

CLIMATE INVESTMENT FUNDS

May 21, 2012

Summary of the Co-Chairs
Meeting of the Clean Technology Fund Trust Fund Committee
May 3, 2012

Co-Chairs

Artur Cardoso de Lacerda, Brazil
Frank Fass-Metz, Germany

OPENING

1. The meeting was opened by Mr. Zaheer Fakir, South Africa, and Ms. Veronique Massenet, the outgoing Co-Chairs of the Trust Fund Committee.

ELECTION OF CO-CHAIRS

2. Mr. Artur Cardoso de Lacerda, the Trust Fund Committee member from Brazil, and Mr. Frank Fass-Metz, the Trust Fund Committee member from Germany, were elected Co-Chairs to serve 12 months (the remainder of the 18 months term provided for in the rules) from this meeting in May 2012 until the election of the new Co-Chairs at the first Trust Fund Committee meeting to be convened after the next Partnership Forum in November 2012.

ADOPTION OF AGENDA

3. The Trust Fund Committee adopted the provisional agenda set forth in document CTF/TFC.9/1.

4. The Trust Fund Committee welcomes the announcement by the representative of Canada of a contribution of CAD 200 million to the Clean Technology Fund and the additional contribution of £150 million announced by the Trust Fund Committee member from the United Kingdom.

SEMI-ANNUAL REPORT ON CTF OPERATIONS

5. The Trust Fund Committee reviewed document CTF/TFC.9/3, *Semi-Annual Report on CTF Operations*. The Committee welcomes the use of the traffic light system as a tool to enhance communication and monitoring of the CTF pipeline and requests that Governments and the MDBs provide detailed information on the status of each of the projects in the pipeline, especially when a project is in “red”, so as to understand any reasons for delays. The Committee appreciates the quantitative section of the report and the section on lessons learned and requests the CIF Administrative Unit and the MDBs to continue to include a qualitative analysis of the portfolio in future operational reports. The Committee encourages the MDBs to work with countries to shorten the time required for a project to move from investment plan endorsement to approval of CIF and other funding to implementation on the ground.

CTF INVESTMENT PLAN FOR CHILE

6. The Trust Fund Committee reviewed document CTF/TFC.9/4, *Investment Plan for Chile*, and endorses the plan as a basis for the further development of activities for CTF funding.

7. The Trust Fund Committee requests the government of Chile and the MDBs to respond in writing to questions raised by the members of Trust Fund Committee during the meeting and any subsequent comments and questions submitted in writing by May 18, 2012.

8. The Trust Fund Committee also notes the request for USD 200 million in CTF funding to finance the proposed projects and programs, recognizing that resources pledged to the CTF are largely allocated to early investment plans and that endorsed investment plans for Nigeria and India are not yet funded. The Committee agrees that CTF funding for the projects and programs proposed in Chile investment plan will be contingent upon the availability of funds beyond what is planned in the current pipeline.

9. The Trust Fund Committee requests the contributors, other countries, MDBs and other development partners to seek to mobilize additional resources so that the Governments of Nigeria, India, and Chile, working in collaboration with MDBs, may move forward to develop the proposed projects and programs for approval of CTF funding.

OPTIONS FOR MANAGING THE DEVELOPMENT OF PROJECTS ARISING FROM NEW INVESTMENT PLANS

10. The Trust Fund Committee reviewed document CTF/TFC.9/5/Rev.1, *Options for Managing the Development of Projects arising from New Investment Plans*, and agrees that the following principles and procedures should guide the further development of projects and programs foreseen in the endorsed investment plans for Nigeria, India, and Chile:

- a) For purposes of triggering project or program preparation under the endorsed investment plans for Nigeria, India, and Chile, resources pledged to the CTF Trust Fund will be notionally divided into two phases. Phase I will be comprised of pledges made in 2008-2010, which to a large extent have been allocated indicatively to the 13 investment plans endorsed before November 2010. Phase II will be comprised of new pledges and contributions made subsequent to those included under phase I. Phase II may also include funds that may be released due to revisions of investment plans or cancellations of projects in phase I. The trigger for determining when funds can be released for funding of projects under phase II will be agreed by the Trust Fund Committee at a later stage.
- b) The preparation of projects to be funded under phase II will be in accordance with a tranching approach, taking into account the availability of resources. Tranches of indicative resources available for projects will be released for the three investment plans on the basis of two primary principles: (a) resources within a tranche will be allocated proportionally among the three investment plans while allowing flexibility necessary to maximize the efficient allocation of resources, and (b) sufficient resources are available to provide substantial funding to all three plans.
- c) A preliminary decision that there are sufficient resources available to justify the release of a tranche will be made by the MDB Committee and should be based on an assessment that there are sufficient resources to fund a transformational investment or investments in all three countries. The CIF Administrative Unit should inform the phase II countries of the indicative allocation available to each country under the tranche based on the principle of proportionality.

- d) Once the MDB Committee recommends the release of a tranche, each country will decide, in consultations with the MDBs, which projects should be funded under its indicative allocation under the tranche, taking into account readiness, project quality, and resource requirements.
- e) The MDB Committee will consider the proposals from the three countries for the utilization of the available resources and agree on any fine tuning necessary to maximize the allocation of resources.
- f) The proposed release of the tranche and the projects and programs to be funded under the tranche will be approved by the Trust Fund Committee.

11. The CIF Administrative Unit is requested to prepare, in collaboration with the MDB Committee, proposed criteria for determining when funds can be released from phase I for funding of projects under phase II for consideration by the Trust Fund Committee at its meeting in November 2012. In preparing proposed criteria, the CIF Administrative Unit and the MDB Committee are requested to consider options for any second phase of funding through phase I investment plans included at the time investment plan was submitted for endorsement.

12. The Trust Fund Committee requests the MDB Committee to propose a first tranche of phase II funding as early as possible.

PROPOSAL FOR ESTABLISHING TARGETS TO MONITOR DELIVERY OF CTF PROJECTS

13. The Trust Fund Committee reviewed document CTF/TFC.9/6, *Proposal for Establishing Targets to Monitor Delivery of CTF projects*, and approves the targets and actions proposed in the document subject to the following amendment and understandings:

- a) The target for *CTF funding approval*, i.e., having CTF funding approved by the Trust Funds Committee for all projects/programs in an endorsed investment plan, is 24 months. However, recognizing that a number of investment plans have already exceeded that target, the Trust Fund Committee requests the CIF Administrative Unit and the MDB Committee to provide to the Trust Fund Committee a schedule for providing updates on such plans over the course of the next 12 months.
- b) With respect to the endorsed investment plans for Nigeria, India, and Chile, the 24 months period will begin once a decision on the allocation of the first tranche of funding is made.
- c) At the time of the first update for the investment plan, the Trust Fund Committee and the country should agree on the time frame for either submitting a revised investment plan or providing the next update on the investment plan, as appropriate.
- d) The CIF Administrative Unit is requested to inform each country with an endorsed investment plan, or participating in a regional plan, of the targets established in the paper

and, in particular, the target for CTF funding approval and the schedule for providing updates.

14. In approving the targets, the Trust Fund Committee underscores that the targets are indications of the maximum time that should be allowed for achieving each milestone. The Trust Fund Committee encourages countries, MDBs, and other stakeholders to strive to reach each milestone in significantly less time than the agreed target so as to ensure an effective and efficient delivery of CIF funds and early achievement of results.

PROPOSAL FOR IMPROVEMENT MEASURES OF THE CTF PRIVATE SECTOR OPERATIONS

15. The Trust Fund Committee reviewed document CTF/TFC.9/7 and approves the proposed revisions to the documents *Financing Products, Terms, and Review Procedures for Private Sector Operations* and *CTF Private Sector Operational Guidelines*. The Trust Fund Committee agrees to introduce in due course new amendments and revisions to these documents, reflecting the upcoming work on a risk monitoring and management framework and the feasibility of using local currency loans.

MDB REPORT ON PAYMENTS FOR PROJECT IMPLEMENTATION SUPPORT AND SUPERVISION SERVICES

16. The Trust Fund Committee reviewed document CTF/TFC.9/8/Rev.1, *MDB Report on Payments for Project Implementation Support and Supervision Services*, and welcomes the report.

OTHER BUSINESS

17. The Trust Fund Committee requests the Trustee to calculate the potential allocations that may be attributed to Nigeria, India, and Chile from a first tranche of funding based on the resources available from phase II contributions.

18. Subsequent to the meeting, the Trustee informed Committee members of the potential indicative allocations of the first tranche as follows:

	Total funding request (USD million)	% of tranche to be allocated to country	1st Tranche (USD million)
Nigeria	250	20.4%	85
India	775	63.3%	263
Chile	200	16.3%	68
Total	1225	100.0%	416

19. The Committee requests the CIF Administrative Unit to prepare a paper on the interactions between CIF financing and the carbon markets, including the current and expected scale of carbon market co-financing in the CIF pipeline. The paper should discuss the advantages and disadvantages associated with these interactions based on views of Committee

members, observers, and other stakeholders. The paper should be submitted to the Trust Fund Committee for discussion at its meeting in November 2012.

CLOSING

20. The meeting was closed on May 3, 2012.