



ACCELERATING COAL TRANSITION INVESTMENT PROGRAM

Operational Guidelines

For the CIF ACT Investment Plan Development Process

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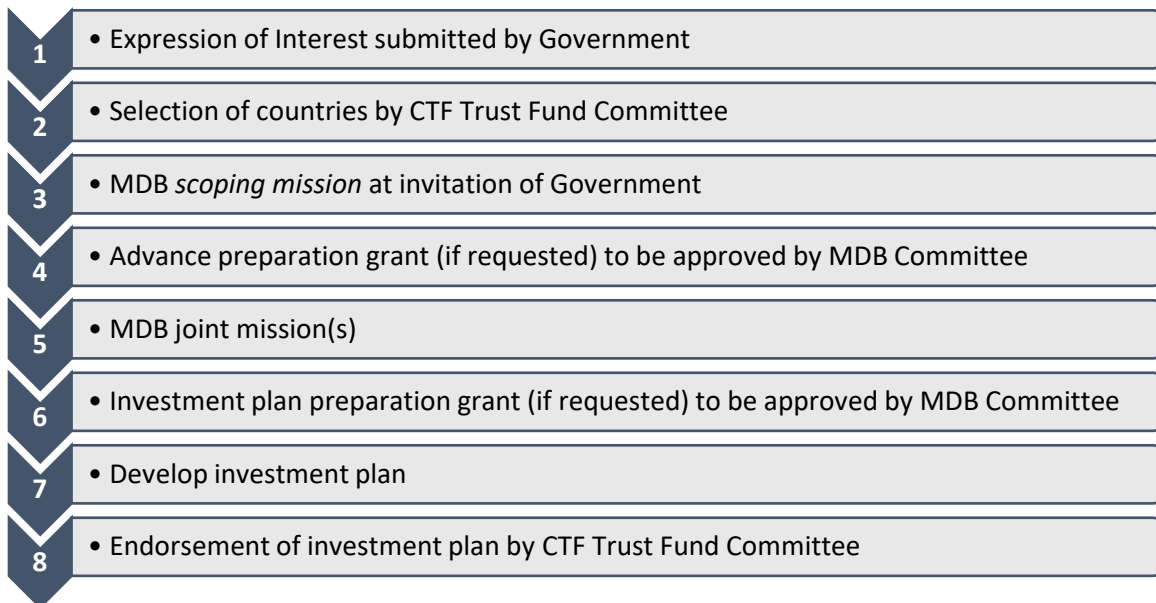
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Operational Guidelines for the CIF Accelerating Coal Transition Investment Plan

INTRODUCTION

1. The CIF Accelerating Coal Transition Investment Program (ACT-IP) launched in October 2021 with the decision of the CTF Trust Fund Committee (TFC) to invite four applicant countries to develop investment plans for the program's first phase of implementation. Countries may be funded from USD 200 to 500 million per country, based on the assessments made at the time of the IP preparation. These figures may be subject to change based on future availability of resources. Additional countries may be funded in later stages of implementation pending the contribution of additional resources from donors and contributors.
2. This document outlines the general steps to launch the Investment Plan (IP) process for the CIF ACT program. Next steps, which include scoping and MDB joint missions, use of IP preparation grants, IP development and finalization, are outlined in Figure 1 below and elaborated throughout the document. Specific guidance on the expected content, structure, and length of the IP documents can be found in Annex 2.

Figure 1 Flowchart for Stages of IP Preparation



INVITATION

3. Once countries are selected to participate in a CIF Program by the CTF Trust Fund Committee, these countries will be invited to develop an Investment Plan and requested to designate a focal point to serve as the main contact in the country for the Multilateral Development Banks (MDBs) and the CIF Administrative Unit (CIF AU) in developing the IP.
4. After the confirmation has been submitted to the CIF Administrative Unit, the designated focal point should engage in conversation with the appropriate representatives of the relevant MDBs to initiate discussion of the steps required to prepare an investment plan. The MDBs may initiate this process, but the requests should be sent to the relevant MDBs and the country focal points, with the CIF AU copied.
5. The relevant MDBs will be available to assist the country throughout the IP preparation process, including through the in country-led joint missions. The purpose of joint missions, to be organized in collaboration with the MDBs and the CIF AU (referred to as '*Joint Mission*'), is to assist with the development of the IP and subsequent programming. Considering travel restrictions and safety precautions in place to protect against COVID-19, missions may need to be virtual, when deemed appropriate by the country and MDB(s).

SCOPING MISSION

6. Through collaboration between the country and the MDBs, *scoping missions* may be organized to assist the government in planning and preparing for the IP development process. During the *scoping mission*, the country and the MDBs should also engage with other key development partners including other bilateral and multilateral agencies operating in the country, UN agencies, private sector, civil society organizations, youth organizations, and other key stakeholders. Such scoping missions may also be used by the government and MDBs to jointly develop the terms of reference for the Joint Mission including its composition, budget, contacts, and schedule.
7. A key outcome of the *scoping mission* will be an assessment of the level of government capacity and resources to develop an IP. Minimum readiness indicators include, but are not limited to:
 - a. *Nationally designated institution or lead agency with mandate to engage on relevant CIF programmatic areas and related functions, and*
 - b. *Indicative concept of activities identified for potential support through the IP.*
8. During the scoping mission an agreement should be reached with the government on the scope of assistance needed for planned activities under the program. When countries were selected for the ACT program, the CTF TFC decided to allocate preparation grants for the development of the

investment plans (IPPGs)¹ to assist the countries to fully engage in leading the design of the program. These Investment Plan Preparation Grants (IPPG) will be disbursed upon request after the initial scoping mission.

9. The MDBs should provide consistent guidance to participating countries to assist them in utilizing the IPPG by recommending which activities are appropriate for this stage of the process (as opposed to activities that may be more appropriate for project preparation grants). The Government should agree with the MDBs on administrative arrangements to facilitate the provision of the IPPGs. The CIF Administrative Unit will inform the CTF Trust Fund Committee of the approval of the IPPG allocation and post the funding request publicly.

JOINT MISSION

10. Before a Joint Mission takes place, a country should undertake the preparatory work necessary to ensure smooth conduct and maximum outputs from the Joint Mission. The MDBs are expected to assist a country in identifying and undertaking the required preparatory work, if requested by the country. Preparations may include:
 - Identifying government ministries, other development partners, and other key stakeholders who should participate in the Joint Mission.
 - Consolidating documentation available on a range of relevant analytical, strategic, and programming activities, which can be an important input to the investment plan preparation.
 - Stocktaking of existing and potential activities in the country that may be relevant to the investment plan.
11. The objective of the joint mission is to collaborate with the pilot country or region in developing an investment plan for activities to be implemented that are consistent with the overall program objectives and meet the investment criteria for programming priorities. The Government will lead and coordinate the joint mission, which will include teams from the MDBs and key government agencies. During the joint mission, consultations should be held with key stakeholders in the country, including other development partners, non-governmental organizations, indigenous peoples' groups, youth organizations, local communities, and the private sector. The mission should include consultative workshops, meetings and appropriate field trips, and other activities focused on identifying specific opportunities and challenges for investments that facilitate the accelerated phaseout of coal.
12. Joint missions should serve to strengthen country ownership, identify activities of other development partners that could contribute to the programmatic objectives of the program, mobilize co-financing for program investments, ensure harmonized policy support, and promote complementarity with on-going activities. Furthermore, they serve as a platform to hear from other key stakeholders in the country, including civil society, non-governmental organizations, indigenous peoples' groups, local communities, youth organizations, and the private sector (e.g., local entrepreneurs, innovators, etc.).

¹ For ACT, an amount up to USD 1,000,000 may be approved as an Investment Plan Preparation Grant (IPPG) based on the potential scope of activities submitted by the country for approval to the CTF Trust Fund Committee.

13. During the process of developing an investment plan, recipient countries working with development partners should explore synergies and mobilize complementary resources for assistance, planning and advisory services from other partners or institutions (e.g., MDBs, UN agencies, bilateral and other development partners). The aim should be to create national platforms to “crowd in” where possible appropriate activities and resources to align them with the objectives and goals of the CIF programmatic approach. Additional resources secured to complement program funding should be indicated in the investment plan. The MDBs should also actively seek to engage other development partners prior to the joint mission, particularly those already contributing to relevant activities in the country.
14. As part of the preparatory process, and working with the Government, MDBs should prepare Terms of Reference (TOR) for the joint mission. The TOR should include the mission composition, Government and MDB contacts (name, institution, telephone number and e-mail address), detailed agenda, as well as a preliminary schedule of meetings, consultations, and places visited. The TOR for the joint mission should identify the roles and responsibilities of each MDB, and arrangements for collaboration with other relevant partners in supporting the government in the development of the IP. In particular, arrangements for consultations with other development partners, civil society and private sector should be provided in the TOR. The CIF Administrative Unit should notify the CTF TFC of the agreed joint mission four weeks in advance and post this information on the CIF website. This advanced notice is intended to facilitate the participation of other development partners and stakeholders in country-led consultations during the joint mission.
15. The TOR should be submitted to the MDB Committee for approval, including approval of the financing necessary to cover the budgetary requirements for support provided by the MDB. Funds to cover MDB support to country programming will be made available through the country engagement allocation in the annual CIF Administrative Budget.
16. The MDB Committee review of the TOR should take place with sufficient time to allow the CIF Administrative Unit to notify the CTF Trust Fund Committee once the TORs are approved. In some cases, additional joint missions may be needed to develop the investment plan. For all subsequent country missions, the MDB(s) should inform the CIF Administrative Unit in sufficient time so that the CTF Trust Fund Committee can be notified two weeks in advance of the mission.

AIDE MEMOIRE

17. A report summarizing agreed key findings, information on stakeholder consultations, including a list of local donor and development partners and other stakeholders consulted during the missions, and next steps should be prepared and submitted to the CIF Administrative Unit within 30 days following the completion of the mission. The report will be posted on the CIF website. In addition to the Aide Memoire, MDBs should provide regular updates (every 4-6 weeks) related to the development of the Investment Plan (IP) to the CIF Administrative Unit.

FINALIZING THE INVESTMENT PLAN

18. The investment plan is critical to allowing potential activities and investments financed by the program to be structured to respond to each country's existing strategies and plans and to take account of on-going operations in key relevant sectors or sub-sectors in a country.
19. The investment plan should be owned by the Government and agreed with the MDBs and other development partners, as appropriate.² It should be a clearly articulated multi-year proposal that describes the programmatic goals, proposed uses of CIF resources, and proposed activities of other development partners that could contribute to achieving those goals. The investment plans will include concept briefs for proposed investments and should also include requests for any investment preparation grants that will be required to develop the investment proposals. A suggested structure for the investment plan, including the information to be provided, can be found in Annex 2.
20. The CIF [Pipeline Management and Cancellation Policy](#), approved November 2020, states that *"Investment plans...must be submitted for endorsement to the relevant CIF governing body within 18 months from the date the CIF pilot countries are selected."* The time required to complete IPs should respond to recipient country needs and readiness, so MDBs and participating countries are encouraged to accelerate the process wherever appropriate.

ENDORSEMENT OF THE IP

21. The IP should be reviewed and finalized through appropriate internal government procedures. A draft should be made available for public information and comment on a government website at least two weeks prior to its finalization. Once approved, the designated Government CIF focal point should send the final IP to the CIF Administrative Unit to be included in the agenda for the next CTF Trust Fund Committee meeting for endorsement. The IP should be submitted to the CIF Administrative Unit at least six weeks in advance of the meeting.
22. The IP sets the roadmap for country investments under the program and must include concepts for all proposed operations. As part of the IP review and endorsement, the CTF Trust Fund Committee may provide comments on those concepts and may also approve investment preparation grants (if requested) for the further development of the proposed activities. The CTF Trust Fund Committee will also endorse a resource envelope of financing up to a specific amount based on the recent decision³.

² There is no presumption that all MDBs that normally engage with the country need to be involved in the implementation of investments and other activities.

³ For ACT, the CTF TFC approved indicative allocations ranging from USD 200 to 500 million per country, based on the assessments made at the time of the IP preparation. These figures may be subject to change based on future availability of resources.

ANNEX 1: Action Matrix for IP Preparation and Execution

Steps/Action required	Responsible Parties	Performance Standards
<p>1. Upon invitation of government, MDBs conduct scoping mission and other joint mission(s) to provide inputs to the development of CIF programming.</p> <p>MDB scoping and joint missions, including preparation of funding proposal if required, and identification of relevant activities proposed as part of Investment Plan</p> <p>Coordination meetings with development partners</p> <p>Preparation of Investment Plan</p> <p>Public disclosure and finalization of the Investment Plan</p> <p>Finalization of Investment Plan by Government.</p>	<p>MDB(s) and Recipient Country Government</p>	<p>According to criteria and guidelines established by CIF, including coordination with other development partners.</p> <p>MDB investment lending guidelines for identification and investment concept review.</p> <p>Public disclosure at least two weeks prior to submission of IP to CIF Administrative Unit</p> <p>Investment Plan posted on CIF website</p>
<p>2. CTF TFC reviews and endorses Investment Plan, and agrees on MDB designation for operations, eligibility, and priorities for investments, indicates notional resource envelope for such activities, and approves requested preparation grants for proposed investments.</p>	<p>CTF TFC</p>	<p>At TFC meetings and/ or approval-by-mail, as needed.</p>
<p>3. MDB supports preparation of individual investments by host country and/ or private sector client.</p>	<p>Host country, MDB and private sector</p>	<p>According to MDB operational policies and procedures, consistent with endorsed Investment Plans.</p>

ANNEX 2: Proposed Outline of ACT Investment Plan

I. **Proposal Summary (2 pages)**

- Objectives
- Expected outcomes
- Program criteria, priorities, and budget

II. **Country Context (3-4 pages)**

- Current state of coal mining and coal-dependent energy systems and assets
- Summary of national and international climate strategies and plans, including status of NDCs
- Gap/barrier analysis; needs assessment

III. **Accelerating Coal Transition Context (3-4 pages)**

- Overview of energy/power sector (market structures, state of national and regional distribution/transmission systems, penetration of renewable energy vs. coal)
- In-depth analysis of country's coal production and generation portfolio (technical, operational, financial, equipment supply, additional information)
- National low or zero carbon energy strategies (willingness to reduce coal-dependence, existing or envisioned policy, regulation, plans, and resource allocation)
- Institutional framework and capacity, including relevant laws, policies, ministries or state agencies, regulations, market rules, or technical standards
- Role of private sector, innovation, and leverage of resources
- Any complementary activities coordinated with other development partners

IV. **Program Description (5-6 pages)**

- Clear and concise overview of proposed interventions, including how they will intersect and complement each other (including parallel activities to be funded by other development partners)
- Investment preparation activities, including technical assistance/capacity building and advisory services
- Types of enabling technologies, infrastructure enhancements, innovative models, and/or system and market design and operation enhancement activities (examples listed in the [ACT Design Document](#))

V. Financing Plan and Instruments (3-4 pages)

- Requested budget envelope for investments
- Costs and sources of funding
- Types of financing to be requested (grant, concessional debt, etc.)
- Recipients of funding
- Anticipated co-financing

VI. Additional Development Activities (1-2 pages)

- Parallel activities to be funded by other development partners (e.g., private sector, bilateral financiers, NGOs, IGOs, etc.) and how these activities will be complementary

VII. Implementation Potential with Risk Assessment (2-3 pages)

- Country/regional risks - institutional, technology, environmental, social, financial
- Absorptive capacity for ACT Program and associated investments within the country

VIII. Monitoring and Evaluation (2-3 pages)

- Entire systems analysis (see [ACT Integrated Results Framework](#) document)
- Anticipated program-level impacts
- Integrated results framework table
- Proposed approaches for tracking and evaluating transformational change, just transition, and inclusivity aspects of IP

Annexes

Information should be included in annexes on the following areas:

- Assessment of country's capacity for coal assets' retirement and phase-out activities
- Stakeholder consultations
- Development co-benefits
- Existing activities in the field of coal transition, particularly activities of other development partners and local implementation agencies

For each Investment Plan component, an investment concept brief (maximum two pages) should be provided as an annex and include:

- Problem statement (1-2 paragraphs)
- Proposed contribution to initiating transformation (1-2 paragraphs)
- Implementation readiness (1-2 paragraphs)

- Rationale for ACT financing (1-2 paragraphs)
- Results indicators
- Financing plan, including financial instruments
- Project preparation timetable
- Requests, if any, for investment preparation funding



The Climate Investment Funds

The Climate Investment Funds (CIF) were established in 2008 to mobilize resources and trigger investments for low carbon, climate resilient development in select middle and low income countries. To date, 14 contributor countries have pledged funds to CIF that have been channeled for mitigation and adaptation interventions at an unprecedented scale in 72 recipient countries. The CIF is the largest active climate finance mechanism in the world.

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