

CLIMATE INVESTMENT FUNDS

June 23, 2016

Summary of the Co-Chairs
Joint Meeting of the CTF and SCF Trust Fund Committees
June 15, 2016

Co-Chairs

Ms. Kate Hughes, United Kingdom
Ms. Berenice Hernandez, Mexico

AGENDA ITEM 1. OPENING

1. The joint meeting of the CTF and SCF Trust Fund Committees was opened by Ms. Kate Hughes, the CTF Trust Fund Committee member from the United Kingdom, and Ms. Berenice Hernandez, the SCF Trust Fund Committee member from Mexico, as the Co-Chairs.

AGENDA ITEM 2. ADOPTION OF AGENDA

2. The joint meeting of the CTF and SCF Trust Fund Committees adopted the provisional agenda (document CTF-SCF/TFC.16/1). The representative from Canada requested to include, under the agenda item 7 under Any Other Business, an update on the CIF (CTF and SCF) risk management issues from the CIF Administrative Unit.

3. Following a request from the joint meeting, Ms Mafalda Duarte, program manager, the CIF Administrative Unit, provided an update on the decisions taken in between meetings, followed up on decisions made at the previous meeting and the efforts undertaken to implement these decisions by the CIF Administrative Unit.

AGENDA ITEM 3. STRATEGIC DIRECTIONS FOR THE CLIMATE INVESTMENT FUNDS

4. The joint meeting of the CTF and SCF Trust Fund Committees reviewed the document JOINT CTF-SCF/TFC.16/3, *Strategic Directions for the CIF*, and appreciates the detailed and focused gap analysis conducted on how the CIF fits within the climate finance architecture (including, inter alia, the Green Climate Fund). The joint meeting also notes that the analysis took into account future opportunities and explored roles each CIF program could play based on its comparative advantage and value added.

5. The joint meeting recognizes, with appreciation, the value of the climate actions in developing countries supported by the CIF. The joint meeting notes the need to support the continuity of climate finance flows at scale in the near term through a diverse set of financing options to support actions in developing countries. In this regard, the joint meeting recognizes the important role and commitment of MDBs in delivering climate finance. The joint meeting highlights the importance of disbursing current CIF funds effectively and agrees to continue monitoring the developments in the international climate finance architecture to inform a discussion on the sunset clause in December 2018 at the earliest, and take a decision on this issue in June 2019, in particular on if and when the Trustee should stop receiving new contributions for the Clean Technology Fund and/or the Strategic Climate Fund.

6. The joint meeting agrees on the need to enhance cooperation between the CIF and other entities and mechanisms in the climate finance architecture, in particular the Green Climate Fund, through, inter alia:

- a) Improved coordination at the country level led by the CIF focal points and GCF's national designated authorities, including in cooperation with MDBs when requested, for mobilizing funding and implementing investment plans/SPCRs;
- b) Enhanced efforts by all stakeholders of the CIF to share lessons learned, including through the CIF evaluative and learning special initiative; and
- c) Exploring joint training and learning sessions for CIF and other multilateral climate finance mechanisms.

7. The joint meeting invites the CTF Trust Fund Committee to consider the analysis presented in the Strategic Directions paper and discuss the value proposition for a new business model for the CTF, including the new financing modalities.

8. The joint meeting also invites the SCF Sub-Committees to consider the analysis presented in the Strategic Directions paper on the specific context, lessons learned, and continued value proposition of the three programs (FIP, SREP and PPCR).

AGENDA ITEM 4. FY 17 CIF BUSINESS PLAN AND BUDGET

9. The joint meeting of the CTF and SCF Trust Fund Committees reviewed and approves the document Joint CTF-SCF/16/4/Rev.1, *FY17 CIF Business Plan and Budget*.

10. The joint meeting welcomes the business plan and notes that the proposed FY17 CIF budget provides core administrative resources (USD 20,528,500), for the expected work program of the CIF's corporate management structure: the Trustee as manager of the financial assets of the CIF trust funds (USD 3,407,000), the CIF Administrative Unit as the central coordinating unit of the CIF partnership (USD 9,900,300), and the five Multilateral Development Bank (MDBs) as the implementing partners (USD 7,221,300); as well as the USD 3,277,000 for the two multi-year special initiatives (1,385,000 for the Learning and Knowledge Exchange Special Initiative and 1,892,000 for other Special Initiatives as specified in the document).

11. The joint meeting approves the document subject to budgetary adjustments required as a result of subsequent decisions made by the respective Trust Fund Committees and Sub-Committees from June 15 to 17, 2016; and as a result of decisions or supplemental requests made during the fiscal year.

AGENDA ITEM 5. EVALUATION AND LEARNING SPECIAL INITIATIVE BUSINESS PLAN

12. The joint meeting of the CTF and SCF Trust Fund Committees reviewed the document JOINT CTF-SCF/TFC.16/5, "*Evaluation and Learning Special Initiative: Business Plan*", and appreciates the work undertaken by the CIF-wide Advisory Group on Evaluation and Learning and the CIF Administrative Unit in preparing the business plan.

13. The joint meeting approves the business plan with its four priority learning themes:

- a) Transformational change;
- b) Private sector investment;
- c) Local stakeholder engagement and benefit; and
- d) CIF design and approach.

14. The joint meeting invites the CIF Administrative Unit, under the guidance of the Advisory Group, to implement the activities identified in the business plan. For the evaluation carried out by the CIF Administrative Unit and MDBs of projects implemented in CIF pilot countries under this initiative, guidance and express approval by the CIF pilot country focal point is necessary. The participation by CIF pilot countries in such evaluative approaches is voluntary.

15. The joint meeting also requests the CIF Administrative Unit to incorporate the feedback and address the comments received from the Trust Fund Committee members at the joint meeting during the implementation of the business plan. The joint meeting looks forward to receive a work plan and associated budget for the implementation of this business plan.

AGENDA ITEM 6. GENDER ACTION PLAN, PHASE 2

16. The CTF and the SCF Trust Fund Committee members and observers are invited to send their comments by mail in the coming weeks for consideration in a revised Gender Action Plan – Phase 2 document. The revised document will then be circulated for approval by mail.

AGENDA ITEM 7. OTHER BUSINESS

17. Responding to a request, the CIF Administrative Unit provided an update on the implementation of the Enterprise Risk Management (ERM) Framework and development of Risk Dashboards for the CTF and the SCF programs. The joint meeting took note of the progress made in operationalizing implementing the ERM Framework, that the CTF Risk Dashboard was operationalized in January 2016, and that some of the risks which had been assigned TBD in the November 2015 Risk Report (e.g. Credit Risk, Currency Risk) are now being assessed, monitored and reported on the CTF Risk Dashboard. The joint meeting also noted that the underlying technical infrastructure for the SCF Risk Dashboards has been developed, and that these Dashboards will be populated and launched in the first half of FY17.

18. The joint meeting noted that the CIF Administrative Unit explored options for hedging the CIF's exposure to currency risk resulting from outstanding foreign currency-denominated promissory notes, but that hedging this risk is not possible.

19. The CIF Administrative Unit clarified to the joint meeting that while it now receives information pertaining to non-payment events from the MDBs, it may only report details of such events if the MDB approves the disclosure of this information. The CIF Administrative Unit highlighted to the joint meeting the existing requirement outlined in the *CTF Financing Products, Terms and Review Procedures for Private Sector Operations*, that an MDB is required to inform the Trust Fund Committee of its proposed course of action for addressing an event of default.

AGENDA ITEM 8. CLOSING

20. The joint meeting was closed on Wednesday, June 15, 2016.