

CLIMATE INVESTMENT FUNDS

CTF/TFC.9/CRP.2

May 3, 2012

Meeting of the CTF Trust Fund Committee

Washington, D.C.

May 3, 2012

PROPOSED DECISION ON AGENDA ITEM 5, OPTIONS FOR MANAGING THE DEVELOPMENT OF PROJECTS ARISING FROM NEW INVESTMENT PLANS

Proposed Decision on Agenda Item 5, Options for Managing the Development of Projects arising from New Investment Plans

The Trust Fund Committee reviewed document CTF/TFC.9/5/Rev.1, *Options for Managing the Development of Projects arising from New Investment Plans*, and agrees that the following principles and procedures should guide the further development of projects and proposal foreseen in the endorsed investment plans for Nigeria, India and Chile:

- a) For purposes of triggering project or program preparation under the endorsed investment plans for Nigeria, India and Chile, resources pledged to the CTF Trust Fund will be notionally divided into two phases. Phase I will be comprised of pledges made in 2008-2010, which to a large extent have been allocated indicatively to the 13 investment plans endorsed before November 2010. Phase II will be comprised of new pledges and contributions made subsequent to those included under phase I. Phase II may also include funds that may be released due to revisions of investment plans or cancellation of projects in phase I. The trigger for determining when funds can be released for funding of projects under phase II will be agreed by the Trust Fund Committee at a later stage.
- b) The preparation of projects to be funded under phase II will be in accordance with a tranching approach, taking into account the availability of resources. Tranches of indicative resources available for projects will be released for the three investment plans on the basis of two primary principles: (a) resources within a tranche will be allocated proportionally among the three investment plans while allowing flexibility necessary to maximize the efficient allocation of resources, and (b) sufficient resources are available to provide substantial funding to all three plans.
- c) A preliminary decision that there are sufficient available resources to justify the release of a tranche will be made by the MDB Committee and should be based on an assessment that there are sufficient resources to fund a transformational investment or investments in all three countries.
- d) Once the MDB Committee recommends the release of a tranche, each country will decide, in consultations with the MDBs, which projects should be funded under the tranche, taking into account readiness, project quality and resource requirements.
- e) The MDB will consider the proposals from the three countries for the utilization of the available resources and agree on any fine tuning necessary to maximize the allocation of resources.

- f) The proposed release of the tranche and the projects and programs to be funded under the tranche will be approved by the Trust Fund Committee.

The CIF Administrative Unit is requested to prepare, in collaboration with the MDB Committee, proposed criteria for determining when funds can be released from phase I for funding of projects under phase II for consideration by the Trust Fund Committee at its meeting in November 2012

The Trust Fund Committee requests the MDB Committee to propose a first tranche of phase II funding as early as possible.