



Meeting of the CTF Trust Fund Committee

Washington D.C. (Hybrid)

Thursday, June 23, 2022

**OPTIONS TO SUPPORT ADDITIONAL COUNTRIES TO ACCESS FUNDING
UNDER ACT**

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1 Introduction

1. The CIF Administrative Unit (CIF-AU) invited countries to put forward an expression of interest (Eol) to be supported through the ACT Investment Program in 2021. Fourteen countries responded to the call with submissions laying out their strategies to support a transition from coal to clean energy. These Eols were then reviewed by an Independent Expert Group (IEG) who came up with a detailed [assessment](#) and the following ranking based on a host of considerations (see Table 1).

Table 1: Eol Rankings

Eol	South Africa	India	North Macedonia	Morocco	Philippines	Indonesia	Bosnia and Herzegovina	Namibia	Dominican Republic	Botswana	Colombia	Bangladesh	Ukraine	Kazakhstan
Score	88	85	83	83	83	82	80	78	76	75	74	71	71	69

2. At the [intersessional meeting](#) of the CTF Trust Fund Committee (CTF TFC) in October 2021, based on the IEG assessment, available resources, demonstration, and transformational change potential, the CTF TFC invited the following countries to prepare, in collaboration with the MDBs, an investment plan under the ACT program (ACT-IP), and submit it to the committee for review and endorsement: (i) India (ii) Indonesia (iii) Philippines (iv) South Africa.
3. Based on expected contributions, the indicative allocations for each of the investment plans would range from USD 200.0 – USD 500.0 million per country, based on the assessments made at the time of the ACT-IP preparation. The CTF TFC also agreed that the selected countries could 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 ACT-IP.
4. The CTF TFC further acknowledged the recommendation of the expert group that all countries that have submitted an Eol in the Program could benefit from support, and requested the CIF AU, in collaboration with the MDBs, to prepare a proposal for its review and consideration, on appropriate modalities to provide such support.
5. The proposal below presents potential options for such support for consideration of the Committee.

2 Proposed Options

6. The options proposed below are based on the principle of offering support to non-IP countries (ten countries who submitted an EOI but were not selected for IP support in October). It includes a mix of technical assistance and investment funding to strengthen their enabling environment and support some of the early actions identified by those countries in support of their low carbon and coal transition strategies.

7. The committee may choose from one or a combination of the following options:

- Option 1: Technical assistance (TA)
- Option 2: Private sector window (PSW)
- Option 3: Investment plan (IP)

Table 2: Summary of options

Activity	Indicative funding amount (USD)
Option 1: Technical assistance (TA)	20m
Option 2: Private sector window (PSW)	180-275m
Option 3: Investment plan (IP)	100-150m
Total (approx.)	300-450m

2.1. Technical Assistance

8. **Scope:** The IEG, as part of its assessment, recommended that due to the nature and importance of transitioning away from coal, all countries should be considered for technical assistance support to put them on a low carbon pathway. Such a support could help countries develop clear coal phase-out plans, decarbonization and just transition strategies, planning tools and pathways, among other things, and identify the first set of specific actions in that direction. Part of the funding under this window could also include support to develop and pilot tools through a CIF-led call for proposals process to build off and inform the Just Transition Initiative. This would help countries currently not selected for IP support under the program to strengthen their capacities and increase their level of preparedness for the next phase of programming including for an investment plan should additional resources be made available in the future.
9. **Funding envelope:** Approximately USD 20 million for policy development, analytical support, capacity building, transaction enablers like innovative business models and instruments, knowledge and learning. Funding may also be used to design and assess the feasibility of innovative approaches for implementing multi-country coal phase-out strategies and investment mechanisms.
10. **Country focus:** Non-IP countries (ten countries who submitted an EOI but were not selected for IP support)

2.2. Private sector window (PSW)

11. **Scope:** A dedicated private section window (PSW) under the program can drive transformational change by identifying priority thematic and technology-based private sector funding opportunities in target countries. It would seek to harness CIF's comparative advantage in enabling innovation by supporting MDBs in pursuing frontier approaches in difficult contexts and attracting private financiers. The activities supported through the PSW would be guided strongly by transformational change considerations as well as ability to mobilize further financing in line with the program expectations. These activities would be in line with the core, holistic approach of the program and

address the three pillars of *governance, people and infrastructure*.

12. The PSW would expand the flexibility of the ACT Program to adapt to demand-driven scenarios across the non-IP countries and increase its ability to generate knowledge spill overs where successful initiatives piloted in one country can be replicated across the others. It can play a critical role in replicating and scaling solutions that can accelerate the transition away from coal in the energy sector, like performance-based instruments to incentivize ACT activities.
13. Part of these resources could also support early-stage climate ventures with a focus on nascent low-carbon and clean energy technologies in developing countries under one or more pillars. This could include investments in innovative technologies, business models, and/or venture capital/tech funds, marketplace enabling activities such as accelerators, incubators, and hackathons, among others. The approach to allocate resources to individual projects will be made following the CTF TFC decision to implement one or more of the proposed options.
 - **Funding envelope:** Ten (10) to fifteen (15) per cent of the total funding available under the program.
 - **Country focus:** Non-IP countries (ten countries who submitted an EOI but were not selected for IP support)

2.3. Investment Plan (IP)

14. **Scope:** As indicated in the IEG assessment report, countries are at different stages of readiness in their low carbon and coal transition pathway. They also have different levels of coal dependencies depending on their size, demand and other factors. The Committee approved four countries based on these and a host of other considerations while recognizing the need to support all countries who submitted an EOI to be supported under the program. Under this option, a select number of additional countries could be offered IP support commensurate to similar considerations like country ambition, readiness, potential for transformational change among others.
 - **Funding envelope:** USD 100-150 million, with individual country allocations to be determined based on assessments made at the time of IP preparation.
 - **Country focus:** Two to three of the non-IP countries (10) based on IEG assessment, ambition, readiness, regional balance, among other considerations can be proposed by the MDB Committee for CTF TFC's consideration and approval.

3 Timing

15. The timing of these options will be a key consideration. Given the nature of the program as well as the programmatic approach of the CIF business model, the IP support to countries would be prioritized. The CTF TFC may decide to allocate funds in line with the proposed options above upfront, or it may choose to wait for (four) ACT-IP approvals before making a decision based on available resources. It may also consider an option where part of the funding for one or more of the options proposed above (e.g., TA support) can be made available upfront. Based on the decision, funds can be made available by the Trustee upon receipt from the Contributors.



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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