

Climate Investment Funds

December 1, 2008

Climate Investment Funds

- Approved on July 1, 2008
- September 26 pledging meeting – 10 donor countries took part
- Currently 12 donors

**Approximately
US\$6.2 billion**

Climate Investment Funds

Design Principles

- Partnership amongst the MDBs
- Utilize capabilities, skills, and core processes of MDBs to deliver financing at significant scale to unleash the potential of the public and private sectors to address climate change
- Complement other multilateral financial mechanisms, such as GEF and Adaptation Fund
- Include a “sunset clause” to avoid pre-judging a future agreement
- Balanced representation in decision-making bodies
- No “conditionality” – do not interfere with UNFCCC negotiations
- Pull together number of emerging initiatives to address climate change – provide coherence and avoid proliferation of multiple small initiatives

Climate Investment Funds

Eligibility

- ODA eligible
- Active MDB country program

Climate Investment Funds

Governance

Partnership Forum

Clean Technology Fund

Trust Fund Committee

Current Members: Australia, Brazil, China, Egypt, France, Germany, India, Japan, Mexico, Morocco, South Africa, Spain, Sweden, Turkey, UK and USA; any country whose program or project is under consideration; representative of World Bank; representative of MDBs on rotating basis.

Observers from organizations with mandates to provide investment in clean technology, such as GEF and observer from UN for broad strategic discussions

Strategic Climate Fund

Trust Fund Committee

Current Members: Algeria, Australia, Bangladesh, Canada, Costa Rica, Germany, Indonesia, Japan, Kenya, Netherlands, Norway, Switzerland, Thailand, UK, and USA; one ECA seat tbd; the country whose program or project is under consideration; representative of World Bank; representative of MDBs on rotating basis.

**PPCR
Sub-
Committee**

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Contributors
/ recipients
/ observers

**Program
Sub-
Committee**

Contributors
/ recipients
/ observers

**Program
Sub-
Committee**

Contributors
/ recipients
/ observers

Climate Investment Funds

Clean Technology Fund

- Finance scaled-up demonstration, deployment, and transfer of low carbon technologies
- Grants, IDA-like concessional loans, guarantees
- Supports programs involving:
 - Power Sector (Renewable Energy and highly efficient technologies to reduce carbon intensity)
 - Transport Sector (Efficiency and modal shifts)
 - Energy Efficiency (Buildings, industry and agriculture)

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Clean Technology Fund

- Accessing CTF
 - Country requests joint mission of WBG and RDB
 - Investment plan embedded in national development plan
 - Trust Fund Committee to approve criteria for financing based on:
 - Potential GHG emission savings
 - Demonstration potential
 - Development impact
 - Implementation potential

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Strategic Climate Fund

Programs:

- Targeted programs with dedicated funding to provide financing to pilot new approaches with potential for scaling up
- Approval of program financing delegated to Trust Fund Sub-Committees
- First SCF program is Pilot Program for Climate Resilience (PPCR)
- Other potential programs include: Forest Investment Program and Program for Scaling Up Renewable Energy in Low Income Countries

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Pilot Program for Climate Resilience

- Explore practical ways to mainstream climate resilience into core development planning and budgeting, building on National Adaptation Programs of Action (NAPAs) and/or other relevant studies
- Identify 5-10 pilot countries (or regional programs) based on:
 - priority to highly vulnerable, least developed countries and SIDS amongst them;
 - transparent vulnerability criteria;
 - country preparedness and ability to move towards climate resilient development plans;
 - country distribution across regions and types of hazards
- Expert advisory group established to prepare recommendations on country selection
- Mainly grants, with countries having options to access IDA-term concessional loans

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Calendar of Meetings

- October 2008, first Partnership Forum, Trust Fund Committee members chosen, and organizational meetings of Trust Fund Committees
- November 2008, Trust Fund Committees and PPCR Subcommittee met: launch of operational steps and procedures for each fund
- Meetings scheduled in January 2009 and April 2009: expect to consider first proposals for financing under each fund at these meetings