

# Joint Meeting of the CTF and SCF Trust Fund Committees

Operational and Governance Review Update

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# Governance Documents Under Preparation

- CIF Conflict of Interest (COI) Management Overview
- CIF Conflict of Interest Management Framework
- Dispute Resolution Mechanism
- Multilateral Development Bank (MDB) Committee Terms of Reference (ToRs)
- Phase Two of Governance and Operational Review Workplan

# CIF Conflict of Interest Management Overview

## Task:

- Develop a CIF Conflict of Interest Framework

## Approach Taken:

- Consulted with governance stakeholders re:
  - Concerns held
  - Checks and balances already in place
  - Suggestions for improvement

# CIF Conflict of Interest Management Overview

Findings:

- The concept of a “framework” within “Conflict of Interest Framework” means different things to different people.

Rules and principles for managing individuals’ conflicts of interest

vs.

Inter-institutional conflicts of governance stakeholders arising from competing institutional interests

- CIF must manage both kinds.

# CIF Conflict of Interest Management Overview

## Three Key Takeaways:

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Governance Frameworks +  
Hosting Arrangement +  
CIF Code of Conduct +  
Soon-to-be agreed MDB Committee TORs +  
Dispute Resolution Mechanism  
help manage COI in CIF.

# CIF Conflict of Interest Management Overview

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To manage inter-institutional conflicts, two areas need attention:

- A. CIFSEC/MDBs collaboration and coordination
- B. Intra-MDB coordination

Re. (A) CIFSEC/MDB collaboration:

- Advance notice by CIFSEC to MDBs on proposals
- Responsiveness of MDBs to CIFSEC

Re. (B) Intra-MDB coordination:

- Clarification of Lead MDB role
- Incentivization of private sector
- Management of CIF grants and subsidies

# CIF Conflict of Interest Management Overview

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## Training on COI:

- Recommended across CIF governance stakeholders.
- Details of content and a timeline will be established.

# CIF Conflict of Interest Management Framework

- The CIF already has a COI Management Framework.
- It is the CIF Code of Conduct, and it was approved in 2017.
- It's the equivalent of other financial intermediary funds' COI Frameworks (Pandemic Fund, GPE, and GEF), which we compared with it.
- To update the CIF Code of Conduct, CIF may wish to provide for appointing a CIF Ethics Committee and rename the Code the CIF COI Framework.
- We will revert with a formal proposal for decision by mail by year end.



# Conflict of Interest Management Framework Comparators

	The Pandemic Fund	Global Partnership for Education (GPE)	Global Environment Facility (GEF)	Climate Investment Funds (CIF)
Purpose				
Who Framework Applies To				
Composition of Committee				
<b>Enforcement Mechanism</b>				

# Dispute Resolution Mechanism

## Purpose:

- To have a forum to resolve concerns and disputes unrelated to matters covered by the Hosting Arrangement and financial procedures agreements.
- For concerns arising between MDBs, MDBs & CIFSEC, or MDBs and TFCs.

## Principles:

- Easily accessible.
- Begin by trying to resolve at lowest level possible.

# Dispute Resolution Mechanism

Forum:

- Escalate, as needed, for guidance from Chairs and Co-Chairs of Relevant TFCs for final resolution.

Status:

- Draft text has been exchanged with World Bank Legal Dept.
- Final draft to be sent to TFC for approval by mail by year's end.

# MDB Committee Terms of Reference (ToRs)

- The MDB Committee ToRs are close to being finalized.
- Since July, the MDBs, CIFSEC and the World Bank have exchanged helpful comments on a draft.
- A few outstanding points remain, e.g.
  - details of MDB Committee/CIFSEC coordination,
  - possible need for formal procedures for MDB Committee meetings,
  - possible need for CIFSEC support at MDB Committee meetings.
- MDBs aim to sign the final MDB Committee ToRs at COP28.

# Phase 2 Operational and Governance Review Workplan

- Workplan will be informed and driven by CIF's strategic direction.
- Ideas have been suggested but AHC did not want to make firm decisions pre-appointment of new CEO.
- Simplification of CIF funds and of CIF governing bodies is suggested as a priority.
- For continuity and pending review of any simplification proposals, it's suggested that SCF Technical Committee and GCAP members' terms be extended until June 2025.

# Next Steps

- CIF Strategy Meeting (MDB VP level) to be held during COP28.
- MDB Committee ToRs to be finalized and announced at COP28.
- Dispute Resolution Mechanism to be agreed by mail by year end.
- Phase Two CIF Governance and Operational Review, aligned with CIF's strategic direction, to be developed for TFC review in February 2024.
- Proposed Technical In-Person MDBs/CIFSEC/AHC Workshop (February 2024) to address enhanced MDB Committee/CIFSEC collaboration.
- Following agreement of all parties, World Bank Legal Dept. will update Governance Frameworks to reflect changes.

# Decisions Requested

- TFCs' endorsement for the work undertaken on governance and its continuation to completion.
- TFCs' endorsement of proposal to extend SCF Technical Committee and GCAP Committee members until June 2025.
- TFCs' endorsement of proposed Technical Workshop between AHC, MDBs, and CIFSEC in early 2024 to address enhanced MDB Committee/CIFSEC collaboration.