

CLIMATE INVESTMENT FUNDS

July 7, 2016

Summary of the Co-Chairs
Meeting of the CTF Trust Fund Committee
Oaxaca, Mexico
Thursday, June 16, 2016

Co-Chairs

Mr. Saurabh Vijay, India
Ms. Kate Hughes, United Kingdom

AGENDA ITEM 1. OPENING

1. The meeting was opened by the Trust Fund Committee Co-Chairs, Mr. Saurabh Vijay from India, representing the recipient countries, and Ms. Kate Hughes from the United Kingdom, representing the contributor countries.

AGENDA ITEM 2. ADOPTION OF AGENDA

2. The CTF Trust Fund Committee adopted the provisional agenda set forth in document CTF/TFC.17/1. In approving the agenda, the Committee noted the request by the Committee member from Canada to discuss the *CTF Pipeline Management and Cancellation Policy* under Any Other Business.

AGENDA ITEM 3. CTF SEMI-ANNUAL OPERATIONAL REPORT

3. The CTF Trust Fund Committee reviewed document CTF/TFC.17/4, *CTF Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the CTF. The Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on resource availability, pipeline review, and the scale of the expected shortfall of resources.

4. The Committee requests the CIF Administrative Unit and the MDBs to continue to review projects and programs for which funding has been approved by the Committee, but not yet approved by the MDBs, with a view to continuing to identify stalled projects and sub-projects under programs and the amount of funding that could be released and reallocated to the active projects and programs in the pipeline in accordance with any pipeline management and cancellation policy to be approved by the Committee.

5. The Committee requests the CIF Administration Unit to work with the MDBs and the Trustee to maintain up-to-date information on pipeline and resource availability to support effective decision-making by the Committee.

AGENDA ITEM 4. CTF NEW FINANCING MODALITIES

6. In the context of the discussion on Strategic Directions of the CIF held during the joint meeting of the CTF and the SCF Trust Fund Committees, the CTF Trust Fund Committee discussed document CTF/TFC.17/4, *CTF Future Strategic Direction*.

7. The Committee, having discussed the results achieved, notes the lessons learned and elements for the strategic future direction of the CTF, and notes that the following key elements could guide the operations of the CTF in the future, if appropriate:

- a) Retaining the strengths of the CTF, namely, the flexibility of the financing instruments, the ability to mobilize private sector financing and its level of risk appetite;
- b) Focusing on the use of efficient, targeted and appropriate levels of concessionality;

- c) Adopting an enhanced programmatic approach focusing on thematic approaches with transformational impact while maintaining the principle of country ownership;
- d) Engaging in priority investment areas and new frontiers; and
- e) Exploring new financing modalities, with the potential to increase the CTF's self-sufficiency.

8. Without pre-empting any decision on whether to pursue future operations, the Committee welcomes the options provided on future financing modalities and expresses its interest in exploring these further consistent with Committee discussions, and requests the CIF Administrative Unit, in consultation with the MDBs and the Trustee to

- a) explore and propose any modifications required in current CTF documents to implement the proposed programmatic approach; and
- b) develop concrete proposals on any priority investment areas and new frontiers that could be submitted to the Committee for approval within 12-18 months in consultation with recipient countries for consideration by the Committee at its December 2016 meeting.

9. The Committee requests the CIF Administrative Unit and the Trustee to conduct any necessary consultations with the contributors on making available the reflows (and any other available assets in the CTF trust fund) for use in accordance with a decision by the Committee and to agree with the contributors on the required arrangements as soon as feasible. The Committee invites individual contributors, as appropriate, to seek an in-principle decision on making available the reflows as soon as possible, aiming for a decision by December 2016.

10. The Committee notes the work undertaken and analysis conducted by the CIF Administrative Unit, in consultation with the MDBs and the Trustee on the new financing modalities in the context of leveraging the reflows and mobilizing additional capital from public and private sources. The Committee also notes the issues identified in the document that require further analysis.

11. In this regard, the Committee requests the CIF Administrative Unit, working in close collaboration with the MDBs and the Trustee, to conduct initial due diligence (including an assessment of current CTF assets by a credit rating agency and necessary financial modeling). The Committee also requests the MDBs to promptly provide information necessary to conduct this due diligence.

12. The Committee further requests the CIF Administrative Unit to conduct any necessary internal reviews within the World Bank on the new financing modalities in a timely manner. The proposals for new financing modalities are to be developed in such a way that they do not affect the ability of the CTF to make its loan repayments, while recognizing the existing arrangements amongst loan, grant, and capital contributors.

13. The Committee also requests the CIF Administrative Unit and the Trustee to strengthen the current financial management system of the CTF, including portfolio risk management and monitoring, to support any potential new financing modalities. The CIF Administrative Unit and

the Trustee will regularly consult and update the Committee on the progress of such work, set out in Paragraphs 11-13, with an update by mid-September 2016.

14. In conjunction with the development of the new financing modalities and the consultations with recipient countries and contributors, the Committee further requests the CIF Administrative Unit, MDBs and the Trustee to explore any necessary modifications in current governance arrangements, legal agreements and CTF documents and initiate any other necessary consultations with relevant parties, including recipient countries, as soon as possible and maintain a working group on this issue.

15. The Committee requests the CIF Administrative Unit, working with the MDBs and the Trustee, to present coherent and comprehensive documents on the issues mentioned above, including policy choices and related trade-offs, as soon as possible, for consideration by the Committee by mail or at its subsequent meetings. In this regard, the Committee further requests the CIF Administrative Unit, working with the MDBs and the Trustee, to present, by no later than the end of July 2016, an indicative timeline and sequence of actions.

AGENDA ITEM 5. OTHER BUSINESS

16. The Trust Fund Committee requests the CIF Administrative Unit working with the MDBs to revise the *CTF Pipeline Management and Cancellation Policy*, based on the comments provided by Committee members at the meeting, and circulate a revised paper for decision by mail by the end of July 2016.

AGENDA ITEM 6. CLOSING

17. The meeting was closed on Thursday, June 16, 2016.