



Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C. (Virtual)
Tuesday, November 17, 2020

CIF Pipeline Management and Cancellation Policy

PROPOSED DECISION

The Joint meeting of the CTF and SCF Trust Fund Committees, recalls the request made by the SCF Trust Fund Committee in April 2020, for the CIF Administrative Unit, in collaboration with the MDBs, to prepare a proposal for an updated Pipeline Management and Cancellation Policy, including consideration for one overall Policy for the CIF, and welcomes the analysis undertaken in the document *Joint CTF-SCF/TFC.23/4 CIF Pipeline Management and Cancellation Policy*.

The Joint meeting, having reviewed the document *Joint CTF-SCF/TFC.23/4 CIF Pipeline Management and Cancellation Policy*, notes that this document is intended to replace the previously approved Pipeline Management and Cancellation Policies for each CIF Program, and approves the document as one comprehensive CIF Policy.

The Joint meeting requests the CIF Administrative Unit, in collaboration with the MDBs, to prepare a paper to explore options to further improve efficiencies in the timelines of approvals of all stages of the CIF programming cycle, including tradeoffs for shortening such timelines, for presentation to the Committees by June 2021.

The Joint meeting notes that there is not always sufficient detail included in the concepts for private sector programs, including regional programs, for the Trust Fund Committees to make an informed evaluation of proposals being submitted for endorsement, and requests the CIF Administrative Unit, in collaboration with the MDBs, to prepare a concept template taking into consideration Members comments.

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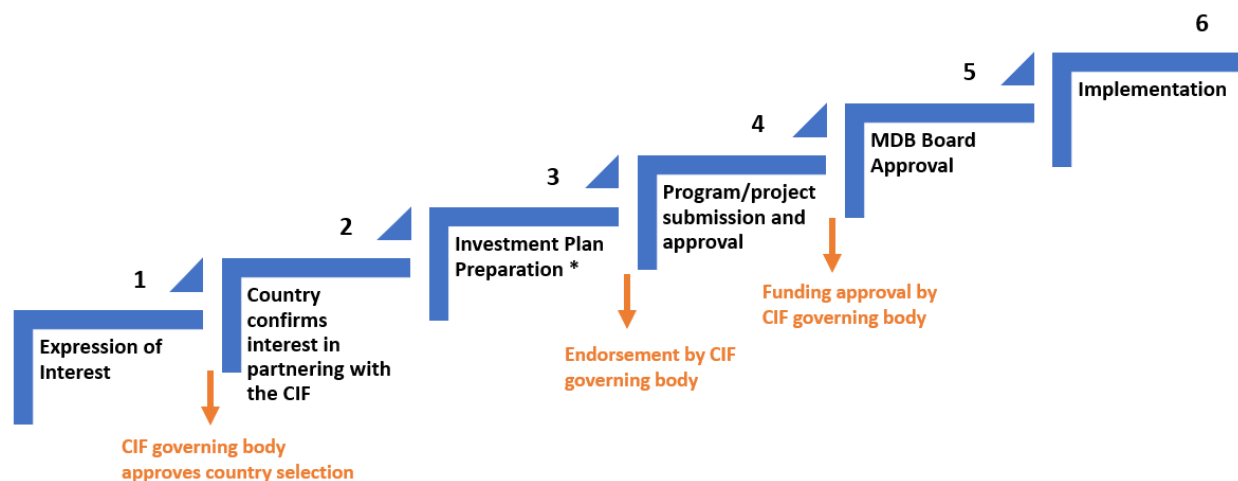
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1. Introduction and Applicability

1. In April 2020, the CTF and SCF Trust Fund Committees requested the CIF Administrative Unit, in collaboration with the MDBs, to prepare a proposal for an updated Pipeline Management and Cancellation Policy. The proposal builds-up on the pipeline management policies of the four original CIF programs¹ and the proposed updates are based on CIF's 11 years of operational experience. It supports CIF's long-term objective of achieving transformational change towards low-carbon and climate resilient development while considering both the urgency of climate action that is needed as well as the programmatic and innovative nature of the CIF.
2. This document, entitled *CIF Pipeline Management and Cancellation Policy* is applicable to any and all CIF action areas or programs that may be approved from July 1, 2021. This applies to any new funding programmed under the CTF and SCF, which might become available either via new contributions or cancellations, and retrospectively, to funding contributed to the newly approved Global Energy Storage Program under the CTF.
3. The objective of this new policy is to enhance the pipeline management system, and to contribute to the effectiveness and efficiency of project delivery.
4. It introduces further clarity on the process for the CIF Committees to consider MDB requests such as extending specific milestones and restructuring projects and funding. It also includes procedures related to cancellation of funds², as necessary, when this Policy is not adhered to.

2. Scope

5. The programming cycle of the CIF funded programs / projects, broadly comprises the following stages:



* or Dedicated Set-Asides and funding windows preparation / endorsement.

¹ [CTF Pipeline Management and Cancellation Policy](#); [FIP Pipeline Management Policy](#); [PPCR Pipeline Management Policy](#); [SREP Pipeline Management Policy](#)

² The commitment and transfer of CTF and SCF Trust Fund resources to the MDBs and the administration of such resources by the MDBs is set forth in the Financial Procedures Agreements between the CIF Trustee and the MDBs.

6. The first two steps of the project cycle involve the selection of the countries that participate in the different CIF programs or other funding allocations as approved by the relevant CIF governing body³. Development and management of the CIF pipelines involve stages 3 to 5, from development and endorsement of an investment plan (stage 3) to preparation and approval of a project by the relevant CIF governing body (stage 4) and project appraisal and approval by the MDB board (stage 5).
7. Preparation of the investment plans and other funding allocations as approved by the relevant CIF governing body⁴ is the first step of developing the CIF pipeline, which consists of programs and projects under development by countries and MDBs. Each program and project include an indicative date for submission to the relevant CIF governing body for funding approval, and an indicative date for approval by the MDB board. These dates represent key milestones within the project cycle. They do not capture subsequent stages of the project cycle, such as financial closure, disbursement, implementation, and supervision.
8. Subsequent to MDB board approval of a project, the MDB's own relevant policies are to be applied during project implementation (stage 6), with an additional requirement in the cases specified in the following paragraph. Reliance on MDB procedures and standards during post-MDB-approval processes reflects a fundamental principle of CIF as a partnership of MDBs. Specific CIF reporting requirements such as risk, implementation progress, results monitoring, and financial updates run in parallel with the MDB project implementation procedures.
9. In addition to approvals in stages 3 and 4, there are decisions that also require the approval of the relevant CIF governing body:
 - Extension to the timeframes established, as provided in the Policy, from the endorsement of the investment plan by the relevant CIF governing body up to MDB board approval
 - Change in an investment plan endorsed by the relevant CIF governing body. Criteria for the changes that require CIF approval are specified in section 3f.
 - Change to a project concept approved for funding by the relevant governing body, but not yet by the MDB Board. This applies for changes of more than 30% in co-finance or results indicators and changes its financial instrument.
 - Restructuring of a project under implementation, in the case where a new MDB approval is required.

3. Policy Requirements

10. Based on the operational experience of the CTF and SCF programs, the following elements are proposed as part of CIF Pipeline Management and Cancellation Policy:

a) CIF Endorsement of Investment Plans or other funding allocations

11. Investment plans for each action area must be submitted for endorsement to the relevant CIF governing body within **18 months** from the date the CIF pilot countries are selected.

³ Process for these two initial steps is detailed in the document Country Selection Process for the Climate Investment Funds' New Strategic Programs

⁴ Other funding allocations may be created to promote investments with a specific focus. Each will establish its own project selection criteria. They include the Private Sector Set-Asides (PPSA), Dedicated Grant Mechanism for Indigenous People and Local Communities (DGM), Dedicated Private Sector Programs (DPSPs), and any other future options created under the CIF.

12. As soon as selected countries confirm their interest in partnering with the CIF, they can benefit from an investment plan preparation grant (IPPG), which will be managed by the MDBs⁵. Maximum amounts and procedures to access these funds will be determined for each program.
13. Other funding allocations follow their own individual endorsement processes. For example, in the case of the Dedicated Grant Mechanism (DGM), all selected countries can start preparation of a DGM project as soon as their investment plan is endorsed. For other allocations outside the investment plan, the pipeline process starts when the funding is endorsed by the relevant CIF governing body and the pipeline of projects/programs has been collaboratively identified by the MDBs.

b) Project/Program Approval by the CIF Governing Body

14. Submitted investment plans and other funding allocation pipelines should provide information on the expected timeline for approval of the proposed projects. As soon as investment plans or other funding allocation pipelines are endorsed by the relevant CIF governing body, the selected countries, with the help of the MDBs, should proceed with project preparation. MDBs may have access to project preparation grants (PPG) if requested. Maximum amounts and procedures to access these funds will be approved by the relevant CIF governing body.
15. Resources will be committed for projects/programs which are ready to move forward to MDB board approval and implementation so that CIF resources are effectively and efficiently used for on-the-ground activities. Pipeline projections should be as realistic as possible with regard to the timing of program/project submission and should include information on the expected timeline for approval. The quality of the proposed activities will be a significant factor when project proposals are submitted for approval of funding.
 - Private sector programs encompassing an envelope of funding for a number of sub-projects should be presented to the relevant CIF governing body for approval only when sub-projects utilizing at least one third of program's resources have been identified. In the case of regional programs 50% of the pipeline must be identified before submitting to the CIF committees.
 - For private sector projects, each MDB may choose when, within its own internal processes, it submits a proposal to the relevant CIF governing body for approval. However, in all cases, this must be prior to an MDB's final Board approval.
 - Public sector projects should be presented to the relevant CIF governing body for approval before appraisal and negotiations of the lending terms.
16. Programs and projects conceived under the investment action plans or other dedicated funding windows must be submitted to the relevant CIF governing body for funding approval within the following timeframes:
 - **24 months** from the date of investment plan or other funding allocation endorsement for public and private sector projects.
 - **18 months** from the date of investment plan or other funding allocation endorsement for private sector programs.

⁵ See section 3.c

17. In cases when a project requires extensive preparation work, this needs to be clearly identified in the investment plan, with an indicative timeline for preparation and submission for CIF approval. The source of funding for the required preparation activities can be a CIF PPG or other resources, such as MDBs' own funds.
18. If a project or program fails to meet the deadlines, or an extension is not granted, the project should be withdrawn by the MDB. CIF resources associated with the project that have not obtained CIF approval will be made available for further programming⁶.

c) Approval implementation, and cancellation of IPPGs and PPGs

19. Investment plan preparation grants (IPPGs) are approved by the relevant CIF governing body once countries are selected, upon receiving a funding request from an MDB, on behalf of a selected country. IPPG funding is part of the indicative funding allocation of the country.
20. Project preparation grants (PPGs) are approved by the relevant CIF governing body once the Investment Plan is endorsed and upon receiving a funding request from the respective MDB, on behalf of a selected country. PPG funding is part of the endorsed funding allocation of the country.
21. The implementation of IPPGs and PPGs follow the relevant MDB policies. Cancellation of grant funding will be initiated by the MDB and follow the relevant provisions of the Financial Procedure Agreement signed with the CIF Trustee.

d) MDB Board Approval

22. Based on analysis of approval timelines of CIF portfolio⁷, on average, after CIF governing body approval, projects take less than 6 months to obtain MDB board approval. On the other hand, private sector programs take at least 2 additional years.
23. Programs and projects approved for funding by the relevant CIF governing body must reach MDB board approval within the following timeframes:
 - Public and private sector projects within **9 months** from the relevant CIF governing body approval.
 - Private sector programs with sub-projects must reach MDB board approval within **36 months** from CIF governing body approval.
24. Once a program or project passes the allowed deadline, or the extension is not granted by the relevant CIF governing body, the CIF AU will notify the MDB and Trustee. Following the notification, the MDB will initiate the cancellation of funds that have not yet reached MDB board approval (full for projects and full or partial for programs), in accordance to the provisions specified in the Financial Procedure Agreement signed with the CIF Trustee. Such cancelled funds will be released for further programming⁸.
25. In the case where a project changes its total funding (including co-finance) or results indicators by more than 30 percent, or changes its financial instrument, between approval by the relevant CIF

⁶ The relevant CIF governing body will decide how these resources will be re-allocated.

⁷ See table in Annex 1.

⁸ The relevant CIF governing body will decide how these resources will be re-allocated.

governing body and MDB Board approval it will require a new approval from the relevant CIF governing body.

e) Implementation

26. With respect to managing CIF's pipeline/portfolio after MDB board approval⁹, the principle of relying on MDBs' policies and procedures will apply. Once a program/project/ sub-project has been approved by the MDB board, the relevant MDB's cancelation policy and procedures will apply.
27. If a program/project/sub-project is canceled (partially or fully) after MDB board approval, MDBs must notify the CIF Administrative Unit and the Trustee and follow the relevant provisions of the Financial Procedures Agreement. These cancelled funds will be released for further programming¹⁰.
28. If a program/project/sub-project is restructured, the principle of relying on MDBs' policies, procedures, and standards will apply. If the changes make a new MDB approval necessary, then they will also need a new approval from the relevant CIF governing body.
29. Relevant project modifications and restructures must be reported to the CIF Administrative Unit, as part of the semi-annual portfolio update by the MDBs. The CIF governing bodies will be kept updated via the CIF periodic operational reports.

f) Investment Plan Update

30. Based on the operational experience gained by CIF to date, it is evident that program/project development and expectations are constantly evolving for many reasons, including changes in country priorities, financing structure of the projects, or new information and technologies that become available. This may require modifications to the investment plans endorsed by the relevant CIF governing body. An investment plan should be considered a dynamic document, with the flexibility to reflect changing circumstances and new opportunities.
31. All changes to investment plans must follow CIF participatory approach and involve relevant stakeholders before submission to the CIF governing body through the MDBs.
32. Changes to an investment plan deemed necessary by the country or the MDBs must be presented to the relevant CIF governing body for review and endorsement through a decision by mail, especially in the case of substantial changes in objectives, design, and/or financing. In particular, guidance and endorsement from the relevant CIF governing body will be sought, for the following types of change to an investment plan:
 - shifting resources between endorsed projects, programs and/or sectors by more than 10% of the total investment plan envelope,
 - replacing an already endorsed project concept,
 - changing financial instruments,
33. Countries wishing to submit a revised investment plan must notify this to the CIF Administrative Unit before the deadline for the approval of the programs/projects proposals included in the original investment plan. Preparation of an updated investment plan should take no more than 6 months.

⁹ A project changes from "pipeline" to "portfolio" either after commitment or after disbursement.

¹⁰ The relevant CIF governing body will decide how these resources will be re-allocated.

34. When the proposed changes to an investment plan require endorsement by the relevant CIF governing body, a request from the country's government should be submitted to the relevant CIF governing body for review and approval. The updated investment plan should include the following:
- Review of the status of the implementation of the original investment plan
 - Explanation of the circumstances and rationale for revising the investment plan and making changes to the projects or programs
 - Description of the proposed changes
 - Assessment of the potential impact of the proposed changes on achieving the objectives and targets of the original investment plan, including an update on relevant project timelines
 - Details of in-country consultations carried out to communicate and agree on such changes.
35. The relevant CIF governing body will review the revised investment plan and consider whether or not to endorse the proposed changes. If the proposed changes are endorsed, the revised pipeline and its approval deadlines will be updated accordingly. If the proposed changes are not endorsed, the relevant CIF governing body may propose an alternative way forward, in consultation with the concerned country and MDBs, or decide how these resources will be re-allocated.
36. Any other amendments to the investment plan will be communicated to the relevant CIF governing body through periodic updates, which will include information on the status of each program and project in the pipeline.

g) Monitoring and Reporting of Investment Plans and Project Pipeline

37. Progress on development of investment plans and projects will be reported in the CIF periodic operational reports.
38. On an annual basis, MDBs will inform the CIF Administrative Unit of the status of preparation of investment plans, programs and projects that are less than 6 months from exceeding the applicable approval deadlines and the amount of associated funding at risk of being cancelled. MDBs are also responsible for updating relevant information in the CIF Collaboration Hub (CCH) regarding delays in expected approval dates.
39. On a semi-annual basis the MDBs will inform the CIF Administrative Unit, and update the information on the CCH, of the status of projects requiring changes in the following implementation milestones, if available:

Public sector	Private sector
Effectiveness	Signature
First disbursement	N/A
Date of last disbursement	Project supervision
N/A	End of supervision

40. MDBs will inform the CIF Administrative Unit of the implementation status and updates of their approved portfolio through the CCH. This will include explanations of project delays which will then be reported on an annual basis to the relevant CIF governing body.

4. Roles and responsibilities related to pipeline management and cancellation

41. The relevant CIF governing body will be responsible for: ¹¹

- a) endorsing investment plans and dedicated funding windows, as well as their indicative allocations;
- b) approving financing for programs and projects, including project preparation grants;
- c) approving deadline extension requests for submissions of investment plans and program/project approval (by the committee and/or the MDB board);
- d) approving project restructuring (when/if relevant); and
- e) reviewing periodic reports from the CIF Administrative Unit on pipeline and project implementation status and providing relevant guidance.

42. The CIF Administrative Unit will be responsible for:

- a) making recommendations, in consultation with the MDB Committee, on the activity cycle for approval by the relevant CIF governing body;
- b) managing the process of endorsement of investment plans and dedicated funding windows;
- c) managing the process of approvals by mail, including submissions and comments for extension requests, project/programs approval and investment plan revisions;
- d) maintaining updated information related to the pipeline management process in the CIF Collaboration Hub;
- e) coordinating the pipeline management in collaboration with the MDB Committee;
- f) preparing periodical reports on pipeline and project management status;
- g) collaborating with the Trustee to ensure that they receive all the information necessary to carry out their responsibilities;

43. The MDBs will be responsible for:

- a) supporting partner countries in preparing their respective investment plans in accordance to relevant CIF guidelines, including requesting and managing Investment Plan Preparation Grants;
- b) submitting deadline extension requests to the CIF Administrative Unit in a timely manner for consideration by the relevant CIF governing body;
- c) supporting partner countries in the preparation of programs and projects, including requesting project preparation grants;
- d) submitting project and program proposals to the CIF Administrative Unit for approval by the relevant CIF governing body;
- e) implementing projects, programs, sub-projects;
- f) ensuring that information relevant to pipeline management is updated in the CIF Collaboration Hub;

¹¹ Responsibilities of the CIF governing bodies will be carried out through in-person or virtual meetings, and through email exchanges as approved in the document entitled; [Standard Process for Assigning Decision Making Methodology during the Trust Fund Committee and Sub-Committee](#)

g) following CIF reporting requirements.

44. The MDB Committees will be responsible for:

a) in cooperation with the CIF Administrative Unit, reviewing recommendations proposed by the relevant CIF governing body related to pipeline management;

45. The Trustee will be responsible for:

a) administering the funds, assets and receipts that constitute the Trust Fund, pursuant to the terms of the agreements entered into with the contributors in respect of their contributions to the Trust Fund;

b) making commitments and transfers of the CIF resources, in accordance with the approvals of the relevant CIF governing body for allocation of these resources;

c) providing to the Trust Fund Committee, and, to the extent applicable, any Sub-Committee or Technical Committee, regular reports on the financial status of the Trust Fund, as agreed between the Trustee and the Trust Fund Committee.

5. Extensions to approval timelines

46. Should a CIF country and/or MDB be unable to comply with the established timeframe at any of the different programming stages, it may request the relevant CIF governing body to approve extensions to the deadlines for a maximum of an additional 18 months in total.

47. Request(s) should be submitted by the MDB via the CIF Collaboration Hub (CCH) at least 1 month in advance of the deadline and include the necessary information to justify the request. The relevant CIF governing body will determine if an extension can be granted and, if so, for what timeframe.

48. Under exceptional circumstances, a waiver to the total 18-month extension limit could be considered by the relevant CIF governing body on a case by case basis. Justifications for the waiver include circumstances that are out of the control of MDBs¹², as well as cases where projects/programs are already in an advanced stage of preparation.

49. At the investment plan endorsement stage, if the investment plan is not submitted within the agreed deadline, the relevant CIF governing body will select a new country to participate in the CIF based on the recommendations from the Expert Group during the country selection process.

50. In the cases where additional diagnostic work prior to the preparation of an investment plan is needed, up to six months can be added to the normal IP preparation period. The need for a rapid diagnostic will have to be identified by the country when confirming their interest in partnering with the CIF.

51. After endorsement of an investment plan, if a program or project fails to meet the deadlines for CIF or MDB approvals, or the extension is not granted, the CIF Administrative Unit will inform the MDB and country focal point. The relevant CIF governing body will decide how these resources will be re-allocated.

¹² Exceptional circumstances may include, but are not limited to, natural disasters, pandemics, war, civil unrest, macro-economic or political crisis, major government reforms, lengthy national approval processes, etc.

6. Annex 1: Analysis of approval timelines for CIF portfolio

Type	# number	Count of MDB approved	IP to TFC (avg. in months)	IP to TFC (median in months)	TFC to MDB Board (avg. in months)	TFC to MDB Board (median in months)
Programs	72	60	22	27	33	24
Projects	218	193	30	27	6	4