

Dear CTF Trust Fund Committee members,

**RE: COMMITMENT OF UNFUNDED TRANCHE OF EBRD-CTF TURKEY CLIMATE CORPORATE GOVERNANCE FACILITY (CLIMATE STARS)**

In January 2020, the CTF TFC approved USD 20.25m of funding for the EBRD-CTF Turkey Climate Corporate Governance Financing Facility (aka Climate Stars) programme proposal. Owing to insufficient resources in the CTF at the time, the programme's full funding request of USD 27.75m could not be approved. In the proposal, EBRD noted that should additional funds be made available by the CTF under its DPSP III window, EBRD would request these funds from the CTF, to enable the programme's intended impacts to be achieved in full.

The CIF AU and MDB Committee have confirmed that additional funds are now available to be committed to this programme. EBRD hereby requests the CTF TFC to approve an additional EUR 6.15789m million and USD 1m of programme funds, in the form of debt and grants respectively, and USD 177,000 of MPIS, to enable the full programme to be implemented. The key metrics of the programme (co-financing, performance indicators) were prepared on the assumption that this additional funding would be secured, and so no further changes to the programme are required in this respect.

While the programme remains relevant and necessary to support the low carbon transition in the Turkish economy, the coronavirus crisis has significantly impacted Turkish financial institutions' priorities while its economy is slowly re-opening. To enable the programme to be implemented successfully, and form part of a private sector-led, sustainable recovery to the coronavirus crisis, EBRD additionally requests the following amendments to the programme:

- The commitment period of CTF funds by EBRD under this programme shall extend until 30 September 2023. EBRD envisages it can commence marketing this programme to Turkish PFIs no earlier than September this year. The revised commitment period is proposed to provide EBRD with the full 36 month period to implement the programme, as is required by the CTF Cancellation Policy for private sector programmes, notwithstanding delays caused by the coronavirus crisis;
- CTF funds may be committed in any debt financing instruments, to be better aligned with Turkish PFIs' existing funding practices and to help to accelerate the implementation of the programme. Any references to a loan in the proposal shall therefore be deemed to refer to a loan or other debt financing instrument.
- The tenor shall be increased from up to 5 years to up to 10 years to allow for longer maturities aligned with the type of debt financing instrument and to provide a product to PFIs allowing them to extend financing to their clients for sustainable, green projects, better matching the longer payback periods of such projects. This is considered important for the economy to recover sustainably from the coronavirus pandemic, when companies may be driven to prioritize sub-optimal technological solutions with lower upfront costs and shorter payback due to lack of matching financing products.
- Notwithstanding any other terms, the period for EBRD to commit uncommitted tranches within any financing agreement shall not exceed two years after its signing. This is to provide for financing agreements that EBRD concludes during the programme's commitment period that comprise both committed and uncommitted tranches; and
- The availability period of CTF funds to PFIs (i.e. the time within which the PFIs may draw down the funds) shall be in line with the availability period for EBRD funds, as set out in the legal

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agreements between EBRD and borrower, and not the EBRD Operations Manual as was incorrectly stated in the proposal.

EBRD requests these amendments to apply to the programme in full (i.e. both the previously approved funding and the funding requested as part of this TFC decision).

Best regards,

EBRD team