

# CLIMATE INVESTMENT FUNDS

CTF/TFC.20/5  
December 4, 2017

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Meeting of the CTF Trust Fund Committee  
Washington, DC  
Friday, December 15, 2017

## **CTF DPSP III Proposal (SUMMARY)**

**PROPOSED DECISION**

## **1. Introduction**

1. At its meeting in June 2017, the CTF Trust Fund Committee requested the CIF Administrative Unit and the MDBs to develop a proposal for utilizing any resources available by July 1, 2017 for further programming and present the proposal to the Committee for decision at its next meeting.
2. In response to the above decision by the Trust Fund Committee, the CIF Administrative Unit, working with the Trustee, updated the CTF resource availability taking into account of the closure of the CTF pipeline as of July 1, 2017. It is estimated that around USD 520 million of CTF resources can be available for further commitment.<sup>1</sup>
3. In developing a proposal for utilizing the available CTF resources, the CIF Administrative Unit, in consultation with the MDBs and Trustee, proposes a flexible programming approach following the one developed under the Dedicated Private Sector Programs (DPSP). While complementing the country-based investment planning process, the flexible approach will accelerate the programming cycle by focusing on a selected number of high-priority investment areas based on evolving sector demand across the eligible countries. This proposal is called CTF DPSP III and covers both public and private sector operations.

## **2. Objective, Principles, and Country Access for DPSP III**

### **2.1. Objective and Principles**

4. The objective of DPSP III will be consistent with the overall objective of the CTF, i.e., to provide scaled-up financing for the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term GHG emissions savings. The CTF investment criteria will apply to DPSP III projects and programs.
5. In developing the DPSP III proposal, the CIF Administrative Unit and the MDBs have taken into account the following principles: (i) readiness; (ii) fit with priority thematic areas identified; (iii) innovation; (iv) leverage; and (v) impact.

### **2.2. Country Access**

6. DPSP III will be open to the same countries that are eligible for DPSP II, i.e., current CTF countries that have developed and implemented country investment plans and the regional program as well as countries that have been selected to participate in other programs of the CIF. Emphasis should be given to countries with high potential for long-term GHG emissions reduction and activities which can bring about transformational impact and unlocking of commercial and private sector investments.

## **3. Elaboration of Thematic Areas and Funding Windows**

7. The proposed DPSP III will consist of four funding windows, including three thematic areas and one business development facility.

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<sup>1</sup> This includes potential cancellation of funding that has been previously approved by the Trust Fund Committee.

## **Window 1: Energy Efficiency (EE)**

### **3.1.1. Prioritized EE Projects/Programs (indicative allocation: USD 180 million)**

8. For DPSP III, the MDBs have identified and prioritized seven projects/programs (including three that cut across two or three thematic areas) totaling approximately USD 180 million in CTF funding (see Table 1).

**Table 1: Prioritized EE Projects/Programs for DPSP III**

<b>Country</b>	<b>Project Title</b>	<b>MDB</b>	<b>CTF Amount (Million USD)</b>
Brazil	Financial Instruments for Brazil EE Cities (FinBRAZEEC)	World Bank	20
Colombia	Clean Energy Development*	World Bank	20 (50 total for EE and RE+)
India	Transforming India through EE	ADB	48
Turkey	EE in Public Buildings	World Bank	50
Turkey and Ukraine	Industrial Innovation in Energy Efficiency (I2E2) Program – Phase 1 (2 of 6 countries)	EBRD	25
Ukraine	Finance for Technology Transfer Centre (FINTECC)*	EBRD	5 (10 total for EE and RE+)
Regional (eligible LAC countries)	Risk Tolerant Financial Instruments to Mobilize Private Sector Investment*	IDBG	12 (32 total for EE, RE+ and ST)
Subtotal			180

\* Cross-cutting proposal; see summaries under Cross-Cutting Section. Amounts by theme are indicative.

## **Window 2: Renewable Energy Plus (RE+)**

### **3.1.2. Prioritized RE+ Projects/Programs (indicative allocation: USD 280 million)**

9. A total of 12 projects and programs have been prioritized by the MDBs for support under the RE+ window (including three cross-cutting projects/programs). They include a wide range of regions and countries, from Cote d'Ivoire and Nigeria in Sub-Saharan Africa to Thailand in Asia, Colombia, Honduras, and Mexico in Latin America, Morocco in North Africa, two regional programs in Latin America and the Caribbean, and two global programs. In total, they request approximately USD 280 million in CTF funding (see Table 2).

**Table 2: Prioritized RE+ Projects/Programs for DPSP III**

Country	Project Title	MDB	CTF Amount Requested (Million USD)
Colombia	Clean Energy Development*	World Bank	30 (50 total for EE and RE+)
Cote d'Ivoire (plus Ghana, Kenya)	Asset-Backed Distributed Generation Program	AfDB	20
Honduras	Energy Storage in Existing Hydro Reservoirs	IDBG	18
Mexico	Developing Distributed RE Financing Market	IDBG	10
Morocco	Noor Solar Power Projects	World Bank	50
Nigeria	Utility-Scale Solar IPP Program	AfDB	24
Thailand	Integrated Renewable Energy and Energy Storage	ADB	38
Ukraine	Finance for Technology Transfer Centre (FINTECC)*	EBRD	5 (10 total for EE and RE+)
Global	Distributed Generation	IFC	30
Global	Waste to Energy	IFC	40
Regional (LAC eligible countries)	Risk Tolerant Financial Instruments to Mobilize Private Investment*	IDBG	12 (32 total for EE, RE+ and ST)
Regional (Bolivia, Colombia, Ecuador, Nicaragua, and Peru)	Latin America Distributed Energy Fund (LADEF)	IDBG	3
Subtotal			280

\* Cross-cutting proposal; see summaries under Cross-Cutting Section. Amounts by theme are indicative.

### ***Window 3: Sustainable Transport (ST)***

#### ***3.1.3. Prioritized ST Projects/Programs (indicative allocation: USD 46 million)***

10. Four sustainable transport projects have been proposed for DPSP III (including one cross-cutting program)<sup>2</sup>. Two of them have been proposed by EBRD: one in Morocco and another one in Turkey, and another one has been proposed by IDBG in Jamaica. In total, they request approximately USD 46 million in CTF funding (see Table 3). More opportunities with transformational impact in the transport sector exist, but they require more preparation work and cannot meet short timeframe of DPSP III. Some MDBs will be requesting resources to support the preparation of these projects under the Business Development Facility (see Window 4 below).

<sup>2</sup> A summary of the cross-cutting proposal is provided under the RE+ window.

**Table 3: Prioritized ST Projects/Programs for DPSP III**

Country	Project Title	MDB	CTF Amount (Million USD)
Jamaica	Improving urban transportation efficiency in Montego Bay	IDBG	5
Morocco	Casablanca Sustainable Urban Transport – Tramway Extension	EBRD	20
Turkey	Green Logistics Program	EBRD	13
Regional (LAC)	Risk Tolerant Financial Instruments to Mobilize Private Investment*	IDBG	8 (32 total for EE, RE+ and ST)
Subtotal			46

\* Cross-cutting proposal; see summaries under Cross-Cutting Section. Amounts by theme are indicative.

***Window 4: Business Development Facility (BDF) (indicative allocation: USD 14 million)***

11. In addition to the above three funding window of EE, RE+, and ST, it is proposed that a fourth window of Business Development Facility (BDF) with an indicative allocation of USD 14 million be established under DPSP III.
  
12. The purpose of the BDF is to provide funding to support MDBs and countries to develop project pipelines to be financed by multiple sources of climate finance. The BDF will target sectors and innovative projects that face challenges to access climate finance or projects and programs that will take an extended time to develop. For example, sustainable transport projects, which represent a small share of the CTF portfolio, have continued to represent a small share of the DPSP III sealed pipeline. New sectors, such as sustainable cities, or emerging technologies, such as floating solar PV, may hold promises for future investment opportunities that require grant funding for business development.