



Meeting of the CTF Trust Fund Committee

Washington D.C (Hybrid)

Wednesday, February 1, 2023

SUMMARY OF THE CO-CHAIRS

February 15, 2023

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Co-Chairs

Ms. Abigail Demopulos, United States
Mr. Martín Illescas, Argentina

1. Agenda Item 1. Opening

1. The meeting was opened by the Co-Chairs of the CTF Trust Fund Committee, Ms. Abigail Demopoulos from the United States representing the contributor countries, and Mr. Martin Illescas from Argentina representing the recipient countries.

2. Agenda Item 2. Adoption of Agenda

2. The CTF Trust Fund Committee adopted the provisional agenda set forth in document *CTF/TFC.29.01*.

3. Agenda Item 3. Semi-Annual Operational Report

3. The CTF Trust Fund Committee reviewed document *CTF/TFC.29/03, CTF Semi-Annual Operational Report*, and welcomed the progress that has been made in advancing the work of CTF.
4. The CTF Trust Fund Committee noted the discussion on the use of grants and the proposed pause in grant approvals set out in the CTF Semi-Annual Operational Report and acknowledged the concerns raised by the MDBs.
5. The CTF Trust Fund Committee requested the MDBs by March 1, 2023:
 - a. to review the projects including grant requests in the pipeline to be submitted by the end of FY23; and
 - b. to provide further detailed information and justification on the projects that MDBs would like to prioritize.
6. The CTF Trust Fund Committee requested the CIF Administrative Unit:
 - a. to provide by March 1, 2023, further analysis on the implications of approving the grant requests described under paragraph 5 (a) above; and
 - b. to work with the MDBs to prepare a strategic approach to the use of grants moving forward, which could include a defined grant pool, which will be recommended to the CTF Trust Fund Committee for their approval at their next meeting in June 2023.
7. The CTF Trust Fund Committee decided to pause approval of all grant requests for projects until receipt of this information under paragraphs 5 and 6 (a) above.

4. Agenda Item 4. CTF Risk Report

8. The CTF Trust Fund Committee reviewed the document *CTF/TFC.29/04, CTF Risk Report*, and welcomed the progress that has been made in advancing the work of CTF.
9. The CTF Trust Fund Committee requested the CIF Administrative Unit to continue to identify, assess, monitor, and report the key risk exposures to the program. The CTF Trust

Fund Committee requested the CIF Administrative Unit to continue to provide semi-annual risk reporting to the Committee in respect of CTF projects in Ukraine.

10. The CTF Trust Fund Committee requested the CIF Administrative Unit and the MDBs to continue to monitor the projects and programs for which CTF funding has been approved, including those that are stalled and whose funding could be made available for future CTF programming.
11. The CTF Trust Fund Committee requested a written assessment and justification in accordance with their policies from the MDBs for continuing to fund the four stalled projects, being the *Cebu Bus Rapid Transit Program*, the *Ha Noi Sustainable Urban Transport Program - Project 1: Ha Noi Metro System Line 3*, the *Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3* and the *Solar Rooftop PV*, before its next meeting in June 2023.
12. The CTF Trust Fund Committee decided that a review of long-standing stalled projects would become a regular agenda item at its meetings whilst they remain flagged for implementation risk.

5. Agenda Item 5. Revised options paper to support non-IP countries under ACT Investment Program

13. The CTF Trust Fund Committee, in June 2022, requested the Implementing Entities to make an assessment, following confirmation of expected funding, of readiness and funding envelopes for individual countries who submitted an Expression of Interest to be supported through the ACT Investment Program, but were not selected for the first phase of Investment Program support in October 2021. The assessment would make recommendations as to potential needs for Technical Assistance and/or Investment Plan support. The CTF Trust Fund Committee decided that geographical distribution and country readiness would be considered as criteria in allocating funding.
14. The CTF Trust Fund Committee, having reviewed the document CTF/TFC.29/05, *Revised options paper to support non-IP countries under ACT Investment Program*, and based on the Independent Expert Group's (IEG's) initial assessment and country ranking, as well as strategic considerations including geographical distribution, country readiness, MDB and portfolio diversification, regional demonstration potential, among others, invites the following countries to prepare, in collaboration with the MDBs, an investment plan under the ACT program, and submit it to the CTF Trust Fund Committee for review and endorsement:
 - a. North Macedonia
 - b. Dominican Republic
15. Given the expected contributions as of January 31, 2023, the indicative allocations may be up to USD 85 million per country, subject to the assessments made at the time of the investment plan preparation.

16. The CTF Trust Fund Committee decided that the countries selected to develop an investment plan can receive up to USD 0.5 million as an Investment Plan Preparation Grant (IPPG) to enable them to take a leadership role in working with the MDBs to develop the Investment Plan.
17. The CTF Trust Fund Committee also recognized the interest expressed by the remaining eight countries in using technical assistance and requests the CIF Administrative Unit and the MDBs to prepare and submit a proposal to provide technical assistance to these countries.

6. Agenda Item 6. Update on CIF Capital Markets Mechanism (CCMM)

18. The CTF Trust Fund Committee thanked the CCMM Working Group, comprised of members of the CIF Administrative Unit, the Trustee and IBRD (in its capacity as putative Treasury Manager for the CCMM), for the update on the CTF Capital Markets Mechanism (CCMM) and acknowledged the progress that has been made since its previous CTF Trust Fund Committee meeting on October 25 to 27 2022, in accordance with the indicative timeline that was shared in November 2022 (the “Indicative CCMM Timeline”).
19. In particular, the CTF Trust Fund Committee noted the following:
 - a. the Indicative CCMM Timeline anticipates a final decision and approval of the CCMM structure (including necessary draft documentation) taking place in June 2023, which would allow the CCMM issuer to be ready by the end of 2023 to issue bonds;
 - b. the Implementing Entities have received the information requested during the previous CTF Trust Fund Committee meeting, including details of expected reporting arrangements for the Implementing Entities and CCMM to support CCMM’s filing requirements with a stock exchange, regulators and credit rating agencies;
 - c. the Loan Contributors have received the financial models for the base case and with the pari passu enhancement, confirming the capital adequacy of CCMM and calculating the liquidity and cash flows of the CCMM proposal;
 - d. the Implementing Entities have received the draft amendments to the Financial Procedures Agreement and the Contributors have received the Loan Contribution Agreement and Standard Provisions necessary to give effect to the CCMM proposal for their consideration;
 - e. the Joint Committees of the CIF had received budgets for the costs of the CIF Administrative Unit, the Trustee, and the Treasury Manager and the Implementing Entities to fulfil their proposed roles in the finalization of the CCMM structure in FY23;
 - f. the CCMM Working Group continues to progress the documentation and processes outlined in the Indicative CCMM Timeline;

- g. certain of the CTF Contributors provided their indicative endorsement in respect of the CCMM proposal and their participation in CCMM, subject to finalization of the legal arrangements and other process steps contemplated in the Indicative CCMM Timeline, including final decision and approval of the CCMM structure envisaged in June 2023; and
- h. certain of the Implementing Entities provided their indicative confirmation in respect of: (i) the requested reporting requirements; and (ii) the adoption of the new liquidity policy, and confirmed their participation in CCMM, subject to finalization of the legal arrangements and other process steps contemplated in the Indicative CCMM Timeline, including final decision and approval of the CCMM structure envisaged in June 2023.

20. Recognizing the remaining milestones and dependencies set out in the timeline and in particular the importance of finalizing the structure of the CCMM, the CTF Trust Fund Committee decided:

- a. in respect of the CTF Contributors not yet able to provide their indicative endorsement under paragraph (g) above, to request these CTF Contributors to conduct any remaining due diligence necessary to provide their indicative endorsements in respect of the CCMM proposal and their participation in CCMM by March 30, 2023, and to work with the CCMM Working Group in order to meet the milestones set out in the Indicative CCMM Timeline;
- b. to request any Implementing Entity that has not yet provided their indicative confirmation in respect of: (i) the requested reporting requirements; and (ii) the adoption of the new liquidity policy to do so by March 30, 2023, and to work with the CCMM Working Group to finalize the legal arrangements in order to meet the milestones set out in the Indicative CCMM Timeline; and
- c. to request the CCMM Working Group to continue to move forward on the CCMM proposal and structure on the basis of the Indicative CCMM Timeline, including drafting documentation necessary for implementation of the CCMM and preparation for initial engagement with the credit rating agencies.

7. Agenda Item 7. Other Business

21. No other decision items were raised by the CTF Trust Fund Committee.

8. Agenda Item 8. Closing

22. The meeting closed at 6:27 p.m. on Wednesday, February 1, 2023.



The Climate Investment Funds

The Climate Investment Funds (CIF) were established in 2008 to mobilize resources and trigger investments for low carbon, climate resilient development in select middle and low income countries. To date, 14 contributor countries have pledged funds to CIF that have been channeled for mitigation and adaptation interventions at an unprecedented scale in 72 recipient countries. The CIF is the largest active climate finance mechanism in the world.

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