Ministry of Foreign Affairs – (Danish Ministry of Energy, Utilities and Climate, MEUC & Department for Multilateral Cooperation and Climate Change, MKL)

Meeting in the Council for Development Policy 30 October 2018

Agenda item 4.a.

1. Overall purpose	For discussion and recommendation to the Minister
2. Title:	The Climate Envelope 2018: Support to CIF Technical Assistance Facility for Clean Energy Investment Mobilisation
3. Presentation for Programme Committee:	23 February 2018

CIF Technical Assistance Facility for Clean Energy Investment Mobilization

Key expected results:
Energy-focused policy and regulatory framework for private investments enhanced; Financial sector and investment regulation increasingly conducive to financing of clean energy investment; Increased adoption of business models and financing instruments that enable and de-risk clean energy investments; Strengthened partnerships and collaboration around the support provided by different actors to developing countries for clean energy investment and finance mobilization; Increased use of integrated approaches.

Justification for support:
The TA Facility will address barriers to scaling up markets for clean energy, which include:

- A lack of a supportive enabling environments
- Real and perceived risks
- Capacity constraints limit both the supply of investable projects with appropriate risk-return characteristics
- The supply of finance to realize investable projects, constraining the wider scale up of clean energy technologies.

The CIF is well-placed to address these barriers. Among many features, the CIF has a long and relevant track record of funding activities focused on technical assistance, testing business models and supporting pipeline development through the MDBs in the Renewable Energy and Energy Efficiency space. The $8 Bn CIF accelerates climate action and unlocks finance in developing and middle income countries and represents an efficient channel for working with the MDBs and for increasing collaboration and alignment among MDBs.

Major risks and challenges:

- That international commitments to climate change mitigation as well as national targets for clean energy do not continue to drive country level action.
- That clean energy technologies do not continue to be increasingly competitive against fossil fuel alternatives.
- That the MDBs do not have the necessary access and policy leverage to influence partner countries at the key policymaking levels
- That the focus on climate and energy among MDBs will not remain strong

File No.						
Country	Multi-country					
Responsible Unit	MKL					
Sector	Climate					
Partner	Climate Investment Funds – Strategic Climate Fund					
DKK mill.	**2018**	**2019**	**2020**	**2021**	**2022**	**Tot.**
Commitment	95					95
Projected ann. disb.		26	26	24	19	95
Duration	4 years					
Previous grants	DKK 191,000,000 granted in 2009/2010					
Finance Act code	06.34.01.70 Climate Envelope					
Head of unit	Henriette Ellerman-Kongombe					
Desk officer	Henrik Silkjær Nielsen					
Financial officer	TBD					

Relevant SDGs


No Poverty


No Hunger


Good Health, Wellbein


Quality Education


Gender Equality


Clean Water, Sanitation


Affordable Clean Energy


Decent Jobs, Econ.


Industry, Innovation,


Reduced Inequalities


Sustainable Cities,


Responsible Consumption & Production


Climate Action


Life below Water


Life on Land


Peace & Justice, strong


Partnerships for Goals

Strategic objective:

Countries assisted in accelerating investments and market development of clean energy in support of their clean energy and low emissions transformation.

Justification for choice of partner:

The Climate Investment Funds (CIF) represents an efficient channel for working with the MDBs and for increasing collaboration and alignment among the work of MDBs. MDBs and CIF are key players in sustainable energy investment mobilization and have extensive experience in clean energy investments and related country-level support promoting renewable energy and energy efficiency in emerging economies.

Summary:

A Technical Assistance (TA) Facility for Clean Energy Investment Mobilization will be established under the CIF . Its main focus will be on: 1) Renewable power generation; 2) Energy efficiency in buildings and industry; 3) Systems integration of renewable power. The TA Facility will support MDBs in providing technical assistance and institutional capacity building to help developing countries attract investments and mobilize private capital for clean energy.

Budget (million DKK):

Output 1 - Enhanced capacity and awareness in relation to investment-relevant energy policy and regulation.	25
Output 2 - Enhanced capacity and awareness in relation to energy-relevant policy and regulation of investment and finance	25
Output 3 - Business models and financing instruments that enable and de-risk clean energy investments introduced	25
Output 4 - Strengthened partnerships and knowledge exchange between MDBs and national and international partners	3
Output 5 - Targeted analyses carried out and knowledge exchanged across countries and MDBs in support of priority themes	6
Programme management and Senior Specialist	10
In-kind contribution	1
Total	**95**

Contents

List of Acronyms and Abbreviations

ADB	Asian Development Bank
CEM	Clean Energy Ministerial
CIF CTF Danida	Climate Investment Funds Clean Technology Fund Denmark's Development Cooperation
DEA	Danish Energy Agency
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
EE	Energy Efficiency
ESMAP	Energy Sector Management Assistance Programme (World Bank)
EU	European Union
FIP GCF GDP	Forest Investment Program Green Climate Fund Gross Domestic Product
GHG	Greenhouse Gas Emissions
G20	Group of 20 largest economies
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
HRBA	Human Rights Based Approach
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IFIs	International Financial Institutions
IEA	International Energy Agency
IIGCC	Institutional Investors Group on Climate Change
IPEEC	International Partnership for Energy Efficiency Cooperation
IRENA	International Renewable Energy Agency
MEUC	Ministry of Energy, Utilities and Climate (Denmark)
MoFA	Ministry of Foreign Affairs (Denmark)
NDC	Nationally Determined Contribution
NGO	Non-governmental organisation
OECD	Organization for Economic Co-operation and Development
P4G	Partnering for Green Growth and Global Goals 2030
PPCR	Pilot Program for Climate Resilience
PPP	Public-Private Partnership
PRI	Principles for Responsible Investment
RE	Renewable Energy
SCF SDGs	Special Climate Fund UN Sustainable Development Goals
SE4All SREP TFC UNDP UNEP	Sustainable Energy for All (initiative of the UN Secretary General) Scaling up Renewable Energy Program in Low Income Countries Trust Fund Committee UN Development Programme UN Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

1. Introduction

To address the global challenge of climate change, the Danish Climate Envelope was established in 2008 as the Danish Government's mechanism for channelling dedicated climate funding to supporting mitigation and adaptation activities in developing countries. The Ministry for Energy, Utilities and Climate (MEUC) proposes and prepare activities for the Climate Envelope funds in cooperation with the Ministry of Foreign Affairs (MFA), subject to the government's coordination committee. One of the key objective of the Climate Envelope is to assist developing countries in achieving low carbon, climate resilient and socially inclusive growth.[1]

The current proposal is in line with the guiding principles of the Climate Envelope, emphasizing the balance and boundaries principles and the key criteria for effectiveness on national strengths, leverage of private finance and innovation and focus on changes of transformational character through changes in policy, market and finance structures. The proposal is also in line with the Government's Priorities for Danish Development Cooperation 2018, The World 2030, emphasis is put on reaching the Sustainable Development Goals inter alia through market development, creation of framework conditions and mobilisation of private funding. Priorities will be focused on energy related interventions in order to take further advantage of the Danish comparative advantage in this area and complement existing Danish collaboration at international level, e.g. through the Clean Energy Ministerial (CEM) and other partnerships such as the Partnering for Green Growth and Global Goals (P4G) and the Clean Energy Investment Coalition as well as the global efforts to increase mitigation ambition through NDCs and other action toward 2020, including the UNSG's Climate Summit in 2019. Finally, it will also activate further synergies with the Danish bilateral assistance in emerging economies through its Energy Partnership Programmes.

With the prospect of creating results for the longer term and building on the existing international momentum, Denmark has allocated MDKK 95 from the Climate Envelope to support the creation of a Technical Assistance Facility within the Climate Investment Funds (CIF), aimed at supporting clean energy investment in growth economies through MDBs. Focus will be on creating and enhancing investment-enabling framework conditions for renewable energy and energy efficiency which are particular relevant to increasing predictability and security for investors. The present programme document under the Danish Climate Envelope 2018 is the result of a joint efforts by the MEUC, the CIF, relevant MDBs and developing countries in order to promote the scaling up of clean energy finance in emerging economies through improved enabling framework conditions for private investments, and also promoting intensified international cooperation on this matter.

In line with the Theory of Change for the Climate Envelope, the intention with the TA Facility and the overall vision for the programme is that the programme will support the achievement towards compliance with the international commitments to climate change mitigation as well as national level targets for clean energy, through increased investments in clean energy. The specific Theory of Change for this initiative is to focus on policy and regulatory frameworks as well as other targeted measures that are key in mobilizing finance, in particular, private investments in clean energy, making expertise available to emerging economies. The choice of partner is based on an analysis of the current international expertise in clean energy investment in emerging economies. MDBs and CIF are key players in sustainable energy investment analyses and has extensive experience in clean energy investments and related country-level support promoting renewable energy and energy efficiency in emerging economies. Previously, Denmark has supported the CIF through contribution to the Strategic

[1] Theory of Change for the Danish Climate Change Envelope.

Climate Fund and through supplementary contributions inter alia to the *Scaling up Renewable Energy Program in Low Income Countries* (SREP), providing a solid basis for further cooperation.

The Climate Investment Funds is one of the most mature climate finance delivery vehicles. Its unique business model includes a country driven, programmatic approach, collective MDB engagement and resources at scale. Support will be made available across all CIF countries. MDBs, in addition to being an important source of funding, have a strong, continuous presence in partner countries that includes relationships with both private and public sector stakeholders. They have sectoral expertise and experience with technical assistance, institutional capacity building and project development, and are increasingly focusing on modalities for crowding in private finance. Furthermore, in response to the Paris Agreement and the SDGs, MDBs are committed to increasing clean energy and other green infrastructure investments and are increasingly focusing on their role in mobilizing domestic financial institutions and catalysing private finance, including through previously untapped sources such as institutional investors.

The proposal has been developed in close consultation and inclusive of all partners, including CIF Administrative Unit, MDBs as implementing entities, and World Bank in its capacity as the Trustee of the CIF.

2. Main Programme elements

At the joint meeting of the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees in December 2017, the proposal titled "Technical Assistance Facility for Clean Energy Investment Mobilization" (Joint CTF-SCF.18/7) was presented for the consideration of the Trust Fund Committees.

Issues to be addressed

The purpose is to setup a Technical Assistance Facility for Clean Energy Investment Mobilization (Joint CTF-SCF.18/7), henceforth to be referred to as the TA Facility. The main problems to be addressed by the TA Facility include risks and barriers to scaling up markets for clean energy:

- A lack of a supportive enabling environments
- Real and perceived risks
- Capacity constraints limit both the supply of investable projects with appropriate risk-return characteristics
- The supply of finance to realize investable projects, constraining the wider scale up of clean energy technologies.

Partner programme and strategies

The CIF is well-placed to address these barriers and risks. CIF was established as a trust fund in 2008 and providing resources to 72 developing and middle income countries through four programmes, of which the Clean Technology Fund (CTF) is most directly aligned with the objectives of the proposed Programme, focusing on investments in clean energy and transport in middle income countries. Denmark has previously provided funding for the Special Climate Fund under the CIF, which funds programmes on renewable energy in low-income countries, forests and climate resilience. Denmark thus already is represented in the CIF governance structure.

Among other features, the CIF has a long and relevant track record of funding activities that offer technical assistance and support pipeline development, through the MDBs, in the Renewable Energy and Energy Efficiency space. The scope of experience covers both enabling environment and capacity building activities and project preparation to facilitate transactions (including feasibility studies, technical, financial and managerial project design). See Annex 2 for details.

Institutional Setting

The CIF implementing MDBs include the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank and World Bank Group. The CIF thus represents an efficient channel for working with the MDBs as opposed to accessing them individually, and for increasing collaboration and alignment among the work of MDBs.

There will be particular focus on integrated approaches involving both public and private sectors. Involvement by both public and private sector arms of the MDBs will be important to ensure that issues at the interface of public and private are not overlooked.

Programme focus

The TA Facility's main focus will be on:

1) Renewable power generation
2) Energy efficiency in buildings and industry with its large untapped, cost effective emission mitigation potential
3) Systems integration of renewable power, e.g. network investments (e.g. smart grids), storage, and distributed generation.

While the costs of many clean technologies have declined, barriers continue to exist at various levels across the value chain “from policy to project” that increasing the cost of capital and discourage private sector participation, delaying the scale-up of clean energy technologies.

The support will take a country-focused approach, as country level demand, priorities and circumstances are essential to effectively enabling investments in clean energy.

In certain cases, countries have attracted less investment in renewable energy, even though the growth in the demand for electricity could result in sizeable markets. This may reflect unclear policy, legal and regulatory frameworks that hamper the development of markets and investable projects with appropriate risk-return characteristics. In a number of cases, capacity constraints at the technical and institutional level – including among financial institutions - prevent the wider uptake of proven technologies like solar.

In the above context, the proposed Facility aims to provide strategic support to address specific barriers and help create enabling conditions that support the development markets and investable projects, helping to scale up clean energy technologies in the host country/ region. The support is expected to help MDBs to strategically deploy the most relevant and effective measures along the “value chain” of investment enablers (see figure in annex b), helping to bring down the cost of capital and accelerate

clean energy markets development and investments. This may include technical support in relation to the following:

- Policy and regulatory frameworks increasingly conducive to clean energy investment and market development, including policy and regulation that either targets the energy sector directly or addresses broader areas but with an impact on investment in and financing of clean energy.
- Measures that enable transactions through e.g. new business models, standardization of project documentation, or design of de-risking instruments using blended finance instruments.

While development of pipelines of investable projects and matching of these with finance is a major issue, it is also being addressed by a number of initiatives and will thus not be the main focus of the initial contribution to the TA Facility. Support for this may be included if additional funding contributions are made.

The country-focused TA support will be complemented by cross-country knowledge exchange and learning supported by analytical work to identify, distil and communicate best practice. This will focus on themes that have been identified by recipient countries and MDBs as being of critical importance to mobilizing investment, and will focus on issues that are directly relevant to the TA interventions of the Programme and supportive of its impacts, i.a. by addressing topics related to the thematic issues that will be addressed by thematic calls. The knowledge exchange and learning activities will be identified based on recommendations by the Advisory Group and will be included and budgeted in the annual work plan.

3. Strategic considerations, relevance and justification

DAC criteria for relevance, impact, efficiency, effectiveness and sustainability

Below is presented a summary of the linkages between the TA facility and the OECD-DAC criteria.

Relevance: The scope for the engagement with the CIF for the establishment of the TA facility is highly relevant, as it will complement existing work by MDBs to provide country-level support that specifically targets improved conditions for developing markets and mobilizing investment in clean energy. The TA facility is seen as a relevant and strategic response with a dual objective: First, it is able to address country specific needs in terms of addressing barriers to investments and mobilizing clean energy investment through technical support to countries in establishing investment –relevant frameworks for renewable energy and energy efficiency financing. Secondly, it ensures that lessons learned and best practices are shared by developing countries and MDBs in a dedicated forum for strengthening the enabling environment for scaling-up investments.

Effectiveness: The TA facility's focus on countries with the highest mitigation impact potential, provided that their enabling policies and associated regulatory frameworks are improved and strengthened to promote investments in clean energy. Effectiveness in reaching objectives is based on the CIF as a coordination platform across MDBs internally, thus leveraging their experience, knowledge, scale, and partner network. Effectiveness is also enhanced by the CIF central role to improve coordination across MDBs and ensure improved partnership. This is viewed as more effective than separate financial contributions to each MDB which can often result in siloed approaches, also risking of duplication of efforts.

Efficiency: The TA facility model can result in increased cost and resource efficiencies. Enhanced partnership and knowledge sharing should lead to increased efficiencies in MDB-led activities, as well as ensuring efforts are more likely to succeed and sustain in stages once CIF activities have ended in countries. The central role of the CIF will allow MDBs to leverage MDB resources better, avoiding duplication of efforts, and therefore costs.

Impact: Through an increased focus on investment-relevant framework conditions, better links between TA activities and intended investments will be available. The TA facility also focuses on higher impact (in the form of GHG reductions) activities and countries, both expected to assist countries in reaching or surpassing their NDC targets according to the Paris Agreement and in reaching their national policy targets at an earlier stage than without this intervention. The outputs from the TA facility is also expected to create tangible outcomes e.g. in the form of increased investment rates in clean energy in the targeted countries, and thereby also contributing to a number of co-benefits in terms of lower level of air pollution, improved health and livelihoods as well as access to sustainable and affordable modes of energy.

Sustainability: The future success of the TA Facility as well as its financed activities are also linked to the network available to the CIF. MDBs have long experience in similar efforts and in all regions. Their engagement with national and local governments ensures strategic prioritisation and increases the likelihood of country embeddedness and buy-in. MDBs will also be able to support TA Facility activities with further upstream policies and other enabling environment actions as well as downstream investment activities, which increase the likelihood that the facility's work will carry-on in future.

Adherence to the aid effectiveness agenda, and global/regional/country partner objectives and strategies.
Adherence to the aid effectiveness and partner country objectives and strategies consists of achieving the objectives of the Paris Agreement as well as Sustainable Development Goal 7 on energy will require rapid scaling up of investments in clean and efficient energy technologies, the majority of which will include the private sector as providers of finance, technologies and expertise. To achieve the Paris Agreement's goal, investment in renewable energy supply will need to reach a total of 20 trillion USD between 2015 and 2050, and demand-side investment the double of that.

Dramatic cost and technology developments are making mature technologies available for cost-effective deployment at scale. With clean energy technologies becoming increasingly competitive, the need improved enabling environments is even more urgent, i.e. policy incentives, regulatory frameworks and the ability to attract private investors and capital. This is particularly the case for middle income developing countries, since their demand for energy services is set to increase significantly in the coming years and will need to invest heavily in new energy supply and energy efficiency to meet the rising energy demand. To meet the steep investment goals, governments are seeking to create markets and pipelines of investable, renewable energy and energy efficiency projects and taking steps to enhance the enabling environment and the domestic policy frameworks for investment with the aim to improve the risk-return profile of such investments.

The proposal is to establish a Facility within the CIFs that will focus on technical support countries in establishing investment-friendly regulation and other investment-relevant framework conditions for renewable energy and energy efficiency, including by increasing predictability and security for investors, thereby enabling accelerated scale-up of investments in clean energy at lower costs of capital.

The CIF, and their implementation through MDBs are a strategic choice for this type of facility. MDBs, in addition to funding, have a strong, continuous presence in partner countries that includes relationships with national finance and planning ministries as well as financial institutions. They have sectoral expertise and experience with technical assistance, institutional capacity building and project development, and are

increasingly focusing on modalities for crowding in private finance. In response to the Paris Agreement and the SDGs, MDBs are committed to increasing clean energy and other green infrastructure investments and are increasingly focusing on their role in mobilizing domestic financial institutions and catalysing private finance, including institutional investors.

The proposed facility will support the MDBs in mainstreaming climate considerations in their operations and help developing countries attract investments and mobilize private capital. This mainstreaming goes beyond increasing the MDBs' own financing of clean energy and emphasises their transformational role in market development and mobilization of funding from a variety of sources such as institutional investors, local banks and others. The support will thus emphasize the key role of MDBs in mobilizing climate finance and making finance flows consistent with the low-carbon transition.

MDBs are a core driver of development assistance worldwide, and play an important role not only in financing clean energy investments but also in supporting the enabling conditions for mobilizing investments, which increasingly will come from private sources. The proposed Facility will encourage and enable MDBs to strengthen their role in this regard by providing technical assistance at the country level and will aim to result in additional investment in clean energy with private sector participation. Finally, there is no direct links to humanitarian assistance nor fragile states given the focus on scaling-up REEE investments, maximizing impact, and building upon existing enabling environments.

Alignment with the Danish Climate Envelope

The guiding principles document for the Climate Envelope sets out an overall Theory of Change (ToC) for the Climate Envelope as well as a number of guiding principles for use of Climate Envelope funds including an indicator framework with core indicators (obligatory as well as voluntary).

In line with the ToC, the intention with the TA Facility and the overall vision for the programme is that the programme will support the compliance with the international commitments to climate change mitigation, the National Determined Contributions (NDCs) as well as national level targets for clean energy, through increased investments in clean energy in middle-income countries at a faster stage than without this intervention.

The current proposal is in line with the guiding principles of the Climate Envelope, emphasizing the balance and boundaries principles and the key criteria for effectiveness on national strengths, leverage of private finance and innovation and focus on changes of transformational character through changes in policy, market and finance structures. The Climate Envelope emphasizes amongst others support to more effective policies and planning, as well as promoting climate solutions through more effective markets and investments. This can be obtained i.a. by mitigating risks and creating incentives for private actors to make targeted and climate-relevant investments. The facility address the needs to focus on the investment conditions for mobilizing private investments through improvement of policy and regulatory investment-enabling frameworks, in line with demands from partner country governments, private sector and MDBs.

The present intervention is thus expected to feed into overall objective for the Climate Envelope through the following outcomes: 1) Strengthened national climate change policies and planning frameworks, 2) scale-up of climate-relevant technologies and markets, and 3) effective and credible international financing frameworks and more transformational policies and procedures of key institutions including alignment of institutional agendas.

Opportunities for coordination with other development partners and multilaterals

In line with emphasis on promoting integrated approaches addressing the "value chain" of measures to enable investments, special efforts will be made to pursue coherent efforts and "connect the dots" across

the different bi- and multilateral actors and initiatives on clean energy investment. Partner networking on clean energy investment and finance will also include efforts to increase collaboration among MDBs and across the public and private sector arms of MDBs. While only partner MDBs are implementing entities under the Facility, regular communication with bi- and multilateral actors will be ensured, including through one yearly thematic meeting with MDBs and partners, to be held in connection with an international event. Among the Institutions and initiatives that will be engaged are IRENA, IPEEC, IEA/OECD, Clean Energy Ministerial, GGGI, SE4ALL EE Accelerators, PRI, IIGCC and P4G (Partnering for Green Growth and the Global Goals).

Existing TA by MDBs and other development agencies often focuses either on relatively "upstream" energy policy analysis and advice or on project-specific regulatory and capacity constraints. The intention of this proposal is to enable MDBs to complement their investment-oriented technical support taking an integrated approach to the elements in the "value chain" from policy through development of investable projects. Such additional MDB support will complement the existing bilateral and multilateral cooperation on energy policy and planning and help accelerate low-carbon transformation by scaling up clean energy investments in a short timeframe and avoid locking in high-carbon energy supply.

Justification of choice of partner and programme design including modalities, capacity building and technical assistance

The goals in the Paris Agreement can only be achieved through a significant increase of investments in renewable energy and energy efficiency, including from the private sector. Denmark can add value to the current momentum at international level for mobilising increased investments in the emerging economies, through support to the strengthening of the enabling environment for scaling up investments in clean energy, based on Danish strengths from its development away from a fossil fuel economy and its transition towards a low carbon society. The long term goal is to support developing countries in strengthening polices and planning frameworks resulting in greenhouse gas emissions reductions (impact) in support for developing countries achieving a low carbon, climate resilient development and being able to implement the Paris Agreement.

The choice of CIF as the preferred partner is due to the CIF's long-term engagement in the middle-income countries where the potential for greenhouse gas reductions are the largest, its ability to build on and work with existing cooperation structures with the MDBs in the relevant countries, and its willingness and readiness to act as umbrella learning institution and platform on behalf of the MDBs, amongst others building on the CIF experiences from the Experience and Learning Initiative.

Channelling the support to CIF

While benefiting all CIF countries, the proposed Facility will be embedded within the overall governance of the CIF. In addition to the governance structures, policies, procedures and environmental and social safeguards of each MDB, the CIF partnership has a well-established governance structure that provides for stakeholder engagement with i.e. civil society organizations, indigenous peoples, private sector entities, UN agencies, GEF, bilateral development agencies, and scientific and technical experts. A specific Gender Action Plan has been developed to mainstream gender in CIF policy and programming. The TA Facility will present opportunities for engaging Danish public, private and civil society. Danish public entities provide an opportunity for the Danish government to lead an innovative and potentially wide reaching effort across all MDBs, in a single vehicle. Danish development agencies as well as those in human rights, environment and governance have a long track record of work with MDBs, which is viewed to continue with this project. Given the national- and thematic-level of this work will enable the Danish private sector to compete for opportunities as financiers, suppliers, or consultants through MDB procurement. Finally, MDBs have a long history of civil society engagement and consultation which is relevant to Danish as well as other civil society.

The TA Facility, the CIF, and MDB work in climate finance are all three relevant to mitigating climate change through increased support for RE and EE activities. The Climate Investment Funds is one of the most mature climate finance delivery vehicles. Its unique business model including a country driven, programmatic approach, collective MDB engagement and resources at scale, among other features has been serving the clean energy sector through the Clean Technology Fund (CTF) and Small scale Renewable Energy Program (SREP) windows since 2008.

Multilateral development banks[2] (MDB) will play a key role in meeting climate goals. Support for the transition is being offered through multiple platforms. At the multilateral level, development banks, in addition to being an important source of funding, MDBs have a strong, continuous presence in partner countries that includes relationships with both private and public sector stakeholders. They have sectoral expertise and experience with technical assistance, institutional capacity building and project development, and are increasingly focusing on modalities for crowding in private finance. Furthermore, in response to the Paris Agreement and the SDGs, MDBs committed to increasing clean energy and other green infrastructure investments by 2020[3] and are increasingly focusing on their role in mobilizing domestic financial institutions and catalysing private finance, including through previously untapped sources such as institutional investors.

Related to the CIF's and MDBs' own priorities, the TA Facility is aligned with forward looking goals to reduce GHG emissions by increasing support for RE and EE activities. The $8 billion Climate Investment Funds accelerates climate action by empowering transformations in clean technology, energy access, climate resilience, and sustainable forests in developing and middle income countries. The CIF's large-scale, low-cost, long-term financing lowers the risk and cost of climate financing. The TA Facility will focus on upstream policy and regulatory framework and other enabling environment activities that will further enable increased RE and EE. This not only will support CIF and MDB work but also benefit other partners' with similar goals.

The CIF is a strong choice of partner as the longest serving climate finance delivery vehicles with a multi-MDB funding platform offering long-term, predictable, concessional financing at scale in order to support clean technologies in middle income countries. At its center is a country-led, programmatic approach to deliver the funding, which ensures that the strategic priorities are identified at the onset by the country in their investment plans, and resources committed accordingly, in consultation with key stakeholders and partners such as the development banks. Known for its 'light touch' approach, CIF delegates much of the responsibilities to MDBs for portfolio supervision, quality control, fiduciary controls, safeguards, and accountability, among others, in order to leverage their core strengths and as a result, ensure cost savings taking the donor contribution much farther.

The choice of partner is based on analysis of the current international expertise in clean energy investment in emerging economies. The MDBs and the Climate Investment Funds are key players in sustainable energy investment analyses and has extensive experience in clean energy investments and related country-level support promoting renewable energy and energy efficiency in emerging economies. Denmark has earlier

[2] MDBs include the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG) and the World Bank Group (WBG), including International Finance Corporation (IFC).

[3] Source: http://www.worldbank.org/content/dam/Worldbank/document/Climate/Joint%20MDB%20Statement%20Climate_NOV%2028_final.pdf.

supported the CIF through the Strategic Climate Fund and through later supplementary contributions to the PPCR, FIP and SREP and thus have in-depth understanding of CIF as a partner, providing a solid basis for further targeting the cooperation towards investment-enabling frameworks.

4. Results and learnings from previous cooperation

A significant share of the overall Climate Envelope portfolio was channelled through the World Bank, including support to the CIF, the Partnership for Market Readiness (PMR), the Energy Sector Management Assistance Program and the Forest Carbon Partnership Facility (FCPF). [4].

CIF Results

Since 2008, CIF has built a portfolio of over 300 investments in 72 developing and middle income countries. See annex (b) for details, examples and a summary of the latest CIF results.

The TA Facility's focus is most similar to the CIF Clean Technology Fund (CTF), a window focused on energy, with 85 CTF projects (USD 4.6 billion in CTF funding) now reporting on results. Results as of 2017 cover[5]:

- 9.3 MtCO2e/year reduced from 30 projects and USD 1.5 billion (target: 61 MtCO2e/year)
- USD 19 billion in co-financing leveraged from 59 projects with USD 3.6 billion CTF funds (target: US 47 billion)
- 3.95 GW installed RE capacity from 22 projects and USD 1,5 billion (target: 25 GW)
- 3.28 GWh/year energy savings from 14 projects and USD 558 million (target: 10.6 GWH/year)

MDB Results

From 2011-2016, MDBs have jointly reported jointly US$ 158 billion in commitments tagged as climate finance. This covers all MDBs and includes both adaptation and mitigation projects. In 2016 alone, MDBs committed US$ 21.2 billion to mitigation, with over 48% of this in RE and EE investments. This also includes an estimated 15% for 'cross-cutting issues' which includes mitigation-related technical assistance, including advisory and capacity building activities. [6] The MDBs do provide technical assistance services to the countries, however with some limitations as to its roll-out and implementation. For example, ESMAP dedicates a special component focusing on governance, markets and planningassisting countries mainly with upstream activities such as strategic support in market structures, regulatory reforms and power system planning. The component had informed almost USD 2.9 billion of World Bank lending in FY2017. The IFC technical assistance advisory has so far mainly supported single investments with a recent advisory portfolio of USD 1.5 billion in FY 2017, however intends to move more into strategic investments in line with the objectives of the CIF TA Facility on clean energy investments. The current type of technical assistance from the MDBs is often linked to the MDBs own lending, with less focus on wider mobilization of large pools of capital from other types of investors, such as institutional investors.

CIF Lessons Learnt

Despite its relatively recent launch in 2008, CIF work as well as Danish experience with these has resulted in important conclusions relevant to the TA Facility proposal. In 2015, the Danish government published

[4] Evaluation of Denmark's Climate Change Funding to Developing Countries (2015). Access at: http://danida-publikationer.dk/publikationer/publikationsdetaljer.aspx?PId=d9527152-0b6c-4c6d-8a3f-e39b47dfffab.
[5] Source: Source: https://www.climateinvestmentfunds.org/results/ctf-results.
[6] Source: http://pubdocs.worldbank.org/en/266191504817671617/2016-joint-report-on-mdbs-climate-finance.pdf.

'*Evaluation of Denmark's Climate Change Funding to Developing Countries*' which offered the following main observations[7]:

- Denmark has made solid commitments to multilateral climate funds, remaining funding should focus on innovation and leverage. If Denmark aims to support transformational change it appears that the focus should be on interventions in support of climate policy and climate finance. Where possible, the Danish Government should consider targeting its resources to programmes and thematic areas where it believe Denmark can add most value – hence where Denmark has strong expertise.
- The World Bank has sometimes been criticised for its limited country consultation, but the programmes funded through the Climate Envelope have applied a country-led approach. The interventions under the Climate Investment Funds (Pilot Program for Climate Resilience (PPCR), Forest Investment Program (FIP), and Scaling up Renewable Energy in Low Income Countries (SREP)) are led by country strategies developed between the host government and the relevant multilateral development banks.
- The CIFs have offered efficiencies: a shared secretariat for the Pilot Program for Climate Resilience (PPCR), Forest Investment Programme (FIP) and Scaling up Renewable Energy in Low Income Countries (SREP) has allowed a level of cost sharing that would normally be supported through separate administrative structures.
- Denmark has generated efficiencies by providing multiple tranches of funding to the large climate funds. This has helped improve management efficiency in terms of avoiding additional design and oversight costs associated with new programmes. For example, this has been the case with PPCR, FIP, and other climate funds.
- Denmark has actively promoted the reform and streamlining of CIF results frameworks within the annual governance meetings. Denmark shares a seat with other donors, including in the overall Strategic Climate Fund trust fund committee, as well as on several sub-committees, include Forest Investment Program (FIP), Pilot Program for Climate Resilience (PPCR) and Scaling up Renewable Energy Program (SREP)

From 2016, another study, 'The Future of the Energy and Climate Architecture, concluded the following observations related to the TA Facility, among other recommendations:

- The combination of policy advice and support with concrete finance for investment through MDBs can have an important effect when delivered in a way that responds to the needs and interests of national stakeholders. There is a growing recognition of the need to take bold action on climate change within development banks, that is slowly beginning to infuse overarching management approaches and priorities
- Climate funds have played a significant role in helping key actors in the international finance community learn and pilot new approaches to low emission investment. They have created incentives for the MDBs to do more on climate change: not just through the direct role that climate finance has played in MDB led investments, but also through the broader positions that donors have taken in encouraging these institutions to be more proactive on climate change issues in order to justify investing in these funds. Indeed several donors including the US, UK and Germany have linked investments in the CIFs to efforts to mainstream climate change in the operational priorities of MDBs through their Board level engagements
- One vital aspect of delivery for these institutions is for them to have more staff fluent in climate change and energy issues to help take things forward. Institutions like the CIFs and other

[7] Source: http://danida-publikationer.dk/publikationer/publikationsdetaljer.aspx?PId=d9527152-0b6c-4c6d-8a3f-e39b47dfffab

concessional climate funds managed by the MDBs can help support internal capacity to this end, but could also be used in more creative ways that are aimed at addressing risks that impede wider investment, particularly from private actors. They are also exploring opportunities to raise additional finance from institutional investors and the capital markets to pursue less risky investments.

The CIF itself launched a program to learn from the Funds' experience. In May 2015, the Joint CTF-SCF Trust Fund Committee approved the generation of knowledge from evaluation for learning (referred to as "the E&L Initiative") in the CIF. This evaluation is ongoing and to conclude in FY19; however, lessons learnt will be very relevant to the roll-out of the TA Facility. Key themes being evaluated include[8]:

- **Transformational Change:** Understanding and assessing CIF contributions to transformational change, across dimensions and funds, and using various approaches.
- **Private Sector Investment:** Investigating financing models within key CIF programs and sectors, the role of concessional finance, and market transformation.
- **Local Stakeholder Engagement and Benefit:** Exploring CIF local stakeholder engagement strategies, Indigenous Peoples (DGM), gender and other topics.
- **CIF Design and Approach:** Evaluating the effectiveness of the CIF Programmatic Approach as a delivery modality, as well as other CIF strategies and approaches.

From the above E&L Initiative, lessons learnt from transformational change will be very relevant to the TA Facility as well as Danish climate change funding in general. While focused on investments, the private sector theme may also result in conclusions applicable to enabling environment activities.

Furthermore, consultations with MDBs as part of the programme formulation have highlighted the following observations of relevance to the TA Facility[9]:

- TA activities and grant funding should not operate in vacuum, and include both: i) Building on global knowledge and tools to underpin TA work and ii) Linking to other activities on the ground, such as ongoing investment programs or parallel advisory activities in the country.
- Most MDB climate finance is linked to direct investments, and most CIF technical assistance activities are, for the most part, in support of a specific project. Additional resources are required to address the country-level risks and barriers that go beyond CIF or MDB project needs, so as to contribute to a wider transformation and market development for renewable energy and energy efficiency. This includes widening the focus of MDB interventions beyond financing on their own "balance sheets" toward mobilization of finance from a range of domestic and international sources such as institutional investors.
- The MDBs are showing signs of moving in this direction, one example being the IFC, that is currently shifting its advisory services strategy from mainly providing advisory services in support of a specific investment to developing a strategy to address market barriers in general. The TA Facility's focus on market development and the private sector will be in a position to support and accelerate this trend.

[8] Source: http://www.climateinvestmentfunds.org/sites/cif_enc/files/meeting-documents/joint_ctf_scf_19_5_el_special_initiative_fy18_annual_report_and_fy19_work_plan.pdf
[9] Remarks from MDB consultation from, May 29 – June 1, 2018.

5. Programme Objective and summary of results framework

Objective

The overall objective of the TA Facility is that countries have been assisted in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation.

Results Framework and Monitoring

The Danish support to the TA facility will be based on the existing CIF framework including the results framework. The CIF was designed to be implemented through existing MDB systems, including through their ongoing monitoring and evaluation processes, systems, definitions and criteria. Under the CIF, annual monitoring and reporting on core indicators is embedded in the CTF, PPCR and SREP. All MDBs have in place mandatory systems for monitoring and reporting on project implementation as well as systems for independent evaluation. This then implies that all TA Facility monitoring and reporting will be based on the monitoring and reporting systems currently implemented in each MDB.

Each proposed TA intervention will be required to present a results framework with core indicators as well as supplementary indicators as relevant. At the Facility level, the monitoring of core indicators on impact and outcomes will aggregate the monitoring of each TA Initiative. Annual reporting to the Joint meeting of the TFCs will include an aggregated presentation of the results from the individual TA interventions.

The results framework at the Facility level is to be finalized and presented to the Joint TFC as part of the first work plan of the Facility in the 1st quarter of 2019. The Facility results framework will consist of core indicators and to a extent reflect an aggregation of the individual interventions supported. The choice of outcomes and indicators must reflect that these interventions cannot be precisely identified up front, as they depend on proposals made by the MDBs.

All MDBs follow a harmonized approach for measuring RE[10] and EE[11] benefits for investments:

Outcome	*Indicator*
Increased renewable energy generation	• GW installed per year
Increased savings from energy efficiency	• GWH saved per year
Increased greenhouse gas reductions	• Tonnes of CO2e per year

However, a difference in approach exists across MDBs related to RE and EE benefits related to GHG reductions resulting from TA. The CIF, and some MDBs, do not attribute GHG reductions to TA activities, as

[10] Source: http://documents.worldbank.org/curated/en/758831468197412195/IFI-approach-to-GHG-accounting-for-renewable-energy-projects

[11] Source: http://documents.worldbank.org/curated/en/893531467991051828/IFI-approach-to-GHG-accounting-for-energy-efficiency-projects

they consider the reductions to be too difficult to attribute to the TA. Others, such as IFC, do link some TA assistance to a GHG reduction potential and as an aspirational goal[12].

The following draft results framework provides examples of indicators at the outcome level that will further reviewed and finalized for inclusion in the initial work program:

Summary of objective and outcomes

Programme	TECHNICAL ASSISTANCE FACILITY FOR CLEAN ENERGY INVESTMENT MOBILIZATION
Objective	Countries assisted in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation.
Outcome #1	Energy-focused policy and regulatory framework for private investments in renewable energy and energy efficiency enhanced with contribution from TA Facility supported interventions
Outcome #2	Financial sector and investment regulation increasingly conducive to financing of clean energy investment.
Outcome #3	Increased adoption of business models and financing instruments that enable and de-risk clean energy investments.
Outcome #4	Strengthened partnerships and collaboration around the support provided by different actors to developing countries for clean energy investment and finance mobilization
Outcome #5	Increased use of integrated approaches to support that address the "value chain" covering energy and financial policy and regulation, business models, de-risking instruments and project pipeline development.

Further details on the Results Framework can be found in Annex 3.

6. Theory of change and key assumptions

Expected Change

The overall objective, and long-term goal, of the TA Facility is that countries are assisted in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation.

Outcome Results

The intervention logic is to focus on policy and regulatory frameworks as well as other targeted measures that are key in mobilizing private investments in clean energy, making expertise available to emerging economies. By providing an additional, investment-oriented layer of technical assistance and capacity building support in line with demand from partner country governments, the vision is that the clean energy transition will accelerate and the potential for impact of the existing partnerships increase, and in addition

[12] *IFC Greenhouse Gas Reduction Accounting Guidance For Climate-Related Projects*, available at: https://www.ifc.org/wps/wcm/connect/21d21b80423bdbf19f39bf0dc33b630b/IFC+GHG+Reduction+Accounting+Guidance.pdf?MOD=AJPERES

create further opportunities for clean energy investment. The fact that the Facility provides resources for TA that goes beyond addressing the regulatory frameworks and capacity linked to specific CIF investment projects will allow MDB support to become even more transformational and comprehensive.

Intervention Logic

The intervention logic and theory of change underpinning the Facility can be broadly described in the following way:

Provided that the following measures are taken:

- A thorough analysis of the country context is carried out, including existing support and expressed demand,
- The full value chain of investment enabling measures is considered and critical initiatives identified that may unlock investments,
- Targeted opportunities for strengthened technical support by MDBs are identified in a dialogue with key government entities on enabling policy, regulation and other measures that affect investment in and financing of clean energy,
- Technical support is efficiently deployed, improving the conditions for cost-effective investments and mobilization of finance by addressing risks and transaction costs, bringing down the cost of capital,

Then:

- Investments in and markets for clean energy may be scaled up, accelerating the transition to a clean energy development pathway, accompanied by reductions in energy related GHG emissions as well as socioeconomic and environmental benefits.

The Facility and the supported TA interventions will make a contribution to the desired outcomes of increased investments in renewable energy and energy efficiency in the host countries/ regions, and increased mobilization of private sources of finance. It is obvious that this rests on a number of assumptions. It is equally clear that in light of the resource constraints and the Facility's focus on "connecting dots" and complementing existing work, each funded TA initiative will make a contribution to the objective without presuming that resulting outcome can be attributed to the Facility alone.

Each supported TA intervention will contribute toward the overall objective, and will have its own specific objective. Similarly, each supported TA intervention will include a specific theory of change explaining the logic behind the proposal.

The following criteria will apply in the selection of TA initiatives:

- Reflecting country commitment and demand as well as alignment with national priorities[13]
- Undertaken and implemented by one of the six partner MDBs
- Contribution to stronger policy framework and local capacity that facilitates scaling up of clean energy technologies by eliminating key barriers.
- Additionality of the Facility support. While the specific TA should be additional, it is welcome that TA is integrated with and complementary to existing support programs of the MDBs.

[13] As expressed in current documents, e.g. NDCs or CIF Country Investment Plans.

- Contribution to increased mobilization of private sector investment and finance in clean energy.
- Contribution to the mainstreaming of clean energy finance mobilization within the MDBs, also contributing to making finance flows consistent with the low-carbon transition.
- Use of integrated approaches that involve both public and private sector.
- Use of integrated approaches that support market transformation.
- Active partnership approaches that harness the competencies of national and international energy, investment and finance institutions.
- Alignment with development goals including appropriate consideration of social impacts and the need for a just transition to a low-carbon economy.

Recipient countries may benefit from the Facility provided they:

- meet Official Development Assistance (ODA) eligibility criteria according to OECD/DAC guidelines;
- have an active MDB country program (for this purpose, an "active" program means that an MDB has a lending program and/or on-going policy dialogue with the country).

The initial phase of the Facility will focus on countries and interventions with the most significant mitigation potential. With additional funding from other interested contributors, a wider group of beneficiary countries and interventions may be included.

Assumptions:

The theory of change relies on key assumptions, which are addressed as part of the risk management (see following section):

- That international commitments to climate change mitigation as well as national targets for clean energy continue to drive country level action.
- That clean energy technologies continue to be increasingly competitive against fossil fuel alternatives.
- That focus on climate and clean energy among MDBs will remain strong.
- That the MDBs have the necessary access and policy leverage to influence partner countries at the key policymaking levels.

7. Risks and key assumptions

Risks facing the success of the proposed TA Facility include:

Contextual risks:

Contextual risks related to assumptions:

- That international commitments to climate change mitigation as well as national targets for clean energy continue to drive country level action.
- That clean energy technologies continue to be increasingly competitive against fossil fuel alternatives.

Additional contextual risk:

- Global or regional economic crisis

Institutional risks:

Risks related to the assumption:

- That focus on climate and clean energy among MDBs will remain strong.

Additional institutional risks:

- That the scale of the Facility support is too small to motivate MDBs to prioritize engagement with the TA Facility and increase their focus on TA for RE and EE investment mobilization.

Programmatic risks:

Risks related to the assumption:

- That the MDBs have the necessary access and policy leverage to influence partner countries at the key policymaking levels.

Additional programmatic risks:

- That reporting requirements are made too onerous and not aligned with CIF and MDB project processes, resulting in incomplete or inaccurate results and increases project budgets devoted to this.
- That the TA Activity timelines are "out of sync" with the decision-making processes at country level, such that the support is not relevant.

The Risk Management Matrix in Annex 4 provides more detail on risks and risk responses.

8. Budget

The Danish contribution of DKK 94 million will be made to the SCF to fund the TA Facility. The Facility would be open to additional funding contributions channelled through the SCF Trust Fund. The Facility will be operational through December 2022, by which time it may be extended through a decision by the Joint meeting of the Trust Fund Committees.

Budget by cost category (DKK million):

	Total	**2019**	**2020**	**2021**	**2022*** **
Support for MDB TA initiatives*	**75**	20	20	20	15
Knowledge exchange, learning and partnerships - estimate	**9**	2	3	2	2
CIF Admin Unit Programme management costs and Senior Energy Investment and Finance Specialist**	**10**	2.7	2.6	2.6	2.1
Senior Energy Investment and Finance Specialist	**5.5**	1.5	1.5	1.5	1
Total	**94**	24.7	25.6	24.6	19.1

* including 5% MDB implementation fee in accordance with SCF standards.

** Includes cost of contracting the Senior Specialist as well as any costs of interim staff or consultancy during the recruitment period.

*** In 2021 a decision may be made to front-load the 2022 budget allocation to 2021 if it is expected that the TA Facility will not be extended beyond 2022.

The administrative and operating costs of the Facility will be fully covered by the contribution to the special administrative budget of the SCF approved by the SCF Trust Fund Committee, while ensuring that administrative costs are kept at a minimum.

The major part of the TA funding allocation will be in support of MDB TA initiatives that target the country level, either for single or multiple country interventions. This funding corresponds to Outputs 1-3. The distribution across Outputs is tentative as it will reflect the prioritization in the annual work plans as approved by the Joint TFC as well as the focus of proposals submitted by MDB's and approved for funding.

The median size of individual TA interventions is expected to be US$0.5-1 million each, with a minimum of US$0.1 million and a maximum of $2 million. The Results Frame indicates the expected number of TA interventions supported over the four-year period of the Danish contribution.

In line with CIF practice, MDBs will be allowed to charge an Implementation Fee for each approved TA initiative to cover costs associated with concept and proposal development, quality assurance and supervision according to the agreed terms, scope and objectives; approval procedures; processing of fund transfers and other related MDB central unit costs.

CIF AU operating and administrative costs will cover the services offered by the CIF AU to manage the TA facility. Some of these services will be provided by the Senior Specialist and others by other parts of the CIF AU. Cost categories include: Monitoring and reporting; managing approval procedures; servicing the Advisory Group; risk reporting and risk management; resource management. Additional costs are associated with i.a. stakeholder engagement and gender focused-activities.

Up to 10% of the budget may be allocated to cross-country knowledge exchange and learning as well as analytical work to identify, distil and communicate best practice related to priority themes (Output 5). This part of the funding will also finance the active partner networking and outreach foreseen (Output 4). The planning of learning and analytical work as well as networking will be reflected in the proposed annual work plan and will require a significant input by the Senior Specialist. The budget assumes that as part of the inception and the drafting of the initial work plan, it will be agreed to limit the budget allocation to Outputs 4 and 5 to 10% in order to free up more TA resources. This reflects that other funding is available for CIF learning and knowledge exchange that the Facility will also aim to leverage.

The Senior Specialist will contribute to all of the outputs as well as to supporting the Advisory Group, contributing to planning, reporting and outreach (see ToR for the Senior Specialist in Annex 10). The recruitment by the CIF AU follows the World Bank Group's guidelines and policies for recruitment of professionals. Upon the signing of the Contribution Agreement, the CIF AU, in accordance with those policies, and based on the agreed Terms of Reference (Annex 10), will advertise the position of the Senior Specialist, open to both internal and external candidates for the consideration of the position. Following a period of review, shortlisted candidates will be interviewed and the best-fit candidate selected to start at the earliest possible date.

Indicative budget at output level (DKK million):

Output 1: Decision-makers with enhanced capacity and awareness in relation to investment-relevant energy policy and regulation.	25
Output 2: Decision-makers with enhanced capacity and awareness in relation to energy-relevant policy and regulation of investment and finance.	25
Output 3: Business models and financing instruments that enable and de-risk clean energy investments have been introduced to public and private stakeholders at country level, enhancing awareness and capacity to deploy such models and instruments.	25
Output 4: Strengthened partnerships and knowledge exchange between MDBs and national and international partners including governments, financial institutions, investors and private sector.	3
Output 5: Targeted analyses carried out and knowledge exchanged across countries and MDBs in support of priority themes within the focus area of the TA Facility and deemed relevant for several TA interventions in multiple countries.	**6**
CIF AU programme management and Senior Specialist	10
Total	**94**

A number of supporting activities will be financed outside the CIF budget and provided as an in-kind contribution by the Danish Government. To cover the costs of these, 1 million DKK will be deducted from the 95 million DKK funding allocation. These contributions will be planned and implemented with the CIF AU and will fully respect the governance of the CIF AU and the TA Facility. They include:

a) Technical input during the inception phase of the Facility using MEUC in-house expertise and external experts (estimated cost 0.4 MDKK).
b) Organization of an initial partner dialogue meeting between the MDBs and relevant international institutions and initiatives with a view to identify areas of collaboration (estimated cost 0.3 MDKK).
c) A joint mid-term review for which Terms of Reference will be developed in collaboration between the CIF AU and the Danish MEUC/MoFA (estimated cost 0.3 MDKK).

9. Institutional and Management Arrangement

Management Structure

The proposed Facility will be embedded within the overall governance and structure of the SCF. In addition to the governance structures, policies, procedures and environmental and social safeguards of each MDB, the CIF partnership has a well-established governance structure that provides for stakeholder engagement with i.a. civil society organizations, indigenous peoples, private sector entities, UN agencies, GEF, bilateral development agencies, and scientific and technical experts. A specific Gender Action Plan has been developed to mainstream gender in CIF policy and programming.

The proposed implementation model is similar to the Evaluation and Learning Special Initiative, which has proven to be a streamlined approach that offers many advantages, including seamless integration with existing related activities at the CIF AU, a strategic use of funds, and flexibility in commissioning the work.

The proposed implementation model will be as follows:

- Donors' contributions will be made to the SCF and a "special administrative budget" will be used to fund the activities of the Facility within the annual SCF Business Plan and Budget.
- An Advisory Group will be established to review funding proposals and provide strategic guidance on the Facility (see Annex 9 for draft Terms of Reference).
- A Senior Specialist on energy investment and finance will be appointed to lead the implementation of the Facility and be responsible for submitting proposed funding decisions to the joint CTF and SCF committees as agreed with the Advisory Group. The Senior Specialist will also consolidate reporting received from MDBs and presentit to the joint meeting of the TFCs. (see Annex 10 for draft Terms of Reference).
- Annual work plans and reports will be presented to the Joint meeting of the Trust Fund Committees, elaborated by the Senior Specialist/CIF AU with input from the Advisory Group.
- The Senior Specialist will engage with MDBs and institutional partners to facilitate exchange and learning and to strengthen collaboration and coherence across TA initiatives, helping to increase the impact of the support provided.
- The management of the knowledge, learning and partnership work will be done by the CIF AU, with implementation carried out by a combination of MDBs, CIF AU and external experts.

Approval process

The MDBs will propose activities based on the priority areas and the funding criteria using submission of proposals in response to thematic calls. It may be decided to combine this with an "open door" for additional proposals.

1-2 thematic calls per year are envisaged in priority areas with a high potential for impact and learning. The Advisory Group will identify thematic priorities and total funding levels available in a given year. The experience from the first year in terms of MDB interest and the quality of submitted proposals will inform calls for subsequent years.. Examples of possible thematic calls could include, among others: Financing models for energy efficiency buildings; Frameworks for corporate sourcing of renewable energy; Regulation and business models that mobilize institutional investment; Aggregation vehicles for small-scale projects.

Thematic calls are chosen within the focus areas of the Facility (renewable power, EE in buildings and industry; systems integration of RE). Issues chosen for thematic calls should: A) Have significant investment and mitigation potential. B) Address barriers to investment and finance which MDBs will be able to address through TA. C) Be based on a credible theory of change and potential for impact.

MDBs will submit proposals in accordance with the proposal template (see Annex 8) for the Advisory Group's consideration. The template shall include, among others:

- Brief description of the proposed initiative, including expected outcome, justification based on a clear theory of change.

- Description of the proposed outputs and activities to be undertaken by the MDB, including scope of work and timelines.
- Assumptions and risks.
- Budget covering the key activities and outputs as well as operating costs related to the implementation identified in the proposal.
- Results framework including core indicators

The Advisory Group will make recommendations for funding of proposals based on the funding criteria. The Senior Specialist will submit the proposed funding allocation to the joint CTF and SCF TFC for approval before funds are awarded.Supervision and Communication
MEUC's substantive engagement with the TA Facility will take place through the participation in the Advisory Group and in the Trust Fund Committee.

Supervision and communication, including the frequency of meetings between the responsible MEUC and CIF counterparts, will be agreed during the inception and after consultation with the Advisory Group. It is expected that supervision and communication meetings will follow a process similar to the Evaluation and Learning Initiative. The Facility can leverage the bi-annual Trust Fund Committee meetings for in-person meetings. Additionally, additional virtual meetings are often employed to keep costs down.

Interim arrangements for early stage implementation
Program implementation will commence upon final approval and signature of the contribution agreement. In parallel with the recruitment of the Senior Specialist, the inception will proceed based on CIF AU staff, if needed supplemented through consultancy support with the relevant expertise. In addition, the MEUC will be in continuous dialogue with and provide support to the CIF AU during this process using MEUC in-house expertise and external experts. This will be an in-kind contribution that fully respects the governance of the CIF AU and the TA Facility. The Danish in-kind support during the inception phase will also include organizing an initial partner dialogue meeting between the MDBs and relevant international institutions and initiatives with a view to identify areas of collaboration.

10. Financial Management, planning and reporting

The Contribution Agreement regarding the Danish funding for the TA Facility will be entered into between the Ministry of Foreign Affairs and the World Bank as trustee for the Strategic Climate Fund. Financial management and reporting will follow the standard provisions of the SCF.

Specifically for the TA Facility, the following provisions will apply:

Execution and expenditures

- All activities of the TA Facility funded through the Special Administrative Budget will be executed or supervised by the MDB in order to ensure compliance with its operational policies and procedures, including procurement and financial management guidelines.
- All the aforementioned activities will be completed no later than 24-months from the date of approval of the funding. Eligible expenditures for Facility financing include: (i) consultants' services,

local training, workshops and seminars, and (ii) operating costs for the implementation management of the activities.

- The following expenditures will not be eligible: (i) salaries for civil servants in recipient countries hired as consultants or otherwise; (ii) purchase of vehicles and other equipment.

As the Danish contribution will be allocated to the SCF, financial management, accounting and reporting will follow the procedures established for SCF as agreed with the Trustee.

Progress Reports: The CIF Administrative Unit presents annual work plans for the TA Facility for approval by the joint CTF and SCF Trust Fund Committees and annual progress reports on the delivery of this work plan, following a model similar to the exising Evaluation and Learning Initiative.. It also includes reporting on planned and actual budget commitments.

Financial Reports: According to the Governance Framework for the SCF, the World Bank, in its capacity as the Trustee of the CIF provides, on a semi-annual basis, "to the SCF Trust Fund Committee, and, to the extent applicable, any SCF Sub-Committee, regular reports on the financial status of the Trust Fund, as agreed between the Trustee and the SCF Trust Fund Committee, or as the case may be the relevant SCF Sub-Committee."

Procurement: For TA Facility grant activities, procurement will adhere to the implementing MDB procurement policies. CIF procurement adheres to the WB procurement guidelines.

Auditing: Audited financial statements are provided by the Trustee on an annual basis.

The Danish Mission shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme.

During and after the termination of the programme support, the MFA or other responsible entity reserves the right to carry out relevant evaluation initiatives. This includes amongst others a standard MFA mid-term review.

Anti-Corruption Clause:

No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted - neither directly nor indirectly - as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award, or execution of contracts. Any such practice will be grounds for the immediate cancellation of this agreement or parts of it, and for such additional action, civil and/or criminal, as may be appropriate. At the discretion of the Government of Denmark, a further consequence of any such practice can be the definite exclusion from any engagements funded by the Government of Denmark.

Annex 1: Context Analysis

1. Overall development challenges, opportunities and risks

General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment.

- The programme is focused on improving the framework conditions for scaled-up investments in RE and EE in middle-income countres, through strengthened national energy and climate change policies and investment-enabling frameworks and scaling-up of climate-relevant technologies and markets, thereby assisting the implementation of international climate targets in line with the Paris Agreement, the National Determined Contributions and the SDGs.
- The programme is designed as a response to the current shortage of technical assistance resources linked to mobilizing investments at scale and market transformation. The programme thus focuses on the role of the MDBs in mobilizing domestic financial institutions and catalyzing private finance including from institutional investors. The aim is to address *inter alia* risks and transaction costs, thereby mobilizing private sector investment and financing at a lower cost and at a more swift pace. The aim is also to strengthen the mainstreaming of clean energy and climate action in MDB activities and lending activities in general.
- The CIF TA facility will be align with CIF's general development policy considering social impacts and the need for a transition to a low carbon economy. The facility will be based on CIFs existing governance model, procedures and results framework and align with country demands and national priorities. At project level - during expected project calls - stakeholders, target groups and communities will be involved as appropriate in project design and implementation of interventions and in line with e.g. the current CIF gender action principles.

Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

- The programme will initially focuson countries and interventions with high mitigation potential – later on, with possible additional funding from other contributors, a wider group of beneficiary countries may be included.
- Recipient countries may benefit from the facility provided that they meet ODA eligibility criteria according to OECD/DAC guidelines and have an active MDB country program; that is an ongoing lending programme and/or ongoing policy dialogue with the country.

Status and progress in relation to SDGs, in particular those that are special priorities for Denmark.

- The activities to be conducted under the facility through the Danish support will contribute to the implementation of the SDG 7 on energy and the SDG 13 on climate change, the Paris Agreement and the National Determined Contributions (NDCs).

Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

- An important driver of change in this programme is the MDBs commitment to increase clean energy investments through mobilizing domestic financial institutions and

catalyzing private sector finance.

Key documentation and sources used for the analysis:

- Reference is made to Appendix 6 on Supplementary Materials

2. Fragility, conflict, migration and resilience

- The CIF facility will focus on middle-income countries with whom CIF has well-established cooperation. Fragile states will thus not be part of the programme – at least not in its initial phase.

3. Assessment of human rights situation (HRBA) and gender[14]

- Under the project specific interventions, CIF will base itself on existing principles for consulting with actors in partner countries to participate in policy dialogues to ensure, transparency, non-discrimination and accountability. No rights holders are excluded from involvement in the programme.
- Results from the CIF facility will be made publicly available in English and other languages as necessary, through CIFs communication activities.
- The overall objective of the programme is expected to contribute directly to public good creation closely related to the long-term HR situation in partner countries such as climate change mitigation, air quality and access to sustainable energy, through the expected outcomes on GHG reductions and more swift mobilization of clean energy investments based on improved framework conditions.
- Indirectly, the programme is linked to poverty alleviation, employment and economic growth. A more swift mobilization of clean energy investments are expected to create jobs at all levels of the value chain leading to a stronger macroeconomic outlook and increased economic growth in the relevant countries.
- In terms of gender, equal rights of women is stressed in all CIF cooperation countries and gender is being addressed in line with CIF's Action Plan on Gender. CIF is thus committed to robust gender mainstreaming to enhance gender-responsive outcomes across CIF programs, investment plans and projects. The CIF Gender Action Plan Phase 2, approved in December 2016, seeks to mainstream gender in CIF policy and programming in support of gender equality in climate-resilient, low carbon development investment in CIF countries. The Facility wil continue to contribute to addressing the gender challenge by encouraging participation and representation of women in relevant decision-making and activities under the activities of the facility. Specific attention is paid within CIF governance and operations to gender expertise in investment plan and project missions; sector-specific gender analysis tied to national strategic contexts; improved beneficiary identification and targeting; inclusion of women and women's organizations in CIF-related consultations; and gender-responsive monitoring and evaluation. Likewise, later reporting activities may also emphasize gender aspects, where relevant.

[14] The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

4. Inclusive sustainable growth, climate change and environment

- The thematic focus of the CIF TA Programme is climate change and sustainable growth.

5. Capacity of public sector, public financial management and corruption

- A main focus of the CIF TA Facility is to support capacity. While the Program will not channel financial resources to recipient countries, all of the MDB's have procedures and safeguards that address corruption and financial management.

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy

Summary of the key conclusions and implications for the programme of the analysis of the below points:	
Identify: - where we have the most at stake – interests and values, - where we can (have) influence through strategic use of positions of strength, expertise and experience, and - where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.	- The risk in the current market situation is that finance and lending opportunities for investment in RE and EE are indeed available, but targeted and available TA resources are limited to elaborate and strengthen existing investment-enabling conditions in the countries thus hindering the scaling-up of investments and the involvement of the private sector. Denmark can thus enable and influence the current international climate architecture and provide the framework for coordinated MDB action on this, proposing a relevant coordination mechanism and facility for more concerted action.
- Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.	- Complements the P4G and the Clean Energy Ministerial's Investment and Finance initiative.
- Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU.	- It is possible that more donor countries will support the initiative once launched.

7. Stakeholder analysis

- CIF is the only joint MDB platform allocating targeted resources to specific climate

change efforts, while also leveraging lessons learnt and partnerships across MDBs. It was established as a trust fund in 2008 and providing resources to 72 developing and middle income countries through four programmes. Denmark has previously provided funding for the Special Climate Fund under the CIF, which funds programmes on renewable energy in low-income countries, forests and climate resilience. Denmark thus already is represented in the CIF governance structure .

- The CIF represents an efficient channel for working with the MDBs as opposed to accessing them individually, and for catalysing increased collaboration and alignment among the work of MDBs. In addition to the governance structures, policies and safeguards of each MDB, the CIF has a well-established governance structure that provides for stakeholder engagement with i.a. civil society organizations, indigenous peoples, private sector entities, UN agencies, GEF, bilateral development agencies, and scientific and technical experts. A specific Gender Action Plan has been developed to mainstream gender in CIF policy and programming.
- MDBs have a strong, continuous presence in partner countries; experience with technical assistance and institutional capacity building; as well as an important role as a source of funding. The support underpins efforts to increasingly integrate climate considerations in their operations and lending of MDBs and to help developing countries attract investments and mobilize private capital.

List the key documentation and sources used for the analysis:

- Reference is made to Annex 5

Annex 2. Partners

1. Summary of stakeholder analysis

CIF is an efficient channel for working with MDBs as opposed to accessing them individually, and for catalysing increased collaboration and alignment on climate and clean energy in the work of MDBs. Added value is also provided through a governance structure that provides for stakeholder engagement.

MDBs have a strong, continuous presence in partner countries; experience with technical assistance and institutional capacity building, as well as an important role as a source of funding.

2. Criteria for selecting programme partners

The criteria for selecting partners were:

- Strong experience mobilizing finance across all regions
- Strong network and able to work across MDBs
- Experience with the private and public sectors in RE and EE sectors
- Experience with TA activities as well as investment

3. Brief presentation of partners

CIF was established as a trust fund in 2008 and providing resources to 72 developing and middle income countries through four programmes, of which the Clean Technology Fund (CTF) is most directly aligned with the objectives of the proposed Programme, focusing on investments in clean energy and transport in middle income countries. Denmark has previously provided funding for the Special Climate Fund under the CIF, which funds programmes on renewable energy in low-income countries, forests and climate resilience. Denmark thus already is represented in the CIF governance structure. The CIF has a long and relevant track record of funding activities that offer technical assistance and support pipeline development, through the MDBs, in the Renewable Energy and Energy Efficiency space. The scope of experience covers both enabling environment and capacity building activities and project preparation to facilitate transactions (including feasibility studies, technical, financial and managerial project design).Multilateral Development Banks (MDBs) include the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG) and the World Bank Group (WBG). All but EIB are CIF implementing partners

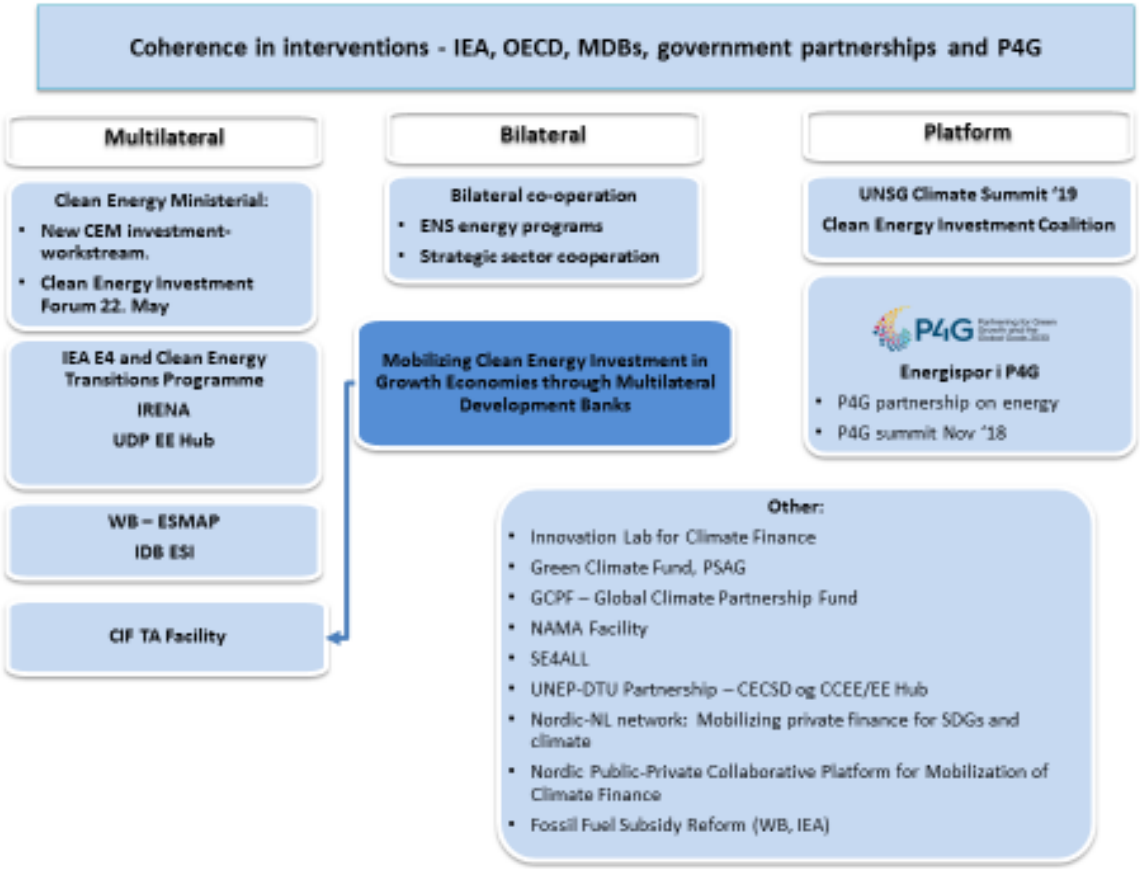
4. Summary of key partner features

CIF was established in 2008, 14 donor countries have contributed over $8 billion in support of scaling up mitigation and adaptation action in developing and middle-income countries. These public resources are held in trust by the World Bank, and they are disbursed as grants, highly concessional loans, and risk mitigation instruments to recipient countries through multilateral development banks (MDBs).MDBs, in addition to funding, have a strong, continuous presence in partner countries that includes relationships with national finance and planning ministries as well as financial institutions. They have sectoral expertise

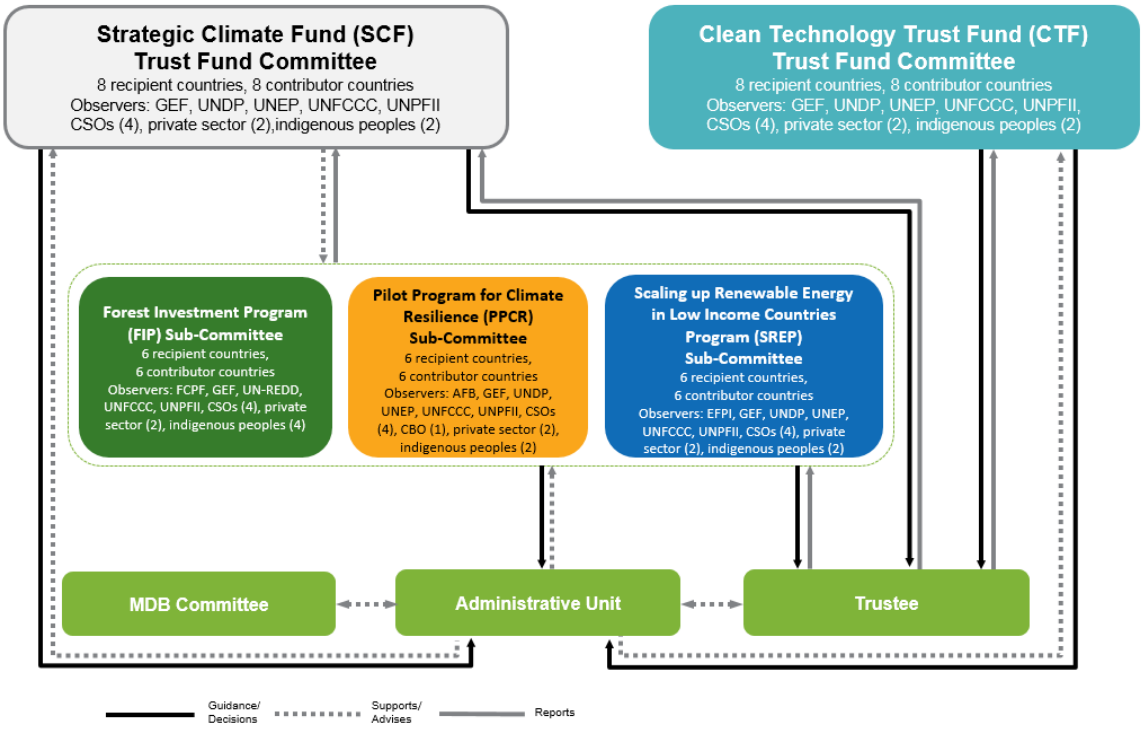
and experience with technical assistance, institutional capacity building and project development, and are increasingly focusing on modalities for crowding in private finance. In response to the Paris Agreement and the SDGs, MDBs are committed to increasing clean energy and other green infrastructure investments and are increasingly focusing on their role in mobilizing domestic financial institutions and catalysing private finance, including institutional investors.

Partner name *What is the name of the partner?*	Core business *What is the main business, interest and goal of the partner?*	Importance *How important is the programme for the partner's activity-level (Low, medium high)?*	Influence *How much influence does the partner have over the programme (low, medium, high)?*	Contribution *What will be the partner's main contribution?*	Capacity *What are the main issues emerging from the assessment of the partner's capacity?*	Exit strategy *What is the strategy for exiting the partnership?*
CIF		*Medium to High - in terms of bridging the gap between current TA and investment needs*	*High*	*CIF and the TA Facility is the only joint MDB platform, leveraging lessons learnt and partnerships across MDBs. Ensures country embeddedness and buy-in through existing country investment programmes*	*Limitations in terms of roll-out and implementation of existing TA mechanisms within the CIF*	*The Facility will expire by end 2022 unless the TFC decides otherwise. By that time, an assessment can be made of the performanc of the Facility and the need for continued TA support though MDBs. It may be decided to continue channeling support to MDBs through the CIF or other channels.*
Individual MDBs		*Medium*	*Medium*	*MDBs have long experience in similar efforts and in all regions. Provides access to national and local governments and relevant country strategies, ensures country embeddedness and buy-in*	*Limitations in terms of roll-out and implementation of existing TA mechanisms within the MDBs*	*At the end of the funding period at the latest, the modalities and focus of MDB support for clean energy investment mobilization will be assessed and decisions on a possible continuation, revision or termination of such support can be made.*

Other international partners and high-level policy initiatives are foreseen to play a more indirect role, and may be involved e.g. for presentation of findings and results from the TA facility activities and for sharing of best practices across countries. An overview of a number of these initiatives with a particular Danish engagement are illustrated in the graphic below:



The proposed TA Facility will be embedded within the overall governance and structure of the CIF. The CIF governance structure is illustrated below:


Strategic Climate Fund (SCF)
Trust Fund Committee
8 recipient countries, 8 contributor countries
Observers: GEF, UNDP, UNEP, UNFCCC, UNPFII
CSOs (4), private sector (2),indigenous peoples (2)
Clean Technology Trust Fund (CTF)
Trust Fund Committee
8 recipient countries, 8 contributor countries
Observers: GEF, UNDP, UNEP, UNFCCC, UNPFII,
CSOs (4), private sector (2), indigenous peoples (2)
Forest Investment Program (FIP) Sub-Committee
6 recipient countries,
6 contributor countries
Observers: FCPF, GEF, UN-REDD, UNFCCC, UNPFII, CSOs (4), private sector (2), indigenous peoples (4)
Pilot Program for Climate Resilience (PPCR) Sub-Committee
6 recipient countries,
6 contributor countries
Observers: AFB, GEF, UNDP, UNEP, UNFCCC, UNPFII, CSOs (4), CBO (1), private sector (2), indigenous peoples (2)
Scaling up Renewable Energy in Low Income Countries Program (SREP) Sub-Committee
6 recipient countries,
6 contributor countries
Observers: EFPI, GEF, UNDP, UNEP, UNFCCC, UNPFII, CSOs (4), private sector (2), indigenous peoples (2)
MDB Committee
Administrative Unit
Trustee
Guidance/ Decisions
Supports/ Advises
Reports

Annex 3. Results Framework

Note: The Results Framework assumes that a total of 18 country level interventions will be funded, and that on average each of these will cover two of three focus areas:

1) Investment relevant energy policy and regulation;

2) Energy relevant financial sector policy and regulation and

3) investment enabling business models and de-risking instruments.

The actual number of TA interventions supported and their focus may differ from the assumption, which shall be reflected in the monitoring of target indicators.

Each TA intervention supported would be required to report on the indicators relevant to the focus areas covered by the intervention.

Programme		TECHNICAL ASSISTANCE FACILITY FOR CLEAN ENERGY INVESTMENT MOBILIZATION	
Objective		Countries assisted in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation.	
Indicator		Level of investment from private capital sources in clean energy in countries that have received support from the TA Facility, in USD	
Baseline	Year	2018	"X" = Aggregated investments in countries supported by the Facility
Target	Year	2022	1.2 x "X"
Outcome #1		**Energy-focused policy and regulatory framework for private investments in renewable energy and energy efficiency enhanced with contribution from TA Facility supported interventions**	
Outcome Indicator #1		# of energy related policies, laws or regulations adopted, updated or changed to support private sector investments (removing barriers, limiting risks) with assistance from TA facility	
Baseline	Year	2018	0
Target	Year	2022	# is equal to or larger than the number of interventions targeting this focus area
Outcome #2		**Financial sector and investment regulation increasingly conducive to financing of clean energy investment.**	
Outcome Indicator		# of financial sector related policies, laws or regulations adopted, updated or changed to support private sector financing of clean energy investments (removing barriers, limiting risks) with assistance from TA facility	
Baseline	Year	2018	0
Target	Year 1	2022	# is equal to or larger than the number of interventions targeting this focus area
Outcome #3		**Increased adoption of business models and financing instruments that enable and de-risk clean energy investments**	
Outcome Indicator		# of cases where TA Facility support has led to adoption by country level stakeholders of new business models and financing instruments targeting clean energy investment	

		mobilization.	
Baseline	Year	2018	0
Target	Year 1	2022	# is equal to or larger than the number of interventions targeting this focus area
Outcome #4		**Strengthened partnerships and collaboration around the support provided by different actors to developing countries for clean energy investment and finance mobilization**	
Outcome Indicator		# of cases where TA Facility interventions have strengthened partnerships and coordination mechanisms withat least one international partner and/or have actively engaged government, financial institutions, investors and/or private sector.	
Baseline	Year	2018	0
Target	Year 1	2022	# is equal to or larger than the number of interventions targeting this focus area

Outcome #5		**Increased use of integrated approaches to support that address the "value chain" covering energy and financial policy and regulation, business models, de-risking instruments and project pipeline development.**	
Outcome Indicator		# of TA Facility interventions that have demonstrably promoted an integrated "value chain" approach to mobilizing clean energy investment.	
Baseline	Year	2018	0
Target	Year 1	2022	# is equal to at least 1/3 of the supported TA interventions

Output 1		Decision-makers with enhanced capacity and awareness in relation to investment-relevant energy policy and regulation.	
Output indicator 1.1		# of country-level energy policy, planning or regulatory documentats with evidence of increased capacity and awareness related to investment mobilization issues.	
Baseline	Year	2018	All counties with constrained capacity as identified in funding proposals submitted to the TA Facility
Target	Year 2	2020	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to number of TA interventions that have been active for 1 year.
Target	Year 3	2021	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.
Target	Year 4	2022	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.

Output 2		Decision-makers with enhanced capacity and awareness among in relation to energy-relevant policy and regulation of investment and finance.	
Output indicator 2.1		# of country-level policy, planning or regulatory documentation targeting the financial sector with evidence of increased capacity and awareness related to clean energy mobilization priorities.	
Baseline	Year	2018	Constrained capacity as identified in funding proposals submitted to the TA Facility

Target	Year 2	2020	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to number of TA interventions that have been active for 1 year.
Target	Year 3	2021	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.
Target	Year 4	2022	# of country level examples of enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.

Output 3		Business models and financing instruments that enable and de-risk clean energy investments have been introduced to public and private stakeholders at country level, enhancing awareness and capacity to deploy such models and instruments.	
Output indicator 3.1		# of Public and private stakeholders who demonstrate deep understanding of business models and/or financing instruments relevant to clean energy investment and are able to assess their applicability at the country level.	
Baseline	Year	2018	Limited capacity and awareness as identified in funding proposals submitted to the TA Facility
Target	Year 2	2020	# of private and public stakeholders at country level with enhanced capacity and awareness associated with TA Facility interventions is at least equal to number of TA interventions that have been active for 1 year.
Target	Year 3	2021	# of private and public stakeholders at country level with enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.
Target	Year 4	2022	# of private and public stakeholders at country level with enhanced capacity and awareness associated with TA Facility interventions is at least equal to aggregate number of TA interventions that have been active for 1 year.

Output 4		Strengthened partnerships and knowledge exchange between MDBs and national and international partners including governments, financial institutions, investors and private sector.	
Output indicator 4.1		Share of Funding proposals submitted to the TA Facility, that target and incorporate both public and private sector stakeholders.	
Baseline	Year	2018	0 proposals submitted to the TA Facility showcasing integration of public and private sector perspectives, capacity and solutions in existing country context.
Target	Year 2	2020	2/3 of proposals submitted include country level examples of increased integration of public and private sector perspectives, capacity and solutions associated with associated with TA Facility interventions.
Target	Year 3	2021	2/3 of proposals submitted (in aggregate) include country level

			examples of increased integration of public and private sector perspectives, capacity and solutions associated with associated with TA Facility interventions.
Target	Year 4	2022	2/3 of proposals submitted (in aggregate) include country level examples of increased integration of public and private sector perspectives, capacity and solutions associated with associated with TA Facility interventions.

Output 5		Targeted analyses carried out and knowledge exchanged across countries and MDBs in support of priority themes within the focus area of the TA Facility and deemed relevant for several TA interventions in multiple countries.	
Output indicator 5.1		# of Analytical products developed, disseminated and utilized in several countries.	
Baseline	Year	2018	0
Target	Year 2	2020	3 targeted analyses on priority themes.
Target	Year 3	2021	7 targeted analyses (in aggregate) on priority themes.
Target	Year 4	2022	10 targeted analyses (in aggregate) on priority themes.

Annex 4. Risk Management Matrix

The below risk management matrix addresses contextual, programmatic and institutional risks. In addition, the standard format for individual TA proposals will include a section on assumptions and risks for each individual TA intervention.

Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
That international commitments to climate change mitigation as well as national targets for clean energy do not continue to drive country level action.	Low	Major	International and bilateral policy dialogues on climate and energy, focusing on multiple benefits of action on climate and energy.	To address residual risk, interventions should be designed and selected so as to ensure that country level commitment and demand are verified.	The global processes on climate and clean energy are being influenced i.e. by the possible withdrawal by the US from the Paris Agreement. However, international commitment to address climate change remains strong, and the economic case for clean energy is increasingly favourable.
That clean energy technologies do not continue to be increasingly competitive against fossil fuel alternatives.	Low	Major	Timing, scale and technology of planned investments will adjust to reflect economics	To address residual risk, interventions should be designed to accommodate a range of clean energy technologies to minimize risk	The cost of clean energy technology is increasingly competitive when compared to fossil fuels - and the trend is expected to continue such that some clean energy technologies will be cheaper than fossil fuels.
(Additional) Global or regional economic crisis	Medium	Medium	Dialogue with MDBs and national stakeholders about investment plans and sources of financing	To address residual risk, country level interventions should be flexible to adjust to changing conditions and opportunities	Economic crises influence both market outlooks for energy, investment plans and the availability of capital.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
That the MDBs do not have the necessary access and policy leverage to influence partner countries at the key policymaking levels	Low	Major	Ensure extensive consultation at country level during design of support. Work through multiple MDBs	To address residual risk, programmes should be able to redirect resources to other countries/partners.	Lack of interest – be it politically or ideologically motivated – in working with MDBs to implements necessary reforms
(Additional) That reporting requirements are made too onerous and not aligned with CIF and MDB project processes, resulting in incomplete or inaccurate results and increases project budgets devoted to this.	Low	Low	Dialogue with MDBs and CIF to ensure correct and consistent reporting across MDB projects	To address residual risk, Senior Energy Specialist and Advisory Group to monitor reporting progress and adjustments	CIF and MDBs have exntensive experience of MRV and other reporting that is to be aligned with Danish reporting requirements
(Additional) That the TA Activity timelines are "out of sync" with the decision-making processes at country level, such that the support is not relevant.	Medium	Medium	Dialogue with MDBs and national stakeholders to include timeline consideration at early project design stages	To address residual risk, programmes to monitor implementation to keep activities within appropriate timeline limits	MDB project pipelines change yearly based on annual goals and strategies, as well as alignment with country goals

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
That the focus on climate and energy among MDBs will not remain strong	Low	Medium	Dialogue with MDBs and key member states at policy/board level. Earmarking of funding	As the MDB support is earmarked for clean energy, it would to some extent be resilient to pressure for changed priorities, however the desired impact on mainstream MDB funding could be reduced.	MDBs may come under pressure to increase their fossil fuel lending and reduce the focus on climate and clean energy.
(Additional) That the scale of the Facility support is too small to motivate MDBs to prioritize engagement with the TA Facility and increase their focus on TA for RE and EE investment mobilization.	Medium	Medium	Extensive consultation with MDBs and countries during the design stage to increase aligment with goals and, therefore, increase demand	To address residual risk, Advisory Group to continually consider alignment during implementation. Seek other donor contributions.	The percentage of TA Facility will be small compared to total project cost, and demand for TA Facility funding may then be driven by additionality

Annex 5. List of supplementary materials

#	Document / Material
1	Technical Assistance Facility for Clean Energy Investment Mobilization (slide presentation), Joint meeting of the CTF and SCF Trust Fund Committees, June 5, 2018
2	Concept Note: Proposal for a TA Facility for Clean Energy Investment Mobilization, Joint CTF-SCF.18/7, December 14, 2017
3	CTF Results Report, CTF/TCF.20/4/Rev.1, December 5, 2017
4	Summary of Key CIF Activities (January to June 2018), June 5, 2018
5	CIF theories of transformational change, December 7, 2017
6	Evaluation and Learning Special Initiative FY18 Annual Report and FY19 Work Plan, Joint CTF-SCF.19/5 May 2, 2018
7	FY18 Progress Report on implementation of the CIF gender action plan – phase 2 Joint CTF-SCF/TFC.19/7 May 29, 2018
8	CIF gender policy (revised) January 2018
9	CIF Gender Action Plan – phase 2 (revised), CTF-SCF/TFC.16/6/rev.1, November 2016
10	CIF Revised CTF Results Framework, January 14, 2013
11	Lessons from the CIF experience in scaling-up Energy Efficiency: Synthesis Report, Clean Technology Fund (2017)
12	The role of Climate Investment Funds in meeting investment needs, Climate Policy Initiative, June 2016
13	Summary of conclusions from Programme Committee meeting on 23 February 2018
14	Supplemental Contribution Amendment to the Contribution Agreement between the Kingdom of Denmark acting through the Ministry of Foreign Affairs and the Internaitonal Bank for Reconstruction and Development concerning the trust fund for the Strategic Climate Fund (MTO No. 069012)
15	Contribution Agreement between the Kingdom of Denmark acting through the Ministry of Foreign Affairs and the Internaitonal Bank for Reconstruction and Development concerning the trust fund for the Strategic Climate Fund (MTO No. 069012)
16	The Government's Priorities for Danish Development Cooperation, 2018
17	Guiding Principles for the Danish Climate Envelope, February 2016
18	Evaluation of Denmark's climate change funding to developing countries (2015.04), Ministry of Foreign Affairs of Denmark, July 2015
19	Guideline for monitoring of the DK Climate Change Envelope (CCE)
20	Ministry of Foreign Affairs of Denmark, Danida Aid Management Guidelines, 2018

Annex 6. Communication Plan

What? (the message)	**When?** (the timing)	**How?** (the mechanism)	**Audience(s)**	**Responsible**
Findings and lessons learned; sharing of best practices on how to improve the investment-enabling framework in middle-income countries	As part of CIF yearly reports and through special, targeted initiatives and events at international level	Will be based on CIF typical way of reporting on results and activities Through international partnerships including i.a. Clean Energy Ministerial, Partnering for Green Growth and Global Goals (P4G),	MDBs, country governments, national investors communities including institutional investors	CIF in cooperation with Advisory Group and seconded senior specialist advisor to the TA facility

Annex 7. Process Action Plan for implementation

Action/product	Deadlines
Formalization of agreement with initial donor – Government of Denmark.	4th quarter of 2018
Finalized framework for TA proposals, including formats and assessment criteria.	1st quarter of 2019
Finalized procedures for monitoring and reporting.	1st quarter of 2019
Advisory Group established.	1st quarter of 2019
First annual work plan + inception report presented to Joint CTF and SCF TFCs. Including final results framework, budget etc.	2nd quarter of 2019
First proposal(s) for TA submitted by MDBs.	3rd quarter of 2019
Partner network on clean energy investment and finance established.	3rd quarter of 2019
First thematic call for proposals.	3rd quarter of 2019

Annex 8. Draft Template for Proposal Submission to CIF TA Facility

CIF-TA Facility **Proposal Template for Funding Request**	
CIF Project ID	
Country/ Region	
Public/ Private	
Project title	
Implementing MDB(s)	
National implementing agency	
MDB focal point	
Brief Description of Project/Program	
Justification and theory of change, including: • How the proposal reflects national context and challenges. • How the proposal helps mobilize private sector investment and finance. • How the proposal complements existing work.	
Consistency with funding criteria	
Budget	
Implementation plan and timeline	
Stakeholder engagement and partnerships	
Results framework including: • Specific objective, outcome(s) and outputs • Indicators	
Assumptions and risks/risk management	
Co-financing, if any	
Gender considerations, if any	

Annex 9 Terms of Reference: Advisory Group

Purpose and tasks

- To provide advice to ensure that activities are strategic and consistent with the goals of the Facility.
- To work jointly with the Senior Specialist in reviewing TA funding proposals in accordance with the established criteria and make funding recommendations to the joint CTF and SCF Trust Fund Committees for their approval.
- To engage in an ongoing dialogue on good practice measures that can help achieve the objective of the Facility with the Senior Specialist in the CIF AU, CIF management and the CIF Core MDB Committee.
- To identify thematic high impact areas suitable for thematic calls.
- To promote collaboration, learning and knowledge exchange amongst the MDBs and with other parties and initiatives that focus on clean energy investment mobilization.
- To work closely with the Senior Specialist and provide strategic guidance to support the development of an annual work plan.

Structure and meetings

- The Advisory Group will be established with an initial one-year term.
- The Advisory Group will elect a Chair from among its members.
- The Senior Specialist will act as secretary to the PRG.
- The Advisory Group will meet in person at least once a year to take stock of the Facility's operation and discuss thematic and other priorities.
- The Advisory Group will provide comments and recommendations regarding TA funding requests through electronic communication including virtual meetings.

Membership

The membership will consist of individuals with expertise in clean energy investment and finance:

- Two MDB members (on a rotating basis), representing the public and private sector arms of MDBs;
- One member from each *donor* country - if necessary supplemented by another contributor country to reach a minimum of two.
- An equivalent number of members from CIF *recipient* countries;
- On a case-by-case basis, advice may be sought from 1-2 external experts in the fields of clean energy investment and finance.

Annex 10 Terms of Reference: Senior Specialist on Energy Investment and Finance.

Background

Established in 2008, the Climate Investment Funds (CIF) represent the first effort by the international community to place a significant amount of resources in a dedicated funding vehicle to support developing and emerging economies in adopting a low carbon and climate resilient development trajectory.

The $8.3 billion Climate Investment Funds (CIF) is providing 72 developing and middle-income countries with urgently needed resources to manage the challenges of climate change and reduce their greenhouse gas emissions. Since 2008, the CIF has been leading efforts to empower transformations in the energy, climate resilience, transport and forestry sectors.

CIF concessional financing offers flexibility to test new business models and approaches, build track records in unproven markets, and boost investor confidence to unlock additional finance from other sources, particularly the private sector and the multilateral development banks that implement CIF funding. Total CIF pledges of $8.3 billion are expected to attract an additional $58 billion of co-financing for a portfolio of over 300 projects and counting.

The CIF's success is premised on a solid partnership with national governments, citizen groups and communities, private sector sponsors, the CIF governing bodies, and the five multilateral development banks that serve as co-financiers and implementing agencies of the CIF.

With the prospect of creating results for the longer term and building on the existing international momentum, Denmark has allocated MDKK 95 from the Climate Envelope to support the creation of a *Technical Assistance Facility for Clean Energy Investment Mobilization* within the Climate Investment Funds (CIF), aimed at enabling MDBs to assist countries in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation objectives. The support will take a country-focused approach to creating and enhancing investment-enabling frameworks for renewable energy and energy efficiency investments with a view to addressing risks and bringing down the cost of capital, thus accelerating clean energy markets development and investments

A Senior Specialist on energy investment and finance will be appointed to lead the implementation of the Facility.

Duties and Accountabilities The position will report to the CIF AU program manager and collaborate closely with other colleagues in the CIF AU. Majority of the responsibilities will be assumed in a leadership role and will complement existing CIF AU efforts and capacity.

The Senior Specialist on Energy Investment and Finance will have the following specific duties:

- *Management:* Lead the overall management and day-to-day operations of the facility.
- *Coordination and Support:* Coordinate and manage the process around calls for proposals.

- *Support the Advisory Group* in performing its functions, including by identifying areas for thematic calls, participating in the review process of submitted proposals, and submitting proposed funding decisions to the joint CTF and SCF committees.
- *Analytical work and knowledge exchange:* Proactively engage with Advisory Group, MDBs and partner organizations to identify opportunities for analytical work and knowledge exchange.
- *Lead the planning* and oversee implementation of analytical and knowledge exchange initiatives.
- *Reporting:* Lead the drafting of annual work plan and consolidated reports and present as needed to the Joint CTF and SCF Trust Fund Committees.
- *Outreach and partnerships:* Lead preparation for meetings and events and facilitate partnerships as necessary in close coordination with the MDBs and relevant stakeholders.

Selection criteria

- Master's degree in Energy, Renewable Energy, Engineering, Economics, Finance or related subjects.
- Additional qualifications in one or more of the following areas: renewable energy technology (e.g. wind, solar, biomass, geothermal); energy efficiency in buildings or industry; energy project finance; business models and financing instruments that mobilize private finance; climate finance and blended finance deployment; investment and financial regulation.
- Minimum 8 years of relevant professional experience in one or more of the the following: policy advisory with a focus on mobilizing private sector and/or clean energy investment; project, business and market development focusing on renewable energy and energy efficiency.
- Strong knowledge of policy and regulatory issues, including political economy issues, related to renewable energy and energy efficiency and/or investment and finance, including in an emerging market or developing country context; field experience is a plus.
- Experience in both public and private sector operations including capacity building and advisory functions, and experience of dealing with developers, investors and financial institutions.
- Experience with institutional and other investors, Development Finance Institutions (DFIs) and other FIs and full knowledge of the principles of project cycle and project implementation;
- Integrity and ability to work in team as well as independently with limited supervision.
- Demonstrated strong writing, presentation, and communications skills in English and ability to synthesize and present information effectively and tailored to different audiences.
- Demonstrated skills in identifying and facilitating partnerhip opportunities across public and private stakeholders and in mobilizing support for partnerships.
- High degree of diplomacy and sensitivity in dealing with internal and external clients, staff and managers at all levels. Discretion in handling confidential and sensitive information.

Competencies:

Lead and Innovate: Encourages and works with others to identify, incubate, and implement relevant solutions and influences others to drive innovation. Identifies opportunities in changing circumstances and energizes others to continuously improve, using intentional strategies to boost morale, team spirit, and productivity in context of the Bank Group's values and mission. Helps others to understand problems, client needs, and the underlying context.

Collaborate within Teams and Across Boundaries: Collaborates across organizational boundaries, internally and externally with a sense of mutuality and respect. Consistently engages others in open dialogue, brings out any conflicting viewpoints and incorporates viewpoints into solutions, giving credit where credit is due. Leverages expertise of all team members to ensure successful outcomes.

Create, Apply, and Share Knowledge: Ensures systematic sharing of best practices and learning from lessons. Is known in their subject area and is sought out by colleagues to advise, peer review, or contribute to knowledge products of others. Seeks mentoring opportunities with more experienced staff to deepen or strengthen their professional knowledge and mentors junior staff. Builds networks across the Bank Group and as part of external professional groups/networks.

Make Smart Decisions: Applies critical thinking and seeks inputs and experience from others to recommend a course of action consistent with the CIF's strategy. Evaluates risk and anticipates the short and long-term implications of decisions. Commits to a decision and takes action once a decision has been reached.

Annex 11. TQS Appraisal Recommendations

Title of Programme	CIF Technical Assistance Facility for Clean Energy Investment Mobilization
File number/F2 reference	**2018-17969**
Desk Appraisal report date **Appraisal report date**	**07.10.2018** **27.07.2018**
Council for Development Policy meeting date	
Summary of possible recommendations not followed (to be filled in by the responsible unit)	

Overall conclusion of the (desk)appraisal

The TA facility is a new and independent type of activity in CIF decoupled from the normal CIF investment cycle. The proposal has a budget of 95 million DKK and includes three elements: 1) TA-projects, 2) Coordination and knowledge exchange and 3) a Special adviser to manage the facility together with the CIF secretariat. Currently, only Danish funding is available.

The conclusion of the appraisal is to recommend the proposed Programme for presentation to UPR provided that relevant and adequate follow-up is made on the recommendations.

The appraisal: The Danish Program Document serves as the subject for this appraisal and as the base for decision-making process by the UPR. The facility will, however, be implemented by CIF in accordance with the corresponding CIF project proposal for Technical Assistance Facility for Clean Energy Investments Mobilization. Consequently, the Danish Project Document needs to be fully consistent with the CIF proposal. The AT has assessed the two program documents in conjunction. Neither of the documents are in their final form not are they aligned. Different versions of the Danish Program Document and of the CIF proposals, which were still not consistent, were elaborated during the appraisal process. The final and complete versions are still pending. A desk appraisal is needed, when the final documentation is in place and agreed by both partners.

The Facility is relevant and in demand from the MDB's. Grants and loans under the CIF and in MDB's are often tied to the preparation of a specific investment project. Few resources are available to MDB's for upstream enabling environment issues, necessary for the development and enablement of clean energy markets qua the objective of the facility.

Selection of CIF as implementing partner is well justified, given the objective to work through the MDB's and to push for more coordination between the MDB's. Moreover, CIF is a proven instrument delivering projects in excess of 5 billion USD. The choice of CIF as implementing partner was confirmed by the MoFA Program Committee, and the AT has not analyzed further alternatives. CIF's sunset clause requires CIF and funding partners to consider the continued modus operandi of CIF once the Green Climate Fund is

operational. A discussion about the future of the CIF will take place in the first half of 2019.

The MDB's appreciate the relatively broad focus ensuring flexibility and enabling project applications to span a large area. It is realistic to expect that the individual projects will be relevant and have impacts in their own right, but it will be more difficult to ensure a common impact of the intervention. In this sense, the Facility will function as a gap-filler, which in itself can be relevant.

MEUC and CIF administrative unit envisage to prepare a work plan once the facility is operational and the adviser in place. The Plan will be approved by the CIF Trust Fund Committee. Considering, the time to mobilize the adviser the work plan would be ready well into 2019 only. Thus, a revised PAP is required and the implementation arrangements needs to be defined until the adviser is in place.

Desk appraisal: The proposal by MEUC and CIF AU, to at the one hand sending a letter form CIF AU to MEUC expressing agreement with the Danish programme document, while also sending a letter to the CTF/SCF Trust Fund Committee confirming the same appear appropriate (see annex1). This should ensure consistency between the two project documents.

The TA facility do focus on four areas only, still this is broad in the light of funds being available for one project/MDB/year on average. Further commitments made by CIF-AU in response to this issue being raised by members of the CTF/SCF Trust Fund Committee and the high emphasis in the Danish Programme Document note on the comparable advantage of the CIF/CTF as it is based on demand and imbedded in national climate investment plans. It is not clear, why the appraisal proposal to focus on these plans is not incorporated in the programme document.

The revised programme document includes a budget based on cost categories as well as an output-based budget. The appraisal team agrees that the budget lines can only be indicative as the balance between the output budgets lines will very much depend on the demand with in the specific output areas. However, it should be made clear how, three items for in-kind contribution from Danish Government, are funded. The international adviser is according to World Bank rules. To be able to initiate the programme prior to arrival of the adviser, an interim arrangement is proposed, combining input from CIF-AU, consultants and MEUC. Still it is not clear how this will be managed.

Recommendations by the appraisal team	**Follow up by the responsible unit**
Programme Level:	
Recommendations from Desk appraisal	
Rec.1. CIF-AU forward a letter to MEUC confirming agreement with the latest revision of the Danish programme document and attached a copy of an information letter to the CIF trust fund committee in this regard. The letter should be included in the documentation for UPR.	Letter has been forwarded by CIF-AU to MEUC and is included in the documentation for UPR
Rec. 2. The arrangements for the inception phase, prior to the arrival of the adviser, should be briefly described in terms of main task and division of work	Chapter 9:

and responsibility between MEUC and CIF-AU. The budget should reflect the in-kind contributions.	<u>Interim arrangements for early stage implementation</u> Program implementation will commence upon final approval and signature of the contribution agreement. In parallel with the recruitment of the Senior Specialist, the inception will proceed based on CIF AU staff, if needed supplemented through consultancy support with the relevant expertise. In addition, the MEUC will be in continuous dialogue with and provide support to the CIF AU during this process using MEUC in-house expertise and external experts. This will be an in-kind contribution that fully respects the governance of the CIF AU and the TA Facility. The Danish in-kind support during the inception phase will also include organizing an initial partner dialogue meeting between the MDBs and relevant international institutions and initiatives with a view to identify areas of collaboration. Chapter 8: "A number of supporting activities will be financed outside the CIF budget and provided as an in-kind contribution by the Danish Government. To cover the costs of these, 1 million DKK will be deducted from the 95 million DKK funding allocation. These contributions will be planned and implemented with the CIF AU and will fully respect the governance of the CIF AU and the TA Facility. They include: d) Technical input during the inception phase of the Facility using MEUC in-house expertise and external experts (estimated cost 0.4 MDKK). e) Organization of an initial partner dialogue meeting between the MDBs and relevant international institutions and initiatives with a view to identify areas of collaboration (estimated cost 0.3 MDKK). f) A joint mid-term review for which Terms of Reference will be developed in collaboration between the CIF AU and the Danish MEUC/MoFA (estimated cost 0.3 MDKK)."
Rec. 3. Focus of the project should primarily be on	The focus of the facility is described in the approved

countries with a Country Investment Plan. This focus would align with Trust Fund Committee recommendations and the main modality of the Fund. Further, it would exploit the comparative advantage of CIF as emphasized in the Danish programme document.	CIF document and in the Programme Document and is reflected i.a. in the selection criteria for TA interventions proposed by MDBs. A key criterion is that the interventions are "Reflecting country commitment and demand as well as alignment with national priorities". It has been clarified in the document that this commitment and demand may be reflected in Country Investment Plans as well as in other documents such as NDCs under the Paris Agreement, which came into force after the CIF was established. The CIF Investment Plans have been in important part of the programmatic approach of the CIFs, and will be taken into consideration in the identification of TA opportunities and review of proposals. At the same time, it should be acknowledged that many CIF Investment Plans were drafted several years ago in the early stages of the CIF, and have in many countries been replaced by newer policy documents - including NDCs – reflecting current priorities. A future recapitalization of the CIF may well result in new rounds of Investment Planning, to which the TA Facility can potentially make a useful contribution, however this will depend on decisions yet to be made about the future funding of the CIF and cannot be anticipated in the PD. It is also worth noting that CIPs are only one of several reasons for choosing CIF as a partner. This choice is based on several attractive aspects and comparative advantages of the CIF, including the benefit of being able to work with multiple MDBs, the efficient infrastructure established that encourages MDB collaboration, the extensive learning and evaluation activities, and the inclusion of civil society, countries and MDBs in the governance structure. Finally, it is noted that a direct link to the CIF Investment Plans is not a criterion in the TA Facility proposal approved by the CIF Trust Fund Committee.
Recommendation from Appraisal	
Rec 1: The Programme document will have to be subject to a desk appraisal following finalization of the documentation and formal approval by both	Done

partners	
Rec 2: Clarify how and on which basis a focusing of the facility will take place and how thematic areas are chosen.	A focusing has already been incorporated into the Facility: 1) Renewable power generation (i.e. not heating or process energy); 2) Energy efficiency in buildings and industry (i.e. not in transport) with its large untapped, cost effective emission mitigation potential; and 3) Systems integration of renewable power, e.g. network investments (e.g. smart grids), storage, and distributed generation. **Revision:** Additional text detailing the thematic focus has been added: "1-2 thematic calls per year are envisaged in priority areas with a high potential for impact and learning. The Advisory Group will identify thematic priorities and total funding levels available in a given year. The experience from the first year in terms of MDB interest and the quality of submitted proposals will inform calls for subsequent years.. Examples of possible thematic calls could include, among others: Financing models for energy efficiency buildings; Frameworks for corporate sourcing of renewable energy; Regulation and business models that mobilize institutional investment; Aggregation vehicles for small-scale projects. Thematic calls are chosen within the focus areas of the Facility (renewable power, EE in buildings and industry; systems integration of RE). Issues chosen for thematic calls should: A) Have significant investment and mitigation potential. B) Address barriers to investment and finance which MDBs will be able to address through TA. C) Be based on a credible theory of change and potential for impact."
Rec 3: Describe how the project selection criteria will be applied - integrate criteria ensuring focus on high impact countries and consider to, for example, focus on CIP countries. Further, strengthen requirement for documentation of transformational change element.	<u>On high impact countries:</u> A high-level prioritization of high impact countries is included already and will apply to the portfolio of interventions: **"The initial phase of the Facility will focus on countries and interventions with the most significant mitigation potential. With additional funding from other interested**

	contributors, a wider group of beneficiary countries and interventions may be included." On more specific themes: See the above response about thematic calls. On selection criteria: The focus on country demand is reflected in the criteria: "Reflecting country commitment and demand as well as alignment with national priorities"; "Alignment with development goals…" Contribution to transformational change and impact is implicitly reflected in several selection criteria: • "Use of integrated approaches that support market transformation"; • "Contribution to stronger policy framework and local capacity"; • "Contribution to increased mobilization of private sector investment and finance". In addition, the format for TA proposals will include a results frame including core indicators. **Full list of selection criteria (as agreed with CIF):** • Reflecting country commitment and demand as well as alignment with national priorities • Undertaken and implemented by one of the six partner MDBs • Contribution to stronger policy framework and local capacity that facilitates scaling up of clean energy technologies by eliminating key barriers. • Additionality of the Facility support. While the specific TA should be additional, it is welcome that TA is integrated with and complementary to existing support programs of the MDBs. • Contribution to increased mobilization of private sector investment and finance in clean energy. • Contribution to the mainstreaming of clean energy finance mobilization within the MDBs, also contributing to making finance flows consistent with the low-carbon transition. • Use of integrated approaches that involve both

	public and private sector. • Use of integrated approaches that support market transformation. • Active partnership approaches that harness the competencies of national and international energy, investment and finance institutions. • Alignment with development goals including appropriate consideration of social impacts and the need for a just transition to a low-carbon economy.
Rec 4: Prepare a final budget, including an output as well as an item-based budget presentation over the 5-year programme period. In addition, the CIF budget should include the knowledge and learning component. The reporting formats for the financial reporting should be clearly defined.	Budget has been included. The text accompanying the budget mentions that the distribution across outputs is indicative, as it will depend on the work plans and the TA proposals that will be received and approved. Revised text on the Senior Specialist: "The Senior Specialist will contribute to all of the outputs as well as to supporting the Advisory Group, contributing to planning, reporting and outreach (see ToR for the Senior Specialist in Annex 10). The recruitment by the CIF AU follows the World Bank Group's guidelines and policies for recruitment of professionals. Upon the signing of the Contribution Agreement, the CIF AU, in accordance with those policies, and based on the agreed Terms of Reference (Annex 10), will advertise the position of the Senior Specialist, open to both internal and external candidates for the consideration of the position. Following a period of review, shortlisted candidates will be interviewed and the best-fit candidate selected to start at the earliest possible date."
Rec 5: Finalise the ToC, results framework and risk management matrix in accordance with the suggestions included in this report and ensure that the knowledge and learning component are integrated. Outline how monitoring – and the collection of monitoring data – would be organized across the MDB's.	<u>Theory of Change</u>: Finalized, including key assumptions. <u>Risks management matrix</u>: Annex 4 includes the Risk Management Matrix that addresses contextual, programmatic and institutional risks. In addition, the standard format for individual TA proposals will include a section on assumptions and risks for each individual TA intervention.

	Results framework: Full-fledged results framework included as Annex 3. This results framework will be the basis for the elaboration of the first annual work plan and inception report to be presented to the Joint CTF and SCF TFCs for approval. On relationship between MDB results frameworks and the Facility results reporting (Chapter 5): "Each proposed TA intervention will be required to present a results framework with core indicators as well as supplementary indicators as relevant. At the Facility level, the monitoring of core indicators on impact and outcomes will aggregate the monitoring of each TA Initiative. Annual reporting to the Joint meeting of the TFCs will include an aggregated presentation of the results from the individual TA interventions.
Rec 6: Justify the budget for knowledge and learning component and explain the value added of this component in relation to the already existing high number of coordination facilities. Consider transferring fund to TA-projects.	The knowledge and learning component is mentioned in the proposal approved by CIF Trust Fund Committee: "around 15% could be allocated to cross-country exchange and learning with relevant partners as well as analytical work to identify and communicate best practice" The component has now been further elaborated in the Danish Programme Document. The possibility of allocating less than 15% is also explicitly reflected: Chapter 2: "The country-focused TA support will be complemented by cross-country knowledge exchange and learning supported by analytical work to identify, distil and communicate best practice. This will focus on themes that have been identified by recipient countries and MDBs as being of critical importance to mobilizing investment, and will focus on issues that are directly relevant to the TA interventions of the Programme and supportive of its impacts, i.a. by addressing topics related to the thematic issues that will be addressed by thematic

	calls. The knowledge exchange and learning activities will be identified based on recommendations by the Advisory Group and will be included and budgeted in the annual work plan." <u>Output 5:</u> "Targeted analyses carried out and knowledge exchanged across countries and MDBs in support of priority themes within the focus area of the TA Facility and deemed relevant for several TA interventions in multiple countries." <u>Output 4:</u> "Strengthened partnerships and knowledge exchange between MDBs and national and international partners including governments, financial institutions, investors and private sector." <u>Chapter 8 - Budget:</u> "Up to 10% of the budget may be allocated to cross-country knowledge exchange and learning as well as analytical work to identify, distil and communicate best practice related to priority themes (Output 5). This part of the funding will also finance the active partner networking and outreach foreseen (Output 4). The planning of learning and analytical work as well as networking will be reflected in the proposed annual work plan and will require a significant input by the Senior Specialist. The budget assumes that as part of the inception and the drafting of the initial work plan, it will be agreed to limit the budget allocation to Outputs 4 and 5 to 10% in order to free up more TA resources. This reflects that other funding is available for CIF learning and knowledge exchange that the Facility will also aim to leverage."
Rec 7: Finalise the governance set-up, decision-making structures and the management flow of the facility including a clear definition of the role of the advisor and finalization of the advisor ToR. This would also include clarification of how and by whom the budget line for knowledge and learning will be managed.	Chapter 9 details the institutional and management arrangements, including management structure; approval process; supervision and communication. TOR for the Advisory Group and for the Senior Specialist are annexed. On the learning/analytical and networking budget

	line: Chapter 9: "The management of the knowledge, learning and partnership work will be done by the CIF AU, with implementation carried out by a combination of MDBs, CIF AU and external experts." Chapter 8: "The planning of learning and analytical work as well as networking will be reflected in the proposed annual work plan and will require a significant input by the Senior Specialist."
Rec 8: Define the purpose of the indicated yearly meeting between MEUC and CIF and its role viz a viz the Trust Fund Committee, the advisory group and the Energy Specialist. Moreover, the role of MEUC and the Danish resource base in the implementation of the facility should be made clear and a mutual understanding ensured. Management of the project must follow formal decision-making and management structures of CIF.	Chapter 9, Supervision and Communication: "MEUC's substantive engagement with the TA Facility will take place through the participation in the Advisory Group and in the Trust Fund Committee. Supervision and communication, including the frequency of meetings between the responsible MEUC and CIF counterparts, will be agreed during the inception and after consultation with the Advisory Group. It is expected that supervision and communication meetings will follow a process similar to the Evaluation and Learning Initiative. The Facility can leverage the bi-annual Trust Fund Committee meetings for in-person meetings. Additionally, additional virtual meetings are often employed to keep costs down."
Rec 9: The CIF Administrative Unit in collaboration with MEUC should prepare a letter from CIF to MEUC confirming agreement with the Danish Programme Document once finalized (see Annex 2)	A message to the CIF Trust Fund Committee has been drafted by CIF AU and will be circulated to the CIF TFC. The message confirms that the Danish Programme Document is consistent with the approved CIF TA Facility. This covers the full Programme Document, including: • Results framework • Theory of Change • Budget • Risk management framework • Selection criteria for the choice of supported

	TA activities • Management arrangements • Terms of Reference for the special advisor to be contracted • Updated Process Action Plan for implementation The message confirms that these elements will be taken forward in the elaboration of the first Annual Workplan/Inception report to be submitted to the joint TFC for approval. A description of the interim implementation arrangements has been incorporated in the Programme Document, see Rec 10 below.
Rec 10: The letter from the CIF AU to MEUC should clearly specify the interim arrangements until the advisor is contracted, in particular whether CIF resources will be allocated to the preparation of the first work plan.	See response to recommendation 2 of the Desk Appraisal.

I hereby confirm that the above-mentioned issues have been addressed properly as part of the appraisal and that the appraisal team has provided the recommendations stated above.

Signed in Copenhagen on the 26 July 2018.

Hans Hessel-Andersen, TQS
Appraisal Team leader/TQS representative

I hereby confirm that the responsible unit has undertaken the follow-up activities stated above. In cases where recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in……..….on the……..…..……..…

Head of Unit/Mission

Annex 12. Proposal as approved by the Joint Trust Fund Committees of the Climate Investment Funds: Technical Assistance Facility for Clean Energy Investment Mobilization.

Climate Investment Funds

July 11, 2018

PROPOSAL FOR

TECHNICAL ASSISTANCE FACILITY FOR CLEAN ENERGY INVESTMENT MOBILIZATION

PROPOSED DECISION

The CTF and SCF Trust Fund Committees, having reviewed the document, CIF Technical Assistance Facility for Clean Energy Investment Mobilization (Revised), agree to:

1. Establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF;
2. Include in the FY19 and subsequent CIF Administrative Budgets a special initiative budget for the Facility as part of the Administrative Budget, to be funded from available resources in the SCF Trust Fund in line with new received funding contributions;
3. Establish an advisory group that will review proposals together with the senior specialist and make recommendations to the CTF and SCF Trust Fund Committees for approval of funding;
4. Acknowledge that the implementation schedule of the proposal foresees further elaboration of the implementation framework for the Facility, including a workplan to be presented to the CTF and SCF Trust Fund Committees for approval.

Table of Contents

1. Background

1. At the joint meeting of the Clean Technology Fund and Strategic Climate Fund Trust Fund Committees in December 2017, the proposal titled "Technical Assistance Facility for Clean Energy Investment Mobilization" (Joint CTF-SCF.18/7) was presented for the consideration of the Trust Fund Committees. The joint meeting welcomed the proposal and requested Denmark, the CIF Administrative Unit, working with MDBs and the Trustee, to develop a full-scale proposal of the Facility and submit this to the joint CTF and SCF Committees by March 31, 2018 for approval in written procedure.

2. Achieving the objectives of the Paris Agreement as well as Sustainable Development Goal 7 on energy will require rapid scaling up of investments in clean and efficient energy technologies, the majority of which will include the private sector as providers of finance, technologies and expertise. To achieve the Paris Agreement's goal, investment in renewable energy supply will need to reach a total of 20 trillion USD between 2015 and 2050, and demand-side investment the double of that[1].

3. Dramatic cost and technology developments are making mature technologies available for cost-effective deployment at scale. With clean energy technologies becoming increasingly competitive, the focus is turning to policy incentives, regulatory frameworks and the ability to attract private investors and capital. This is particularly the case for middle income developing countries, since their demand for energy services is set to increase significantly in the coming years and will need to invest heavily in new energy supply and energy efficiency to meet the rising energy demand.

4. To meet the steep investment goals, governments are seeking to create markets and pipelines of investable, renewable energy and energy efficiency projects and taking steps to enhance the enabling environment and the domestic policy frameworks for investment with the aim to improve the risk-return profile of such investments.

2. Role of MDBs and other multilateral institutions

5. Support for the transition is being offered through multiple platforms. At the multilateral level, development banks, in addition to being an important source of funding, have a strong, continuous presence in partner countries that includes relationships with both private and public sector stakeholders. They have sectoral expertise and experience with technical assistance, institutional capacity building and project development, and are increasingly

[1] IEA (2017), Chapter 2 of *Perspectives for the energy transition – investment needs for a low-carbon energy system*.

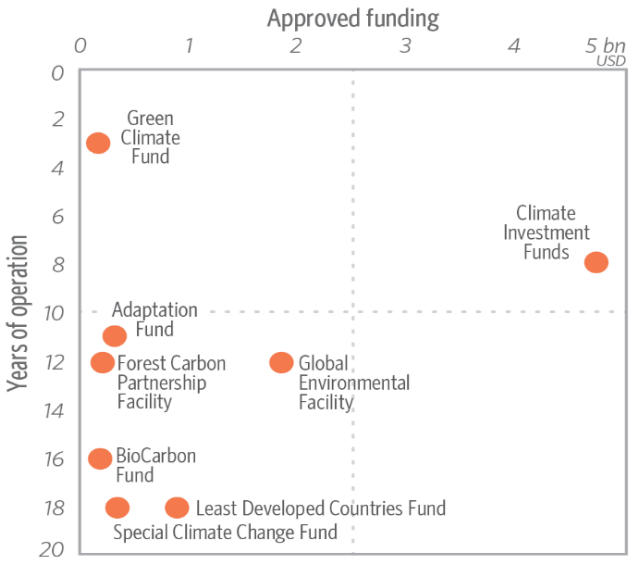
focusing on modalities for crowding in private finance. Furthermore, in response to the Paris Agreement and the SDGs, MDBs are committed to increasing clean energy and other green infrastructure investments and are increasingly focusing on their role in mobilizing domestic financial institutions and catalyzing private finance, including through previously untapped sources such as institutional investors.

6. Bilateral institutions as well as IRENA, IEA and other organizations are also engaging emerging and developing countries in support of energy policy and planning through a number of initiatives focused on the development of pipelines of investable projects and matchmaking with investors.

3. Relevance and experience of the CIF

7. The Climate Investment Funds is one of the most mature climate finance delivery vehicles. Its unique business model including a country driven, programmatic approach, collective MDB engagement and resources at scale, among other features has been serving the clean energy sector through the Clean Technology Fund (CTF) and Scaling up Renewable Energy Program in Low Income Countries (SREP) windows since 2008.

8. A key multilateral climate finance delivery vehicle, the USD 5.6 billion CTF was established to provide developing countries with scaled-up financing to contribute to the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas (GHG) emission savings through six partner multilateral development banks[2]. As the only mitigation-focused multilateral fund built around the operating model of the MDBs, the CTF's model is designed to take full advantage of MDBs' key strengths, as well as their ability to leverage capital to attract large volumes of finance from both public and private sources. Some of its key features include its ability to provide resources at scale, emphasis on private sector engagement, innovative financial instruments and a flexible programmatic approach.



CIF Experience vis-a-vis other funds

[2] Six MDBs include: African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB) and World Bank, including International Finance Corporation (IFC).

Since its inception, CTF has had long experience in delivering impact on the ground, with USD 5 billion in approved funding for clean energy and sustainable transport projects. Projects under implementation target more than 41 mtCO2 in GHG emission reduction annually from over 19 GW in new renewable energy capacity and over 10,500 GWh of energy saved. CTF-funded projects and programs are expected to attract over USD 47 billion in co-financing from MDBs, bilateral, and other public and private sources, implying a mobilization ratio of 1 to 9.5, with private sector being the largest source of co-financing.

9. To demonstrate the social, economic, and environmental viability of low carbon development pathways in the energy sector, the SREP works to create new economic opportunities and increase energy access through the production and use of renewable energy. The SREP, has committed 65 percent of its USD 760 million funding to 40 projects in 16 countries of which six are project concepts under *Private Sector Set Aside* with an indicative endorsed allocation of USD 87.3 million.

4. Lessons from prior experience

10. The CIF has a long and relevant track record of funding activities that offer technical assistance and support pipeline development, through the MDBs, in the Renewable Energy and Energy Efficiency space. The scope of experience covers both enabling environment / capacity building activities and project preparation to facilitate transactions (including feasibility studies, technical, financial and managerial project design). See Annex 4 for details.

11. The **CTF portfolio** includes the MENA CSP TA Program and country specific TA activities in Chile, Colombia, India, Indonesia, Kazakhstan, Mexico, Philippines, South Africa, Turkey, Ukraine and Vietnam. These activities are supporting countries both with enabling environment and enabling transactions interventions such as:

(i) A comprehensive set of technical assistance and capacity building activities of crucial need to overcome non-financial barriers**,** to Foster **Energy Efficiency in SMEs** in Colombia,

(ii) Also in Colombia, promote **business models** and contractual practices that could **reduce risk perception** by private investors and IFIs and support in the development of the regulatory framework and in **capacity-building activities to foster sustainable private investment** in RE for the Non-Integrated Zones

(iii) **Risk mitigation measures**, such in the Utility Scale RE-Geothermal Financing and Risk Transfer facility in Mexico, where CTF resources are financing independent third-party expertise to provide advice on the technical validation of eligibility of projects and to carry out the required studies, as well as verifying success and failures on drillings.

(iv) **Support in developing a pipeline of subprojects** through supporting prefeasibility studies, site identification, social and environmental assessment, techno-commercial studies, and other preparatory activities, as in the Innovations in Solar Power and Hybrid Technologies in India.

The MENA CSP TA program aimed to lay the foundation for scaling up CSP technologies, by addressing sector-wide weaknesses such as regulatory framework and lack of capacity and knowledge.

12. The CIF has also gained experience with enabling environment activities developed in low income countries under the **SREP program**, where a number of countries in different regions are benefiting from *Capacity Building and Advisory Services to Support Delivery and Result*, including development of energy policies and legislation, assessment of technical resource potential for various renewable energy sources, strengthening governance and institutional capacity, improved planning and regulation and incentive schemes to improve financial viability of renewable energy technologies.

13. Interesting lessons can be drawn from some of these projects, such as:

    (i) In Honduras, on adaptation to specific needs of the sector, as rapid changes in the Honduran context—in particular the approval and implementation of the Power Sector Framework Law—asked for a revision of the activities that were originally planned. Execution of this project is ongoing and will support the preparation and implementation of the secondary regulations of the new Law, which seek to enable the country to continue increasing the share of renewable energy, considering the recent growth in wind and solar capacity.

    (ii) In Ethiopia, where the TA was able to achieve results in terms of supporting the Ethiopian government in developing a geothermal strategy that has subsequently been used to guide various actions and activities to develop the market for geothermal energy in the country. More specifically, the geothermal strategy was transformed into a road map that was shared with the authorities and development partners, who later provided support for activities identified in the strategy and road map. In addition, the project supported the development of licensing regulations, resulting in a draft that is ready to be promulgated by the authorities.

14. The Business Development Facility (BDF) under the **Dedicated Private Sector Program (DPSP) III** will more specifically support project preparation to enable transactions. The projects and programs to be developed will complement the existing CTF portfolio and will target the next generation of technologies and or sectors and mechanisms where CTF support has not covered. CTF support in these areas could unlock investment opportunities that could generate significant savings of long-term greenhouse gas emissions. The 18 proposals submitted (on Feb 28, 2018), requesting project preparation grants totaling USD 13.82 million in CTF funding, included 11 country-specific proposals, five regional/multi-country, and two global. The country-specific proposals cover the following countries: India (three proposals, one together with Indonesia), Brazil (2), Kazakhstan (2), Ukraine (2), Bangladesh (1), and Cambodia (1).

15. The proposals cover investment areas and technologies that tend to go beyond what the CTF has financed in the current portfolio. For example, most of the renewable energy proposals will focus on new-generation low-carbon technologies, such off-shore wind, floating solar PV, energy storage, and advanced grid systems, while most of the transport proposals will target electric buses/vehicles as well as mass rapid transit. The five regional/multi-country proposals (all from ADB) will cover countries such as India, Indonesia, Kazakhstan, the Philippines, Thailand, and Vietnam. There are also two global proposals (from the World Bank) that will support mechanisms for climate auctions for the buildings sector and a common risk mitigation mechanism for solar energy, respectively.

5. Strategic considerations and justification

16. A number of barriers throughout the investment cycle constrain the scaling up of markets for clean energy. Lack of a supportive enabling environments, real and perceived risks as well as capacity constraints limit both the supply of investable projects with appropriate risk-return characteristics and the supply of finance to realize them, constraining the wider scale up of clean energy technologies.

17. MDBs, in addition to being important sources of funding, have a strong, continuous presence in partner countries that includes relationships with national finance and planning ministries as well as financial institutions. They have sectoral expertise and experience with technical assistance, institutional capacity building and project development, and are increasingly focusing on modalities for crowding in private finance. In response to the Paris Agreement and the SDGs, MDBs are committed to increasing clean energy and other green infrastructure investments and are increasingly focusing on their role in mobilizing domestic financial institutions and catalyzing private finance, including institutional investors.

18. The proposed facility will support the MDBs in mainstreaming climate considerations in their operations and help developing countries attract investments and mobilize private capital. MDBs also play a key role in mobilizing climate finance and make finance flows consistent with the low-carbon transition.

19. The proposal is to establish a Facility within the CIFs that will focus on technical support for establishing investment-friendly regulation and other investment-relevant framework conditions for renewable energy and energy efficiency, including by increasing predictability and security for investors, thereby enabling accelerated scale-up of investments in clean energy at lower costs of capital.

20. The MDBs play an important role not only in financing clean energy investments but also in supporting the enabling conditions for mobilizing investments, which increasingly will come

from private sources. The proposed Facility will encourage and enable MDBs to strengthen their role in this regard by providing technical assistance at the country level and will aim to result in additional investment in clean energy with private sector participation.

21. The planned support will complement existing efforts at multi- and bilateral levels such as those through the MDBs, IEA, IRENA and others to support the clean energy transition in emerging economies and developing countries with an aim to unlock large scale investment. Existing TA often focuses either on relatively "upstream" energy policy analysis and advice or on project-specific regulatory and capacity constraints. The intention of this proposal is to enable MDBs to complement their investment-oriented technical support taking an integrated approach to the elements in the "value chain" from policy through development of investable projects. Such additional MDB support will complement the existing bilateral and multilateral cooperation on energy policy and planning and help accelerate low-carbon transformation by scaling up clean energy investments in a short timeframe and avoid locking in high-carbon energy supply.

22. The Facility will help mobilize investments funded from various sources such as the GCF or the commercial market, and the success of the initiative will not be measured mainly by the financing provided on the MDBs' own balance sheet, but by its contribution to broader market transformation and ability to catalyze investment by crowding in private investment financed from various sources.

23. The envisaged support is aligned with and will complement international cooperation taking place in several forums and through various channels, including:

- Work on clean energy investment and green finance in the context of Clean Energy Ministerial and G20.
- Work by other international organizations such as the IEA's Clean Energy Transition Programme, the OECD's work with partner countries on climate and clean energy investment, IRENA, and GGGI.
- Investment focused initiatives by MDBs such as Invest4Climate, NDC Invest etc.
- The international Partnership for Green Growth and the Global Goals 2030 (P4G)
- The Paris Agreement, esp. related to the development and implementation of ambitious NDCs as well as the objective of making finance flows consistent with low-emissions development;
- Financing for implementation of SDGs (SDG7 on energy);

6. Priority themes

24. As a point of departure, the main focus will be on 1) Renewable power generation; 2) Energy efficiency in buildings and industry with its large untapped, cost effective emission mitigation potential; and 3) Systems integration of renewable power, e.g. network investments (e.g. smart

grids), storage, and distributed generation.

25. While the costs of many clean technologies have declined, barriers continue to exist at various levels across the value chain “from policy to project” that increasing the cost of capital and discourage private sector participation, delaying the scale-up of clean energy technologies.

26. The support will take a country-focused approach, as country level demand, priorities and circumstances are essential to effectively enabling investments in clean energy.

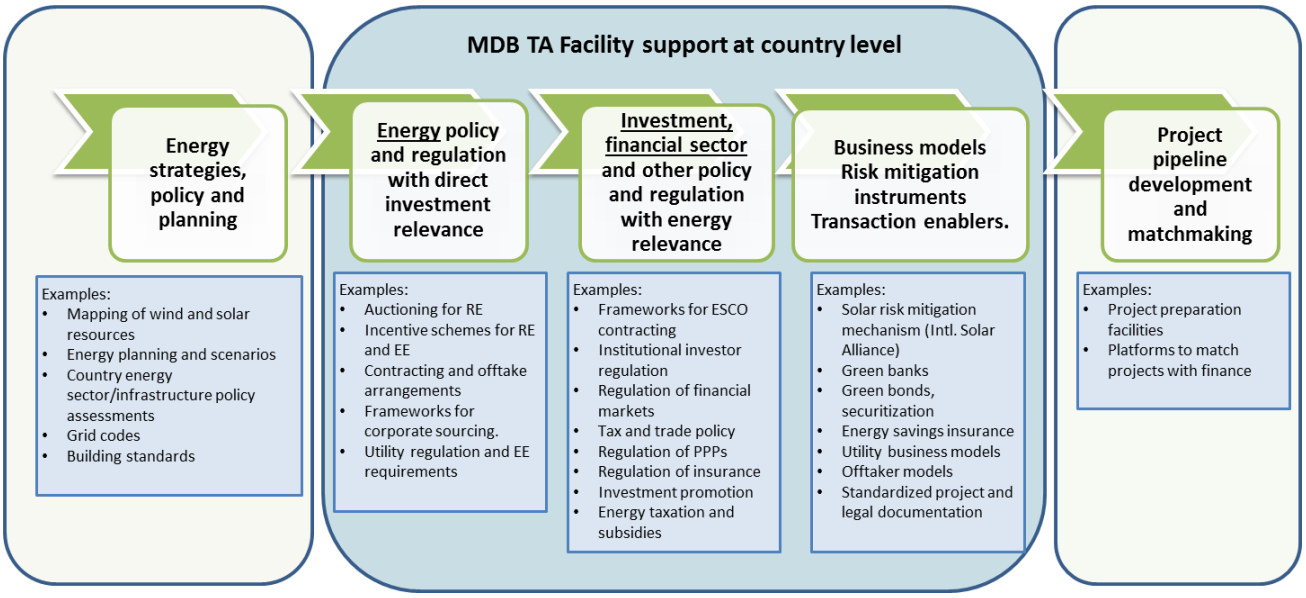
27. In certain cases, countries have attracted less investment in renewable energy, even though the growth in the demand for electricity could result in sizeable markets. This may reflect unclear policy, legal and regulatory frameworks that hamper the development of markets and investable projects with appropriate risk-return characteristics. In a number of cases, capacity constraints at the technical and institutional level – including among financial institutions - prevent the wider uptake of proven technologies like solar.

28. In the above context, the proposed Facility aims to provide strategic support to address specific barriers and help create enabling conditions that support the development markets and investable projects, helping to scale up clean energy technologies in the host country/ region.

29. The support will enable MDBs to strategically deploy the most relevant and effective measures along the “value chain” of investment enablers (see Figure 1), helping to bring down the cost of capital and accelerate clean energy markets development and investments. This may include technical support in relation to the following:

    - Policy and regulatory frameworks conducive to clean energy investment and market development, including policy and regulation that either targets the energy sector directly or addresses broader areas but with an impact on investment in and financing of clean energy.
    - Measures that enable transactions through e.g. new business models, standardization of project documentation, or design of de-risking instruments using blended finance instruments.
    - While development of pipelines of investable projects and matching of these with finance is a major issue, it is also being addressed by a number of initiatives and will thus not be the main focus of the initial contribution to the Facility. Support for this may be included if additional funding contributions are made.

Figure 1: Focus of the TA Facility in the value chain of measures to enable investments:



30. Barriers and potentials are always country specific. While the TA Facility is not expected to be resourced to be able to address all of the potential barriers in a given country context, the facility will support addressing critical issues in the context of existing country level support, thus serving to "connect the dots" and "fill the gaps" identified. There will be particular focus on integrated approaches involving both public and private sectors. Involvement by both public and private sector arms of the MDBs will be important to ensure that issues at the interface of public and private are not overlooked. Partnerships with other international partners will be encouraged with a view to making complementary competencies available at the country level. Examples of potential partners include IEA and IRENA, GGGI, OECD and other relevant actors.

7. Objective and theory of change

31. The overall objective of the Facility is:

To assist countries in accelerating investments and market development of clean energy in support of their clean energy and low emission transformation.

32. The intervention logic is to focus on policy and regulatory frameworks as well as other targeted measures that are key in mobilizing private investments in clean energy, making expertise available to emerging economies. By providing an additional, even more investment oriented layer of technical assistance and capacity building support in line with demand from partner country governments, the vision is that the clean energy transition will accelerate and the potential for impact of the existing partnerships increase, and in addition create further opportunities for clean energy investment. The fact that the Facility provides resources for TA that goes beyond addressing the regulatory frameworks and capacity linked to specific CIF

investment projects will allow MDB support to become even more transformational and comprehensive.

33. The intervention logic and *theory of change* underpinning the Facility can be broadly described in the following way:

Provided that the following measures are taken:

- A thorough analysis of the country context is carried out, including existing support and expressed demand,
- The full value chain of investment enabling measures is considered and critical initiatives identified that may unlock investments,
- Targeted opportunities for strengthened technical support by MDBs are identified in a dialogue with key government entities on enabling policy, regulation and other measures that affect investment in and financing of clean energy,
- Technical support is efficiently deployed, improving the conditions for cost-effective investments and mobilization of finance by addressing risks and transaction costs, bringing down the cost of capital,

Then:

- Investments in and markets for clean energy may be scaled up, accelerating the transition to a clean energy development pathway, accompanied by reductions in energy related GHG emissions as well as socioeconomic and environmental benefits.

34. The Facility and the supported TA interventions will make a contribution to the desired outcomes of increased investments in renewable energy and energy efficiency in the host countries/ regions, and increased mobilization of private sources of finance. It is obvious that this rests on a number of assumptions. It is equally clear that in light of the resource constraints and the Facility's focus on "connecting dots" and complementing existing work, each funded TA initiative will make a contribution to the objective without presuming that resulting outcome can be attributed to the Facility alone.

35. Each supported TA intervention will contribute toward the overall objective, and will have its own specific objective. Similarly, each supported TA intervention will include a specific theory of change explaining the logic behind the proposal (see Annex 2).

8. Assumptions and risks

36. Achievement of the objective of the Facility rests on assumptions such as:

- That international commitments to climate change mitigation as well as national targets for clean energy continue to drive country level action.

- That clean energy technologies continue to be increasingly competitive against alternatives.
- That the MDBs have the necessary access and policy leverage to influence partner countries at the key policymaking levels.
- That focus on climate and clean energy among MDBs will remain strong.

37. Assumptions and a risk assessment will be elaborated by the MDBs for each of the proposed interventions, and included in the format for funding proposals (Annex 2)

9. Selection criteria for supported TA initiatives

38. The following criteria will apply in the selection of TA initiatives:

- Reflecting country commitment and demand as well as alignment with national priorities
- Undertaken and implemented by one of the six partner MDBs
- Contribution to stronger policy framework and local capacity that facilitates scaling up of clean energy technologies by eliminating key barriers.
- Additionality of the Facility support. While the specific TA should be additional, it is welcome that TA is integrated with and complementary to existing support programs of the MDBs.
- Contribution to increased mobilization of private sector investment and finance in clean energy.
- Contribution to the mainstreaming of clean energy finance mobilization within the MDBs, also contributing to making finance flows consistent with countries' national low-carbon growth strategies.
- Use of integrated approaches that involve both public and private sector.
- Use of integrated approaches that support market transformation.
- Active partnership approaches that harness the competencies of national and international energy, investment and finance institutions.
- Alignment with development goals including appropriate consideration of social and environmental impacts.

10. Country Focus

39. The Facility is open to current CIF beneficiary countries. These countries may benefit from the Facility provided they:

- meet Official Development Assistance (ODA) eligibility criteria according to OECD/DAC guidelines;
- have an active MDB country program (for this purpose, an "active" program means that an MDB has a lending program and/or on-going policy dialogue with the country).

40. The initial phase of the Facility will focus on countries and interventions with the most significant mitigation potential. With additional funding from other interested contributors, a wider group of beneficiary countries and interventions may be included.

11. Contributions and budget outline

41. The Joint meeting of the CTF and SCF Trust Fund Committees has welcomed this initiative, proposed by Denmark during their joint meeting in December 2017[3]. The TA Facility would be open to additional funding contributions channeled through the SCF Trust Fund.

42. The main focus will be to provide funding in support of activities that target the country level, either for single or multiple country interventions. An indicative share of 85% of the Facility's resources should be allocated for this purpose, while around 15% could be allocated to cross-country exchange and learning with relevant partners as well as analytical work to identify and communicate best practice.

43. The median size of individual technical assistance interventions/proposal is expected to be USD 0.5-1 million each, with a minimum of USD 0.1million and a maximum of USD2 million except for exceptional cases. These may be adjusted in light of additional funding contributions.

44. **The administrative and operating costs of the Facility will be fully covered through the "special administrative budget" of the SCF approved by the SCF Trust Fund Committee, while ensuring that administrative costs are kept at a minimum.**

45. The Facility is expected to be operational through December 2022, by which time it may be extended through a decision by the Joint meeting of the Trust Fund Committees.

12. Implementation arrangements and Governance

46. While benefiting all CIF countries, the proposed Facility will be embedded within the overall governance and structure of the SCF. In addition to the governance structures, policies, procedures and environmental and social safeguards of each MDB, the CIF partnership has a well-established governance structure that provides for stakeholder engagement with i.a. civil society organizations, indigenous peoples, private sector entities, UN agencies, GEF, bilateral development agencies, and scientific and technical experts. A specific Gender Action Plan has been developed to mainstream gender in CIF policy and programming.

[3] The Government of Denmark has expressed its intention – subject to successful finalization of domestic approval procedures - to make an additional contribution of DKK 95 million to the SCF, using part of Danish climate finance that is mandated to support climate change mitigation and the clean energy transition in middle income and emerging economies, with an emphasis on mobilization of private finance.

47. The proposed implementation model will be as follows:

- Donors' contributions will be made to the SCF and a "special administrative budget" will be used to fund the activities of the Facility within the annual SCF Business Plan and Budget.
- An Advisory Group will be established to review funding proposals and provide strategic guidance on the Facility (see Annex 1 for draft Terms of Reference).
- A Senior Specialist on energy investment and finance will be appointed to lead the implementation of the Facility and be responsible for submitting proposed funding decisions to the joint CTF and SCF committees as agreed with the Advisory Group. The Senior Specialist will also consolidate reporting received from MDBs and present it to the joint meeting of the TFCs.
- Annual work plans and reports will be presented to the Joint meeting of the Trust Fund Committees, elaborated by the Senior Specialist/CIF AU with input from the Advisory Group.
- The Senior Specialist will engage with MDBs and institutional partners to facilitate exchange and learning and to strengthen collaboration and coherence across TA initiatives, helping to increase the impact of the support provided.

<u>Execution and expenditures</u>

- All activities of the TA Facility funded through the Special Administrative Budget will be executed or supervised by the MDB in order to ensure compliance with its operational policies and procedures, including procurement and financial management guidelines.
- All the aforementioned activities will be completed no later than 24-months from the date of approval of the funding. Eligible expenditures for Facility financing include: (i) consultants' services, local training, workshops and seminars, and (ii) operating costs for the implementation management of the activities.
- The following expenditures will not be eligible: (i) salaries for civil servants in recipient countries hired as consultants or otherwise; (ii) purchase of vehicles and other equipment.

<u>Approval process</u>

48. The MDBs will propose activities based on the priority areas and the funding criteria using a combination of submission of proposals on a rolling basis and thematic calls in priority areas with a high potential for impact and learning (e.g. energy efficiency in buildings). The MDBs will submit proposals in accordance with the *proposal template* (see Annex 2) for the Advisory Group's consideration. The template shall include, among others:

- Brief description of the proposed initiative, including expected outcome, justification based on a clear theory of change.
- Description of the proposed outputs and activities to be undertaken by the MDB, including scope of work and timelines.
- Assumptions and risks.
- Budget covering the key activities and outputs as well as operating costs related to the implementation identified in the proposal.
- Results framework including core indicators.

49. The Advisory Group will provide comments and recommendations on the proposals based on the funding criteria. The Senior Specialist will submit proposed funding decisions to the joint CTF and SCF committees for approval.

Partner network on clean energy investment and finance

50. It is important to pursue coherent international efforts and "connect the dots" across the different bi- and multilateral actors and initiatives on clean energy investment. As a contribution to this, regular communication with bi- and multilateral actors will be ensured, including through one yearly thematic meeting with MDBs and partners, to be held in connection with an international event. Among the Institutions and initiatives that will be engaged are IRENA, IPEEC, IEA/OECD, Clean Energy Ministerial, GGGI, SE4ALL EE Accelerators, PRI, IIGCC and P4G (Partnering for Green Growth and the Global Goals).

13. Results Framework and Monitoring

51. The CIF was designed to be implemented through existing MDB systems, including those on monitoring and evaluation[4]. Under the CIF, annual monitoring and reporting on core indicators is embedded in the CTF, PPCR and SREP. All MDBs have in place mandatory systems for monitoring and reporting on project implementation as well as systems for independent evaluation. The emphasis on monitoring, evaluation and learning in the CIF is illustrated by the creation of the *Evaluation and Learning Special Initiative*.

52. Each proposed TA intervention will be required to present a results framework with core indicators as well as supplementary indicators as relevant. At the Facility level, the monitoring of core indicators on impact and outcomes will aggregate the monitoring of each TA Initiative. Annual reporting to the Joint meeting of the TFCs will include an aggregated presentation of the monitoring.

[4] The document, CTF-SCF/TFC.12/4/Rev.1 "Approaches to Evidence-Based Learning in the CIF Project Cycle", June 16, 2014 in its chapter IV includes a comprehensive stock take of the wide-ranging evidence-based learning activities already undertaken by the MDBs.

53. The following table provides illustrative examples of indicators, which will be further elaborated during the planning and inception phase of the Facility.

Examples of Outcome	*Examples of Indicator*
Policy and Regulatory Framework enhanced	• # of policies, laws or regulatory frameworks updated or changed to support private sector investments (removed barriers, limits risks) • # of people trained / technical assistance provided to government officials in ministries and regulators responsible for economic development, finance and planning
Robust pipeline of investable de-risked projects/	• # of projects developed • # of new and adapted risk mitigation tools and instruments developed
Increased private capital mobilization	• Amount of total funding mobilized • Increase in funding mobilized from private capital sources (absolute and share of total) • Increase in number of projects under development with private sector participation

14. Implementation schedule

2nd quarter of 2018:

- Approval by Joint TFCs of TA Facility in written procedure
- Appraisal by initial donor (Govt. of Denmark)

3rd quarter of 2018:

- Finalized framework for TA proposals, including formats and assessment criteria.
- Finalized procedures for monitoring and reporting.
- Formalization of agreement with initial donor(s).

4th quarter of 2018:

- Advisory Group established.
- First annual workplan, including final results framework, and budget presented to the joint CTF and SCF Trust Fund Committees.
- First proposal(s) for TA submitted by MDBs.

1st quarter of 2019:

- Inception report submitted to Joint TFC.
- Partner network on clean energy investment and finance established.
- First thematic call for proposals.

Annex 1: Draft Terms of Reference of the Advisory Group

Purpose and tasks

- To provide advice to ensure that activities are strategic and consistent with the goals of the Facility.
- To work jointly with the Senior Specialist in reviewing TA funding proposals in accordance with the established criteria and make funding recommendations to the joint CTF and SCF Trust Fund Committees for their approval.
- To engage in an ongoing dialogue on good practice measures that can help achieve the objective of the Facility with the Senior Specialist in the CIF AU, CIF management and the CIF Core MDB Committee.
- To identify thematic high impact areas suitable for thematic calls.
- To promote collaboration, learning and knowledge exchange amongst the MDBs and with other parties and initiatives that focus on clean energy investment mobilization.
- To work closely with the Senior Specialist and provide strategic guidance to support the development of an annual work plan.

Structure and meetings

- The Advisory Group will be established with an initial one-year term.
- The Advisory Group will elect a Chair from among its members.
- The Senior Specialist will act as secretary to the PRG.
- The Advisory Group will meet in person at least once a year to take stock of the Facility's operation and discuss thematic and other priorities.
- The Advisory Group will provide comments and recommendations regarding TA funding requests through electronic communication including virtual meetings.

Membership

The membership will consist of individuals with expertise in clean energy investment and finance:

- Two MDB members (on a rotating basis), representing the public and private sector arms of MDBs;
- One member from each *donor* country - if necessary supplemented by another contributor country to reach a minimum of two.
- An equivalent number of members from CIF *recipient* countries;
- On a case-by-case basis, advice may be sought from 1-2 external experts in the fields of clean energy investment and finance.

Annex 2: Draft Template for Proposal Submission

CIF-TA Facility Proposal Template for Funding Request	
CIF Project ID	
Country/ Region	
Public/ Private	
Project title	
Implementing MDB(s)	
National implementing agency	
MDB focal point	
Brief Description of Project/Program	
Justification and theory of change, including: • How the proposal reflects national context and challenges. • How the proposal helps mobilize private sector investment and finance. • How the proposal complements existing work.	
Consistency with funding criteria	
Budget	
Implementation plan and timeline	
Stakeholder engagement and partnerships	
Results frame including: • Specific objective, outcome(s) and outputs • Indicators	
Assumptions and risks/risk management	
Co-financing, if any	
Gender considerations, if any	

Annex 3: Illustrative examples of possible TA initiatives for Support

54. MDBs have provided a number of indicative examples of TA initiatives that they could present to the TA Facility for support.

World Bank illustrative examples

Renewable energy proposals for an amount of $4 million

Geothermal

De-risking development of geothermal projects to unlock financing for projects leveraging a significant amount of public and private capital,

Assessing regulatory framework, tendering processes, use of risk mitigation facilities for exploration drilling, cost-sharing approaches between the public and private sector or other types of private sector participation.

ESMAP is currently assisting several geothermal engagements, including those supported by the CIF in Armenia, Turkey, Indonesia, Nicaragua and the Caribbean.

Grid integration of VRE Supporting grid and regulatory environment (regulation and market design, planning and grid integration studies, new business models) for scaling up variable renewable energy (VRE), including utility-scale and distributed generation. ESMAP has already supported country engagements on grid integration of VRE, including in India, Vietnam, Pakistan, and Central America.

Offshore wind

Resource assessment and mapping: building on the success of the Global Wind Atlas launched in 2017, enhanced data and tools to provide better offshore coverage.

Pipeline development: engagement with key clients to start building a pipeline of pilot offshore wind projects, working closely with IFC, and exploring opportunities for regional cooperation.

Solar power

Supporting the development and implementation of an enabling environment -- including policy and institutional framework, project structuring (such as auctions, solar parks, etc.), market assessment -- attracting private sector investment. ESMAP is currently supporting a number of countries, including India, Pakistan, Vietnam, and Egypt.

Energy Efficiency in buildings proposals for an amount of $2 million

Creating an enabling policy and regulatory environment for EE in buildings based on a pilot project for Central America that is being developed in Panama. This initiative will focus on (i) implementing green building codes, (ii) developing energy standards and labels for key appliances and (iii) strengthening capacity building in institutions as well as (iv) designing of an energy efficiency fund to mobilize private capital, such as a de-risking facility mainstreaming private investment in EE.

Integrating EE in urban slum transformation including through informed design of new low-income housing considering energy and water savings as being implemented in Buenos Aires, as well as capacity building and training.

Supporting market transformation for cooling equipment to assist the host country manage projected significant increase in cooling demand, supporting passive energy efficiency solutions (including design, insulation, shading) as well as transform the market for cooling equipment used in buildings (e.g. hospitals) integrating energy efficiency and climate-friendly refrigerants in line with the Kigali Agreement.

ESMAP's buildings program is supporting country engagements in several countries, including India, Indonesia, Mexico, Turkey and Brazil.

IDBG illustrative examples

Example 1: Green Finance Innovation Laboratory

Summary. The Green Finance Innovation Laboratory *(GFIL) is* a multi-country Facility focused on developing four national platforms to stimulate the debate and development of financial instruments and mechanisms that allow the advance on sustainable development and green finance in Argentina, Chile, Colombia, and Mexico. GFIL targets renewable energy and energy efficiency projects for private sector investment and includes components of risk assessments for the financial sector to adapt to climate change impacts such as via climate stress testing. The Lab is a space for discussing actionable international experiences and building an inter-sectoral dialogue with the participation of development financial institutions (IFDs), private financial intermediaries, investors, insurances specialists, central bankers, regulators of financial, capital and insurance markets, and representatives of key sectors of the economy including, for instance, energy, industrial, technology and housing development. The aim is to foster the creation of investment instruments and financial structures to achieve the following complementary outcomes in the short-term: (i) create bankable pipelines of de-risked projects, and in the long-term (ii) increase the rate of private capital mobilization as a result by illustrating actual risk-return characteristics of green finance investments, and (iii) enhance the enabling environment and support policy and regulatory frameworks changes to allow for

growth of sustainable finance and green finance investment. The proposal was designed based on a successful experience in Brazil.

Justification. Mobilizing private capital at scale requires financial mechanisms and instruments to incentivize investment decision makers to opt for green investments as an option for portfolio diversification. Current demand for green finance in adequate terms exceeds current supply due to various factors, including a lack of technical capacity to develop a pipeline of bankable projects by project developers and assess these projects within the financial sector. This leads to higher than actual perceived risks that are not matched by adequate returns, thereby posing a barrier to investment. As a result, despite the large potential for green investment, the uptake has been marginal compared to the ambitions of the national climate, renewable energy and energy efficiency goals in the Nationally Determined Contributions (NDCs) of Argentina, Chile, Colombia, and Mexico.

Example 2: TA for market creation and project preparation

Country eligibility. Eligible LAC countries / sectors with the greatest potential for avoiding/reducing GHGs emissions. The selection would be informed by countries' priorities / NDCs.

Target investors: financial intermediaries, manufacturing companies, utilities, real estate companies, transport-related companies

Activities covered:

- Activities supporting the origination and preparation of bankable projects pipeline and informing capital allocations decision-making processes, including through innovative financing vehicles/instruments;
    - Identification, profiling and evaluation of eligible investment opportunities through market studies, feasibility studies, energy audits, consultations with relevant national/sub-national stakeholders.
    - Capacity building activities at the sponsor/ executing agency level, to integrate climate risks / sustainability standards/principles/best practices at the project level and/or sponsor/financial
    - Support clients to earn energy-relevant certifications e.g. EDGE, LEED, STAR
- Activities supporting the identification of possible regulatory/policy gaps affecting the risk/return dynamics of eligible investments in renewable energies / energy efficiency; engagement in policy dialogues to address such gaps and thereby strengthen the enabling environments for such investments
- Activities fostering market creations and clean energy technology innovation by supporting e.g. clean tech early-stage companies and promoting non-traditional renewable energy and energy efficiency commercial available technologies.

- Activities supporting financial intermediaries and/or corporations in the issuance of certified green bonds
- Cost-sharing support mechanisms for due diligence costs (e.g. when the size of the transaction could not fully bear them).

Example 3: Design of a Green Energy Regional Guarantee Facility

The *Regional Guarantee Facility* (RGF) seeks to mitigate private sector risks in financing green energy projects in Latin America and the Caribbean (LAC). The resources from the CIF Technical Assistance Facility for Clean Energy Mobilization would be utilized to craft the regulatory model of the RGF and associated contractual arrangements that would make the guarantee structure viable and operational for the mobilized private sources of financing (*e.g.* private banks, equity investors, debt holders and/or institutional investors).

The RGF would be structured as follows:

- A *commercial debt mobilization guarantee* to directly support commercial lenders for green energy projects in the event of a debt repayment default caused by the public utility's failure to make undisputed payments under contractual arrangements or in case of any early termination of the power purchase agreements (PPA). Under the guarantee agreement, IDB would make (partial) payments to the lenders as defined by specific triggering events. Payments by IDB under the guarantee mechanism would then activate the repayment of the sovereign obligation by the host country.
- A *credit enhancement guarantee* provided to backstop certain payment obligations undertaken by the public utility (utility) under long-term PPAs. The credit enhancement guarantee will support a revolving standby letter of credit (LC). Under the LC structure, the utility would provide security under the PPA in the form of a LC, issued through a commercial bank, in favor of the private sector investors for an agreed amount to cover payment obligation under the PPA. In case of non-payment of obligations under the PPA, the LC could be drawn for any undisputed and unpaid amounts. Following a drawing, the utility would be obligated under its agreement with the LC issuing bank to make a repayment for the amounts drawn and reinstate the LC. If the utility fails to repay the LC bank, the LC bank would have recourse to the IDB *credit enhancement guarantee* for a part of the drawn amounts. Payments by IDB under the guarantee mechanism would trigger the obligation of the host government to repay IDB for the corresponding payments amount. In case a LC is not issued by the utility for payment obligations under the PPA, a direct guarantee can be provided by IDB to the private investors. In this case, the IDB may make a payment directly to them, when called upon the guarantee and seek repayment from the government.
- Background. An estimated 22 million people in LAC still lack access to electricity, and the countries of the region need to increase their installed power capacity by 2030 to meet customer demand. While over 60% of the region's electricity, on average, comes from renewable sources, many countries are still highly dependent on fossil fueled power

plants and there is an opportunity to further diversify the fuels use mix and expand the use of green energy through renewable energy (RE) sources such as solar, wind, biomass and small hydropower plants. Significant challenges to increased use of green energy in the region remain with key financial risks and barriers associated with low creditworthiness of public utilities, low market capitalization and lack of appropriate credit mitigation products, amongst others.

ADB illustrative examples

1. Project Title: Integrated High Impact Innovation in Sustainable Energy Technology
Country/Region: ADB CIF countries

Project objective/rationale for support (2-3 lines): 1. The proposed knowledge and support technical assistance (TA) will prepare energy system development scenarios, technology roadmaps and support the scale up of innovative energy technologies in developing member countries (DMCs). The TA is aligned with ADB's energy policy and will support DMCs in meeting the 2030 Sustainable Development Goals (SDGs) and their Nationally Determined Contributions (NDCs) as part of the Paris Agreement on climate change.
Est. amount to be requested: $1M
Timeframe for implementation: 4th Quarter 2018-2023

2. Project Title: Promotion of Solar Energy (ADB-ISA Cooperation Program)
Country/Region: ISA Countries which are ADB Developing Member Countries

Project objective/rationale for support (2-3 lines): To support ADB's collaboration with the International Solar Alliance (ISA). The areas of collaboration include identification of innovative financing instruments and modalities, capacity building, and upstream action to identify potential investment projects.
Est. amount to be requested: $1.0 - $2.0 Million [larger amount if floating solar is bundled with ISA]
Timeframe for implementation: 2 years

3. Project Title: Floating Solar Development Program
Country/Region: ADB CIF countries

Project objective/rationale for support (2-3 lines): Support large-scale floating solar development and related grid upgrades which enable larger-scale regional power trading, e.g., in the Greater Mekong Subregion and South Asia subregion
Est. amount to be requested: $1.0 - $2.0 Million [$1 million per subregion]
Timeframe for implementation: 2 years

Annex 4: Examples of activities supported by CTF/ SREP

Country	Activities
Chile	This component supports the generation and dissemination of information about the performance, lessons learned, and impacts (in terms of substitution of fossil fuels, GHG emission reductions, benefits to the local economy, etc.) of the solar projects in Chile. It also supports other solar power-related activities, including the creation of a clearinghouse on solar micro-systems in the context of the net metering regulations, and the effective transfer of solar energy knowledge, experiences and technologies for the training of human capital and for the development of local supply chains. Finally, the component assists the GoC in managing the tender and knowledge management processes.
Chile	The TC component will support LFIs and their clients as well as equipment providers and other lenders of this program in the eligible sectors. The objective is to support the implementation and scale-up of this program by providing: a. Independent technical advisory services for eligible projects: (i) project origination through reviewing existing client portfolio and identifying new potential customers; (ii) project evaluation through feasibility studies and technical due diligence; (iii) development of new financial products, potentially including models for small scale project finance and the required standard documentation; (iv) support for improving energy related design criteria for new building developments; (v) provide energy ratings for new and existing buildings, and (vi) training activities for LFIs including strategy setting and specific training for FI staff from various areas. It will include an introduction to PEEERA technologies and finance needs and benefits. b. Support on transaction costs: This will entail (i) payment of fees for any additional technical, legal and environmental consultants which might be required to implement new financial products within LFIs and with different stakeholders in the local market. c. Marketing and dissemination: This will entail (i) marketing activities for new financial products, and (ii) dissemination of information and lessons learned through conferences and seminars.
Chile	a. Development and implementation of social & environmental best practices: In order to address the issues raised by Chilean society in past years regarding the social and environmental impacts of power generation projects (hydro, coal, and in a couple of cases also geothermal), a component focused on these aspects in envisioned. This would include but not be limited to: (i) educational campaign and awareness raising on the benefits and risks associated to geothermal development, including web materials and workshops; (ii) addressing any needs on environmental regulation related to geothermal development; (iii) development of a best practices handbook for the different stakeholders (Ministry of Energy, developers); (iv) establishment of a consultation protocol and implementation of it in the projects. b. Independent geothermal advisory services: This will entail the contracting of independent geothermal advisors to assist in –among other- determining the eligibility of the projects, defining success and failure criteria for drilling campaigns (as required by specific projects, for the cases where guarantees or insurance may be implemented), and advising on resource and project development risks. The activities would include: (i) defining the technical documentation required to conduct due diligence; (ii) technically evaluating geothermal projects, in terms of available resource information, reservoir modeling, and other aspects contributing to technical and financial feasibility of the proposed project ; (iii) analyzing drilling programs indicating whether (a) the procedures for drilling and safety systems are implemented to achieve the correct safety requirements and environmental protection, (b) the specific objectives, the minimum expectations and expected outcomes are consistent with the proposed preliminary geothermal model. Geothermal expertise will also need to be transferred and shared in order to maintain the sustainability of the program in the long term and ensure the demonstration effect of the Program. This could be done through training and development of an evaluation protocol for the Ministry of Energy or the designated institution (e.g. CORFO). Expert consultant services may also be contracted to explore solutions to mitigate other project development and operational risks,

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	such price/market risks when no PPAs are available. c. Knowledge Management. In order to be able to catalyze investment and share lessons learned from the design and implementation of the MIRIG, a series of activities are envisioned, such as: (i) knowledge exchange with countries in the Region (such as Mexico); (ii) training and development of materials for government agencies, developers, other financial institutions on aspects such as regulation, risk management, simulation software; (iii) development of materials for the dissemination of lessons learned.
Colombia	Under this program, CTF resources will be combined with IDB/MIF investment and grant resources with the following objectives: a. Funding a comprehensive set of technical assistance and capacity building activities of crucial need to overcome non-financial barriers; and b. Sharing the first loss position in the facility (either as guarantees or equity) to allow for a significant level of debt leverage (over 80:20 debt/equity ratio) that would allow the facility to increase its scale (USD 20M+) and reduce the cost of funding to be able to provide adequate financing terms for borrowers, and c. Allowing sufficient demonstration across a number of technologies, applications and financing models, including the use of Energy Performance Contracts (EPCs). The proportion of grant resources proposed under this program is significant, given a) the critical importance of the capacity building activities across a number of stakeholders, b) the need to buy down the most of feasibility studies of pilot projects in order to catalyze investment and demonstration, and c) the need to buy down the facility's management/operational costs, given the smaller-than-optimal size associated with its pilot nature. The additionality of the relatively small USD 4M CTF allocation hereby proposed resides precisely in mitigating— along with the IDB/MIF's concessional/patient capital—the higher risks and costs of supporting this highly demonstrational first-mover structure and program.
Colombia	CTF grant resources will be used (i) to promote business models and contractual practices that could reduce risk perception by private investors and IFIs, and (ii) to support the Ministry of Mines and Energy in the development of the regulatory framework and in capacity-building activities to foster sustainable private investment in RE in the underserved ZNI.
Colombia	The grant funding requested may be used to pay for the contractual and legal documentation necessary for the establishment of this business model and for its acceptance by local agents. Once this business model is established, it is expected that legal and due diligence costs will decrease for future projects. Supply chain challenges and risk derived from the availability of engineering services, which under current conditions could translate into project delays, cost overruns, and completion/performance risk, will be addressed by assisting companies with independent engineers and procurement as part of the engineering studies supported by the Program's grant funding.
Colombia	A complementary TC will help to build up the awareness and capacities of Bancóldex, LFIs and other relevant market actors on the structuring, financing, monitoring and evaluation of competitiveness-enhancing, EE projects. The project includes a semi-experimental impact evaluation to be carried out as part of the TC.
Colombia	This component will provide technical support to manage project risks though two Subcomponents. In the first place, Subcomponent II.1 will focus in improving subproject evaluation and surveillance. The activities under this subcomponent will provide a credible mechanism for proper technical implementation. In this regard, resources will be used to: a. finance an independent third party to provide expert advice to Bancóldex in order to evaluate the technical requirements of each subproject, as well as to provide independent verification services of the success and failure on the drillings and arbitrage services if needed; and b. analyze the environmental and social impact of the subprojects in order to attend potential gaps between the projects assessment and required international standards. Secondly, Subcomponent II.2 will provide the national authorities with technical support to update the

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	required regulation, including legal comparative studies, drafting regulatory proposals, and training agencies personnel on geothermal project evaluation. These resources will help guarantee a sound and efficient program, while also ensuring local capacity building regarding geothermal power projects financial assessment.
India	ADB provide support for infrastructure planning for the subsequent phase of the Bhadla solar park, community development initiatives around the solar park and to support institutional capacity development of RRVPNL and RREC on the master-plan for Phase 2 of the Bhadla solar park, system strengthening studies for the implementation of the RE integration roadmap, identification of enterprise resource planning tools, asset accounting and also for pilot water schemes for remote communities located near the solar park in Western Rajasthan.
India	A grant of US$20 million will be required to set up the storage part of the energy storage project. Technical assistance: a. Capacity building and institutional strengthening to enhance SECI's core competencies that will enable it to maintain sustainability of the investments made under the project; b. Prefeasibility studies, site identification, social and environmental assessment, techno-commercial studies, and other preparatory activities to support pipeline development; c. Developing policy and regulatory proposals to support scale-up of innovative technologies.
India	The CTF grant will improve institutional strengthening and technical capacity improvement of PNB on rooftop solar financing, particularly on loan origination and risk assessment. It will help develop building blocks under the first tranche and associated technical assistance, with important non-lending covenants to be followed by subsequent tranche(s) focusing on on-lending of funds. For replication, lessons learned during early implementation will be captured to help and inform other local commercial banks establish similar lending facilities.
Indonesia	Funding for risk mitigation models from the Clean Technology Fund (CTF).
Kazakhstan	As part of the development of Kazakhstan Energy Infrastructure Program, IFC is engaged with the government of Kazakhstan and private sector clients to develop a CTF-eligible projects. At this time, IFC will implement an advisory services project aimed at improving the regulatory and business environment for private sector RE developers.
MENA	The MENA-CSP TA Program will lay the foundation for scaling up CSP technologies, by addressing sector-wide weaknesses such as regulatory framework and lack of capacity and knowledge. The projects are expected to avoid over 1.5 million tons of CO2 emissions per annum from the energy sector over 20 years.
Mexico	CTF resources will finance independent third party expertise to provide advice on the technical validation of eligibility of projects and to carry out the required studies, as well as verifying success and failures on drillings. These resources will help guarantee a sound and efficient program, while also ensuring local capacity building so that a permanent mechanism remains in place after its conclusion. SENER is committed to establishing an office with the technical capacity and competence over future activities. Resources for information sharing, project structuring (supporting CFE in its search for a new PPP business model), technical studies and other minor costs are also considered in this envelope.
Mexico	A $1.6 million technical cooperation with FIRA, the agricultural financing arm of the Mexican government, to promote more efficient energy and water use in the country's food processing industry. CTF grant resources will be used to support the implementation of the EE sub-component of the Program by addressing informational and technical barriers and other real or perceived risks that have prevented the supply of and the demand for financing for EE investment projects. In particular, they will support the implementation of the Strategy by: a. providing technical and coordination support to FIRA, training relevant stakeholders, and actively promoting the strategy among food processing firms, energy service and EE equipment providers, and local financial intermediaries (LFIs); b. offering independent, technical capacity for validation of project proposals, of energy service and EE equipment providers, monitoring systems as well as verification of actual investments;

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	c. stimulating the demand for EE investments through dedicated demand incentives.
Turkey	This sub-component will be included to address capacity building needs required to successfully implement the component. This support will include capacity strengthening of the geothermal team at the GDRE to supervise implementation of the RSM. This will include short trainings to cover geosciences, exploration, reservoir engineering, and principles of drilling. Other areas of training will include planning and budgeting, accounting, financial reporting, external auditing, funds flow, internal controls, procurement, and environmental and social safeguards. Consultancy support to GDRE to facilitate implementation of the RSM. GDRE will hire a consultant to establish and operate the RSM, and to help ensure that MENR is technically capable take over RSM operations before the end of the project. The "RSM Consultant" will provide specialized financial and geothermal expertise to the RSM, specifically regarding interpretation of surface exploration data, development of conceptual models, drilling and testing, and assessments of development and business plans provided by potential beneficiaries. The RSM consultant will carry out detailed design of the RSM, prepare the required draft legal documents beneficiary agreements, forms and websites, and be responsible for its implementation on a day to day basis and prepare the GDRE team to eventually taking over the management of the RSM. The RSM consultant will carry out the first two application rounds semi-annually for the RSM, evaluating applications, negotiating contracts with successful applicants, monitoring drilling progress, verifying drilling and well testing results, and assessing whether the success criteria were met.
Turkey	The facility will promote best practices in the development of geothermal resources for power and heat generation, particularly at early stage. This will include supporting developers during their exploration and production drilling campaigns to minimize technical and financial risks.
Turkey	Policy Dialogue, Marketing, Capacity Building, Knowledge Management, Gender
Turkey	The objective is to assess and analyze the impact of the CTF funding for RE/EE market development projects. Along with strong government policy and support, the projects catalyzed market creation for the advanced technologies, and increased sustainable energy lending capacity for participating FIs. The impact assessment specially focuses on leveraging private sector capital, introduction of new RE technologies and entrants, EE investments encouragement. Knowledge products are designed to capture and share lessons learned from the overall CTF experience, contributing to CIF's broader knowledge capital, as well as wider replication.
Vietnam	a. Provision of technical assistance to and capacity building of ERAV for improvement of efficiency in electricity tariffs, enhancement of efficiency of and incorporation of smart grid technologies in the grid and distribution codes, integration of renewable energy in the grid and distribution codes, development of demand response and smart grid programs, and Project management and monitoring and evaluation. b. Provision of technical assistance to the PCs for: (a) effective and timely Project implementation, capacity building in relation to financial modeling and planning, and carrying out of customer surveys and instituting of other such measures to improve customer satisfaction; and (b) implementation of advanced metering infrastructure systems, carrying out of programs promoting efficient electricity use such as a customer awareness campaign and demand response programs, and Project monitoring and evaluation.
	CTF DPSP 3 Business Development Facility
Global	The Climate Auctions Program, in conjunction with EDGE and the World Bank's Energy Sector Management Assistance Program (ESMAP) has been exploring the opportunity of combining the Climate Auction Model with EDGE voluntary certification to catalyze the green building sector in developing countries and to avoid lock-in to energy inefficient, polluting, and expensive assets. Under this approach, the Climate Auctions Program would offer an innovative, results-based

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	approach to incentivizing private sector investment. The EDGE certification would provide a metric against which to disburse funds.
Global	The proposed activities and areas of support would include the following: a. Commercial market sounding. With solar IPP developers, investors and financiers, market sounding will be conducted in a systematic manner to test and validate the CRMM and to prepare a detailed design of the mechanism. b. Stakeholder consultations. A wider group of stakeholders will be consulted while advancing the preparation of the CRMM. It would include national governments of developing and developed countries to create and reinforce support and to identify potential demand for the pilot phase of the CRMM. It would also include discussions with solar industry associations and civil society organizations. An external CRMM working group will be formed, which includes ISA, the task force, AFD, etc., to incorporate feedback into the detailed design. c. Detailed feasibility study. Based on the advanced concept and design, validated by market sounding and stakeholder consultations, a feasibility study will be conducted to i) assess technical and financial feasibility; ii) design detailed implementation arrangement to operationalize it; iii) due diligence , for issuing risk mitigation policies by the Guarantor Entity to beneficiaries across borders and reinsuring risk portfolio to traditional and non-traditional reinsurers; and iv) identify and assess potential risks to the CRMM and design a risk management framework. d. Legal Structuring. External counsel will need to be engaged to examine different structures by which a majority public funds could capitalize an incorporated entity in a form that would facilitate an external credit rating and allow it to issue insurance/guarantees. An analysis of various jurisdictions and relevant regulations would be undertaken for this separate legal entity. e. Pipeline development. To prepare the pilot phase of the CRMM, based on demand identified from developing ISA member countries through consultations, pipeline development activities will be supported across at least 4-5 countries, incl. identification of potential sites, preliminary feasibility study and environmental and social impact assessment to shortlist promising sites, and grid integration study to evacuate electricity generated and to identify any bottleneck. f. Capacity building of ISA. Necessary support will be provided to ISA for technical assistance and capacity building for the development of the CRMM and outreach for stakeholder engagement.
India	The proposed areas of support/ scope of work include: a. Assessment of the offshore wind development globally and identifying enabling factors as well lessons for India to learn to scale-up its offshore wind sector. b. Preparing a Vision document and a Roadmap for achieving offshore wind targets by India (to include and not limited to the below): i. Stakeholder mapping ii. Clearances, approval and systems assessment iii. Value chain assessment for Supply and Services Market globally and for India iv. Risk matrix (including technology, skills and equipment, balance of systems, evacuation infrastructure and offtakers, long-term operation and maintenance system, etc.) v. Pan out business models to facilitate opening up of the sector for commercial investments vi. De-risking the deal for commercially financed projects vii. Assessment of policy and regulatory ecosystem c. Preparation of model regulations for offshore wind sector d. Environment and Social Management Framework e. Developing standard documents and manuals (for instance, site selection checklist, interconnection manual, Environment and Health Safety Manual, operations and maintenance system best practices manual, etc.) f. Training, knowledge exchange, study tours/technical visits and sensitization workshops to promote this sector g. Designing and planning roll-out of demonstration project in the country: MNRE is already planning two 100 MW (about) of pilot-scale projects in the country off the coast of Gujarat and Tamil Nadu. The Bank will support definition and early preparation of these projects (for instance, feasibility analysis) for helping build a pipeline of such projects by MNRE towards meeting their offshore targets in a sustainable and scalable manner.
Indonesia	a. Technical and financial feasibility of grid-scale battery storage systems at the HV substation

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and India	level for grid ancillary services such as Frequency Regulation Ancillary Services (FRAS) and renewable energy capacity firming. b. Analysis of the technical and financial potential of utility-scale hybrid solar and wind-storage projects in medium and small island grids. The PPG will perform an initial pre-feasibility assessment of the potential for the utility-scale battery storage systems for ancillary services in India (which has a significant amount of renewables and where curtailment and grid stability needs to be currently addressed to further increase the adequacy of the system to incorporate more renewables); and support the preparation of potential World Bank investment support to Indonesia focusing on innovative ways to use storage in medium and small island grids. Storage is still considered a new and expensive technology and thorough preliminary work need to be conducted prior to any investments. The Government of Indonesia ("GoI") expect to identify a long-list of potential wind and solar-hybrid sites, the most suitable of which would be further prepared for subsequent development – most likely using a public-private-partnership ("PPP") concept. Early stage support is needed to determine RE resource potential, and to conduct dispatch diagnoses and load flow studies for all the longlist sites to assess the technical viability and financial implications of high RE penetration including the need for storage to support the grid stability and improve grid absorption. Provided a good case can be made for supporting investments in wind and solar hybrid systems in medium and small island grids, it is expected that a blend of IBRD and CTF concessional financing will be necessary to buy down system costs and reduce the risk associated with storage. The objective of such support would be to enable a better and larger integration of variable renewable energy ("VRE") as a substitute for diesel in island grids.
Kazakhstan	a. Technical due diligence – technical specifications, investment cost estimation, project implementation plan, construction schedule, commissioning requirements, ability of project to achieve commercial operation date and operation and maintenance program; b. Environmental and social due diligence – project-related environmental and social impacts and risks, baselines, compliance with EBRD performance requirements, stakeholder engagement plan, environmental and social action plan, needs analysis of other studies e.g. biodiversity; c. Legal and integrity due diligence – confirmation on the ultimate beneficial ownership, report on any integrity concerns or suspicions, overview of regulatory framework in relation to construction, operation and power off-take, status of necessary licences and permits, design of procurement plan, contracts for offtake, supply/installation of equipment, works and services, operation and maintenance.
Regional (India, Kazakhstan, Indonesia, Philippines, Thailand, Vietnam, etc.)	The funds will co-finance the following activities: a. Project identification through country-level programming and engagement with private sector developers; specific attention will be paid to translating DMCs' Nationally Determined Commitments under the Paris Climate Accord into viable investment opportunities b. South-South dialogue to disseminate regional experience and best practices c. Pre-feasibility studies d. Pilot or prototype projects which can be readily replicated and scaled up e. Identification of funding models and sources including concessional co-financing f. Initial due diligence and preparation of internal concept papers
Regional (Indonesia, Philippines, Thailand, Vietnam, etc.)	The funding will be allocated towards market assessment, private and public-sector outreach, identifying and screening project opportunities, performing initial due diligence and submission of programmatic funding proposals to CTF and CIF. Specific activities will include: a. Screening of opportunities, market mapping of new and existing clients, benchmarking and diligence to prioritize bankable opportunity sets b. Develop understanding of country specific barriers to private sector participation in next generation RE projects in consultations with ADB's regional departments and developing member

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	country (DMC) resident missions in target countries, and developing potential solutions c. Conduct outreach to identify potential project pipeline and associated cost and risk barriers d. Source funds from ADB to allow for project structuring e. Dissemination of lessons learned
Ukraine	To broaden the scope of local banks' sustainable energy lending activities, TC funding of USD 2 million is sought from the CTF to establish a CTF-EBRD Green Energy Financing Facility in Ukraine targeted primarily at corporate clients, as well as SMEs. The funding will be used to establish Facility implementation and monitoring functions, capacity building for local banking staff, product marketing, advisory services for end-borrowers, assessment of eligible technologies for PFIs and sub-borrowers, and support for local financial institutions to comply with monitoring and reporting obligations. At least three prospective Partner Financial Institutions (PFIs) have expressed interest in developing a tailored green finance product to scale up corporate investment in RE/EE. The successful implementation of GEFFs at 2-3 PFIs, supported by a local currency hedging facility, is expected to unlock between USD 50 – 70 million of EBRD financing and, by addressing the perceived and actual risks in the sector, catalyse a self-sustaining local lending market for RE/EE investments in the corporate and SME sectors over time. The TC package is envisaged to consist of four components, which may be revised in line with country and client requirements during the project preparation process: a. Facility implementation and monitoring – establish work plan, agree roles and responsibilities, develop operational procedures manual and agree reporting protocols for portfolio monitoring; b. Training and capacity building - deliver training and capacity building to PFIs to build their in-house capacity to support green economy investments; c. Marketing - raise awareness of green investments amongst stakeholders and general marketing of the Facility; d. Sub-project origination and assessment - provide assistance to sub-borrowers and PFIs to develop sub-projects under the Facility and ensure compliance with eligibility criteria.