

Approved by Mail February 13, 2013

Approval of proposal related to the use of local currency loans under the SCF Trust Fund

The joint meeting of the CTF and SCF Trust Fund Committees, recalling its request to the Trustee made in November 2012 to prepare a proposal as to resources that should be set aside to allow the CTF and SCF Trust Funds, as an interim measure pending the development of the Enterprise Risk Management Framework, to bear the currency risks related to the use of local currencies in private sector projects up to May 2013, welcomes the proposal related to the use of local currency loans under the SCF Trust Fund that was prepared by the Trustee and circulated to the members of the joint meeting of the CTF and SCF Trust Fund Committees and:

- a) takes note of the request from the MDBs that they be authorized to issue local currency loans for the following two SREP projects for which funds are expected to be committed by the Trustee in the period up to May 2013:
 - i. *Nepal Small Hydropower Finance Program*, USD 19 million, jointly implemented by ADB and IFC (approved by the SREP Sub-Committee on November 1, 2012); and
 - ii. *Maldives Waste to Energy Program*, USD 5 million, jointly implemented by ADB and IFC.
- b) agrees that up to USD 24 million in SCF resources may be utilized to provide local currency lending to the two programs listed in (a); and
- c) endorses the Trustee's proposal that it is not necessary to set aside resources to address the financial risks associated with local currency lending to these two programs as there are no liabilities to loan contributors under the SCF Trust Fund.

The joint meeting of the CTF and SCF Trust Fund Committees further agrees to review the local currency needs for all three SCF targeted programs in May 2013 as part of the risk assessment to be carried out under the Enterprise Risk Management Framework approved at the joint meeting of the CTF and SCF Trust Fund Committees in November 2012.

February 13, 2013

Approved by Mail: Proposal Related to the Use of Local Currency Loans Under the SCF Trust Fund

Dear CTF and SCF Trust Fund Committee Members:

We are writing regarding the proposed decision approving a proposal on the interim use of local currency loans under the SCF Trust Fund, pending the development of the Enterprise Risk Management Framework.

The extended time period provided for submission of comments and any objection to the decision has now expired. No objections were received.

We are, therefore, pleased to inform you that the following decision is approved:

The joint meeting of the CTF and SCF Trust Fund Committees, recalling its request to the Trustee made in November 2012 to prepare a proposal as to resources that should be set aside to allow the CTF and SCF Trust Funds, as an interim measure pending the development of the Enterprise Risk Management Framework, to bear the currency risks related to the use of local currencies in private sector projects up to May 2013, welcomes the proposal related to the use of local currency loans under the SCF Trust Fund that was prepared by the Trustee and circulated to the members of the joint meeting of the CTF and SCF Trust Fund Committees and:

- a) **takes note of the request from the MDBs that they be authorized to issue local currency loans for the following two SREP projects for which funds are expected to be committed by the Trustee in the period up to May 2013:**
 - i. ***Nepal Small Hydropower Finance Program*, USD 19 million, jointly implemented by ADB and IFC (approved by the SREP Sub-Committee on November 1, 2012); and**
 - ii. ***Maldives Waste to Energy Program*, USD 5 million, jointly implemented by ADB and IFC.**
- b) **agrees that up to USD 24 million in SCF resources may be utilized to provide local currency lending to the two programs listed in (a); and**
- c) **endorses the Trustee's proposal that it is not necessary to set aside resources to address the financial risks associated with local currency lending to these two programs as there are no liabilities to loan contributors under the SCF Trust Fund.**

The joint meeting of the CTF and SCF Trust Fund Committees further agrees to review the local currency needs for all three SCF targeted programs in May 2013 as part of the risk assessment to be carried out under the Enterprise Risk Management Framework approved at the joint meeting of the CTF and SCF Trust Fund Committees in November 2012.

Sincerely,

Patricia Bliss-Guest
Climate Investment Funds, Program Manager
CIF Administrative Unit
1818 H Street NW
Washington, D.C. 20433
www.climateinvestmentfunds.org

January 16, 2013

**Approval by Mail: Proposal Related to the Use of Local Currency Loans
Under the SCF Trust Fund**

Dear CTF and SCF Trust Fund Committee Members:

As you will recall, in November 2012, the joint meeting of the CTF and SCF Trust Fund Committees requested that the Trustee prepare a proposal that would allow the CTF and SCF Trust Funds, as an interim measure pending the development of the Enterprise Risk Management Framework, to bear the currency risks related to the use of local currencies in private sector projects up to May 2013. In response to this request, the Trustee, working with the MDBs, prepared the attached proposal regarding the use of local currency loans under the SCF programs. A proposal on the use of local currency loans under the CTF is under preparation and will be circulated separately.

The CTF and SCF Trust Fund Committees are requested to approve the following decision:

The joint meeting of the CTF and SCF Trust Fund Committees, recalling its request to the Trustee made in November 2012 to prepare a proposal as to resources that should be set aside to allow the CTF and SCF Trust Funds, as an interim measure pending the development of the Enterprise Risk Management Framework, to bear the currency risks related to the use of local currencies in private sector projects up to May 2013, welcomes the proposal related to the use of local currency loans under the SCF Trust Fund that was prepared by the Trustee and circulated to the members of the joint meeting of the CTF and SCF Trust Fund Committees and:

- a) **takes note of the request from the MDBs that they be authorized to issue local currency loans for the following two SREP projects for which funds are expected to be committed by the Trustee in the period up to May 2013:**
 - i. ***Nepal Small Hydropower Finance Program*, USD 19 million, jointly implemented by ADB and IFC (approved by the SREP Sub-Committee on November 1, 2012); and**
 - ii. ***Maldives Waste to Energy Program*, USD 5 million, jointly implemented by ADB and IFC.**
- b) **agrees that up to USD 24 million in SCF resources may be utilized to provide local currency lending to the two programs listed in (a); and**

- c) **endorses the Trustee's proposal that it is not necessary to set aside resources to address the financial risks associated with local currency lending to these two programs as there are no liabilities to loan contributors under the SCF Trust Fund.**

The joint meeting of the CTF and SCF Trust Fund Committees further agrees to review the local currency needs for all three SCF targeted programs in May 2013 as part of the risk assessment to be carried out under the Enterprise Risk Management Framework approved at the joint meeting of the CTF and SCF Trust Fund Committees in November 2012.

If we do not receive an objection to this proposed decision by close of business on **January 30, 2013**, the decision will be approved.

Sincerely,

Patricia Bliss-Guest
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SCF Proposal for Local Currency Lending.pdf