

# CLIMATE INVESTMENT FUNDS

May 26, 2009

---

Summary of the Co-Chairs  
Clean Technology Fund Trust Fund Committee Meeting  
May 11, 2009

Co-Chairs  
Zaheer Fakir, South Africa  
William Pizer, United States

## **Opening of the meeting**

1. The meeting was opened by the Co-Chairs, Zaheer Fakir, the Trust Fund Committee Member from South Africa, and William Pizer, the Trust Fund Committee Member from the United States.

## **Adoption of the agenda**

2. The meeting adopted the provisional agenda set forth in document CTF/TFC.3/1.

## **CTF Financing Terms for Public Sector Projects**

3. The Trust Fund Committee reviewed document CTF/TFC.3/3, *Clean Technology Fund Financing Products, Terms and Review Procedures for Public Sector Operations*. Recalling that the paper had been revised on the basis of discussions held during the Trust Fund Committee meeting in November 2008, the Committee approves the document.

## **ODA eligibility of CTF financing**

4. The Trust Fund Committee reviewed document CTF/TFC.3/4, *Eligibility of Guarantees Financed from the Clean Technology Fund for Scoring as Official Development Assistance*, and notes the conclusion that donor contributions to the CTF should qualify as ODA since such funds meet the ODA criteria.

5. The Committee agrees that the Trust Fund Committee Member from Sweden will work with the Development Assistance Committee (DAC) Working Party on Statistics to have a code established for the CIF under the World Bank Group so that contributions to the CIF can be reported as ODA.

6. The Committee requests the Administrative Unit, in consultation with the MDB Committee, to work with the OECD DAC to prepare a report for review at the next Committee meeting on progress towards distinguishing and tracking contributions to the CTF as new and additional ODA resources.

## **Investment Plans**

7. The Trust Fund Committee reviewed document CTF/TFC.3/5, *Clean Technology Fund Quarterly Operations Summary*, and welcomes the progress that has been made in advancing the CTF pipeline in the three countries for which the Committee has endorsed investment plans and in advancing work to prepare additional investment plans.

8. The Committee stresses the importance of country ownership of investment plans, programs and projects and welcomes the proposal that the number of joint missions undertaken to prepare an investment plan be increased to two so as to allow for preliminary consultations with a government on its objectives and priorities. The Committee also emphasizes the need to

ensure engagement of other development partners at the country level and requests countries and the MDBs to ensure upstream consultations with bilateral donors working in the country.

9. The Committee notes that in moving forward it is important to take into account geographic distribution among investments plans to be financed by the CTF as well as the balance among low carbon technologies to be deployed, demonstrated and transferred through the plans in a way that maximizes the CTF's lessons and impacts while maintaining the CTF's focus on country-ownership.

10. The Committee takes note of the recommendation of a representative from civil society that investments in institutional capacity, policy and regulatory frameworks need to be priorities in CIF investments if transformational change is to be achieved.

### **Approval of CTF financing for project proposals**

11. The Trust Fund Committee reviewed and approves, subject to the comments made by the Committee and on a contingent basis subject to availability of funds in the CTF, the requested CTF financing for the project, *Mexico: Private Sector Wind Development* (IFC/IDB), to be developed and implemented under the CTF Investment Plan for Mexico that was endorsed by the Trust Fund Committee at its meeting in January 2009. Specifically, the Trust Fund Committee approves the following allocation to IFC of CTF financing for the project:

- (a) US\$15 million investment
- (b) US\$500,000 implementation and supervision budget
- (c) US\$100,000 knowledge management

12. The Trust Fund Committee emphasizes that it expects private sector investments to be programmatic and transformational, contributing to changes in markets and producing development impacts. It also welcomes inclusion of financing through the Clean Development Mechanism in projects proposed for CTF financing. Project proposals should also address the social and environmental impacts of the proposal.

### **Discussion note on a regional program for Concentrated Solar Power in the Middle East and North Africa (MENA) region**

13. The Trust Fund Committee welcomes the document CTF/TFC.3/7, *Clean Technology Fund: Concept Note for a Concentrated Solar Power Scale-up Program in the Middle East and North Africa Regions*, and the approach of early dialogue and feedback from the Committee through an earlier lunchtime presentation and submission of a concept note in advance of submission of an investment plan for endorsement.

14. The Committee welcomes the development of a regional investment plan leading to a significant investment in concentrated solar power technology through the CTF and recognizes the potential for a transformational impact from such an ambitious program. At the same time, the Committee underscores its expectation that the proposed regional investment plan and the scale of the CTF investment will take into account overall regional distribution and technology balance in the CTF portfolio.

15. The Committee requests the MDBs to work with the countries in the region to complete the preparation of the proposed regional investment plan. In the further development of the program, the MDBs are requested to take into account the comments and questions of the Trust Fund Committee, and in particular, the following:

- (a) The investment plan should describe the enabling environments in the countries participating in the program, and should outline how those environments are expected to progress and support CSP scale-up;
- (b) a study of the cost effectiveness of the investment and a deeper analysis of subsidies should be undertaken;
- (c) the additional costs and/or risk premium to be covered by CTF funds must be clearly understood, and significant financing from other sources to cover the bulk of the funding should be ensured before the investment plan is submitted to the Committee, including financing from bilateral donors;
- (d) the proposed investment should lead to market creation and demand for green electricity in the MENA region;
- (e) consideration should be given to focusing the program in a smaller number of countries in which transformational outcomes are most likely;
- (f) an overall assessment of the environmental and social impacts should be prepared;
- (g) in determining the financing requested from the CTF, full account should be given to the revenue that could be generated through the Clean Development Mechanism.

### **Results measurement**

16. The Trust Fund Committee, having reviewed document, CTF/TFC.3/8, *Clean Technology Fund Results Measurement System*, welcomes the revised paper and notes that considerable progress had been made since the Trust Fund Committee meeting in January

17. While the Committee is of the view that further work should be undertaken before the results measurement system can be approved, the Committee agrees that Tier 1 and Tier 3 of the proposed results measurement system, amended to take into account the comments made by the Committee, should serve as a provisional basis for designing programs/projects to be financed by the CTF so program development can proceed.

18. In such further work, particular attention should be paid to knowledge sharing and to measurement to ensure CTF contributions are new and additional resources supplementing existing ODA flows otherwise available for developing countries. In this regard, the Trust Fund Committee recalls its decision under Agenda Item 3 for a paper to be developed on new and additional funding and the fact that the joint meeting of the CTF and SCF Trust Fund Committees scheduled for May 13 will begin a discussion of a CIF knowledge management system.

19. The Trust Fund Committee requests the Administrative Unit, in collaboration with the MDB Committee, to prepare a log-frame representation of the results measurement framework, including revisions to Tier 2, consistent with the work being undertaken for other CIF programs.

20. Recognizing that the CTF is pioneering new approaches, the Committee agrees that the results measurement system should remain flexible to adapt to policy decisions of the Committee

and experience gained on the ground, and that it should be kept under review by the Committee during implementation.

### **Update on self selection of observers**

21. The Committee welcomes the progress that has been made in advancing the self selection process for representatives of civil society to observe CIF meetings. The Committee looks forward to the completion of the self selection processes that are underway and requests the organizations carrying out the processes to inform the CIF meetings in October 2009 of the results of the process and lessons learned. The Committee requests that efforts be made, in the self selection process, to give widespread notice of the process so that global representation can be achieved. The Committee invites the selected observers to use the expanded disclosure policy to help prepare focused inputs to the work of the Committee. The Committee also requested that positive consideration be given in the self selection process to providing an overlap in representatives at the various CIF Committees and Sub-Committees with a view to achieving efficiency and promoting learning among the programs.

### **Reporting of bilateral activities**

22. The Trust Fund Committee reviewed document CTF/TFC.3/10, *Reporting by Bilateral Development Agencies/Banks to the CIF Trust Fund Committee*. The Trust Fund Committee recalled and welcomes the agreement in the Potsdam design document for the Clean Technology Fund that “bilateral development agencies/banks are encouraged to contribute to the achievement of the objectives of the Trust Fund through bilateral projects or co-financing of projects funded by the Trust Fund. Donors may report on this bilateral financing to the Trust Funds Committee (TFC) for its review and confirmation that such bilateral financing conforms to the objectives of the Trust Fund. Activities confirmed by the Trust Funds will be included in the annual report of the Funds.”

23. The Committee approves the procedures proposed in the document for reporting activities of the bilateral development agencies/banks that contribute to the achievement of the objectives of the CTF. The Committee notes a preference, to the extent possible, for the inclusion of bilateral activities supporting the objectives of the CTF in the investment plans submitted for endorsement. The Committee underscores the leading role of the national government in developing the investment plans and in undertaking a fully consultative process at the national level with other development partners. The Committee also recognizes the overarching objective of the CIF to support lesson learning and invites bilateral donors to contribute their lessons learned to the CIF knowledge management program.

### **Other business**

24. The Trust Fund Committee welcomes the presentation by the Committee Member from the UK on the UK Climate Change Policy. The Committee agrees that it would be interesting to have similar presentations from other contributor countries on their national policies and activities to address climate change.

25. The meeting notes that the next meetings of the CIF Trust Fund Committees and the SCF Sub-Committees are scheduled for the week of October 26, 2009.

**Closing of the meeting**

26. The meeting was closed on May 11, 2009.