

June 15, 2015

## Proposed allocation of resources to the new FIP pilot countries

Dear FIP Sub-Committee members:

You will recall that at its last meeting in May 2015, the FIP Sub-Committee requested the CIF Administrative Unit to prepare, in collaboration with the MDBs, for consideration a proposal for allocation of resources to the six new FIP pilot countries. Accordingly, please find attached a document entitled, *Proposal for allocation of resources to new FIP pilot countries*.

The FIP Sub-Committee is requested to approve the following decision:

**The FIP Sub-Committee reviewed the document entitled, *Proposal for allocation of resources to new FIP pilot countries*, which proposes an allocation of FIP resources to new six FIP pilot countries. The FIP Sub-Committee agrees on the following principles and allocation of resources to FIP pilot countries:**

- 1. All allocation amounts are indicative for planning purposes. Approval of funding will be on the basis of high quality investment strategies and associated project and program proposals.**
- 2. Taking into account the current pledges to the FIP (total USD 145.0 million, including the grant and capital resources) and recognizing that the currently available resources are insufficient to catalyze transformative change, indicative equal allocations of up to USD 24.0 million should be provided for each new pilot country. Countries are encouraged to prepare investment plans that exceed the FIP funding envelope with the understanding that these pilot countries will actively seek resources from other bilateral or multilateral sources. The above current pledged resources to the FIP may be utilized for implementation of activities identified under the investment plan as a first phase of funding. A second phase of funding would be linked to additional resources, which may come from the FIP should additional resources become available, or from other sources of funding.**
- 3. Given that the DGM is led by Indigenous Peoples and Local Communities, the funding envelope of USD 30.0 million should be allocated in accordance with DGM design rules and implementation arrangements, for the global component and national components, by indigenous peoples and local communities. The global component could receive up to 10% (or USD 3.0 million) of the newly allocated resources to the DGM. The funding envelopes will be presented to the FIP Sub-Committee for endorsement by mail.**

If we do not receive an objection to this proposed decision by close of business on **June 29, 2015**, the decision will be approved.

Sincerely,

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