CLIMATE INVESTMENT FUNDS

Meeting of the SCF Trust Fund Committee

Brasilia, Brazil (Hybrid)

Friday, June 30, 2023

SCF RISK REPORT

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SCF/TFC.17/04/Rev.1
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PROPOSED DECISION

The SCF Trust Fund Committee reviewed the document, SCF/TFC.17/04, *SCF Risk Report*, and welcomes the progress that has been made in advancing the work of SCF.

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

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1 Description of key risk types

1. Risk is defined as any threat to the achievement of an SCF program's objectives. This definition, along with the definition of each program's objectives, establishes the context for appraising an SCF program's risk exposure level.

2. The SCF's programs are exposed to the following key risks.[1]

   - Implementation Risk
   - Currency Risk
   - Resource Availability Risk
   - Fraud, and Sexual Exploitation and Abuse
   - Forced Labor
   - Credit Risk

1.1 Implementation risk[2]

3. Implementation risk is the risk that a project, once effective, is not implemented in a timely manner. The CIF Administrative Unit flags a project for implementation risk if the project meets at least one of the following three criteria.

   - The project has been effective for 36 months but has disbursed less than 20 percent of program funds.
   - The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50 percent of program funds.
   - The anticipated date of final disbursement for the project has been extended, and less than 50 percent of program funds have been disbursed.

4. The MDBs provide this information semi-annually, and projects which have been flagged repeatedly in past reports are highlighted in orange.

1.1.1 MDB cancellation guidelines and criteria

5. 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.

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[1] Please note that other risks are also assessed, monitored and reported on each respective program's risk dashboard.

[2] 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.

- Severe represents an estimated potential impact > 5% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 1% - 5% of total pledges and contributions.
- Minimal represents an estimated potential impact < 1% of total pledges and contributions.

However, because the impact on funds exposed to implementation risk may simply be delays in the implementation of projects which are ultimately successful (vs. a complete loss of funding for projects as is the case with currency), the following ranges are used to classify implementation risk severity.

- Severe represents an estimated potential impact > 10% of the program's total pledges and contributions.
- Moderate represents an estimated potential impact 5% - 10% of total pledges and contributions.
- Minimal represents an estimated potential impact < 5% of total pledges and contributions.

- 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)

1.2 Currency risk via promissory notes

6. 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. During the reporting period, the GBP depreciated against the USD by 5.9 percent causing a commensurate decrease in the value of FIP and SREP's outstanding promissory notes.

1.3 Resource availability risk[3]

7. 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.

8. To mitigate this risk, the MDBs, and CIF Administrative Unit continuously monitor the resource availability situation and manage the pipeline development accordingly. Additionally, the TFC, MDBs, and CIF Administrative Unit have all consistently conveyed the message that resource allocations are not guaranteed until funds are committed to specific projects.

1.4 Fraud, and sexual exploitation & abuse

9. At the February 2019 CIF Trust Fund Committees and Sub-Committees meetings, the members requested that the MDBs provide to the CIF Administrative Unit information regarding fraud and sexual exploitation and abuse associated with CIF 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.

10. The MDBs did not report any allegations or instances of fraud or sexual exploitation, or abuse to the CIF Administrative Unit during the reporting 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 Group – Office of Institutional Integrity Annual Report
    - World Bank Group – Integrity Vice Presidency Annual Report

1.5 Forced Labor

11. At the January 2022 TFC Meeting, the Trust Fund Committee requested that the MDBs provide

[3] Available Resources excludes Currency Reserves as these reserves are not available for the Trustee to commit for programming. Additionally, if, before the remaining promissory notes are encashed, the GBP declines against the USD, some or all of the current amount of the Currency Reserves may never become Available Resources to commit for programming.

the CIF Administrative Unit 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.

12. 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.

13. The MDBs did not report any allegations or instances of forced labor to the CIF Administrative Unit during the period.

1.6 Credit risk

14. At the March 8, 2018, intersessional meeting of the SCF Trust Fund Committee, the committee decided that "SCF Reflows may be used to finance Administrative Costs and shall be allocated to finance the potential shortfall of grant resources to cover Administrative Costs after they become available in each Program Sub-Account."

15. Because credit losses and delinquencies can impact the availability and timing of these reflows to finance administrative costs, it is important to assess the credit risk associated with each SCF program's loan portfolio.

16. For CIF, public sector rating agency credit ratings have been a very poor predictor of defaults and expected losses. CIF has been operational for 15 years and has experienced no payment defaults on any of its public sector projects, and this has been the case despite the fact that, at various points, rating agencies have downgraded some recipient countries' ratings to default status. In other words, even when CIF recipient countries have defaulted on loan obligations to their bondholders, these countries have not defaulted on their obligations to CIF. For this reason, the CIFAU no longer uses rating agencies' public sector credit ratings to assess the credit risk associated with SCF programs' public sector loan portfolio, and the CIFAU's expected losses for the public sector portfolio are zero.

2 Assessment of key risk exposures — FIP

17. The following matrix summarizes FIP's key risk exposures.

Summary Risk Matrix - FIP			
Risk	**Likelihood**	**Severity**	**Risk Score**
Implementation Risk	Possible	Moderate	Medium
Currency Risk	Possible	Moderate	Medium
Resource Availability Risk	Unlikely	Minimal	Low
Credit Risk	Possible	Minimal	Low

18. Implementation risk for FIP declined to **Medium**, as four MDB Board-approved projects[4] representing USD 29 million of program funding have been flagged for this risk. The program's implementation risk score has been **Medium** for the past two reporting cycles, **High** for the four reporting cycles prior to that, and **Medium** for the four reporting cycles prior to that.

19. No promissory notes were encashed during the period. FIP's exposure to currency risk remains **Medium**. The program's currency risk score had been **Medium** in the last reporting cycle, and **High** for the eight reporting cycles prior to that.

20. Resource availability risk remains **Low** as FIP has a surplus in both grant and capital resources. The program's resource availability risk score has been **Low** for the past three reporting cycle and **Medium** in the cycle before that, and **High** for the prior four reporting cycles.

21. Expected losses associated with committed loan portfolio are USD 3 million, and credit risk associated with the program remains **Low**.

2.1 Implementation risk

22. Table 1 illustrates that, two projects representing USD 15 million of program funding have been flagged under the first criterion (versus two representing USD 61 million flagged in the previous Risk Report).

Table 1. Projects effective for 36 months with less than 20 percent of approved funds disbursed

Country	Program / Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of Dec 31, 2022 (USD millions)	Disbursement Ratio	FIP Committee Approval Date	Effectiveness Date	Months Since Effectiveness Date
Cote d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	AfDB	9.0	1.0	11%	8/22/2018	8/23/2018	52
Peru	Integrated Land management in Atalaya, Ucayali Region	IBRD	6.4	0.3	5%	5/23/2018	5/8/2019	43

23. **Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire (AfDB)**

   a. *Reason(s) for delay:* At the request of the country, the AfDB-FIP interventions were merged with the Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC), a regional project covering 9 countries also supported by GEF and GCF among others. The programme comprises 9 national projects implemented by the countries and a regional project led by the Niger Bassin Autority (NBA) to ensure synergy. Although launched in July 2019, this complex set up, including the effectiveness of all financial instruments, led to some delays in the project onset and the implementation of the FIP component in the Center region has experienced the same implementation delays as the entire project. The following challenges were identified by a supervision mission conducted by the Bank in March 2022:

[4] A 5th project had been flagged, Forest Investment Program Peru – Peru (USD 36 million), but in the weeks following the end of the reporting period it disbursed additional funds and is no longer flagged.

i. Low procurement capacity of the project management unit
ii. Non-validation of the Project and Sub-project Financing Manual
iii. Late signing of GCF grant and loan agreements.
iv. absence of an administrative, financial and accounting procedures manual

Moreover, disbursements were suspended by Bank in between February and September 2022, pending approval of financial audit reports on the first two years of the project.

Consequently, field activities with FIP financing actually started in the course of 2022, but not on time to catch up the rainy season and the disbursement rate remains low due to delays in signing the sub-project agreements and resource transfers to community groups.

b. *Measures underway to accelerate implementation:* the launch of the sub-projects as well as the technical recommendations of the last supervision mission of November 2022, will speed up actual achievements on the ground and increase in disbursement rate. Quarterly meetings are being conducted with project team to monitor updates on the mission recommendations implementation and closely support the project given the significant delays it is currently facing.

   i. Set up a network of groups (40) nurseries for the production of seedlings with the support of the Regional Water and Forest Departments
   ii. Develop, adopt and disseminate the procedure for the conception and approval sub-projects led by community members.
   iii. Fast track the execution of the 187 approved and pending sub-projects, including the development of the Yamoussoukro Urban Forest to be reforested.
   iv. Finalize the development and approval of the 139 sub-projects already identified by the rural animators for execution.
   v. Organize missions to inform stakeholders and support the finalization of the development of sub-projects generated by the rural animators in the regions.
   vi. Collaborate with the sub-prefectural land management committees to verify the land tenure of the sites where the sub-projects are carried out.
   vii. Systematically integrate agro-forestry into agricultural value chain development sub-projects.
   viii. Validate (in the workshop) and submit to the AfDB the Sub-project Financing Manual and the technical catalogs.
   ix. Transmit to the AfDB the request for financing of the sub-project for the construction of the vegetated fence of the Yamoussoukro urban forest.

c. *Estimated timeframe within which project will have disbursed 20 percent of FIP funds:* As of December 2022, the disbursement rate on FIP resources stands at 11%. With the implementation of the above-mentioned recommendations, and taking advantage of the next rainy season, a significant number of sub-projects will be implemented by the end of 2023. The disbursement rate will thus exceed 20% by December 2023.

d. *Projected disbursement of FIP funds over the next 12 and 24 months:* The project still expected to be completed in December 2025. A mid-term review will be conducted in the course of 2023 to fast track the implementation of the remaining activities in collaboration with the Government of Côte d'Ivoire. Based on current the disbursement plan, the cumulative disbursement rate on FIP resources is projected to exceed 60% by end 2024 and 100% of the funding will be disbursed at the project closure in December 2025.

24. **Integrated Land Management in Atalaya, Ucayali Region - Peru (World Bank)** -

a. *Reason(s) for delay:*

As the same implementing agency is implementing this project, it has experienced the same challenges as the project managed by IDB.

As of December 2022, the loan portion of project financing has a low disbursement rate because activities to be financed by the loan – implementation of business plans – are yet to start. The business plans have been under development since November 2022. However, the change of government in December 2022 has led to multiple changes in the executive directors of the PNCBMCC and, consequently, the change of the project coordinators. These changes have caused rethinking in implementation strategies and, thus, delay in financing the implementation of the completed first batch of the planned 50 business plans.

b. *Measures underway to accelerate implementation:* The World Bank team is discussing with PNCBMCC to find an acceptable solution to expedite the implementation of the business plan, which will require restructuring the project implementation arrangement to include an agency to manage the financing of the business plans. In doing so, it is expected that project implementation can accelerate the approval and financing process of business plans. As a minimum of 18 months is required to ensure proper implementation of business plans, and there are two additional batches of business plans to be developed and financed, it is expected that project implementation may need about 20 months beyond the current closing date of September 2024. With these, PNCBMCC is developing a restructuring proposal now.

c. *Estimated timeframe within which the project will have disbursed 20 percent of FIP funds:* Given the time needed for the proposed project restructuring, it is expected that 20% of disbursement of the project's FIP loan may be achieved in later 2023 or early 2024. The exact time will be confirmed after project completion.

d. *Projected disbursement of FIP funds over the next 12 and 24 months*: 30% of loan disbursement is expected to be achieved by the next 12 months and 60% by the next 24 months.

25. Table 2 illustrates that one project representing USD 9 million of approved funding has been flagged under the second criterion (versus one projects representing USD 4 million flagged in the previous Risk Report).

Table 2. Projects within 15 months of closing with less than 50 percent of approved funds disbursed

Country	Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of December 31, 2022 (USD millions)	Disbursement Ratio	Effectiveness Date	Original-Anticipated Final Disbursement Date	Month Before Anticipated Date of Final Disbursement
Guatemala	Sustainable Forest Management	IDB Group	9.2	0.0	0%	10/1/2018	4/1/2020	-21

26. **Sustainable Forest Management – Guatemala (IDB Group)** -

a. *Reason(s) for delay:*

The operation was approved in January 2020 by the Bank's Board of Directors and to date Legislative approval is pending to start execution. In Guatemala, the approval of sovereign loans involves several stages, including:

i. Approval by the Monetary Board.
ii. Approval by the Secretariat of the Presidency of the Republic must approve.
iii. Approval by the Legislative Directorate (Presidency of the Congress of the Republic).
iv. Presentation to the plenary of Deputies of the Congress of the Republic.
v. Judgment of the Finance Commission of the Congress of the Republic.
vi. First Reading by the plenary of Deputies of the Congress of the Republic.
vii. Second Reading by the plenary of Deputies of the Congress of the Republic.
viii. Third Reading and final approval

At the beginning of 2022, the project advanced in the first stages of the approval process, being sent to the Legislative Directorate on May 12, with the presentation on November 16, and on December 6 with the Favorable Opinion of the Finance Commission of the Congress of the Republic. During 2023, the first (March 15) and second reading (March 22) took place. Currently it is only pending final approval expected to occur in the following weeks. However, given that the elections for the Presidency and Deputies of the Congress of the Republic will take place in July 2023 (being January 2024 the change of Government), it is estimated that the project, if it is not approved in the following weeks, will then be approved in August by the same current officials.

b. Currently, negotiations with the authorities -on both the Legislative and the Executive Branches- continue, since to date it continues to be relevant to the post-COVID economic recovery as well as to the implementation of country's current the NDC.
Measures underway to accelerate implementation:

The IDB Representation in Guatemala is providing support and accompanying the authorities of the Legislative and Executive Bodies, which allowed significant progress in the approval of this loan in the last 6 months. This reflects not only the priority of the project to the Bank, but especially for the ministerial authorities and the Congress of the Republic.

In addition, the IDB and the executing unit (National Institute of Forests (INAB)) are planning to update the planning and management tools of the project during May 2023. This to facilitate immediate execution once the project is approved by the congress.

c. *Estimated timeframe within which project will have disbursed 20 percent of FIP funds:*

The project has not been approved to date by the Congress of the Republic, it is expected to have an official updated planning of use of resources once it is approved.

d. *Projected disbursement of FIP funds over the next 12 and 24 months:*

Since the project is pending legislative approval, at the moment there is no projection of disbursements.

27. Table 3 illustrates that, one project representing USD 4 million of program funding has been flagged under the third criterion (versus two representing USD 30 million flagged in the previous Risk Report).

Table 3. Projects with extended anticipated dates of final disbursement, and less than 50 percent of approved funds disbursed

Country	Program / Project Title	MDB	Funding Amount (USD Equv)	Cumulative Disb. as of December 31, 2022	Disbursement Ratio	FIP Committee Approval Date	Effectiveness Date	Initial Anticipated Date of Final Disbursement	Extended Anticipated Date of Final Disbursement
Burkina Faso	Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project)	AfDB	4.0	1.7	43%	12/30/2016	8/23/2017	12/28/2022	12/31/2023

28. **Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project) – Burkina Faso (AfDB)**

a. *Reason(s) for delay:* Prior to COVID-19, the project had been progressing across five sub-components that reflect various points of entry to support the cashew supply chain: plantation development, improving yields and modes of production, modernizing commercial processing facilities, capacity building of local actors in the supply chain, and project management. The project has made the most progress to date in upstream interventions, such as plantations developed (100 percent of target reached), and support for improved agricultural techniques (100 percent of targeted farmers trained on organic practices). The project mid-term review conducted in September 2021 estimated the physical implementation at 57percent.

Delays have occurred in the processing facilities sub-component, which relies on investment credits being approved by the Réseau des caisses populaires du Burkina Faso (RCPB) for separate sub-projects. The project is facing challenges with the credit disbursement mechanism which constitutes the largest part of the project's investment budget. As of December 2022, only six were approved. RCPB cited lack of sufficient economic and financial profitability studies and other quality control mechanisms for the proposals as a barrier to their timely approval. This challenge is further aggravated by heavy initial conditions on access to credit, including among others, a 10 percent pledged savings in cash or a minimum contribution of 20 percent in kind, payment of insurance fees, credit file fees and management fees.

The onset of the pandemic has caused further delays in project implementation, and from March 2020, activities in the field have been suspended due to restrictions on movement. This has led to an inability to work with local cooperatives and other field-level actors to advance project activities for a certain period. Coupled with delays encountered at the onset of the project, this partially explains the overall delay in the implementation of some activities. In April 2022, AfDB received a request at no-cost extension until December 2023 to finalize the implementation of remaining activities.

b. *Measures underway to accelerate implementation:* Following a supervision in September 2021, AfDB urged the RCPB, in coordination with the project implementation unit, to sign an amendment to the agreement with RCPB, taking into account the leaner credit terms, including the placement of the credit fund at a rate of 0 percent in the books of RCPB and the renunciation of the 10 percent pledge savings for all loans. The mission further recommended the establishment of a dedicated loan approval committee for the due diligence in sub-projects approval, with the participation of relevant stakeholders, including local authorities, the project implementation unit, and beneficiaries' representatives. The amendment to the agreement between the project and RCPB was approved by the Bank and the committee was set up in March 2022. In support to this process, two individual consultants were brought onboard to review the profitability of shortlisted sub-projects.

c. *Estimated timeframe within which the project will have disbursed 50 percent of FIP funds*: As of December 2022, FIP funds reached a cumulative disbursement rate of 43 percent. It is important to note, however, that AfDB co-financing had reached a cumulative disbursement rate of 85 percent by the same period. With the approval of the latest financial audit report in March 2023, the Bank is currently processing the next disbursement and a supervision mission is planned for July 2023.. The upcoming supervision mission will take stock of the arrangements made during the last supervision mission and ensure that the mechanism for access to credit by beneficiaries and the implementation of structuring sub-projects, are going smoothly.

d. *Expected disbursement of FIP funds over the next 12 and 24 months*: The current disbursement being processed by the Bank will bring the cumulative disbursement rate at 80%. With the extension of the project until December 2023, AfDB will continue to support the Government of Burkina Faso and the project implementation unit to use the remaining FIP funds by the closing date.

2.2 Currency risk via promissory notes

29. The unrealized decline in the value of FIP's uncashed promissory notes increased to USD 13 million from USD 10 million as reported in the last Risk Report. FIP's exposure to currency risk remains **Medium**.

30. Table 4 illustrates that it is possible that FIP will realize a moderate decline (relative to the size of the program) in available resources due to the currency risk exposures via GBP-denominated promissory notes.

Table 4: FIP currency risk exposure summary

Currency Risk Exposure (Millions) as of March 31, 2023							
Program	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
FIP	£223.0	£37.7	($24.0)	($12.9)	Possible	Moderate	Medium

2.3 Resource availability risk[5]

31. Table 5 illustrates that, as of March 31, 2023, FIP continues to hold surpluses of grant and capital resources of USD 5 million and USD 18 million (see Annex A). The risk that the Trustee will not have sufficient resources to commit to fund all projects in FIP's pipeline remains **Low**.

Table 5: FIP resource availability risk summary

Available Resources as of March 31, 2023				
Program	Available Resources for Projects/Programs ($Million)*	Risk Likelihood	Risk Severity	Risk Score
FIP Grant	$4.8	Unlikely	Minimal	Low
FIP Capital	$18.3			

2.4 Credit risk

32. Table 6 illustrates that the expected losses associated with FIP's public and private sector loan portfolios is USD 3 million. The credit risk associated with the program is **Low**.

[5] Available Resources excludes Currency Reserves as these reserves are not available for the Trustee to commit for programming. Additionally, if, before the remaining promissory notes are encashed, the GBP declines against the USD, some or all of the current amount of the Currency Reserves may never become Available Resources to commit for programming.

Table 6: Public and private sector credit risk exposure summary based on loan commitments

Committed Loan Portfolio Credit Risk Exposure (as of 03/31/2023)									
Sector	Portfolio Risk Rating[5]	Total Committed Loans (MM USD equivalent)[1]	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]	Total Loan Originated Principal in Default[5] (MM USD equivalent)	# of Loans Experiencing Payment Default	Loan Principal in Default vs. Total Loan Amount Originated
Public	B+[8]	148.5	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%
Private	CCC[7,4]	18.0	30.0%	61.5%	18.5%	3.3	0.0	0.0	0.0%
Portfolio	**B**	**166.5**			**2.0%**	**3.3**	**0.0**	**0.0**	**0.0%**

1. Committed loan amounts are provided by the Trustee.
2. Expected losses are in addition to total loan principal reported to be in default.
3. Expected Loss Rate = (PD x LGD) and does not take into account any correlations between the performance of loans within the portfolio.
4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.
5. Derived based on the mapping of the portfolio's estimated PD to the corresponding rating agency credit rating as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024
6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024 (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2022).
7. Based on internal credit ratings or PDs assigned to their respective private sector CTF loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.
8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of March 31, 2023. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2022 as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024

3 Assessment of key risk exposures — PPCR

33. The following matrix summarizes PPCR's key risk exposures.

Summary Risk Matrix - PPCR			
Risk	Likelihood	Severity	Risk Score
Implementation Risk	Possible	Minimal	Low
Credit Risk	Possible	Minimal	Low

34. Implementation risk for PPCR increased but remained **Low**, as 2 projects representing USD 27 million of MDB-approved program funding were flagged for this risk. The program's implementation risk score was also **Low** in the last two reporting cycles but had been **High** for the prior six reporting cycles.

35. Expected losses associated with committed loan portfolio are USD 8 million and the credit risk associated with the program remains **Low**.

3.1 Implementation risk

36. Table 7 illustrates that, one project representing USD 17 million of program funding has been flagged under the first criterion.

Table 7. Projects effective for 36 months with less than 20 percent of approved funds disbursed

Country	Program / Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of Dec 31, 2022 (USD millions)	Disbursement Ratio	PPCR Committee Approval Date	Effectiveness Date	Months After Effectiveness Date
Nepal	Building Climate Resilient Communities through Private Sector Participation / Expansion of IFC-PPCR Strengthening Vulnerable Infrastructure Project	IFC	17.2	0.3	2%	9/10/2012	4/7/2014	104

37. **Building Climate Resilient Communities through Private Sector Participation / Expansion of IFC-PPCR Strengthening Vulnerable Infrastructure Project - Nepal (IFC)**

a. *Reason(s) for delay:* The project supports three sub-projects through six financial instruments that are all in disbursement. In November 2019, USD 15.65 million was committed for a 216 MW run of river hydropower project on the Upper Trishuli river that represents one of the largest foreign direct investments in Nepal to date. Construction start was delayed until January 2021 due to COVID-19.

b. *Measures underway to accelerate implementation:* Various measures are underway with a target to complete construction in 2026/2027.

c. *Estimated timeframe within which project will have disbursed 20 percent of PPCR funds:* 20 percent of funds to be disbursed Estimated during 2023/2024.

d. *Projected disbursement of PPCR funds over the next 12 and 24 months:* As noted above, 20 percent of funds to be disbursed during 2023/2024.

38. No projects were flagged under the second criterion.

39. Table 8 illustrates that the same project as flagged in previous reports representing USD 10 million of program funding remains flagged under the third criterion.

Table 8: Projects with extended dates of final disbursement and less than 50 percent of approved funds disbursed

Country	Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of Dec 31, 2022 (USD millions)	Disbursement Ratio	PPCR Committee Approval Date	Effectiveness Date	Months After Effectiveness Date	Initial Anticipated Date of Final Disbursement	Extended Anticipated Date of Final Disbursement	MDB Co-Financing (USD millions)
Cambodia	Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project	ADB	10.0	4.0	40%	10/23/2014	3/2/2016	71	12/31/2019	4/30/2023	37.0

40. **Flood-resilient Infrastructure Development in Pursat and Kampong Chhnang Towns as part of the Integrated Urban Environmental Management in the Tonle Sap Basin Project – Cambodia (ADB)** – This project has been flagged in each of the last six reporting cycles. USD 4.6 million of PPCR funds were disbursed as of April 15, 2023. The SCF loan and grant are associated with 3 packages – Kampong Chhnang Sewerage, Flood Protection and Wastewater Treatment (CW10), Pursat drainage (CW05), and the community works (CW09).

a. *Reason(s) for delay:* Civil Works (CW) 10 is the replacement package for the original Kampong Embankment package (CW04), which was formalized when the project's major change in scope was approved by ADB's Board of Directors in July 2021. Preparation of detailed engineering designs (DED) for the new CW10 package was delayed as consultants responsible for DED preparation contracted COVID-19 at that time. Also, the required site visits to facilitate safeguards due diligence were delayed due to COVID-19 related travel restrictions. The detailed resettlement plan was prepared and submitted to ADB in March 2022 and was cleared by ADB for disclosure on the ADB website.

The package was advertised and bid opening was held in October 2021. However, the bid evaluation process was delayed because of a lengthy series of queries and clarifications. ADB finally received the bid evaluation and NOL was given accordingly. The contract was finally awarded in August 2022. Due to delays in procurement, the disbursement targets will also move. After contract award, the civil work could not start immediately until December 2022/January 2023 due to the clearance of safeguard documents required prior to commencement of civil work. ADB, during review mission in May 2023, visited the site and noticed the contractor could not work on wastewater treatment plant as intended as the site is still inundated even though it used to be dry at this time of the year. This would certainly contribute to further delay of civil work progress, then disbursement.

CW05 Pursat Drainage: Detailed design was delayed due to changes in the town infrastructure carried out by the provincial government between the conclusion of the preparatory technical assistance and the inception of work by the project implementation consultants (PIC). This necessitated a complete redesign of the proposed solution. Works are now almost complete pending delivery of plastic biofilm media for installation in the anaerobic filter, and the grant has enabled the project to be flood resilient, resisting the recent flooding that affected large areas of the town. The construction works are expected to be completed by end May 2023.

CW09 Construction of small-scale sanitation and environmental improvement facilities in Pursat and Kampong Chhnang Towns: This package has also been delayed due to the original project concept being non-viable (building latrines using public funds for private households occupying public river-front land illegally, which are flooded to a depth of several meters and not approved for construction generally). However, in the villages (specifically in Pursat) where the project is viable, the first shopping packages (CW09a and CW09b) have been completed in December 2019 and constructions of the latrines were already completed along with a package on household support. Three remaining community works packages were prepared and submitted to PMU, and the decision for procurement was deferred due to expiration of Partnership for Development in Kampuchea (PADEK) contract and the need to make new arrangement.

b. *Measures underway to accelerate implementation:* Variation orders for the PPCR grant component, to permit modifications to the implementation process, were issued allowing for some contingency to be used for the existing consultants. This includes addressing needs on septage, solid waste, and public health management. To ensure the award of CW10 in June 2022, ADB during the latest review mission in May 2022 discussed the required clarifications on the bid evaluation with the EA to facilitate the EA’s timely preparation of the bid evaluation report, the contract was awarded in August 2022.The contractor can start construction working where possible after ADB’s issuance of commencement of civil work. For NGO component, it was agreed during ADB review mission in March 2023 that implementation of the Community Mobilisation and Environmental Improvement (CMEI) component will continue, now directly under the PIC, and that to find opportunities to increase the output delivery under this component to meet the DMF's target indicator (i.e. 1400 ID Poor 1&2 household toilets), and household connections to sewers formerly under PADEK package CW09c.

CW04: **The Government of Cambodia has requested that the major project component in Kampong Chhnang (embankment, USD 19 million) be cancelled, as other urban developments meant that the government would be unable to meet ADB safeguard requirements for this component if it were to proceed.** The replacement/alternative sub-project is package CW10 stormwater drainage, sewage and wastewater treatment (USD 19 million), which involves USD 4.9 million of climate adaptation costs (mostly in backfill for raising and larger pipe capacity). The executing agency already signed the contract with the Contractor in August 2022 and is currently working with the contractor and PIC to enable working in wastewater treatment plant site and other sites and to expedite the construction works for timely completion.
Both the PIC and NGO contracts were successfully modified in early 2020. Although the DED of the new replacement package had been expected to be completed by the end of September 2020, this did not occur, and this was subsequently forecast to be completed by February 2021. The CW09 package has been split into several smaller packages (the first two packages, CW09a and CW09b, were procured) and the works under these contracts were completed.

The final package for the community works components were defined and six contract packages were prepared. Delays are due to the low capacity of the NGO appointed under CS04 (the NGO consulting contract). One mitigating solution is to transfer some of the civil works budget for community works to the CW10 contract (for household connections) and to implement this though the CW10 contractor, facilitated by the NGO as community liaison. In addition, the construction of latrine was given more consideration during ADB's review mission, possibility to increase latrine to match with the number stated in the DMF was explored. It was agreed to include community mobilizers, who will coordinate the community work, directly under PIC contract for speed up identifying the potential ID Poor 1&2 Households in the selected extended villages within the municipal boundaries for receiving latrines. The construction of latrines might be faster if undertaken by varying on-going CW10 contract.

Scope change: The major change in scope was approved by ADB's Board of Directors on July 12, 2021. An extension of the project closing date by one year has also been approved, together with the major change in scope.[6]

[6] The proposal for a scope change stems from the government's request to cancel a major sub-project (package CW04, Construction of a 15km River Embankment) and to reallocate the funds to wastewater, stormwater drainage, and wastewater treatment in Kampong Chhnang (CW10).

- The full USD 5 million under Loan 8295 is intended for Kampong Chhnang Flood Protection. The original estimate for CW04 is $19 million, to be funded by both the SCF loan ($5million) and COL loan ($14 million).
- The DMF outcome (flood protection) is still the same, but with a different method of delivery as advised earlier. CW04 was a flood embankment to stop river flooding, while CW10 is a separated sewer and stormwater network (to stop rain driven flooding), and a wastewater treatment plant. It is expected that there will be about 4,900 fewer people who experience frequent flooding.

It is likely that the project loan closing date will be extended by one more year (April 2025) due to the delay in implementation of civil works contracts CW10.

c. *<u>Estimated timeframe within which project will have disbursed 50 percent or more of PPCR funds:</u>* As of April 15, 2023, there are nine contract packages under the grant have been awarded. Disbursed amount is around 95 percent of the PPCR grant funds. ADB intends to use the remaining grant fund for construction of more latrines for ID Poor 1&2 Households in some extended villages within the project towns and for the household connections to sewers under CW10. About 91% (USD 4.55 million) of the PPCR loan fund is expected to be disbursed in 2023.

d. *<u>Projected disbursement of PPCR funds over the next 12 and 24 months</u>*: ADB expects USD 4.55 million (L8295) and USD 0.18 million (G0454) to be disbursed in 2023. The remaining PPCR funding will be fully disbursed in 2024.

3.2 Credit risk

41. Table 9 illustrates that the expected losses associated with PPCR's loan portfolios are USD 8 million and the credit risk associated with the program remains **Low**.

Table 9: Public and private sector credit risk exposure summary based on loan commitments

Committed Loan Portfolio Credit Risk Exposure (as of 03/31/2023)									
Sector	Portfolio Risk Rating[5]	Total Committed Loans (MM USD equivalent)[1]	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]	Total Loan Originated Principal in Default[5] (MM USD equivalent)	# of Loans Experiencing Payment Default	Loan Principal in Default vs. Total Loan Amount Originated
Public	CCC+[8]	292.5	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%
Private	B-[7,4]	57.2	29.1%	49.9%	14.5%	8.3	0.0	0.0	0.0%
Portfolio	**CCC+**	**349.7**			**2,4%**	**8.3**	**0.0**	**0.0**	**0.0%**

1. Committed loan amounts are provided by the Trustee.
2. Expected losses are in addition to total loan principal reported to be in default.
3. Expected Loss Rate = (PD x LGD) and does not take into account any correlations between the performance of loans within the portfolio.
4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.
5. Derived based on the mapping of the portfolio's estimated PD to the corresponding rating agency credit rating as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024
6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024 (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2022).
7. Based on internal credit ratings or PDs assigned to their respective private sector CTF loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.
8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of March 31, 2023. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2022 as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024

4 Assessment of key risk exposures—SREP

42. The following matrix summarizes SREP's key risk exposures.

• The DMF outcome performance indicator and the project output relevant to the SCF loan are proposed to be changed due to (i) the cancellation of the original flood protection package; (ii) change in the infrastructure to be built to address flood protection (among other issues that CW10 will address), (iii) properly measure what would be achieved by the project in terms of design and capacity of CW10; and (iii) revise baseline (and target) figures on the households that would have reduced flooding it appears that there was a miscalculation done during the PPTA.

Summary Risk Matrix - SREP			
Risk	**Likelihood**	**Severity**	**Risk Score**
Implementation Risk	Likely	Severe	High
Currency Risk	Likely	Moderate	High
Resource Availability Risk - Sealed and Reserve Pipelines	Unlikely	Minimal	Low
Resource Availability Risk - Sealed Pipeline Only	Unlikely	Minimal	Low
Credit Risk	Possible	Minimal	Low

43. SREP's risk score for implementation risk increased and remains **High**. 11 projects representing USD 174 million of program funding are now flagged for this risk. This compares with 14 projects representing USD 222 million of program funding that were flagged for this risk in the last report. The program's implementation risk exposure has been **High** for the past three reporting cycles and has fluctuated between **Low** and **Medium** for the five reporting cycles before that.

44. Currency risk for SREP remains **High** as GBP 94 million promissory notes remain outstanding and have declined in value by USD 31 million. The program's exposure to currency risk via promissory notes has been **High** for the seven reporting cycles.

45. SREP's risk of being unable to fund all projects in the combined sealed and reserve pipelines decreased to **Low**, and there is **Low** risk that SREP will be unable to fund the projects in only its sealed pipeline. The program's resource availability risk exposure for the combined sealed and reserve pipelines was **Low** in the last reporting cycle and had been **High** for the prior six reporting cycles.

46. Expected losses associated with committed loan portfolio are USD 8 million, and the credit risk associated with the program is **Low**.

4.1 Implementation risk

47. Table 10 illustrates those four projects representing USD 53 million of SREP funding have been flagged under the first criterion. Three of the projects flagged in the last Risk Report continue to be flagged and are highlighted in orange.

Table 10: Projects effective for 36 months with less than 20 percent of approved funds disbursed

Country	Program/Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of December 31, 2022 (USD millions)	Disbursement Ratio	Committee Approval Date	Effectiveness Date	Months after Effectiveness Date	MDB Co-financing (USD millions)
Nicaragua	Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	7.5	1.2	16%	8/2/2016	12/15/2016	72	51.4
Solomon Islands	Electricity Access and Renewable Expansion Project – 2	IBRD	7.1	0.5	6%	03/14/2018	10/23/2018	50	10.3
Bangladesh	Scaling Up Renewable Energy	IBRD	26.4	2.3	9%	08/25/2017	12/08/2019	36	156.0
Kenya	PSSA: Kopere Solar Park	AFDB	11.6	0.0	0%	12/28/2018	02/27/2019	46	18.2

48. **Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC – Nicaragua (IDB Group)** This project was flagged in the last risk two reports and has now disbursed USD 1.2 million.

a. *Reason(s) for delay:* The third acquisition process for the drilling of the commercial diameter well that incorporated modifications to expand the scope of the contract with a referential budget of USD 28.5 million was declared void due to lack of participation of companies. This caused the execution schedule to be delayed.

b. *Measures underway to accelerate implementation:* The Ministry of Energy, executing the operation, has proposed a strategy that consists of modifying the original acquisition program, which consisted of contracting a single company that integrated the feasibility studies, drilling and civil works for the access road and platforms. Now, independent acquisition processes will be carried out to take advantage of the strength of the companies that are specialized in each sector in a special way because the drilling companies have no interest in carrying out geoscientific studies and civil works due to the associated risks. For this reason, the execution scheme in acquisitions is changed

c. *Estimated timeframe within which project will have disbursed 20 percent or more of SREP funds:* The IDB Group had expected this to occur in July 2022, and now expects this to occur in Q3 2023.

d. *Projected disbursement of SREP funds over the next 12 and 24 months:* USD 10 million.

49. **Electricity Access and Renewable Expansion Project 2 – Solomon Islands (World Bank):** This project was flagged in the last risk report and has now disbursed USD 1.2 million.

a. *Reason(s) for delay:* Implementation progress and achievement of the development objective have been delayed by nearly two years due to factors largely beyond the control of implementing entities. Overall project implementation has been impacted due to the disruptions and challenges related to the COVID-19 pandemic and some challenges encountered with procurement of major investment activities.

Renewable energy hybrid mini-grids: The tender process has been delayed due to debarment by the Bank of the winning bidder and disruptions induced by the novel coronavirus (COVID-19) pandemic. suspension of a contractor and the pandemic, but is now scheduled to be launched in June 2022. The tender process for two sites (out of five), Visale and Tingoa, was launched in September 2019. The contract was awarded to a bidder on February 19, 2020, however, before the contract was signed, the World Bank temporarily suspended the contractor on February 10, 2020 for suspected fraudulent practices. An INT investigation is ongoing. As a result of the suspension, the contractor became ineligibleineligible, and the World Bank debarred the contractor on June 16, 2020. Solomon Power (SP) issued a notice of cancellation of contract on July 2, 2020. The Bank and SP agreed to retender all five renewable energy hybrid mini-grids sites at Visale (Guadalcanal), Tingoa (Rennell and Bellona), Bina and Dala (Malaita), and Baolo (Isabel). SP launched a new tender process for all five mini-grids sites combined in a single lot in April 2022. The bid opening took place on July 20, 2022, and SP submitted the Bid Evaluation Report to the Bank for its no objection on October 11, 2022, with No Objection provided on November 9, 2022. SP awarded the winning bidder for the contract for supply, installation, and commissioning of all five mini-grids in February 2023.

Enabling Environment and Project Management:

- SP activities: Besides recruiting project staff, this component will support the development of the gender-related activities. SP has appointed a gender officer and a draft Gender Action Plan is being developed. While several project staff were recruited under Solomon Islands Sustainable Energy Project (SISEP) and contracts were transitioned into the project at the end of March 2019 (SISEP closing date), including the Program Manager for Component 2, other positions have been internally filled by SP. SP issued a request for expressions of interest (REOI) for the tariff review study in September 2019. The contract was awarded on May 15, 2020. Notwithstanding some delays due to disruptions caused by COVID-19, SP hosted two stakeholder workshops in July and September 2020 and in March 2021, and concluded the assignment, resulting in a reduction in the level of tariff. The gazette of new tariff regulations occurred in May 2021.
- Ministry of Mines, Energy and Rural Electrification (MMERE) activities: This sub-component for MMERE supports assignments to recruit energy adviser, review the Electricity Act, and prepare a National Electrification Plan. The selection of a consultant as an energy advisor was completed on August 15, 2020. The preparation of the National Electrification Plan (NEP) 2023-32 and the review of the Electricity Act have been completed under this sub-component. The NEP identified the financing needs of USD 273 million to electrify 13,780 urban- and 53,900 rural households. MMERE plans to organize a launch event for the NEP. Regarding the review of the Electricity Act, MMERE is working towards the enactment of an Electricity Act Amendment Bill.

b. *Measures underway to accelerate implementation:* SP remains strongly committed to implementing the work. This is fully reflected in the strong endorsement expressed by the government ministries in support of the project to bring renewable energy to the population in Solomon Islands. SP's commitment to the project has been demonstrated by the successful implementation of connecting households in low-income areas (not supported under SREP), which has exceeded the revised end target. It is noted that this component was not significantly impacted by the COVID-19 pandemic because much of its supply and installation works could be conducted locally. The performance of SP has been satisfactory as consistently reported in the Implementation Status and Results reports. Moreover, the Government of Solomon Islands has requested for an extension of the project by 30 months, from May 31, 2023 to November 28, 2025. The closing date of all funding sources including SREP will be extended. The extension of closing date will ensure sufficient time is allocated for completion of the project activities when factoring in related risks, such as the risk of construction delays during rainy seasons.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of SREP funds:* The World Bank had estimated that disbursements would surpass 20 percent by

December 2023, and now estimates that this will occur by December 2024.

d. *Expected disbursement of SREP funds over the next 12 and 24 months:* Disbursement is likely to reach USD 0.5 million in the next 12 months (April 2024) and USD 2.5 million in the next 24 months (April 2025).

50. **Scaling Up Renewable Energy – Bangladesh (World Bank**): This project was also flagged under the second criterion (see below for description).

51. **PSSA: Kopere Solar Park – Kenya (AfDB**): No response provided.

a. Reason(s) for delay: The project was approved by the Bank's board in February 2019 but the financial agreement with the country is yet to be signed as of December 2022. Except for the Letter of Support from the Government of Kenya, all project documents are finalized. This explains why there is no disbursement on the project to date.

b. *Measures underway to accelerate implementation:* Various efforts are being made by the team through AfDB's country office in Kenya to accelerate the conclusion of the letter. The final negotiation is still yet to start.

c. *Estimated timeframe within which the project will have disbursed ≥ 20 percent of SREP funds:* Given the current circumstances, there is no disbursement planned for 2023. The bank will advise on next steps if no progress is made by December 2023.

d. Expected disbursement of SREP funds over the next 12 and 24 months: A detailed disbursement schedule will be prepared as part of launching activities upon signature of the financial agreement.

52. Table 11 illustrates three projects representing USD 65 million of SREP funding have been flagged under the second criterion. All of these projects have been flagged in previous risk reports and are therefore highlighted in orange.

Table 11: Projects within 15 months of closing with less than 50 percent of approved funds disbursed

Country	Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of December 31, 2022 (USD millions)	Disbursement Ratio	Effectiveness Date	Original-Anticipated Final Disbursement Date	Month Before Anticipated Date of Final Disbursement	MDB Co-financing (USD millions)
Nicaragua	Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	IADB	7.5	1.2	16%	12/15/2016	3/15/2022	-9	51.4
Nepal	South Asia Sub-regional Economic Cooperation Power System Expansion Project: Rural Electrification Through Renewable Energy	ADB	31.2	9.2	30%	01/15/2015	6/30/2022	-6	5.0
Bangladesh	Scaling Up Renewable Energy	IBRD	26.4	2.3	9%	8/25/2017	12/8/2019	-12	0.0

53. **Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC – Nicaragua (IDB Group)**: This project was also flagged under the first criterion (see above for description).

54. **South Asia Sub-regional Economic Cooperation Power System Expansion Project: Rural**

Electrification Through Renewable Energy – Nepal (ADB):

a. *Reason(s) for delay:* The project comprised a total of USD 31.2 million SREP funds, out of which USD 11.2 million was approved in 2013 and USD 20 million was approved in November 2016 as additional financing. Out of USD 11.2 million approved for implementing off-grid renewable energy systems, USD 9.24 million has already been disbursed (82.5 percent). However, there were delays in implementing an additional USD 20 million grant (no disbursement as of date) meant to promote a large-scale solar PV system using private sector participation. The primary reasons for delays are cancellation of the procurement process for selection of the consulting firm with non-responsiveness of submitted bids; delays in the power purchase agreement (PPA) of selected IPPs with change in the regulatory process after establishment of Electricity Regulatory Commission; and implementation delays from IPPs due to COVID-19. Another reason for delay in the utilization of the grant proceed is a grant saving of around USD 9 million (out of USD 20 million) due to lower than anticipated first round IPP bids.

b. *Measures underway to accelerate implementation:* Major outstanding issues relating to implementing a USD 20 million grant to promote a large-scale solar PV system using private sector participation have now been resolved. As a result, five contracts have been awarded with a cumulative size of 24 MWp (target: 25 MWp). Out of these, three contractors of cumulative size of 11 MWp are completed and operational, and disbursement likely to commence from May 2023.

   With the ongoing interventions, there is a grant saving of around USD 9 million. The Government of Nepal has requested ADB to utilize the remaining grant for deploying large-scale solar and energy storage systems to power remote district headquarters that do not have access to reliable electricity supply. ADB is closely supporting the executing agency in preparing the bidding documents to ensure the contracts are awarded by Q1 of 2023 and complete installation by Q2 of 2024. ADB has extended the project closing date up to June 2024 to accommodate the request from the government and allow the completion of other ongoing activities.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:* Q4 of 2023

d. *Expected disbursement of SREP funds over the next 12 and 24 months:*

   Expected cumulative disbursement as of June 2023: USD 12 .0 million
   Expected cumulative disbursement as of June 2024: USD 31.2 million

55. **Scaling Up Renewable Energy – Bangladesh (World Bank):** This project's closing date has since been extended to July 31, 2025.

a. *Reason(s) for delay:* While the implementing agency Infrastructure Development Company Limited (IDCOL) has advanced strong measures to accelerate the implementation of this project which was previously severely hampered by, COVID-19.

Several subprojects were cancelled due to Covid downturn and pipeline growth stalled. For the TA component, original Project Director of SREDA died from Covid and the subsequent Project Director left SREDA recently, and a new Project Director started in April 2023. These changes in the PIU led to delays but now most. Overall, implementations risk continues to be manageable and with the extension of the closing date to July 31, 2025, the project is expected to achieve all planned activities and meet the development objectives of increasing renewable energy capacity and mobilizing finance for renewable energy.

b. *Measures underway to accelerate implementation:*
Following a recent mid-term review conducted recently, these measures have been agreed to accelerate implementation:

- Bank is reviewing three utility-scale PV projects for the RE Financing Facility (REFF) funded by SREP funds and managed by IDCOL. The potential projects under consideration could commit about 50 percent of the total REFF capital of USD 108 million.

- On rooftop PV, IDCOL has approved 27 rooftop solar projects with capacities of about 66 Megawatt peak capacity and twelve sub-projects are now in operation with ~20.4 MW installed (up 75% since October 2022). Another 24 sub-projects totaling 67 MW are under appraisal. The pipeline is also strong, with increasing average sub-project size and repeat clients developing several projects.

- IDCOL has increased the team size and modified team structure to approach a larger client base. Three parallel team has been created so that sector wise engagement can be ensured.

- IDCOL is pursuing different industrial zones authorities (e.g., BEPZA for rooftop solar implementation).

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:* The disbursement of more than 50 percent is likely to be achieved by end of June 2024.

d. *Expected disbursement of SREP funds over the next 12 and 24 months:* An estimate of USD 12 million to USD 26 million (upper end in case the two utility scale projects are approved for the REFF and implemented on schedule) is expected to be disbursed in the next one to two years, respectively.

56. Table 12 illustrates that, six projects representing USD 90 million were flagged under the third criterion. Five of these projects were flagged in the last Risk Report, and are highlighted in orange.

Table 12: Projects with extended dates of final disbursement and less than 50 percent of approved funds disbursed

Country	Program/Project Title	MDB	Funding Amount (USD millions)	Cumulative Disb. as of December 31, 2022 (USD millions)	Disbursement Ratio	Committee Approval Date	Effectiveness Date	Months after Effectiveness Date	Original-Anticipated Final Disbursement Date	Extended Anticipated Date of Final Disbursement	MDB Co-financing (USD millions)
Bangladesh	Off-Grid Solar PV-Solar Irrigation	ADB	22.4	2.6	11%	07/25/2017	06/17/2020	30	6/30/2021	6/30/2023	20.0
Mongolia	Upscaling Rural Renewable Energy - Solar PV	IBRD	12.4	4.5	37%	02/14/2017	12/15/2017	60	1/1/2023	3/31/2024	12.0
Cambodia	National Solar Parks Program	ADB	14.0	3.4	24%	4/13/2018	05/23/2019	43	6/30/2022	6/30/2023	7.6
Ethiopia	Geothermal Sector Development Project (GSDP)	IBRD	24.5	8.6	35%	04/16/2014	08/05/2014	100	10/1/2020	12/31/2023	178.5
Tanzania	Renewable Energy for Rural Electrification	IBRD	9.0	2.3	25%	04/14/2016	03/17/2017	69	11/1/2022	7/31/2023	35.0
Nepal	Nepal Private Sector – Led Mini-Grid Energy Access Project	IBRD	7.6	1.3	17%	07/21/2017	01/30/2019	47	4/30/2023	10/31/2023	0.0

57. **Off-Grid Solar PV-Solar Irrigation – Bangladesh (ADB)** – This project was also flagged during the last two reporting cycles.

   a. *Reason(s) for delay:* Uncertainties in demand have delayed the procurement of solar PV (SPV) pumps packages. After 2 years from grant approval, the executing agency, Bangladesh Rural Electrification Board (BREB), was able to award two turnkey contracts in November 2020 for the installation of 705 SPV pumps. Another four turnkey contracts for remaining 1,295 SPV pumps were awarded in July 2021. The average procurement time of these contracts was around 20 months. Particularly, after ADB's no objection, the government took on average 8 months to sign the contracts. All six contracts were awarded to one single contractor following the ADB procurement guidelines. After contracts signing, the implementation delayed due to : (i) low demand of SPV pumps due to rapid expansion of rural electrification, (ii) higher upfront cost of SPV, (iii) low return on investment from SPV pumps, (iv) lack of know-how on SPV technology, (v) absence of sustainable business model, (vi) BREB's limited implementation capacity, and (vii) weak interdepartmental coordination to implement water-energy nexus projects. The delivery of foreign materials like PV modules, pump inverters, pumps, and motors were delayed due to COVID-19 restriction and the contractor's slow performance. All 2,000 SPV pumps materials will arrive Bangladesh by October 2023. Out of 2,000 SPV pumps, 230 have been installed and commissioned. Installations for another 100 SPV pumps are ongoing and additional 674 sites are given to the contractor for installation. For Grid integration of SPV pumps, the invitation for bids was published on 18 April 2023. The contract will be signed by 28 August 2023 and completed by November 2024

   b. *Measures underway to accelerate implementation:* To improve the demand of SPV pumps, the government approved a revised business model in November 2020 with the following changes:
      - Reducing the down payment for SPV pumps to 10 from 15 percent
      - Reducing farmer's contribution cost through subsidized equity amount from BREB and the government

- Grid integration at project cost and provision of feed-in-tariffs[7]
- Setting equal cost for the same pumps among all packages

The new business model developed by the government was extensively assessed by the project unit during the project review mission June 14–24, 2020. An additional procurement package for line construction for grid integration will be processed from the loan saving. It is expected that, with the new business model, there will be enough demand for 2,000 SPV pumps. With the new business model, the SPV pumps will be at grid parity, cost effective, and sustainable. The government has requested to extend the grant closing date from June 30, 2023, to June 30 2025; however, ADB has approved the grant closing date extension up to 31 December 2024.

c. *Estimated timeframe within which project will have disbursed ≥ 50 percent of SREP funds:*
By Q4 of 2023, ADB expects that the project will disburse USD 6.22 million (28%) from SREP funds and by Q4 2024, the project will disburse the full grant allocation.

d. *Projected disbursement of SREP funds over the next 12 and 24 months:*

Period	Projected Disbursement (USUSD)
2021 Actual	964,322
2022 Actual	1,171,944.74
Q1 2023	0.00
Q2 2023	1,650,000
Q3 2023	1,280,000
Q4 2023	1,150,000
Total	6,216,266.74

58. **Upscaling Renewable Energy Sector Project – Mongolia (World Bank):** Disbursement has accelerated since the last reporting cycle with a disbursement of USD 2.5 million in FY 23.

a. *Reason(s) for delay:* The CIF grant of USD 12.4 million is being used to finance Component 2, construction of grid-connected solar PV. The Engineering, Procurement and Construction (EPC) contract for the solar power plant was awarded to Kyocera Communication Systems. The contract was signed in December 2020 and construction works began in March 2021. The works have been completed and the solar plant is operational. The sub-project has been delayed beyond the original time schedule because critical equipment was stranded at the border due to COVID-19-related border

[7] Solar pumps use is limited to 6-8 months per year. Due to slow off-take of the solar pumps because of BREB's 98% household electrification in 2020, the business model of the project is revised. The surplus electricity generated from the solar PV modules during the lean period (when there is no need for agricultural irrigation) will be exported to the main grid using net metering system. The revenue from the sale of electricity from the PV modules will be netted against the farmers' payable installment.

closures. The contract for the upgrade of the 110/35/6kV Myangad substation, to which the solar power plant will be connected, was awarded in March 2020 and works were completed in March 2021. There is no delay in implementation. Even though the solar PV plant has been constructed and is providing power to the grid, the contractor has not yet sent any invoices but for the down payment. This is the sole reason for the low disbursement factor.

b. *Measures underway to accelerate implementation:* There is no delay in implementation as the contractor has not yet sent any invoices. This is the sole reason for the low disbursement.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:* Disbursements is likely to reach this in the next few months.

d. *Expected disbursement of SREP funds over the next 12 and 24 months:*

59. **National Solar Parks Program – Cambodia (ADB):**

a. *Reason(s) for delay:* The recruitment of Project Implementation Consultants was delayed, and it took 12 months to get the contract signed in mid-March 2020.

Further delays in implementation were caused by ADB issuing a notice to cease civil works between June and December 2021 as the Electricite du Cambodge (EDC) had commenced civil works without meeting ADB's safeguard requirements. There have been further delays in finalizing the detailed engineering designs of the southern access road. Lastly, procurement of additional equipment (around USD 6.50 million) to upgrade the solar park was delayed while decisions on the equipment needed were reached.

b. *Measures underway to accelerate implementation:* All safeguards requirements have now been addressed and resolved. Engineering designs for the southern access road were approved in April 2023 and construction is going on. EDC is finalizing the Bid Evaluation Report for procuring additional equipment and will submit it to ADB for approval in May 2023. ADB conducted a review mission in February 2023 to expedite remaining works and confirm the proposed loan extension from June 2023 to September 2024 to give sufficient time for completing access road and installing additional equipment at the solar park.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:* The project will have disbursed over 50 percent in Q3 2023.

d. *Expected disbursement of SREP funds over the next 12 and 24 months:* Cumulative disbursements has reached USD 5.12 million as of 3 May 2023, and it will reach almost USD 14.0 million in in September 2024.

60. **Geothermal Sector Development Project – Ethiopia (World Bank)** – Disbursement has accelerated since the last reporting cycle with USD 4.5 million disbursed in the third quarter of FY 23 accruing to a total disbursement of USD 13.2 million so far. From next reporting cycle, this project would not be categorized as an implementation risky project under this criteria as the

disbursement ratio is at 54% surpassing the risk criteria. The World Bank has now extended the closing date for this project to December 31, 2023.

a. *__Reason(s) for delay:__* The project faced major implementation delays in the first three years (2014-2016), largely due to the lack of the project implementation unit's capability and associated procurement delays. Ethiopia Electric Power (EEP) faced challenges to advance key procurement items due to the shortage of technical specialists in the geothermal sector, which is a new business line for EEP. EEP has engaged technical team of consultants to fill the capacity gap.

   EEP adopted a combined contract for drilling rigs supply and operation for the Aluto site to optimize the cost compared to processing procurement packages separately, and also to minimize the contractual risk to EEP. This change took approximately one year. Since then, rigs were delivered in 2020 and drilling commenced in 2021. To date, four wells have been completed.

   COVID-19 also delayed the delivery of drilling rigs manufactured in China and the arrival of drilling crews from China and Kenya. The first rig arrived in June 2020 and the second rig in October 2020. Also, COVID-19 limited the availability of the owner's engineer consultants to be at the project site.

b. *__Measures underway to accelerate implementation:__* Project performance has improved and is currently rates as satisfactory. Despite delays, EEP completed key procurements and initiated drilling operation in 2021. The project has been restructured and extended twice to reflect the implementation delay and is currently on track to meet the project objective. EEP is also in the process of engaging an additional geothermal specialist and contract management specialist to strengthen the project performance. A mission in late May will further review the progress and revise the action plan and assess whether additional restructuring will be needed.

c. *__Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:__* *As of May 2023, the disbursement ratio has surpassed this 50 percent milestone.*

d. *__Expected disbursement of SREP funds over the next 12 and 24 months__:* Full SREP disbursement is expected towards the end of the closing date of the project..

61. **Renewable Energy for Rural Electrification – Tanzania (World Bank):** This project's closing date has since been extended to June 15, 2026.

   a. *__Reason(s) for delay:__* Substantial progress has been achieved on grid extension and connections (Results Area 1) and the sector capacity strengthening support (Results Area 3) resulting in approval of TREEP Additional Financing (AF) in September 2022 adding USD 341million to the original project lending amount of USD 209 million, more than doubling the program size to USD 544 million. However,, the Small Power Producer (SPP) and Rural Energy Companies (REC) credit line support (Results Area 2) has not achieved any results thus far due to legacy constraints due to political concerns and policy/regulatory challenges.

b. *Measures underway to accelerate implementation:* Results Area 2 'Increasing Supply of Renewable Electricity in Rural Areas' has not achieved any disbursements to date. However, there is increasing government commitment to enhance private sector participation in distributed renewable energy and expanding rural energy services. Bank team has increased supervision and support to the implementing agency (REA) and the fund manager (TIB). A technical mission focusing on this Results Area was held during March 27 – 31, 2023. There is progress under the SPP Credit Line (CL) with the first SPP loan disbursed in February 2022 for the Ijangala Hydro Project (Capacity: 0.36 MW). A second loan for the Maguta Mini Hydro project (Capacity 1.2 MW, loan amount of USD 446,000) was approved in November 2022 and loan disbursement is expected around May 2023. These two loan disbursements by the FIs will trigger the DLI. Two large projects Pinyinyi Hydro (2.4 MW) and Kahama Solar (10 MW) are in final stages of appraisal with participating financial institutions and are expected to reach loan approval and financial close by December 2023. Disbursements towards these four projects will result in full utilization of the SPP credit line resources of USD 11 million. In addition, 12 other SPP projects are at appraisal or pre-appraisal stage, which provides further options for credit line disbursement, and efforts are needed to ensure that adequate funding is made available through the credit line.

c. *Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds:* As noted above, the first request for disbursement is expected in FY24 Q2, with a second request expected in FY24 Q4, resulting in >50 percent of SREP funds being disbursed by December 2024. If the larger projects progress as expected, the entire SREP funding may be disbursed by December 2024.

d. *Expected disbursement of SREP funds over the next 12 and 24 months:* will take place by end of the closing date in June 2026. The pace of disbursement will change depending on relative progress of different projects in the pipeline.

- Additional 25% (USD2,750,000) is expected to be disbursed by FY24 Q4.
- If, as expected, loan for the large solar project is approved by December 2023, the remaining 50% (USD6,750,000) is expected to be disbursed over the next 12 months (by FY24 Q4). In case the smaller projects move faster, the disbursement will be achieved over next 24 months (by FY25 Q4).

62. **Nepal Private Sector – Led Mini-Grid Energy Access Project (IBRD):**

Reason(s) for delay: After the Board approval, the Project implementation was significantly delayed due to COVID19 as well as changes in the subsidy structure by the government, which required a revision of the Project Operations Manual (POM) in order to address the challenges of private sector posed by the government's subsidy policy with providing more attractive loans to private developers. After the Project's restructuring in June 2022 to include additional support on biogas activities, the biogas component has progressed well. In contrast, for mini-grid component, government approval processes were hampered by political unrest in the country even after the restructuring, and there was a delay in the implementation of two mini-hydro subprojects due to external factors such as drastic increase in the interest rate on the loan, fuel cost and currency exchange rate. However, in December 2022, the decision was made to go ahead with the two mini-hydro subprojects and the Project has begun to produce positive results in terms of the necessary preparatory work and agreements.

Measures underway to accelerate implementation: (i) 12 months extension of the project closing date from April 30, 2023, to April 30, 2024, (ii) keeping the pressure on speedy implementation and disbursement progress, and (iii) preparing and monitoring agreed actions to ensure continuous implementation

Estimated timeframe within which the project will have disbursed ≥ 50 percent of SREP funds: As of May 4, 2023, USD 1.51 million which is about 19.8 percent of total SREP committed amount (USD 7.61 million) has been disbursed. In addition, subsidy payment for several milestones for biogas subprojects have already been made and additional payment are expected to be made, whose reimbursement claims are expected to be submitted to the Bank during May 2023. We estimate that the Project disburse at least 20 percent of total SREP funds by the end of May 2023.

a. *Expected disbursement of SREP funds over the next 12 and 24 months:* The Project will have 12 months until the revised closing date of April 30, 2024. In FY23, the Project expects around additional USD 0.9 million disbursement. In FY24 (until April 2024), the Project expects around USD 2.3 million disbursement.

4.2 Currency risk via promissory notes

63. SREP's exposure to currency risk remains **High**. There have been no further encashments since March 31, 2022, and GBP 94 million remained outstanding as of March 31, 2023. Between March 31, 2022, and March 31, 2023, the unrealized decline in the value of the outstanding promissory notes increased from USD 24 million to USD 31 million due to the depreciation of the GBP.

64. Table 13 illustrates that it is likely that SREP will realize a moderate (relative to the size of the program) decline in available resources due to the currency risk exposures via GBP-denominated promissory notes.

Table 13: SREP currency risk exposure summary

Currency Risk Exposure (Millions) as of March 31, 2023							
Program	Original Amount Pledged/ Received	Pledged Amount Outstanding/ Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
SREP	£268.0	£93.5	($37.0)	($31.0)	Likely	Moderate	**High**

4.3 Resource availability risk

65. SREP's available capital resources are USD 26 million, while its deficit in grant resources is USD 6 million to fund the *combined sealed and reserve pipelines* (see Table 14 and Annex B). SREP's risk of being unable to fund all projects in both of these pipelines remains **Low**.

Table 14: Resource availability risk summary, sealed and reserve pipelines

Available Resources as of March 31, 2023				
Program	Available Resources for Projects/Programs ($Million)*	Risk Likelihood	Risk Severity	Risk Score
SREP** Grant	($5.6)	Unlikely	Minimal	Low
SREP** Capital	$25.7			

*Available Resources for Projects/Programs represesent Unrestricted Fund Balance for Project/Program Commitments less Total Anticipated Commitments, as reflected in Annex A.

**SREP's resource availability is based on the sealed and reserve pipelines.

66. SREP maintained a surplus in available capital and grant resources to fund its *sealed pipeline only* (see Table 15 and Annex C) and therefore the risk that the program will be unable to fund its sealed pipeline remains **Low**.

Table 15: Resource availability risk summary, sealed pipeline only

Available Resources as of March 31, 2023				
Program	Available Resources for Projects/Programs ($Million)*	Risk Likelihood	Risk Severity	Risk Score
SREP** Grant	$8.4	Unlikely	Minimal	Low
SREP** Capital	$25.7			

*Available Resources for Projects/Programs represesent Unrestricted Fund Balance for Project/Program Commitments less Total Anticipated Commitments, as reflected in Annex A.

**SREP's resource availability is based on the sealed pipeline only.

4.4 Credit risk

67. Table 16 illustrates that the expected losses associated with SREP's loan portfolio are USD 8 million (see section 2.6). The credit risk associated with the program is **Low**.

Table 16: Public and private sector credit risk exposure summary based on loan commitments

Committed Loan Portfolio Credit Risk Exposure (as of 03/31/2023)									
Sector	Portfolio Risk Rating[5]	Total Committed Loans (MM USD equivalent)[1]	Estimated Probability of Default (PD)	Estimated Loss Given Default (LGD)[6]	Expected Loss Rate[3]	Expected Losses (MM USD equivalent)[2]	Total Loan Originated Principal in Default[5] (MM USD equivalent)	# of Loans Experiencing Payment Default	Loan Principal in Default vs. Total Loan Amount Originated
Public	B[8]	91.3	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%
Private	B[7,4]	57.9	21.5%	61.1%	13.1%	7.6	0.0	0.0	0.0%
Portfolio	**B**	**149.1**			5.1%	7.6	**0.0**	**0.0**	**0.0%**

1. Committed loan amounts are provided by the Trustee.
2. Expected losses are in addition to total loan principal reported to be in default.
3. Expected Loss Rate = (PD x LGD) and does not take into account any correlations between the performance of loans within the portfolio.
4. Methodologies used to calculate credit ratings and PDs may differ amongst MDBs, as well as between a given MDB and external rating agencies.
5. Derived based on the mapping of the portfolio's estimated PD to the corresponding rating agency credit rating as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024
6. LGDs are based on the Portfolio Risk Rating's mapping to the LGD associated with Moody's credit rating equivalent as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024 (i.e. LGD = 1 - Average Sr. Unsecured Bond Recovery Rate from the period of 1983-2022).
7. Based on internal credit ratings or PDs assigned to their respective private sector CTF loans by reporting MDBs (EBRD, IDB and IFC), weighted by loan amount. The resulting credit rating for the combined portfolio of private sector CTF loans administered by these three MDBs is then applied to the entire portfolio of private sector CTF loans.
8. Based on weighted average PD (weighted by loan amount) associated with the external rating agency credit rating assigned to each recipient (in the case of split ratings, the PD associated with the lowest of Fitch, Moody's and S&P ratings is used) as of March 31, 2023. 5-year Average Cumulative Issuer-Weighted Global Defalt Rates from the period of 1983-2022 as published in Moody's Annual default study: Corporate default rate will rise in 2023 and peak in early 2024

5 Annex A: FIP resource availability

FIP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS *Inception through March 31, 2023* *(USD millions)*		Total	Capital	Grant
Cumulative Funding Received				
Contributions Received				
Cash Contributions		702.8	209.3	493.6
Unencashed promissory notes	b/	46.6	46.6	
Unencashed promissory notes- TAF		-		-
Cash Contribution - Allocation from Capital to Grants	c/	-	(14.0)	14.0
Total Contributions Received		749.5	241.9	507.6
Other Resources				
Investment Income earned -up to Feb 1, 2016	d/	14.5	-	14.5
Total Other Resources		14.5	-	14.5
Total Cumulative Funding Received (A)		**764.0**	**241.9**	**522.1**
Cumulative Funding Commitments				
Projects/Programs		673.0	225.6	447.4
MDB Project Implementation and Supervision services (MPIS) Costs		34.7	-	34.7
Administrative Expenses-Cumulative to 1st Feb 2016	d/	25.6	-	25.6
Country Programming Budget from 1st Jan 2018	d/	0.7		0.7
Technical Assistance Facility	i/	5.8		5.8
Total Cumulative Funding Commitments		739.7	225.6	514.1
Project/Program,MPIS and Admin Budget Cancellations	e/	(71.8)	(51.2)	(20.6)
Net Cumulative Funding Commitments (B)		**667.9**	**174.3**	**493.5**
Fund Balance (A - B)		**96.1**	**67.6**	**28.6**
Currency Risk Reserves	f/	**(7.0)**	**(7.0)**	
Currency Risk Reserves-TAF		-		-
Unrestricted Fund Balance (C)		**89.2**	**60.6**	**28.6**
Future Programming Reserves:				
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017)	g/	(10.9)		(10.9)
subtract				
Administration Expense reserve for CIFAU, MDB & Trustee — USD 20.9 Million				
Country Programming Budget Reserve — USD 1.0 Million				
Learning and Knowledge Exchange Reserve — USD 1.1 Million				
add				
Estimated Investment Income Share for FIP — USD 5.4 Million				
Projected Reflows — USD 6.6 Million				
Technical Assistance Facility	i/ j/	**(3.4)**		(3.4)
Unrestricted Fund Balance (C) after reserves		**74.9**	**60.6**	**14.3**
Anticipated Commitments (FY23-24)				
Program/Project Funding and MPIS Costs		51.8	42.3	9.5
Technical Assistance Facility		-		-
Total Anticipated Commitments (D)	k/	**51.8**	**42.3**	**9.5**
Available Resources (C - D)		**23.1**	**18.3**	**4.8**
Potential Future Resources (FY23-24)				
Pledges	a/	0.3		0.3
Contributions Receivable		-		-
Release of Currency Risk Reserves	e/	7.0	7.0	-
Total Potential Future Resources (E)		**7.3**	**7.0**	**0.3**
Potential Available Resources (C - D + E)		**30.5**	**25.3**	**5.1**
Reflows from MDBs	h/	2.8		2.8

a/ The balance of the pledge amount from the U.S

b/ This amount represents USD equivalent of GBP 37.7 million.

c/ Promissory Notes amounting to GBP 9.9 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements. The Promissory Notes were encashed for USD 14.03 on May 27, 2021

d/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin "account", from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

e/ This refers to cancellation of program and project commitments approved by the SCF TFC

f/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated

g/The amount of this reserve is estimated by the CIFAU and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 22% fixed pro rata share of the FIP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 11.6 million from the available grant resources in the FIP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 81.8 million in FIP grant resources remains available for allocation to FIP project's. This reserve amount has been reduced by USD 0.5 million approved for country engagement from January 2018.

h/ Any payments of principal, interest from loans , which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB.The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income. The reflows includes the commitment fee, front end fee and late payment fee.

i/ The CTF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

j/ Commitments for the Technical Assistance Facility, as estimated by the CIFAU.

k/ Anticipated commitments as estimated by the CIFAU.

6 Annex B: SREP resource availability—sealed and reserve pipeline

SREP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS Inception through March 31, 2023		Total	Capital	Grant
Cumulative Funding Received				
Contributions Received				
Cash Contributions		655.9	151.1	504.7
Unencashed Promissory Notes	b/	115.7	116	-
Unencashed promissory notes- TAF		-		-
Allocation of Capital to Grants from Unencashed Promissory Notes	a/		(24.6)	24.6
Total Contributions Received		771.5	242.3	529.3
Other Resources				
Investment Income earned -up to Feb 1, 2016	c/	9.9		9.9
Other Income		-		
Total Other Resources		9.9		9.9
Total Cumulative Funding Received (A)		781.5	**242.3**	**539.2**
Cumulative Funding Commitments				
Projects/Programs		738.0	243.5	494.5
MDB Project Implementation and Supervision services (MPIS) Costs		23.2	-	23.2
Administrative Expenses-Cumulative to 1st Feb 2016	c/	14.2	-	14.2
Country Programming Budget expense from 1st Jan 2018	c/	0.1		0.1
Technical Assistance Facility		14.7		14.7
Total Cumulative Funding Commitments		790.2	243.5	546.7
Project/Program, MPIS and Admin Budget Cancellations	d/	(137.7)	(72.7)	(65.0)
Net Cumulative Funding Commitments (B)		**652.6**	**170.9**	**481.7**
Fund Balance (A - B)		**128.9**	**71.4**	**57.5**
Currency Risk Reserves	e/	**(17.4)**	**(13.7)**	**(3.7)**
Currency Risk Reserves-TAF		-		-
Unrestricted Fund Balance		**111.5**	**57.7**	**53.8**
Future Programming Reserves:				
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows).Breakup of various components are provided below. (Model Updated as of December 31,2017)	f/	(31.5)		(31.5)
Subtract				
Administration Expense reserve for CIFAU, MDB & Trustee — USD 37.9 Million				
Country Programming Budget Reserve — USD 2.3 Million				
Learning and Knowledge Exchange Reserve — USD 1.1 Million				
Add				
Estimated Investment Income Share for SREP — USD 9.0 Million				
Projected Reflows — USD 0.6 Million				
Technical Assistance Facility	i/j/	(0.6)		(0.6)
Unrestricted Fund Balance (C) after reserves		**79.4**	**57.7**	**21.7**
Anticipated Commitments (FY23-FY24)				
Program/Project Funding and MPIS Costs	g/	59.3	32.0	27.3
Technical Assistance Facility	i/j/	-	-	-
Total Anticipated Commitments (D)		**59.3**	**32.0**	**27.3**
Available Resources (C - D)		**20.1**	**25.7**	**(5.6)**
Potential Future Resources (FY23-FY24)				
Pledges		-		-
Contributions Receivable		-		-
Release of Currency Risk Reserves	e/	17.4	13.7	3.7
Release of Currency Risk Reserves-TAF		-		-
Total Potential Future Resources (E)		**17.4**	**13.7**	**3.7**
Potential Available Resources (C - D + E)		**37.4**	**39.4**	**(2.0)**

Reflows from MDBs	h/	0.24		0.24

a/ Promissory Notes amounting to GBP 19.84 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements. The Promissory Notes are valued as of March 31, 2023 exchange rate.

b/ This amount includes USD equivalent of GBP 93.47 million from the UK.

c/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin "account", from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

d/ This refers to cancellation of program and project commitments approved by the SCF TFC.

e/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

f/ The amount of this reserve is estimated by the CIFAU and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 37% fixed pro rata share of the SREP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 31.7 million from the available grant resources in the SREP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 59.6 million in SREP grant resources remains available for allocation to SREP projects".This reserve amount has been inreased by the approved commitment amount of USD 0.1 million for country engagement net cancellations from January 2018.The reflows includes the commitment fee, front end fee and late payment fee.

g/ Anticipated commitments for SREP program includes both Sealed and Reserve pipeline. Anticipated commitments as estimated by the CIFAU.

h/ Any payments of principal, interest from loans , which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB.The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

i/ The CTF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

j/ Commitments for the Technical Assistance Facility, as estimated by the CIFAU.

7 Annex C: SREP resource availability—sealed pipeline only

SREP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS *Inception through March 31, 2023* *(USD millions)*		Total	Capital	Grant
Cumulative Funding Received				
Contributions Received				
Cash Contributions		655.9	151.1	504.7
Unencashed Promissory Notes	b/	115.7	115.7	-
Unencashed promissory notes- TAF		-		-
Allocation of Capital to Grants	a/		(24.6)	24.6
Total Contributions Received		771.5	242.3	529.3
Other Resources				
Investment Income earned -up to Feb 1, 2016	c/	9.9		9.9
Other Income		-		
Total Other Resources		9.9		9.9
Total Cumulative Funding Received (A)		781.5	**242.3**	**539.2**
Cumulative Funding Commitments				
Projects/Programs		738.0	243.5	494.5
MDB Project Implementation and Supervision services (MPIS) Costs		23.2	-	23.2
Administrative Expenses-Cumulative to 1st Feb 2016	c/	14.2	-	14.2
Country Programming Budget expense from 1st Jan 2018	c/	0.1		0.1
Technical Assistance Facility		14.7		14.7
Total Cumulative Funding Commitments		790.2	243.5	546.7
Project/Program, MPIS and Admin Budget Cancellations	d/	(137.7)	(72.7)	(65.0)
Net Cumulative Funding Commitments (B)		**652.6**	**170.9**	**481.7**
Fund Balance (A - B)		**128.9**	**71.4**	**57.5**
Currency Risk Reserves	e/	**(17.4)**	**(13.7)**	**(3.7)**
Currency Risk Reserves-TAF		-		-
Unrestricted Fund Balance		**111.5**	**57.7**	**53.8**
Future Programming Reserves:				
Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017)	f/	(31.5)		(31.5)
Subtract				
Administration Expense reserve for CIFAU, MDB & Trustee — USD 37.9 Million				
Country Programming Budget Reserve — USD 1.9 Million				
Learning and Knowledge Exchange Reserve — USD 1.1 Million				
Add				
Estimated Investment Income Share for SREP — USD 9.0 Million				
Projected Reflows — USD 0.6 Million				
Technical Assistance Facility	i/j/	(0.6)		(0.6)
Unrestricted Fund Balance (C) after reserves		**79.4**	**57.7**	**21.7**
Anticipated Commitments (FY23-FY24)				
Program/Project Funding and MPIS Costs	g/	45.3	32.0	13.3
Technical Assistance Facility	i/j/	-		-
Total Anticipated Commitments (D)		**45.3**	**32.0**	**13.3**
Available Resources (C - D)		**34.1**	**25.7**	**8.4**
Potential Future Resources (FY23-FY24)				
Pledges		-		-
Contributions Receivable		-		-
Release of Currency Risk Reserves	e/	17.4	13.7	3.7
Release of Currency Risk Reserves-TAF		-		-
Total Potential Future Resources (E)		**17.4**	**13.7**	**3.7**
Potential Available Resources (C - D + E)		**51.4**	**39.4**	**12.0**

Reflows from MDBs	h/	0.1		0.1

a/ Promissory Notes amounting to GBP 19.84 million received as capital contributions are available to finance grants (including administrative costs) according to the terms of the contribution agreements/arrangements. The Promissory Notes are valued as of March 31, 2023 exchange rate.

b/ This amount includes USD equivalent of GBP 93.47 million from the UK.

c/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin "account", from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

d/ This refers to cancellation of program and project commitments approved by the SCF TFC

e/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

f/ The amount of this reserve is estimated by the CIFAU and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 37% fixed pro rata share of the SREP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 31.7 million from the available grant resources in the SREP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 59.6 million in SREP grant resources remains available for allocation to SREP projects".This reserve amount has been inreased by the approved commitment amount of USD 0.1 million for country engagement net cancellations from January 2018.The reflows includes the commitment fee, front end fee and late payment fee.

g/ Includes only sealed pipeline

h/ Any payments of principal, interest from loans , which are due to be returned to the Trust Fund pursuant to the Financial Procedures Agreements consistent with the pertinent SCF funding approved by the SCF Trust Fund Committee. For the avoidance of doubt, the Reflow does not include any return of funds from SCF grants or Administrative Costs, including cancelled or unused funds, or any investment income earned on SCF resources held by any MDB.The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

i/ The CTF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

j/ Commitments for the Technical Assistance Facility, as estimated by the CIFAU.

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.

THE CLIMATE INVESTMENT FUNDS

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