

CLIMATE INVESTMENT FUNDS

May 10, 2012

Summary of the Co-Chairs
Joint Meeting of the CTF and SCF Trust Fund Committees
May 1-2, 2012

Co-Chairs

Zaheer Fakir, South Africa (CTF Co-Chair)
Jan Sheltinga, Canada (SCF Co-Chair)

OPENING

1. The meeting was chaired by Mr. Zaheer Fakir, Co-Chair of the CTF Trust Fund Committee, and Ms. Jan Sheltinga, Co-Chair of the SCF Trust Fund Committee.

ADOPTION OF THE AGENDA

2. The meeting, having reviewed the *Provisional Agenda* circulated as document CTF-SCF/TFC.8/1, adopts the proposed agenda.

NOTE ON THE INDEPENDENT EVALUATION OF THE CIF

3. The joint meeting of the CTF and SCF Trust Fund Committees reviewed document CTF-SCF/TFC.8/3, *Note on the Independent Evaluation of the CIF* and welcomes the confirmation of the willingness of the evaluation departments of the CIF partner MDBs to undertake an independent evaluation of the operations of the CTF and SCF. The joint meeting requests the Evaluation Oversight Committee (EOC) that has been established to oversee and manage the evaluation to take into account comments made during the meeting, and any written comments on the consultation draft that may be submitted by May 18, 2012, in the preparation of an approach paper and proposed associated budget. The CTF and SCF Trust Fund Committees agrees to review and approve the approach paper and budget for the evaluation through a decision by mail to be undertaken in accordance with the Committees' rules of procedure.

4. The joint meeting requests the EOC to present a proposal for establishing an international reference group of eminent people with a balance between experts from developing and developed countries to advise the oversight committee so as to ensure credibility and independence of the evaluation.

5. The joint meeting approves the *Conditions for Guaranteeing the Independence of the Evaluation* presented in document CTF-SCF/TFC.8/3 with respect to organizational independence, behavioral independence, protection from outside interference, and avoidance of conflicts of interest.

SUBMISSION BY THE EUROPEAN INVESTMENT BANK

6. The joint meeting discussed the submission of the European Investment Bank (EIB,) which includes EIB's application to become an implementing partner agency of the CIF. While recognizing the important role that the EIB plays in the international climate financial architecture, the Committees agree that any decision on the participation of EIB in the CIF would be premature without a strategic discussion on the future of the CIF and clear procedures and criteria for designating new partner agencies.

7. The joint meeting also takes note of the submissions tabled at the meeting by the Trust Fund Committee members from Germany and France with respect to applications from Kreditanstalt für Wiederaufbau (KfW) and L'Agence Française de Développement (AFD), respectively, to become partner agencies of the CIF.

8. The joint meeting requests the CIF Administrative Unit, in consultation with the MDB Committee, to prepare a note to serve as the basis for a strategic discussion of the future of the CIF at

the next joint meeting. The note may also usefully include a discussion of issues related to timing, criteria, and modalities for consideration of the expansion of the number of CIF partner agencies.

PROGRESS REPORT ON MEASURES TO IMPROVE THE OPERATIONS OF THE CIF

9. The joint meeting of the CTF and SCF Trust Fund Committees reviewed document CTF-SCF/TFC.8/4/Rev 1, *Progress Report on Measures to Improve the Operations of the Climate Investment Funds* and welcomes the progress made by the CIF Administrative Unit and MDB Committees in implementing the proposed measures. The joint meeting requests the CIF Administrative Unit and the MDB Committee to continue to work together to ensure that the approved measures are incorporated into CIF activities.

ENHANCING COUNTRY COORDINATION MECHANISMS, MDB COLLABORATION AND STAKEHOLDER ENGAGEMENT IN CIF PROGRAMS

10. The joint meeting reviewed document CTF-SCF/TFC.8/5, *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement in CIF Programs*, and welcomes the existing mechanisms that have been established by CIF pilot countries to strengthen country coordination and stakeholder engagement in CIF pilot countries. The joint meeting approved the proposals in the document to enhance country coordination, and in particular agreed to:

11. Strengthen country coordination by encouraging pilot countries to:
 - a) ensure open and frequent exchange of information with stakeholders on CIF country programs;
 - b) convene regular (every 1 or 2 years) stakeholder forums on CIF programs, or include such consultations within existing stakeholder forums where they exist, to review progress against the CIF results framework, learn from experience, identify areas where better coordination is required to maximize synergies, and keep the programmatic focus on track;
 - c) engage stakeholders including relevant national and sub-national government agencies, civil society organizations, community and indigenous peoples organizations, and the private sector, as well as the MDBs, and other development partners in the forums; and
 - d) use pilot country meetings to share lessons on country coordination.
12. Enhance MDB collaboration at the country level by:
 - a) sensitizing MDB country teams to the spirit of CIF collaboration and CIF guidelines and procedures;
 - b) work with countries to distill and share country coordination and other relevant lessons learned;

- c) agree, at the outset, on their respective roles, division of tasks and overall approach; and
- d) agree and implement principles of collaboration between MDBs, and parameters for least concessionality where CIF resources will support private sector operations.

13. Enhance CIF stakeholder engagement by requesting countries to:

- a) strengthen outreach to stakeholders on CIF country programs;
- b) identify stakeholders engaged in relevant sectors during scoping missions to facilitate their participation during joint missions and throughout the development and implementation of the investment plans;
- c) ensure the effective participation of stakeholders at CIF programmatic consultations;
- d) share information on stakeholder engagement, activities and involvement at the project and program level; and
- e) consider the issues and constructive suggestions made during the engagement, and ensure that they are addressed substantively in a transparent manner.

14. The joint meeting requested the CIF Administrative Unit and the MDB Committee to provide information on the outputs from country coordination mechanisms and to collaborate with the pilot countries to support the implementation of the agreed activities.

CIF COMMUNICATIONS STRATEGY

15. The joint meeting of the CTF and SCF Trust Fund Committees reviewed and approves document CTF-SCF/TFC.8/6, *CIF Communications Strategy*, subject to comments made during the joint meeting. The Committees underscores the role that strengthened communication and sharing of lessons can play in enhancing government participation and strengthening broader stakeholder engagement in the development and implementation of CIF-funded operations, while supporting national, regional and global replication of approaches to, and outcomes of, these activities. The joint meeting recognizes the links between the communication strategy and CIF efforts and activities related to country ownership, knowledge management and engagement of a broad range of stakeholders. The Committees welcomes the progress that is being made to improve the CIF website and develop new communication tools and products, and requests the CIF Administrative Unit and the MDB Committee to expedite the completion of these tasks. The Committees look forward to early and effective implementation of the proposed work program.

THE USE OF FINANCING INSTRUMENTS IN CIF PUBLIC SECTOR INVESTMENTS

16. The joint meeting of the CTF and SCF Trust Fund Committees welcomes the stocktaking exercise undertaken by the CIF Administrative Unit and the MDBs which shows the broad use of instruments available through the MDBs.

17. The joint meeting recommends that the CIF Administrative Unit, in collaboration with the MDBs, prepare an annual stock-taking of the financial instruments being employed in the CIF, as part of the CIF Annual Report, so as to keep the committees informed of the variety of instruments that are being used together with a brief analysis of lessons learned and the context in which they are used. The countries and the MDBs are invited to continue to explore innovative and streamlined financing instruments that best meet client country demand while advancing the objectives, timeliness and effectiveness of the CIF. The Committee notes that additional information on the use of development policy loans will be presented to the November 2012 meeting.

PROPOSAL FOR ADDITIONAL TOOLS AND INSTRUMENTS TO ENHANCE PRIVATE SECTOR INVESTMENTS IN THE CIF

18. The CTF and SCF Trust Fund Committees welcome document CTF-SCF/TFC.8/8, *Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF*, and reconfirm their commitment to promoting private sector investments within the CIF countries. More specifically, the meeting:

- a) recommits to the fundamental principles of providing concessional funding for private sector investments with appropriate levels of subsidy elements when market gap is demonstrated, and allowing tools and instruments that could match their delivery expectations and result in positive and catalytic change, including allowing subordination if needed in all the CIF programs, and for floor pricing and flexibility that consider changing market conditions;
- b) encourages countries and the MDBs, in preparing new investment plans or revising/updating existing plans, to allocate an increased share of CIF funding to private sector investments, recognizing the importance of country driven programming in determining appropriate country specific targets;
- c) invites the CIF Administrative Unit and the MDBs to develop specific operational guidelines for financial instruments currently permissible under the CIF where such guidelines would help promote more diversity in instruments used in the CIF portfolio;
- d) reconfirms that CIF funding can be utilized in equity investments;
- e) requests the CIF Administrative Unit and the Trustee, in collaboration with the MDB Committee, to prepare a detailed proposal as to how to facilitate the use of local currencies in CIF-funded projects and programs, where appropriate; and
- f) requests the CIF AU and Trustee, in collaboration with the MDB Committee, to prepare a detailed proposal for a financial risk monitoring and management framework for the CTF and the SCF programs.

CIF FY13 BUSINESS PLAN AND BUDGET

19. The joint meeting reviewed and approves document CTF-SCF/TFC.8/9, *CIF FY13 Administrative Budget*. The Committees welcome the business plan and note that the proposed FY13 CIF budget provides administrative resources for the expected work program of CIF's entire corporate

management structure: the Trustee as manager of the financial assets of CIF, the Administrative Unit as the coordinator of the CIF network, and the six MDBs as the "implementing agencies" under the CIF. The budget also includes resources for MDB support to country programming, both before and after endorsement of investment plans.

20. The joint meeting requests the Trustee to submit a more detailed explanation of the 10% surcharge on the direct costs of its services that is requested starting in FY 13.

PROGRESS REPORT ON MANAGING FOR RESULTS

21. The joint meeting reviewed document CTF-SCF/TFC.8/10, *Progress Report on Managing for Results*, and welcomes the progress that has been made in moving towards an increased results focus of the CIF programs. The joint meeting underscores that managing for results is a key element for assessing the success of the CIF, and that monitoring and evaluation and dissemination of lessons is critical for optimizing impacts. The joint meeting appreciates the progress that has been made in simplifying the results frameworks and requests the CIF Administrative Unit and the MDBs to make concerted efforts to submit proposals for revised results frameworks in each of the CIF programs to the respective Committees and Sub-Committees by November 2012. Countries and the MDBs are invited, once the revised frameworks are approved, to give priority to providing updated targets and baselines against the revised results frameworks.

ADDITIONALITY OF CIF FUNDING TO EXISTING MDB PORTFOLIOS

22. The joint committee reviewed document CTF-SCF/TFC.8/11, *Additionality of CIF to Existing MDB Portfolios* and welcomes the MDB note which provides information on the development of a joint methodology to be used by all MDBs to identify mitigation and adaptation finance in their regular portfolios. The MDBs are invited to provide further information and data at the next meeting in November 2012.

OTHER BUSINESS

23. The joint meeting took note of the information documents: CTF-SCF/TFC.8/Inf.3, *Progress Report on the CIF 2012 Learning Product*; CTF-SCF/TFC.8/Inf.4, *Report on the CSO Observer Selection Process*; and CTF-SCF/TFC.8/Inf.5, *Progress Report on CIF Compliance with the International Aid Transparency Initiative (IATI)*.

CLOSING

24. The meeting was closed on Wednesday, May 2, 2012