

CLIMATE INVESTMENT FUNDS

JOINT CTF-SCF/TFC.15/Inf.5

November 5, 2015

Joint Meeting of the CTF and SCF Trust Fund Committees

Washington D.C.

Monday, November 9, 2015

CIF RESOURCE AVAILABILITY

I. INTRODUCTION

1. The CIF Administrative Unit (AU), in collaboration with the Trustee, conducted a thorough analysis of the resource availability in the four funding windows (CTF, PPCR, FIP and SREP) of the CIFs. All programs are currently facing a deficit, prompting the CIF AU and Trustee to carefully examine options for alleviating the shortfall in each program. Demand for climate financing solutions from the CIF remains strong, and is reflected by the CIF's robust pipeline of programs/projects.
2. To improve the accuracy and timeliness of resource availability assessments and reporting, the CIF AU and Trustee are undertaking the following initiatives.
 - i. Developing reports which will be based on the Trustee's ledger (i.e. the official book of record) rather than business tables which have been maintained separately from the ledger
 - ii. Refining the methodology for calculating available resources to more comprehensively incorporate the impacts of various factors (e.g. currency fluctuations in the value of unencashed promissory notes, forecasted administrative expenses)
3. As of September 30, 2015, across the four programs, funding requirements (\$2.87 billion) exceed contribution receipts (\$1.17 billion) by \$1.69 billion.
4. Contribution receipts include the USD-equivalent of \$1.15 billion of outstanding promissory notes. The promissory notes are denominated in GBP, and are therefore exposed to currency risk. For this reason, 15% of the value of these promissory notes has been restricted to mitigate the risk of over-programming which could result if the value of the GBP declines sufficiently prior to the CIF's encashment of the promissory notes (indeed the GBP has declined by almost 4% since the May 2015 TFC meetings).
5. Additionally, over-programming has been aggravated because funding decisions have been made based on the historical value of pledges which exceeds their current value.
6. In November 2014, the UK provided additional support to CIF in the amount of approximately £465 million. Of this amount, a USD-equivalent of \$400 million for SCF remains in a provisional account, with an additional USD-equivalent of up to \$81 million expected. These amounts are not included in available resources, nor in the tables below. Distribution of these amounts amongst the SCF programs will be determined based on program requirements.

7. Additionally, a \$231 million pledge remains outstanding which is not included in available resources. As the CIF receives payments for this receivable, the funding will be applied against the funding deficits.
8. This document provides an update on the resource availability for each program as of September 30, 2015.

II. CTF RESOURCE AVAILABILITY

9. The CTF's \$1.5 billion funding requirements exceed the \$685 million resources available for programming by \$818 million (see Table 1). These funding requirements include a pipeline of projects from endorsed investment plans and Dedicated Private Sector Programs (DPSP) which will be submitted for TFC approval.

Table 1. CTF Resource Availability
CTF RESOURCE AVAILABILITY - as of September 30, 2015

Funding Classification	Commitment Items	CTF
Unrestricted Funds in Hand	Cash and Investments	2,204.39
	Unrestricted & Unencashed Promissory Notes	719.69
	Total Unrestricted Funds in Hand	2,924.08
Outstanding Commitments ^{1/}	Outstanding Project and program commitments	2,189.57
	Outstanding Fee commitments	4.89
	Outstanding Administrative Budget commitments	0.99
	Total Outstanding Commitments Not Yet Transferred	2,195.45
	Uncommitted Funds	728.63
Pending and Projected Commitments ^{2/}	Project Approvals and Fees Pending Commitment	(1.12)
	Projected Administrative Budget (FY17-FY21) ^{3/}	(34.68)
	FY16 Scheduled Interest Payments to Loan Contributors	(8.00)
	Pending and Projected Commitments	(43.79)
Funds Available to support CIF Programming - End Sept. 2015		684.84
Pipeline	Program/Project Funding (October 2015 onwards) ^{4/}	(1,502.34)
	Total Planned Pipeline	(1,502.34)
	Programming Surplus/(Shortfall)	(817.51)
Future Funding	Pledges ^{5/}	171.00
	Total future funding	171.00
	Surplus(Shortfall) with Future Funding applied - exclusive of restricted funds	(646.51)
	Restricted Funds ^{6/}	127.00
	Surplus(Shortfall) with Future Funding applied - inclusive of restricted funds	(519.51)

1/ Outstanding commitments are legally binding obligations which have been recorded in the Trustee's ledger.

2/ Represents amounts recently approved by the committee but not yet recorded by the Trustee as a legal obligation.

3/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

4/ Projects/programs recently reviewed by the MDBs for submission to the committee for approval. This is net of dropped projects amounting to \$246 million.

5/ This represents an indication of potential appropriation from U.S. Congress.

6/ This is to cover the impact exchange rate fluctuations on the value of the outstanding promissory notes.

10. Based on the project submission schedule the CTF will have committed all available resources by December 2015. Given this critical funding situation, the CIF AU has worked with the MDB Committee and identified projects which are ready for submission for Q2 FY2016, as well as 10 stalled projects, totaling \$246 million in CTF funding, were dropped from the pipeline. The CIF AU and MDB Committee will continue to review projects, specifically those which are not submitted by the targeted dates, and convene again in December 2015 to prioritize approval-ready projects.
11. Additionally, \$720 million of the CIF's \$1.15 billion promissory notes have been allocated to the CTF. Also, \$171 million of the CIF's \$231 million outstanding pledge may be applied against the CTF's funding deficit as the CTF receives payments for this (during September the CTF received and applied \$17 million).

III. PPCR RESOURCE AVAILABILITY

12. The PPCR's \$222 million funding requirements exceed the \$56 million resources available for programming by \$166 million (see Table 2). These funding requirements include a pipeline of projects from endorsed investment plans and PSSA which will be submitted for TFC approval.

Table 2. PPCR Resource Availability

PPCR RESOURCE AVAILABILITY - as of September 30, 2015

Funding Classification	Commitment Items	PPCR
Unrestricted Funds in Hand	Cash and Investments	471.28
	Unrestricted & Unencashed Promissory Notes	280.22
	Total Unrestricted Funds in Hand	751.50
Outstanding Commitments ^{1/}	Outstanding Project and program commitments	673.11
	Outstanding Fee commitments	2.35
	Outstanding Administrative Budget commitments	0.13
	Total Outstanding Commitments Not Yet Transferred	675.59
	Uncommitted Funds	75.91
Pending and Projected Commitments ^{2/}	Administrative Budget Pending Commitment	(0.08)
	Projected Administrative Budget (FY17-FY21) ^{3/}	(19.87)
	Pending and Projected Commitments	(19.95)
	Funds Available to support CIF Programming - End Sept. 2015	55.96
Pipeline	Program/Project Funding (October 2015 onwards) ^{4/}	(200.34)
	MDB Project Implementation and Supervision Services (Fees) ^{5/}	(5.05)
	Funding Decisions (May 2015) - See Schedule 1	(16.54)
	Total Planned Pipeline	(221.93)
	Programming Surplus/(Shortfall) - exclusive of restricted funds	(165.97)
	Restricted Funds ^{6/}	49.45
	Programming Surplus/(Shortfall) - inclusive of restricted funds	(116.52)

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2/ Represents amounts recently approved by the committee but not yet recorded by the Trustee as a legal obligation.

3/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

4/ Projects/programs for submission to committee for approval based on recent updates from MDBs.

5/ Fee balances from existing projects.

6/ This is to cover exchange rate fluctuations on the value of the outstanding promissory notes.

13. Additional funding decisions rendered at the May 2015 JC meetings include \$17.28 million for investment preparation grants and country programming budget for new countries, of which \$0.735 million was approved in September 2015.

14. Additionally, \$280 million of the CIF's \$1.15 billion promissory notes have been allocated to the PPCR.

15. The Schedule in Annex 2 provides additional line items to reconcile Table 2 with the PPCR Semi-annual Operational Report (SAR).

IV. FIP RESOURCE AVAILABILITY

16. The FIP's \$381 million funding requirements exceed the \$168 million resources available for programming by \$212 million (see Table 3). These funding requirements include a pipeline of projects from endorsed investment plans, Dedicated Grant Mechanism (DGM) and Private Sector Set Aside (PSSA) which will be submitted for TFC approval.

Table 3. FIP Resource Availability**FIP RESOURCE AVAILABILITY - as of September 30, 2015**

Funding Classification	Commitment Items	FIP
Unrestricted Funds in Hand	Cash and Investments	333.49
	Unrestricted & Unencashed Promissory Notes	73.14
	Total Unrestricted Funds in Hand	406.63
Outstanding Commitments ^{1/}	Outstanding Project and program commitments	224.00
	Outstanding Fee commitments	0.08
	Total Outstanding Commitments Not Yet Transferred	224.07
	Uncommitted Funds	182.56
Pending and Projected Commitments ^{2/}	Administrative Budget Pending Commitment	(0.19)
	Projected Administrative Budget (FY17-FY21) ^{3/}	(14.20)
	Pending and Projected Commitments	(14.38)
Funds Available to support CIF Programming - End Sept. 2015		168.18
Pipeline	Program/Project Funding (<i>October 2015 onwards</i>) ^{4/}	(182.12)
	MDB Project Implementation and Supervision Services (MPIS/fees) ^{5/} - <i>See schedule 2</i>	(15.92)
	Funding Decisions (May 2015) - <i>See Schedule 1</i>	(182.60)
	Total Planned Pipeline	(380.63)
	Programming Surplus/(Shortfall)	(212.45)
Future Funding	Receivables - UK Contribution	29.93
	Pledges ^{6/}	60.00
	UK Contribution - Provisional Account	144.19
	Total future funding	234.12
	Programming Surplus/(Shortfall) - exclusive of restricted funds	21.67
	Restricted Funds ^{7/}	38.35
	Programming Surplus/(Shortfall) - inclusive of restricted funds	60.02

1/ Outstanding commitments are legally binding obligations which have been recorded in the Trustee's ledger.

2/ Represents amounts recently approved by the committee but not yet recorded by the Trustee as a legal obligation.

3/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

4/ Projects/programs for submission to committee for approval based on recent updates from MDBs.

5/ Fee balances from existing projects and projected fees for new countries and for DGM additional funding.

6/ This represents an indication of potential appropriation from U.S. Congress.

7/ This is to cover exchange rate fluctuations on the value of the outstanding promissory notes.

17. Additional funding decisions rendered at the May 2015 Joint Committee (JC) meeting include:

- i. \$3.75 million investment plan preparation grant
- ii. \$4.3 million country programming budget, of which \$0.46 million has been approved
- iii. \$30 million DGM investment project
- iv. \$145 million projected funding for the six additional countries under FIP

18. Additionally, \$73 million of the CIF's \$1.15 billion promissory notes have been allocated to the FIP. Also, \$60 million of the CIF's \$231 million outstanding pledge may be applied against the FIP's funding deficit as the FIP receives payments for this receivable.

19. The Schedules in Annex 1 provides additional line items to reconcile Table 2 with the FIP Semi-annual Operational Report (SAR).

V. SREP RESOURCE AVAILABILITY

20. The SREP's \$766 million funding requirements exceed the \$265 million resources available for programming by \$501 million (see Table 4). These funding requirements include a pipeline of projects from endorsed investment plans and PSSA which will be submitted for TFC approval.

Table 4. SREP Resource Availability**SREP RESOURCE AVAILABILITY - as of September 30, 2015**

Funding Classification	Commitment Items	SREP
Unrestricted Funds in Hand	Cash and Investments	334.08
	Unrestricted & Unencashed Promissory Notes	81.13
	Total Unrestricted Funds in Hand	415.21
Outstanding Commitments ^{1/}	Outstanding Project and program commitments	126.37
	Outstanding Fee commitments	1.08
	Total Outstanding Commitments Not Yet Transferred	127.45
	Uncommitted Funds	287.76
Pending and Projected Commitments ^{2/}	Administrative Budget Pending Commitment	(0.05)
	Projected Administrative Budget (FY17-FY21) ^{3/}	(22.71)
	Pending and Projected Commitments	(22.76)
	Funds Available to support CIF Programming - End Sept. 2015	265.00
Pipeline	Program/Project Funding (<i>October 2015 onwards</i>) ^{4/}	(415.32)
	MDB Project Implementation and Supervision Services (MPIS/fees) ^{5/} - <i>See schedule 2</i>	(21.10)
	Indicative Funding Allocations for existing Pilot Countries (Mongolia/Yemen)	(70.00)
	New Pilot Countries ^{6/}	(260.00)
	Total Planned Pipeline	(766.41)
	Programming Surplus/(Shortfall) - exclusive of restricted funds	(501.41)
Future Funding	Receivables - UK Contribution	37.55
	UK Contribution - Provisional Account	198.82
	Total future funding	236.37
	Programming Surplus/(Shortfall) - exclusive of restricted funds	(265.04)
	Restricted Funds ^{7/}	49.40
	Programming Surplus/(Shortfall) - inclusive of restricted funds	(215.64)

1/ Outstanding commitments are legally binding obligations which have been recorded in the Trustee's ledger.

2/ Represents amounts recently approved by the committee but not yet recorded by the Trustee as a legal obligation.

3/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

4/ Projects/programs for submission to committee for approval based on recent updates from MDBs. Also includes projects from newly endorsed IPs (Ghana, Haiti, Nicaragua).

5/ Fee balances from existing projects and projected fees for new countries.

6/ New pilot countries include Bangladesh, Rwanda and Uganda IPs to be presented in the November 2015 meetings. Also included are Benin and Cambodia with the IPs targeted for submission by February 2016.

7/ This is to cover exchange rate fluctuations on the value of the outstanding promissory notes.

21. Pipeline funding requirements also include \$70 million of investments to Mongolia and Yemen which are awaiting endorsement. Targeted investments of \$260 million to new pilot countries are also included.

VI. ANNEX 1 – RECONCILIATION WITH FIP SEMI-ANNUAL OPERATIONAL REPORT

<i>Schedule 1</i>	
Funding Decisions during the May 2015 Meetings (in \$M)	
IPPG for New Countries (\$250K * 6)	1.50
IPPG for Additional Countries (\$250K * 9)	2.25
Admin Budget Item	
Country Programming for New Countries (\$430K * 10)	4.30
Funding Requirement	8.05
<i>DGM additional funding</i>	<i>30.00</i>
<i>Total target project funding for the 6 new countries (up to)</i>	<i>145.00</i>
Total Funding Requirement	183.05
Less: Approvals (Jul-Sept 2015)	-0.455
Net Allocation for Approval	182.60

<i>Schedule 2 - MDB Project Implementation and Supervision Services(MPIS)</i>	
MPIS - existing pipeline	
Balance from IP Projects	3.66
MPIS - new funding decisions	
MPIS for new countries (\$634K * 6 * 2 projects)	7.61
MPIS for DGM additional funding (\$775K * 6)	4.65
Total MPIS/Fees	15.92

VII. ANNEX 2 – RECONCILIATION WITH PPCR SEMI-ANNUAL OPERATIONAL REPORT

<i>Schedule 1</i>	
Funding Decisions during the May 2015 Meetings (in \$M)	
IPPG for New Countries (\$1.5M * 10)	15.00
Country Programming for New Countries (\$455K * 5)	2.28
TOTAL	17.28
Actual approvals (Jul-Sept 2015)	(0.74)
Net Allocation for Approval	16.54