

October 2, 2013

Approval by mail: Revised CTF Investment Plan for Vietnam (ADB/IFC)

Dear CTF Trust Fund Committee members:

Please find attached (1) the *Revised Investment Plan for Vietnam*, submitted by the Government of Vietnam, the Asian Development Bank (ADB) and the World Bank Group (WBG) for your review and endorsement; and, (2) Amendment to the *Vietnam Sustainable Energy Finance program (V-SEF)*, submitted by IFC for your approval.

The CTF Trust Fund Committee is requested to approve the following decision:

Recalling its endorsement of the *CTF Investment Plan for Vietnam* in December 2009 and the changes endorsed under the *Update of the CTF Investment Plan for Vietnam* in June 2011, the Trust Fund Committee reviewed the *CTF Revised Investment Plan for Vietnam* (September 2013), prepared by the Government of Vietnam, in collaboration with the Asian Development Bank and the World Bank Group. The Committee takes note of the proposed revisions to the *CTF Revised Investment Plan for Vietnam* and the proposed reallocation of funding (see table below), including:

- a) **dropping the *Industrial Energy Efficiency Project* with ADB and reallocating USD 50.0 million in CTF funding to expand the *Sustainable Urban Transport Program* with ADB from USD 100.0 million (of which USD 50.0 million has been approved by the Trust Fund Committee) to USD 150.0 million in CTF funding;**
- b) **decreasing the *Private Sector Financing Program* with IFC by USD 61.4 million in CTF funding, from USD 70.0 million (of which USD 30.0 million has been approved by the Trust Fund Committee) to USD 8.6 million and reallocating USD 60.4 million in CTF funding to a new project, entitled *Grid Efficiency Project*, with ADB;**
- c) **using the balance from under b), adding a new technical assistance grant component on monitoring and evaluation of USD 1.0 million in CTF funding with ADB.**

The Trust Fund Committee endorses the revisions as a basis for the further development of the proposed activities for CTF funding and notes that the total indicative allocation after the revisions remains at USD 250.0 million in CTF funding. The Trust Fund Committee recalls that the approval of CTF funding by the Committee is dependent upon the submission of high quality project or program proposals.

The Committee notes that the project preparation timetable under the revised plan indicates that the remaining projects will be submitted to the Trust Fund Committee for funding approval by March 2014, and requests the MDBs to work closely with the Government of Vietnam to expedite the development of the projects for timely submission to the Committee.

Proposed Reallocation of CTF Resources (USD Million)

Program/Project	CTF Funding (original investment plan)	CTF Funding Reallocation			CTF Funding (revised investment plan)
		IBRD	ADB	IFC	
Distribution Efficiency Project (IBRD)	30				30
Industrial Energy Efficiency Project (ADB)	50		(-) 50		0
Sustainable Urban Transport Program (ADB)	100		(+) 50		150
Private Sector Financing Program for EE, CP, and RE (IFC)	70			(-) 61.4	8.6
Grid Efficiency Improvement (ADB)	0		(+) 60.4		60.4
Monitoring and Evaluation TA (ADB)	0		(+) 1.0		1.0
Total	250		(+) 61.4	(-) 61.4	250

Furthermore, the Trust Fund Committee reviewed the proposed amendment to the *Vietnam Sustainable Energy Finance Program (V-SEF)* (under the Private Sector Finance Program for EE, CP, and RE) submitted by IFC, for which the Committee approved USD 30.0 million in CTF funding in September 2010, and approves the following amendments:

- a) Expanding the scope of the V-SEF advisory component to include work on EE/CP in industrial zones;
- b) Reallocating the USD 28.0 million investment component of V-SEF as follows:
 - 1. Retaining USD 5.0 million to pursue an opportunity to co-invest in one commercial bank for energy efficiency financing;
 - 2. Reallocating USD 1.6 million from concessional loan financing to grant financing to the expanded advisory services component of V-SEF under a);
 - 3. Cancelling USD 21.4 million from V-SEF.

If we do not receive an objection to this proposed decision by close of business on **October 16, 2013**, the decision will be approved.

Sincerely,

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