



Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C. (Virtual)
Tuesday, November 17, 2020

**CIF PIPELINE MANAGEMENT AND CANCELLATION POLICY –
(SUMMARY)**



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PROPOSED DECISION

The Joint meeting of the CTF and SCF Trust Fund Committees, recalls the request made by the SCF Trust Fund Committee in April 2020, for the CIF Administrative Unit, in collaboration with the MDBs, to prepare a proposal for an updated Pipeline Management and Cancellation Policy, including consideration for one overall Policy for the CIF, and welcomes the analysis undertaken in the document Joint CTF-SCF/TFC.23/4 CIF Pipeline Management and Cancellation Policy.

The Joint meeting, having reviewed the document Joint CTF-SCF/TFC.23/4 CIF Pipeline Management and Cancellation Policy, notes that this document is intended to replace the previously approved Pipeline Management and Cancellation Policies for each CIF Program, and approves the document as one comprehensive CIF Policy.

The Joint meeting requests the CIF Administrative Unit, in collaboration with the MDBs, to prepare a paper to explore options to further improve efficiencies in the timelines of approvals of all stages of the CIF programming cycle, including tradeoffs for shortening such timelines, for presentation to the Committees by June 2021.

The Joint meeting notes that there is not always sufficient detail included in the concepts for private sector programs, including regional programs, for the Trust Fund Committees to make an informed evaluation of proposals being submitted for endorsement, and requests the CIF Administrative Unit, in collaboration with the MDBs, to prepare a concept template taking into consideration Members comments.

1. Introduction and applicability

1. In April 2020, the CTF and SCF Trust Fund Committees requested the CIF Administrative Unit, in collaboration with the MDBs, to prepare a proposal for an updated Pipeline Management and Cancellation Policy. The proposal builds-up on the pipeline management policies of the four original CIF programs and the proposed updates are based on CIF's 11 years of operational experience. It supports CIF's long-term objective of achieving transformational change towards low-carbon and climate resilient development while considering both the urgency of climate action that is needed as well as the programmatic and innovative nature of the CIF.
2. This document, entitled CIF Pipeline Management and Cancellation Policy is applicable to all CIF action areas or programs that may be approved from July 1, 2021. This applies to any new funding programmed under the CTF and SCF, which might become available either via new contributions or cancellations, and retrospectively, to funding contributed to the newly approved Global Energy Storage Program under the CTF.
3. The objective of this new policy is to enhance the pipeline management system, and to contribute to the effectiveness and efficiency of project delivery.

2. Scope

4. Preparation of the investment plans and other funding allocations as approved by the relevant CIF governing body is the first step of developing the CIF pipeline, which consists of programs and projects under development by countries and MDBs. Each program and project include an indicative date for submission to the relevant CIF governing body for funding approval, and an indicative date for approval by the MDB board. These dates represent key milestones within the project cycle. They do not capture subsequent stages of the project cycle, such as financial closure, disbursement, implementation, and supervision.
5. After MDB board approval of a project, the MDB's own relevant policies are to be applied during project implementation, with an additional requirement in the cases specified in the following paragraph.
6. There are decisions that also require the approval of the relevant CIF governing body:
 - Extension to the timeframes established, as provided in the Policy, from the endorsement of the investment plan by the relevant CIF governing body up to MDB board approval
 - Change in an investment plan endorsed by the relevant CIF governing body.
 - Change to a project concept approved for funding by the relevant governing body, but not yet by the MDB Board. This applies for changes of more than 30% in co-finance or results indicators and changes its financial instrument.
 - Restructuring of a project under implementation, in the case where a new MDB approval is required.

3. Policy Requirements

a) CIF Endorsement of Investment Plans or other funding allocations

7. Investment plans for each action area must be submitted for endorsement to the relevant CIF governing body within 18 months from the date the CIF pilot countries are selected.

8. As soon as selected countries confirm their interest in partnering with the CIF, they can benefit from an investment plan preparation grant (IPPG), which will be managed by the MDBs. Maximum amounts and procedures to access these funds will be determined for each program.
9. In the case of the Dedicated Grant Mechanism (DGM), all selected countries can start preparation of a DGM project as soon as their investment plan is endorsed. For other allocations outside the investment plan, the pipeline process starts when the funding is endorsed by the relevant CIF governing body and the pipeline of projects/programs has been collaboratively identified by the MDBs.

b) Approval implementation, and cancellation of IPPGs and PPGs

10. Investment plan preparation grants (IPPGs) are approved by the relevant CIF governing body once countries are selected, upon receiving a funding request from an MDB, on behalf of a selected country. IPPG funding is part of the indicative funding allocation of the country.
11. Project preparation grants (PPGs) are approved by the relevant CIF governing body once the Investment Plan is endorsed and upon receiving a funding request from the respective MDB, on behalf of a selected country. PPG funding is part of the endorsed funding allocation of the country.
12. The implementation of IPPGs and PPGs follow the relevant MDB policies. Cancellation of grant funding will be initiated by the MDB and follow the relevant provisions of the Financial Procedure Agreement signed with the CIF Trustee.

c) Project/Program Approval by the CIF Governing Body

13. The quality of the proposed activities will be a significant factor when project proposals are submitted for approval of funding.
 - Private sector programs encompassing an envelope of funding for a number of sub-projects should be presented to the relevant CIF governing body for approval only when sub-projects utilizing at least one third of program's resources have been identified. In the case of regional programs 50% of the pipeline must be identified before submitting to the CIF committees.
 - For private sector projects, each MDB may choose when, within its own internal processes, it submits a proposal to the relevant CIF governing body for approval. However, in all cases, this must be prior to an MDB's final Board approval.
 - Public sector projects should be presented to the relevant CIF governing body for approval before appraisal and negotiations of the lending terms.
14. Programs and projects conceived under the investment action plans or other dedicated funding windows must be submitted to the relevant CIF governing body for funding approval within the following timeframes:
 - 24 months from the date of investment plan or other funding allocation endorsement for public and private sector projects.
 - 18 months from the date of investment plan or other funding allocation endorsement for private sector programs.
15. In cases when a project requires extensive preparation work, this needs to be clearly identified in the investment plan, with an indicative timeline for preparation and submission for CIF approval.

d) MDB Board Approval

16. Programs and projects approved for funding by the relevant CIF governing body must reach MDB board approval within the following timeframes:

- Public and private sector projects within 9 months from the relevant CIF governing body approval.
- Private sector programs with sub-projects must reach MDB board approval within 36 months from CIF governing body approval.

e) Implementation

17. If a program/project/sub-project is canceled (partially or fully) after MDB board approval, MDBs must notify the CIF Administrative Unit and the Trustee and follow the relevant provisions of the Financial Procedures Agreement. These cancelled funds will be released for further programming.

18. Relevant project modifications and restructures must be reported to the CIF Administrative Unit, as part of the semi-annual portfolio update by the MDBs. The CIF governing bodies will be kept updated via the CIF periodic operational reports.

f) Investment Plan Update

19. All changes to investment plans must follow CIF participatory approach and involve relevant stakeholders before submission to the CIF governing body through the MDBs.

20. Changes to an investment plan deemed necessary by the country or the MDBs must be presented to the relevant CIF governing body for review and endorsement through a decision by mail, especially in the case of substantial changes in objectives, design, and/or financing. In particular, guidance and endorsement from the relevant CIF governing body will be sought, for the following types of change to an investment plan:

- shifting resources between endorsed projects, programs and/or sectors by more than 10% of the total investment plan envelope,
- replacing an already endorsed project concept,
- changing financial instruments.

21. Countries wishing to submit a revised investment plan must notify this to the CIF Administrative Unit before the deadline for the approval of the programs/projects proposals included in the original investment plan. Preparation of an updated investment plan should take no more than 6 months.

g) Monitoring and Reporting of Investment Plans and Project Pipeline

22. On an annual basis, MDBs will inform the CIF Administrative Unit of the status of preparation of investment plans, programs and projects that are less than 6 months from exceeding the applicable approval deadlines and the amount of associated funding at risk of being cancelled. MDBs are also responsible for updating relevant information in the CIF Collaboration Hub (CCH) regarding delays in expected approval dates.

23. MDBs will inform the CIF Administrative Unit of the implementation status and updates of their approved portfolio through the CCH. This will include explanations of project delays which will then be reported on an annual basis to the relevant CIF governing body.

h) Extensions to approval timelines

24. Should a CIF country and/or MDB be unable to comply with the established timeframe at any of the different programming stages, it may request the relevant CIF governing body to approve extensions to the deadlines for a maximum of an additional 18 months in total.
25. Request(s) should be submitted by the MDB via the CIF Collaboration Hub (CCH) at least 1 month in advance of the deadline and include the necessary information to justify the request. The relevant CIF governing body will determine if an extension can be granted and, if so, for what timeframe.
26. Under exceptional circumstances, a waiver to the total 18-month extension limit could be considered by the relevant CIF governing body on a case by case basis. Justifications for the waiver include circumstances that are out of the control of MDBs, as well as cases where projects/programs are already in an advanced stage of preparation.
27. At the investment plan endorsement stage, if the investment plan is not submitted within the agreed deadline, the relevant CIF governing body will select a new country to participate in the CIF based on the recommendations from the Expert Group during the country selection process.
28. In the cases where additional diagnostic work prior to the preparation of an investment plan is needed, up to six months can be added to the normal IP preparation period. The need for a rapid diagnostic will have to be identified by the country when confirming their interest in partnering with the CIF.
29. After endorsement of an investment plan, if a program or project fails to meet the deadlines for CIF or MDB approvals, or the extension is not granted, the CIF Administrative Unit will inform the MDB and country focal point. The relevant CIF governing body will decide how these resources will be re-allocated.