk Analyst position, who has in turn accepted the offer.
7. Presently, the following represent the four most material risks to which the CIF's programs are exposed.
8. Implementation Risk – CTF and SCF
9. Currency Risk via Promissory Notes – CTF and SCF
10. Resource Availability Risk – CTF and SCF
11. Credit Risk – CTF
12. This paper provides an update on assessments of these risk exposures by program. Information as of June 30, 2017, was used to flag projects for Implementation Risk. Information pertaining to the other risks is as of September 30, 2017.