

# CLIMATE INVESTMENT FUNDS

November 28, 2012

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## **PROCEDURES FOR ALLOCATING FIP RESOURCES ON A COMPETITIVE BASIS FROM A SET ASIDE**

1. The Sub-Committee agrees that USD56 million in concessional funds should be set aside for allocation to programs and projects, selected on a competitive basis, that promote innovative approaches to engage the private sector in the pilot countries. Such programs and projects should be aligned with the endorsed investment plans and should serve to encourage interest from a broad range of private sector actors.

2. Resources from the set aside may be provided to either:

- a) private sector clients working through MDB private sector arms, or
- b) public sector entities working through the MDB public sector arms which would in turn channel all funds to private sector recipients in pilot countries.

3. No one project or program funded from the reserve should receive more than USD 15 million nor less than USD 3 million in FIP funding.

4. The Sub-Committee invites the MDBs and pilot countries to initiate the development of concept proposals for programs and projects to engage the private sector in support of the objectives of the relevant country investment plans. The MDBs will share and discuss with the pilot country focal point any program or project concepts which they consider appropriate and feasible to advance private sector engagement in support of the objectives of the country's investment plan.

5. Concept proposals will be submitted to the CIF Administrative Unit by the MDBs and reviewed by a committee of experts (see paragraph 6 below) for prioritization based primarily on ability to advance FIP program objectives, principles and investment criteria, as contained in the FIP design document and investment criteria, and with the following additional criteria:

- a) alignment with the objective of the country investment plans;
- b) level of innovation proposed;
- c) implementation feasibility within 9-18 months after funding approval by the FIP Sub-Committee; and
- d) progress that has been achieved in implementing other projects under the endorsed investment plan.

6. The Sub-Committee agrees that project and program concepts will be prepared by the MDBs and submitted to the CIF Administrative Unit for review by a group of four experts and one representative from the CIF Administrative Unit (see paragraph 7 below). The review group will review the concepts in accordance with the criteria listed in the paragraph 5 above and will prepare a list of priority concepts that it recommends be allocated the FIP resources available in the set aside. In recommending a priority list of concepts to be allocated the available FIP funding, the review group should also include an additional list of concepts, for up to an additional 50% of the level of funding available in the set aside, for consideration by the Sub-

Committee in making its decision on allocating the resources. In proposing the list of concepts, the review group should include a qualitative explanation for its recommendations and prioritization.

7. In order to establish the review group, the CIF Administrative Unit should invite pilot countries and FIP contributor countries to submit names and resumes of experts with appropriate experience, including experience with the private sector, whom they would like to propose for inclusion in the group. The CIF Administrative Unit, in collaboration with the MDB Committee, will propose two experts from among those proposed by the pilot countries and two experts from among those proposed by the FIP contributor countries to be invited to participate in the review group. The list of the four proposed experts will be submitted to the Sub-Committee for approval by mail.

8. The CIF Administrative Unit will submit the report of the review group to the Sub-Committee for consideration and a decision on the allocation of the resources in the set aside at its meeting in November 2013. Each project or program identified in the priority list and the list of additional concepts presented in the report would need a no-objection letter from the FIP country focal point.

9. The CIF Administrative Unit and the MDB Committee are invited to prepare a timeline for the completion of the steps described in this decision so as to allow the submission of the report of the review group to the Sub-Committee four weeks in advance of its meeting in November 2013.

10. Once a concept has been endorsed, the further development of the project or program will follow the procedures agreed for other activities financed under the endorsed investment plans.

11. In order to facilitate the preparation and consideration of program and project concepts, the CIF Administrative Unit and the MDBs will agree on a common format for presenting such concepts.

12. The Sub-Committee requests that information on the set aside and the agreed procedures, the common format for presenting concepts, the timeline for the completion of steps, and links to pilot country investment plans and other relevant information be made available through the following channels:

- a) the CIF website and, as appropriate, the websites of the MDBs;
- b) pilot country focal points for dissemination to national constituencies and networks; and
- c) other relevant channels that may be agreed upon by the MDBs and the pilot country focal points.

13. The CIF Administrative Unit, the MDBs and the pilot countries are requested to collect lessons and reflections about the effectiveness and value-added of the set aside and the competitive selection process with a view to drawing lessons for the future.

14. These procedures are open for review and/or revision should additional funding become available.