

MULTILATERAL DEVELOPMENT BANK COMMITTEE

TERMS OF REFERENCE

January 23, 2024

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I. CONTEXT

1. During its meeting on January 31st, 2023, the Joint Meeting of the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF) Trust Fund Committees (Joint TFC), in response to Governance and Operational Review findings, requested the multilateral development banks that serve as implementing entities for the Climate Investment Funds (CIF) (MDBs) to prepare Terms of Reference (ToRs) for the MDB Committee including an outline of processes for the potential enhancement of the MDB Committee.
2. To respond to that decision, this document constitutes such ToRs. The document outlines the rationale and key objectives, roles, and responsibilities of the MDB Committee – especially in the run up, during, and post-TFC meetings. It also includes processes and procedures to strengthen the overall work of the MDB Committee in the CIF partnership.
3. The ToRs have been prepared by the MDBs, with inputs from the CIF Secretariat (CIFSEC), and the World Bank as host of CIFSEC and trustee of the CIF.
4. Subject to the procedures for amendment set out in the CTF and SCF governance frameworks, such frameworks will be amended, as necessary, to reflect these ToRs. The CIF Operational Manual being developed by CIFSEC will also reflect these ToRs, as appropriate. The ToRs will be effective immediately upon approval by the CTF and SCF Trust Fund Committees, pending their formalization in the governance frameworks and the CIF Operations Manual.

II. BACKGROUND

1. History of the Multilateral Development Banks' (MDBs) Role

5. Since its establishment in 2008, the CIF has been a key partnership in the global climate landscape to mobilize and scale up climate finance with significant potential for long-term transformational change.
6. The CIF business model is set up to deliver its financing and impact exclusively through MDB partners. It leverages existing MDB procedures, guidelines, processes, capacity, field presence, and expertise to deploy funds efficiently and at low transaction costs. This ability to rely on MDBs has proven highly effective to accelerate climate action on the ground. It has also allowed for close collaboration among all institutions involved.
7. Over the past 15 years, MDBs have played a key role in the programming and delivery of climate finance, including via the CIF, for both adaptation and mitigation. Given the urgency of tackling the climate emergency and of reaching the goal of the Paris Agreement to limit warming to the 1.5°C target, a strong operational partnership between CIF and the MDBs is more important than ever to make the CIF even more impactful in the future. In this context, the discussions on the CIF's Governance and Operational Review revealed the need for an enhanced role for the MDBs in the governance structure to help strengthen the effectiveness of the CIF partnership.

2. Purpose and Principles

Purpose

8. One of the key enhancements of the MDBs' role identified by the various MDBs and the Joint TFC's Ad Hoc Committee on Governance (AHC) is the creation of a stronger, better-defined, and broader role for the **MDB Committee** in CIF governance. A more anchored process of engagement between the MDB Committee, the Trust Fund Committees of the CTF and the SCF (each a "TFC", together the "TFCs"), the SCF Technical and Subcommittees, and CIFSEC is needed in supporting climate projects on the ground, conducting strategic work, preparing for TFC meetings, and in decision-making to ensure TFC decisions are well-informed and implementable at the country level.
9. In the spirit of strengthening the overall CIF partnership with the goal of accelerating climate action on the ground, a revitalised MDB Committee will serve two key objectives:
 1. Facilitate more regular and structured operational coordination, exchange of information, and experience among the MDBs and with the TFCs, and CIFSEC.
 2. Provide overall support to the TFCs and work in coordination with CIFSEC on programmatic and cross-cutting strategy and policy matters, in particular, on (i) TFC decision-making related to CIF's overall vision, (ii) programming, (iii) fundraising, (iv) guidelines and procedures, and (v) overall communication and external engagement.

Principles

10. Two core principles that underlie these ToRs are as follows:
 1. **Enhanced MDB Engagement;** and
 2. **Timely Circulation and Contribution.**
11. With respect to the principle of **Enhanced MDB Engagement**, the ToRs aim to better inform TFC decision-making and to capture the contributions of all MDBs in a coordinated manner. This principle means that the MDB Committee will be able to present formally its views in advance and during TFC discussions.
12. This principle relates especially to: (a) **procedural documents**, such as TFC meeting agendas, draft decision texts (prior or during the TFC meetings), and background documents; and (2) **strategic issues/documents**, such as strategic priorities, CIF policies, and any new CIF initiatives being launched.
13. The MDB Committee will be invited to provide its views (which will reflect consensus where there is MDB Committee consensus or individual MDB positions where there is no consensus) in advance and during TFC discussions. The MDB Committee will present its views in writing to the TFC Co-Chairs, cc'd to CIFSEC. When feasible, such views will be presented in advance of the TFC meetings. The TFC Co-Chairs, and as requested by the TFC Co-Chairs to do so, CIFSEC, will circulate to the TFC the views received from the MDB Committee on procedural documents, and on strategic issues and documents(as such documents are described in paragraph 12 above) whenever such views are provided during TFC meetings, and, at the discretion of the CO-Chairs as to materiality, necessity

and appropriateness, when such views are provided at other times. Where the view of the MDB Committee, or of one or more members thereof, differs from the view of CIFSEC or other proponent of the document or issue, such divergent views will be reflected by the MDB Committee in its communication of its position to the TFCs.

14. With respect to the principle of **Timely Circulation and Contribution**, to the greatest extent possible, both the MDB Committee and CIFSEC will ensure that all documents are circulated and reviewed in a timely fashion. Turnaround times agreed between the MDB Committee and CIFSEC will be reflected in the CIF Operations Manual.

III. MDB COMMITTEE COMPOSITION AND CHAIR

15. The CTF and SCF governance frameworks provide that the MDB Committee will comprise “representatives of the MDBs.” Further to this provision, the MDB Committee is composed of focal points appointed by each MDB to serve as the respective MDB’s primary representative(s) with the CIF (CIF Focal Points).
16. On a case-by-case basis, CIF Focal Points may invite other MDB staff and external stakeholders to attend MDB Committee meetings and/or to contribute on specific technical matters under the review of the Committee, as deemed appropriate.
17. Annually, the MDB Committee will appoint a Chair to serve a one-year term. The selection of the Chair will be based on the principle of alphabetical rotation of the MDBs unless there is a consensus to proceed otherwise.
18. The task of the Chair will be to facilitate and steer the overall activities of the MDB Committee among MDBs and convene and coordinate MDB Committee meetings with the support of CIFSEC. The CTF and SCF governance frameworks will be amended to include a reference to the appointment of a Chair of the MDB Committee, the purpose of the Chair role, and the term of the Chair position.
19. The MDB Committee will strive for consensus on all matters brought forward during MDB Committee meetings. Where consensus cannot be reached, the summary of the meeting will capture any divergent views as relevant.
20. The MDB Committee members may call upon MDB representatives at the director or equivalent level to participate in MDB Committee meetings, as needed for any reason, including, but not limited to, helping resolve impasses encountered in MDB deliberations.

IV. MDB COMMITTEE MEETINGS

21. The MDB Committee will meet at such frequency as it may deem necessary, and, regularly in connection with TFC meetings as indicated below.

Pre-TFC meetings

22. The CIF’s Rules of Procedure set the following schedule and process for the sharing of materials prior to TFC meetings:

- CIFSEC will share the provisional agenda for TFC meetings with the MDB Committee prior to sharing the agenda with TFC members. (Section VI.18)
 - **At least four (4) weeks** prior to the meeting, the CEO of CIFSEC will share the proposed agenda for TFC meetings with all TFC members Section III.6).¹
 - **At least two (2) weeks prior to the first date of the TFC meeting**, the CEO of CIFSEC will transmit to all members documentation relating to the proposed provisional agenda of any meeting. (Section VII.22).
 - **At least ten (10) calendar days prior to the first date of the meeting**, the CEO of CIFSEC will transmit the final provisional agenda to all members. (Section VII.22).²
23. With due regard to the schedule for sharing materials with TFC members, set by the CIF's Rules of Procedure, as set out in Paragraph 22 above (as such rules may be amended from time to time), the Chair of the MDB Committee will organize an MDB Committee meeting, as needed, to discuss key issues related to the upcoming TFC meetings. Any such meeting will be timed to allow adequate time to revise materials due to be shared with all TFC members to take account of feedback provided by MDB Committee members.
 24. With due regard to the schedule for sharing materials with TFC members, set by the CIF's Rules of Procedure, as set out in Paragraph 22 above (as such rules may be amended from time to time), the CEO of CIFSEC will convene a preparation meeting with the MDB Committee and the TFC Co-Chairs to discuss matters of key concern related to the upcoming TFC meetings and consult on materials to be presented at the TFC meetings, including draft decision texts as available. Such meetings will be timed to allow adequate time to revise materials due to be shared with all members of the TFC to take account of feedback provided.
 25. In specific cases, a pre-meeting with other members of the TFCs may also be convened, if required.
 26. Approximately one day before the beginning of the TFC meetings, the CEO will convene an in-person meeting with members of the TFC, the MDB Committee, and CIFSEC to discuss the agenda items of the TFC meetings as well as any other relevant matters. The CEO may convene a virtual meeting further ahead of the TFC meetings, as needed.
 27. Members of the TFCs will also be included in such meetings if feasible. The CEO may convene a virtual meeting further ahead of TFC meetings, as needed.

During TFC meetings

28. MDB Committee members will be given an opportunity to review and comment on any revised draft decision texts prepared by CIFSEC as soon as such revised texts are available, whether prepared in advance of or during TFC meetings, prior to the decision texts being finalized.
29. At the option of the MDB Committee, a standing agenda item "*Matters arising from discussion of the MDB Committee*" will be included on the agenda of TFC, Joint TFC and GCAP meetings to allow

¹ References to the CEO of CIFSEC throughout these ToRs should not be taken to imply that the role or responsibility concerned could not be discharged by another officer of CIFSEC, should the CEO, consistent with any requirements provided for in the CTF and SCF governance frameworks, decide to delegate a particular role or responsibility to such officer.

² <https://www.cif.org/search-governance?key=CTF%20Rules%20of%20Procedure>

the MDB Committee to raise any relevant matters arising during TFC, Joint TFC and/or GCAP meetings, as needed.

Post TFC-meetings

30. CIFSEC will convene an MDB Committee debrief immediately after the closure of the TFC meetings (on the last day or as appropriate) to discuss key priorities and next steps arising from the TFC meeting decisions. The meeting will be facilitated by the CEO of CIFSEC.
31. The provisions concerning the Pre-, Post- and During TFC meetings reflected in these ToRs will be reflected in the CIF Operational Manual.

3. CIFSEC Support

32. CIFSEC will support the meetings of the MDB Committee as outlined in Section 4 below. Such support will include:
 - Convening the meeting at the Chair's and/or CEO of CIFSEC's request,
 - Assisting the Chair in preparing the meeting agendas,
 - Providing the necessary supporting materials and documents in advance of the meeting,
 - Assisting the Chair with drafting summary outcomes and action steps,
 - Helping to put in place any measures necessary to ensure confidentiality during closed sessions and helping to ensure such measures are respected, and
 - Undertaking other follow-up actions, as appropriate.

4. MDB Committee Meetings and CIF Strategy and CIF Management Meetings

33. Article I, Section 3 of the *Memorandum of Understanding between the CIFs and the International Bank for Reconstruction and Development on the Hosting Arrangement for the Secretariat of the Climate Investment Funds*, dated June 28, 2023 ("the CIF Hosting Arrangement," or "HA") provides for two kinds of CIF Senior Level meetings: CIF Strategy Meetings and CIF Management Meetings, as follows:
34. CIF Strategy Meetings between the senior management of the MDBs, the CEO of CIFSEC and the Co-Chairs of one or both TFCs, are intended to discuss the results achieved and overall strategy for the CIF; and CIF Management Meetings between MDB management, and the CEO of CIFSEC are intended to discuss overall CIF operations, including programs, initiative planning, fundraising, external representation and events, workforce planning and communications.
35. For the purposes of CIF Management Meetings, referred to in paragraphs 32 and 33 above and in Article 1, Section 3 of the HA, "MDB management" will be deemed to include primarily the CIF Focal Points. However, the CEO of CIFSEC may seek to convene an MDB senior management meeting if needed.

MDB Committee Meetings, facilitated by the CIFSEC Program Coordinators, will be convened as needed to discuss programmatic issues and specific CIF programs.

V. MDB COMMITTEE ROLES AND RESPONSIBILITIES

Overview

36. These ToRs do not remove any of the MDB Committee's roles and responsibilities, as currently set out in the CTF and SCF governance frameworks. Instead, they amplify those roles and responsibilities, and improve implementation modalities to help ensure that, through the MDB Committee, the MDBs have the role and voice in the CIF that the governance framework provisions intend.
37. The changes indicated herein concerning the MDB Committee's roles and responsibilities strengthen the MDB Committee's role and align with changes already agreed in respect of CIFSEC's roles and responsibilities, as set out in the HA, which have implications for the MDB Committee.
38. As amplified by these ToRs, the roles and responsibilities of the MDB Committee are set out below.

Roles and Responsibilities

The MDB Committee will facilitate regular and structured operational coordination, exchange of information, and experience among the MDBs and with the TFCs and CIFSEC, and undertake the following roles and responsibilities:

CO-DESIGN, DEVELOPMENT AND REVIEW OF STRATEGY AND POLICY

- (a) Coordinate with CIFSEC on the design, development and review of strategy and policy matters, and support TFC decision-making related to the TFC's overall vision for the [CTF/SCF's], programming, fundraising, guidelines and procedures, overall communication, and external engagement.
- (b) Review, and/or co-design proposals relating to the formulation and implementation of;
 - (i) the strategic vision and program criteria/priorities for the [CTF/SCF], requested by the TFC, to help ensure alignment with the MDBs' and beneficiary countries' climate priorities and financing models,
 - (ii) the [CTF/SCF's] policies and operational procedures, to help ensure alignment and complementarity with MDBs' policies and procedures,
 - (iii) the CIF's fundraising activities and strategies aimed at leveraging joint MDB resource mobilization efforts and donor outreach, and
 - (iv) [CTF/SCF] ad hoc initiatives, to help strengthen early engagement with MDBs and advise on practical implementation.

MDB OPERATIONAL COORDINATION AND INFORMATION EXCHANGE

- (c) Identify specific areas of MDB cooperation to harmonize the MDBs' climate change programs and actions, linking their initiatives with [CTF/SCF] programs and projects and encourage the MDBs to coordinate on funding allocations, distribution, and utilization, considering project pipelines, funding projections and other pertinent information.
- (d) Prior to each meeting of the [CTF/SCF] Trust Fund Committee, review a provisional agenda and documentation prepared by CIFSEC.

- (e) Review recommendations proposed by CIFSEC on program criteria and priorities and the activity cycle prior to CIFSEC's submission of such recommendations to the [CTF/SCF] Trust Fund Committee for approval.
- (f) Undertake regular reviews of the implementation progress of the [CTF/SCF] and individual funding windows and assist the TFC and CIFSEC with assessing the strength of the [CTF/SCF] pipeline vis-à-vis funding availability, with coordinating MDB activities, and exploring opportunities for joint MDB operational work.
- (g) Review operational reports before submission to the TFC on [CTF/SCF]-funded activities, performance, lessons learned, details of the [CTF/SCF]'s portfolio, status of implementation, and pending implementation issues.
- (h) Request and ensure that MDB Committee members share information with the MDB Committee on key elements of CIF investment planning processes (including e.g., EOI design; beneficiary countries' decisions on the coordinating MDB; progress on investment plan preparation; and the status of their underlying project pipelines) to allow for operational coordination and information exchange.
- (i) Subject to MDB processes and procedures and confidentiality requirements, ensure that all MDBs promptly share with the TFCs, correspondence or other communications received from external stakeholders which are pertinent to TFC approval of investment plans or individual CIF projects, and/or which have the potential, in the opinion of the MDB, to pose a reputational risk to the CIF.
- (j) Review a draft annual consolidated report on the [CTF/SCF's] activities, performance, and lessons, including details of the [CTF/SCF's] portfolio, status of implementation, funding allocations for the previous period, pipeline of projects and funding projections, administrative costs incurred, and other pertinent information.
- (k) Liaise with other development partners, including bilateral development agencies/banks, for purposes of promoting co-financing of activities through an annual consultation between the MDBs and development partners, including bilateral development banks.
- (l) Advise CIFSEC on its work program, including the implementation of a comprehensive knowledge management system, results measurement system and learning program, considering opportunities for synergies with the activities of the MDBs.

DELEGATED DECISION-MAKING ON FUNDING ALLOCATIONS

- (m) Make funding decisions that have been delegated by the TFCs to the MDB Committee, including but not limited to, decisions on country engagement, and investment plan preparation grants. If the MDB Committee reaches an impasse in achieving a consensus further to this provision, it will refer the matter to MDB representatives at the director or equivalent level for resolution, as provided in section 20 above.

SELECTION AND RECRUITMENT OF CEO OF CIFSEC AND CERTAIN CIFSEC STAFF

- (n) Appoint a representative (that is not from the International Bank for Reconstruction and Development) to participate in the selection process of the CEO of CIFSEC.
- (o) Consult with the CEO of CIFSEC in respect of the recruitment of any Deputy CEO and CIFSEC Program Coordinators.

OTHER

- (p) Perform any other functions assigned to the MDB Committee by the [CTF/SCF] Trust Fund Committee.

V. AMENDMENT AND FORMALIZATION

- 39. The roles and responsibilities of the MDB Committee as set out in these ToRs may be amended as necessary to take account of any changes in the MDB Committee's roles and responsibilities arising from the Joint TFC's ongoing review of the CIF's management of conflict of interest and/or for any other reason as agreed between the MDBs, CIFSEC, the Joint TFC and the World Bank as host of CIFSEC and trustee.
- 40. The amendments to be made to the CTF and SCF governance framework provisions that govern the MDB Committee will track and be consistent with the provisions in these ToRs on the MDB Committee's purpose, composition, chair, and roles and responsibilities.
- 41. The CIF Operational Manual will track and be consistent with the provisions and processes for MDB Committee meetings set out in these ToRs, and turnaround times agreed between the MDB Committee and CIFSEC for the exchange of documents and feedback thereon.
- 42. In addition, the CIF Operational Manual will include details of the processes to be followed in connection with the role of MDB Committee representatives in the recruitment of CIF Program Coordinators and Deputy CEO, and in the recruitment of any other CIFSEC staff, as may be agreed between the MDB Committee and CIFSEC and the World Bank as host of CIFSEC and trustee. Such processes will be developed with a view to the MDB Committee representative having an equal role to each of the other recruitment panel members, whenever such recruitments involve the convening of a recruitment panel.