

CLIMATE INVESTMENT FUNDS

November 10, 2009

Summary of the Co-Chairs
Clean Technology Fund Trust Fund Committee Meeting
October 28, 2009

Co-Chairs
Zaheer Fakir, South Africa
William Pizer, USA

Opening of the Meeting

1. The meeting was opened by the Co-Chairs, Zaheer Fakir, the Trust Fund Committee Member from South Africa, and William Pizer, the Trust Fund Committee Member from the United States.

Adoption of the Agenda

2. The meeting adopted the provisional agenda set forth in document CTF/TFC.4/1.

Investment Plans

3. The Trust Fund Committee, meeting in executive session, reviewed three investment plans for Morocco, South Africa and Ukraine. Each investment plan was introduced by a representative of the country, and the MDBs collaborating with the country provided additional information. The country and MDB representatives responded to questions and provided clarifications sought by the Trust Fund Committee. The Committee reached the following decisions.

Decision on Morocco Investment Plan

4. The Trust Fund Committee reviewed document CTF/TFC.4/3, *CTF Investment Plan for Morocco*, and endorses the plan with an envelope of up to USD 150 million in CTF funding, provided that Morocco and the MDBs take into account in the further development of the activities foreseen in the plan the issues and comments of the Trust Fund Committee. In the project document that will be prepared for Trust Fund Committee approval of CTF financing, the Trust Fund Committee will be seeking more details and information on:

- a) the governance arrangements and working procedures of the Moroccan Fond de Developpement de L'Energie (FDE);
- b) how potential projects will be identified; criteria for funding to be provided through the FDE; and how the criteria of the CTF would be applied to the projects to be financed under the FDE with CTF resources;
- c) how the CTF would lead to sustainable and transformational impacts, especially in the removal of existing barriers for scaling up renewable energy in Morocco;
- d) greater clarity on the sectors to be addressed through the funding;
- e) greater clarity on the resources to be leveraged and on how CTF resources and MDB regular lending will be utilized by the FDE, including the role of financial institutions and bank lending;
- f) greater clarity on ownership and control of project entities;

- g) greater clarity on how the amount of CTF financing required will be determined on a project by project basis; and
- h) how lessons learned will be harnessed and disseminated.

Decision on South Africa Investment Plan

5. The Trust Fund Committee reviewed document CTF/TFC.4/4, *CTF Investment Plan for South Africa*, and endorses the plan and agrees to the further development of the activities foreseen in it. The Trust Fund Committee agrees to an envelope of up to USD 500 million in CTF funding to finance the plan. In the project documents that will be prepared for Trust Fund Committee approval of CTF financing, the Trust Fund Committee will be seeking more information on the public and private sector co-financing amounts and sources.

Decision on Ukraine Investment Plan

6. The Trust Fund Committee reviewed, but did not endorse, the document CTF/TFC.4/5, *CTF Investment Plan for Ukraine*. The Committee agrees that Ukraine's emissions profile and high energy intensity presents a strong rationale for CTF support, and the Committee was impressed by the additional measures being proposed in the Ukraine Energy Strategy for a Low Carbon Development Case, particularly in the areas of renewable energy and energy efficiency. The Committee further agrees that the overall size of the envelope that is being requested from the CTF is appropriate. However, given that a number significant concerns were raised by Committee members, the Committee requests Ukraine to work with the MDBs concerned to review and revise the proposed investment plan in light of the comments made during the meeting together with written comments to be submitted by the Committee members by November 3, 2009. The Committee looks forward to receiving a revised investment plan for Ukraine for endorsement. The Committee agreed to consider the revised investment plan with a two-week review period, at its meeting by video conference on December 1 and 2, 2009.

Quarterly Operations Summary

7. The Trust Fund Committee reviewed document CTF/TFC.4/6, *Clean Technology Fund Quarterly Operations Summary*, and welcomes the progress that has been made in advancing the CTF pipeline in the three countries for which the Committee has endorsed investment plans and in advancing work to prepare additional investment plans.

Trustee Report on the Financial Status of the CTF

8. The Trust Fund Committee welcomes the report of the Trustee on the CTF Trust Fund (CTF/TFC.4/9) and takes note of the status of pledges, contributions and total receipts to the CTF; the funding availability of the CTF Trust Fund; and the update of activities undertaken by the Trustee to manage the CTF Trust Fund.

9. The Trust Fund Committee encourages all contributors that have not yet completed a contribution agreement/arrangement with the Trustee to do so expeditiously and to take steps to advance their payments to the Trust Fund.

10. The Trust Fund Committee agrees to have a single audit for the cash-based financial statement for calendar year 2009. In the future, the full external audit for the special purpose financial statement will be conducted annually, starting calendar year 2010.

11. The Trust Fund Committee welcomes the progress that has been made to conclude the Financial Procedures Agreement with the MDBs and notes its expectation that all the agreements will be finalized quickly so as to allow operational work to proceed under the fund. The Trust Fund Committee did not approve the proposed recommendation in the paper regarding the issue raised in paragraph 17 of the document concerning investment income earned on the MDB Administrative Budget and agrees to review the issue at a future meeting on the basis of additional information to be provided by the Trustee and the MDBs to which this paragraph applied.

12. The Committee also welcomes the steps that have been taken to initiate the development of the business systems required to manage the CTF.

13. The Committee requests the Administrative Unit to provide it with information on the pipeline and projections of approval dates for projects juxtaposed with projections for resources available under the trust fund so as to better understand the anticipated timing of project approvals as compared to the availability of resources in the CTF.

Distinguishing and Tracking Contributions as new and additional ODA Resources

14. The meeting reviewed document CTF/TFC.4/7, *Clean Technology Fund – Distinguishing and Tracking Contributions as new and Additional ODA Resources*, and recommends that the Administrative Unit, in collaboration with the UNFCCC and OECD, keep under review work carried out to define and track climate financing and to determine how systems developed in those fora may be applied to the CTF results framework.

15. The CTF Trust Fund Committee requests the Administrative Unit to resubmit the report, with available updates, for further consideration at the next joint meeting of the CTF and SCF Trust Fund Committees.

Note on Intersessional Review and Endorsement of CTF Investment Plans and Clarification of Steps for Approval by Mail of CTF Financing for Projects and Programs

16. After review of document CTF/TFC.4/7, *Note on Intersessional Review and Endorsement of CTF Investment Plans and Clarification of Steps for Approval by Mail of CTF Financing for Projects and Programs*, the Trust Fund Committee approves the proposed procedures for virtual intersessional meetings to review and endorse proposed investment plans on a pilot basis. The procedures for an intersessional meeting should be tested through a video meeting on December 1 and 2, 2009, at which time it is expected the Committee will be reviewing up to four investment plans. Thereafter, the Trust Fund Committee will assess the viability of such procedures, recognizing that every country should be provided an opportunity to present its investment plan in an environment conducive to a high caliber review. EBRD offered to host the African members of the Committee in London, since the AfDB indicated that their facilities would not be available on the proposed dates.

Election of Co-Chairs

17. In accordance with its rules of procedure, the Trust Fund Committee reappointed Zaheer Fakir, the Trust Fund Committee Member from South Africa, as the Co-Chair from a recipient country, to serve from November 1, 2009, to April 30, 2010. The Trust Fund Committee Members from the contributor countries will propose to the Committee by mail the member from a contributor country who will serve as the second Co-Chair for the same period.

Other Business

18. With regard to paragraph 13 of the *Rules of Procedure for CTF Trust Fund Committee Meetings*, the Committee considered a request made by the observers that they be able to participate in the meeting during its consideration of investment plans. The Committee agreed that observers should be invited to participate in the meeting during the presentation of an investment plan by the country and MDBs concerned, and be provided an opportunity to present their comments on the plan to the Committee. The Committee's deliberations on an investment plan will continue to be held in an Executive Session.

Closing

19. The meeting was closed on October 28, 2009.