



Intersessional Meeting of the Trust Fund Committee of the Clean Technology Fund (CTF)

Virtual

Tuesday, October 12, 2021

Summary of the Co-Chairs

Co-Chairs

Mr. Martin Manuel Illescas, Argentina

Mr. Nicholas Strychacz, United States

October 19, 2021

AGENDA ITEM 1. OPENING

1. The meeting was opened by Mafalda Duarte, Head of the Climate Investment Funds (CIF).

AGENDA ITEM 2. ADOPTION OF AGENDA

2. It was agreed by the Trust Fund Committee to switch the order of the agenda so that agenda item 4. CTF 2.0 came before agenda item 3. Accelerating Coal Transition (ACT) Investment Program Independent Expert Group Report, the Committee then adopted the provisional agenda set forth in document CTF/TFCIS.2/1.

AGENDA ITEM 4. CTF 2.0

3. The Committee welcomed the update provided by Mafalda Duarte on the CTF 2.0 Proposal.

The Trust Fund Committee:

- (i) acknowledging the urgency of mitigating climate change and recognizing the continued demand for CTF resources from recipient countries; and
- (ii) reaffirming its collective resolve, as expressed in its decisions of June 2016, December 2016, June 2017, and June 2021, to pursue, as soon as possible, options for maximizing the impact of the CTF through the development of new financing strategies to leverage existing Contributions by raising additional finance in the capital markets; and
- (iii) having reviewed the CTF 2.0 proposal dated March 18, 2021 and related documents prepared by the CIF Administrative Unit for this discussion (the "**CTF 2.0 Proposal**").

decided:

4. To pursue the further development of the CTF 2.0 Proposal on the basis that CTF Trust Fund Resources (including, without limitation, Reflows and Return of Other Funds) representing the Contributor's Share of those Contributors wishing to participate in the CTF 2.0 Proposal will be used to support additional fundraising in the capital markets by a newly-incorporated entity to be established for that purpose (the "**CTF Issuer**"), with the funds so raised to be made available to facilitate the funding of projects to mitigate the effects of climate change by the Implementing Entities in accordance with the CTF 2.0 Governance Framework, *provided that*,
 - (i) the decision of such use of CTF Trust Fund Resources shall be made solely by the Contributors upon review of the final underlying documentation required to implement the CTF 2.0 Proposal;
 - (ii) the existing entitlement of any Contributor which does not wish to participate in the CTF 2.0 Proposal to receive its Contributor's Share of any Reflows and Return of Other Funds in the same amounts and at the same times as would be the case if the CTF 2.0 Proposal was not implemented (or as otherwise agreed by the Trust Fund Committee) shall be preserved; and

- (iii) the Trust Fund Committee (or any successor trust fund committee created in connection with the CTF 2.0 Proposal) will, every five years, review the effectiveness, efficiency, complementarity, and additionality of the CTF 2.0 in the context of the global climate finance architecture and take necessary and appropriate steps, if any, taking into account any results and outcomes of CTF 2.0 activities until that point.

5. to request the CIF AU, working together with the Trustee and Implementing Entities, to finalize the CTF 2.0 Proposal, the CTF 2.0 Governance Framework, including any related financial modelling exercises and annexes and consult closely with the Contributors and Trust Fund Committee members, with a view to presenting the CTF 2.0 Governance Framework for the Trust Fund Committee's review at a Trust Fund Committee meeting scheduled for the next earliest opportunity;

6. to invite IBRD to pursue the relevant internal authorizations that may be necessary for IBRD to perform the roles contemplated for it under the CTF 2.0 Proposal including as: (i) trustee for CTF 2.0; and (ii) Treasury Manager for CTF 2.0;

7. to invite the Implementing Entities to pursue the relevant internal authorizations that may be necessary for them to perform the roles contemplated under the CTF 2.0 Proposal as Implementing Entities;

8. subject first to obtaining the internal authorization referred to in paragraph (6) above, to request the Trustee to prepare, in consultation with the CIF AU, the Contributors and the Implementing Entities, as appropriate:

- (i) draft Pass-Through Agreements as referred to in the CTF 2.0 Proposal and draft amendments to the Financial Procedures Agreements, in each case as are necessary to facilitate the CTF 2.0 Proposal; and
- (ii) draft amendments to each Contribution Agreement to give effect to the CTF 2.0 Proposal including the CTF Standard Provisions referred to in sub-paragraph (8)(i);

9. to request the CIFAU to prepare, in consultation with the Trustee and other relevant IBRD departments, such other material documentation as may be necessary to implement the CTF 2.0 Proposal for approval by the Trust Fund Committee at its next meeting; and

10. to authorize the CIFAU to: (i) engage with such advisers and service providers as are necessary to facilitate the CTF 2.0 Proposal, including those to be appointed by the CTF Issuer and (ii) engage the credit rating agencies to provide credit ratings for [the debt to be issued by the] CTF Issuer.

AGENDA ITEM 3. ACCELERATING COAL TRANSITION PROGRAM INDEPENDENT EXPERT GROUP REPORT

11. The Clean Technology Fund (CTF) Trust Fund Committee welcomes the very strong response shown by 14 countries to the invitation to submit an expression of interest to benefit from the Accelerating Coal Transition (ACT) Investment program.

12. The CTF Trust Fund Committee reviewed the *Accelerating Coal Transition Program Independent Expert Group Report* (document CTF/TFC.IS.2/3) and based on the Independent Expert Group assessment, available resources, demonstration, and transformational change potential, 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:

- (i) India
- (ii) Indonesia
- (iii) Philippines
- (iv) South Africa

13. Given the expected contributions at this stage, the indicative allocations may range from USD 200.0 – USD 500.0 million per country, based on the assessments made at the time of the investment plan preparation.

14. The CTF Trust Fund Committee agrees that the countries selected to develop an investment plan can receive up to USD 1.0 million as an Investment Plan Preparation Grant (IPPGs) to enable them to take a leadership role in working with the MDBs to develop the Plan.

15. Notwithstanding paragraph (B) above, the CTF Trust Fund Committee acknowledges the recommendation of the expert group that all countries that have submitted an expression of interest in the Program could benefit from support, and requests the CIFAU, in collaboration with the MDBs, to prepare a proposal for its review and consideration, on appropriate modalities to provide such support.

AGENDA ITEM 5. OTHER BUSINESS

16. Two other items were brought up by members under Other Business

- (i) The CTF Trust Fund Committee requests the CIFAU to take into consideration comments by members on the ACT Design Document and Result Framework Document, and, if needed, submit revised versions for its approval before the end of the calendar year.
- (ii) The CTF Trust Fund Committee welcomes the announcement made by Denmark of its intention to contribute to the ACT Program in accordance with the appropriate documentation and governance arrangements. The contributor country Co-Chair suggests that the contributor country members convene a consultation, to include Denmark, to discuss contributor country membership on the CTF Trust Fund Committee.

AGENDA ITEM 6. CLOSING

17. The meeting was closed at 11.55 a.m. EST on Tuesday, October 12, 2021.



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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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