



CIF/DM.3/Inf.3  
May 15, 2008

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Design Meeting on Climate Investment Funds  
Potsdam, Germany  
May 21-22, 2008

**NOTE ON LEGAL DOCUMENTS TO BE PREPARED FOR THE CLIMATE  
INVESTMENT FUNDS**

## Governance Framework Document

1. A Governance Framework document will be prepared for each of the CTF and the SCF, based on the terms included in the proposal documents for the CTF and the SCF. The Governance Framework will be a legal document, which will set out the overall framework of the governance and operation of the CTF and the SCF, respectively, and serve as a constituting document for the partnership among the participants in CTF and SCF activities. In order to give effect to the terms of the Governance Framework, it is proposed that the Governance Framework be adopted at the first Trust Fund Committee meeting of the applicable trust fund. From time to time, the Trust Fund Committee may recommend any necessary amendments to any terms of the Governance Framework, which will become effective with the consent of all donors countries to the relevant trust fund, all recipient countries that have been allocated funding from the relevant trust fund, and the Trustee.

## Trust Fund Administration Agreement

2. A Trust Fund Administration Agreement will be prepared for each of the CTF or the SCF. The Trust Fund Administration Agreement will set out the terms and conditions, pursuant to which the Trustee will administer donors' contributions to the relevant trust fund on behalf of the donors. The terms provided in the Governance Framework will be incorporated by reference in the Trust Fund Administration Agreement. The Trustee will enter into a Trust Fund Administration Agreement with each of donors to the CTF and the SCF.

## Financial Procedures Agreement

3. The Trustee will enter into a Financial Procedures Agreement with each MDB, which will set out the terms and conditions of commitment and transfer of funds by the Trustee to the MDB as well as financial reporting from the MDB to the Trustee.

## Schedule

4. The draft Governance Framework and the Trust Fund Administration Agreement will be prepared based on the agreement reached at the third design meeting on the Climate Investment Funds. It is proposed that the drafts be circulated for comments in mid-June with comments due in early July. It is aimed that the final drafts of the Governance Framework and the Trust Fund Administration Agreement be agreed by mid-to-late July. The Trustee will negotiate and finalize the Financial Procedures Agreement with each MDB subsequent to the first Trust Fund Committee meeting and establishment of the trust fund.