

CTF – AfDB & IFC SOUTH AFRICA ENERGY EFFICIENCY PROGRAM

Comments/Questions from CTF TFC

| | | Comments/Questions | Responses |
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| France | 19. | We have strong concerns on the request of an unconditional letter of commitment for the entire amount of funds required under this program, and the upfront transfer of the entire amount of CTF funding. There is a matter of principle here, regarding the relationship between the CTF and the implementing MDBs. We consider that MDBs should, on availability of funds, trust the Trustee and the Trust Fund committee, and that it would be inappropriate to set a precedent in the opposite direction. | Consistent with the prior private sector program proposals as per CTF Financing Products, Terms and Review Procedures for Private Sector Operations, the MDBs are seeking approval for the unconditional letter of commitment to enable them to sign a mandate agreement with client FIs targeted in this proposal. This has been practice in prior private sector program proposals. The issue is not one of trust, but the fact that commitments to the CTF Trust Fund are made in part by non-cash instruments (e.g. promissory notes with a fixed encashment schedule) which introduces a level of uncertainty of the timely availability of funding and could inhibit the finalization and execution of investment agreements and advisory services programs. Further explanation about the need for this mechanism can be found in paragraph 34 of that aforementioned document. |
| | 20. | Finally, and more generally, reading questions from several members and the answers provided, it seems to us that there would be a real interest in greater coordination between DFIs ahead of the projects, to boost the catalytic role and leveraging effect of CTF investment. We would welcome proposals from the MDBs committee on how to develop this ex-ante coordination with interested bilateral donors. | We have coordinated with DFIs for these programs, but we would also support this approach and look for guidance from the MDB Committee and the CIF Admin Unit. |