Climate Investment Funds Monitor 7

April 2013

Summary

- As the **Climate Investment Funds (CIFs)** looked at possible implications of the UNFCCC's Green Climate Fund on its operation, they also scaled up their engagement with the private sector, including agreeing separate funding streams for the private sector in the PPCR, FIP and SREP. A proposal is also due to be discussed under the CTF.
- A CIFs gender review welcomed progress, but noted that further work is needed. A report on stakeholder engagement in Asia pointed to several weaknesses and the CIF observers proposed a strategy to strengthen engagement. There was also a call for indigenous observers for the CTF.
- The **Clean Technology Fund (CTF)** investment plan for Indonesia was approved, despite serious concerns regarding the impact on protected forests. Concerns were also raised over a project in Colombia, using financial intermediaries to reach hotels and private hospitals. Further concerns were raised about urban transport projects in the Philippines, Nigeria and Egypt, a large scale solar power project in Chile, and an energy efficiency project in India.
- Projects under the **Pilot Program for Climate Resilience (PPCR)** in Cambodia continued to attract concerns, in particular regarding resettlement plans. PPCR funding for a livelihoods project in Tajikistan and uncoordinated approaches in Zambia's PPCR were questioned. Concerns were also raised about the process in the Pacific Region, Dominica, Mozambique and Yemen.
- The **Forest Investment Program (FIP)** dedicated grant mechanism for indigenous peoples and local communities worked to set out a framework and operational guidelines. The Indonesia plan was endorsed despite longstanding civil society concerns. Concerns were also raised over possible industrial logging in a Laos project. Furthermore, an indigenous peoples association raised several concerns over the FIP process in Peru. Concerns were also raised over projects in Mexico, Ghana and Burkina Faso.
- Questions were raised over energy access in the **Scaling up Renewable Energy Program in Low Income Countries (SREP)** in Ethiopia. The civil society engagement process in the Maldives SREP process was questioned and concerns were also raised over programmes and plans in Nepal, Tanzania and Honduras.

Content

The Bretton Woods Project is an ActionAid-hosted project. ActionAid UK is a registered charity in England and Wales (No.274467) and a company limited by guarantee, registered in England and Wales (No.1295174).

33–39 Bowling Green Lane
London EC1R 0BJ
United Kingdom
Tel: +44 (0)20 3122 0610

This edition of the *CIFs Monitor* outlines recent developments at the CIFs and collates on-going concerns over their operation. It builds on *CIFs Monitor* 6, published in October 2012. This edition reports on CTF trust fund committee and SCF programme sub-committee meetings and communications from November 2012 to March 2013. These committees serve as the governing bodies of the funds.

Information on the CIFs, including meeting notes and submissions, can be accessed at www.climateinvestmentfunds.org.

1 Climate Investment Funds

1.1 Impacts and results

The joint CTF/SCF meeting in November discussed indicators for measuring the development and poverty reduction impacts within projects, reiterating an "expectation that each project/programme submitted … for approval of CIF funding will include at least one development impact indicator". It is expected that "monitoring and evaluation of development impacts will be applied flexibly", and "be assessed at the closing of the project or programme when the cumulative impacts can be quantified and qualified". Moreover, the CIFs' respective results frameworks were discussed in the sub-committee meetings (see *CIFs Monitor* 6).

1.2 Private sector engagement

Further efforts to engage the private sector in CIFs were discussed in the November meeting. Proposals to facilitate an increased share of funding to the private sector for each of the CIFs had been prepared by each fund. Furthermore, as part of the May 2012 outreach strategy to increase private sector engagement in the CIFs, a private sector forum was held during the CIFs Partnership Forum in November. A tool kit on best practice for engaging the private sector with the objective of assisting the country and MDB teams to develop a private sector deal flow within their CIF programmes is under development. Subsequently, an April CTF proposal on a ""global private sector program" will be discussed in the May meetings.

In the November meeting a discussion was held on risks related to the repayments of private sector investments that may be deployed by the MDBs in local currency to meet the needs of local projects/borrowers. There was a general agreement that SCF and in some cases the CTF should bear these, but questions were raised about whether the CIFs could utilise a ring fenced fund, possibly made up of accrued interest income, to finance the risks. It was decided that as an interim measure pending the development of an enterprise risk management framework, the World Bank in its role as trustee would prepare a proposal considering options, including "the maximum amount that can be allocated to the MDBs to use for local currency lending" and "projections of the number and size of local currency loans" expected. The meeting expressed support for the option that the SCF trust fund "bears the currency risk related to the repayment of private sector investment", provided the project meets agreed or other relevant criteria.

Climate Investment Funds

The World Bank-housed Climate Investment Funds (CIFs) are financing instruments designed to pilot low-carbon and climate-resilient development through the multilateral development banks (MDBs). They are comprised of two trust funds – the **Clean Technology Fund (CTF)** and **the Strategic Climate Fund (SCF)**. The SCF is an overarching fund aimed at piloting new development approaches. It consists of three targeted programmes: **Pilot Program for Climate Resilience (PPCR)**, **Forest Investment Program (FIP)** and **Scaling up Renewable Energy Program in Low Income Countries (SREP).**

The CIFs operate in 49 countries worldwide. As of end 2012, donors had pledged $5.2 billion to the CTF and $2.4 billion to the SCF ($1.3 billion for PPCR, $639 million for FIP and $505 million for SREP). Projects are executed by MDBs: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the World Bank and its private sector arm, the International Finance Corporation (IFC).

1.3 Risk management

A financial risk monitoring and management framework was presented in the November meeting by consulting firm Booz Allen Hamilton as a way for the CIFs to systematically identify risks, contextualise them and develop appropriate strategies to cope with them, however, some felt that the systems was more complex than necessary. It was agreed to establish a working group to oversee the development of the CIF enterprise risk management framework, consisting of the trustee (World Bank), the CIF Administrative Unit, one risk management specialist from each MDB and Booz Allen Hamilton, which will report back in the May meeting, including identification of priority risks to be addressed under the framework (such as local currency loans and over-programming to address projects which may drop out or never move through the pipeline) and recommendations on implementation of a framework.

1.4 CIFs and the Green Climate Fund[1]

A paper on the CIFs and the emerging financial architecture on climate change, including the Green Climate Fund (GCF, see *CIFs Monitor* 6) was discussed during the November joint SCF-CTF meeting. South Africa pointed out that the CIFs are not recognised by the UN Framework Convention on Climate Change (UNFCCC) as a climate finance funding body, and that less than a third of the countries entitled for funding under the common but differentiated responsibility principles are currently receiving funds under the CIFs. Some speakers emphasised that the CIFs focus should be on how to improve what currently exist in in CIF programming, rather than focusing on the sunset clause as these discussions will come as donors decide whether to continue to support the CIFs. Many countries supported the paper's approach, since it gives the flexibility to avoid a funding gap. In terms of the proposed thematic programme options, most countries favoured the option on "strengthening climate investment readiness/preparedness", however, some felt that more information was necessary.

It was agreed "to monitor developments in the elaboration of the operational procedures and modalities of the GCF", to assess when to consider implications for the CIF sunset clause. In the meantime, "the CIF should play its part in ensuring the continuity of climate finance". CIF partners were asked "to share lessons and experiences from the CIF, with those deliberating climate change within the UNFCCC and the GCF." Furthermore, the CIF Administrative Unit was asked to "critically scrutinise the comparative advantage of the CIF to work on the proposals" on thematic programmes, such as on specific technologies and for further engagement with the private sector.

1.5 Gender review[2]

A CIF gender review by the International Union for Conservation of Nature (IUCN) was discussed at the joint CTF/SCF November meeting. Overall, 70 per cent of investment plans mention gender, out of which a quarter recognise women as "relevant stakeholders and agents of change". The report noted that: "It is clear that there has been a concerted effort towards including gender considerations in the CIF", but that despite progress in some funds, "further work is still required in others, especially in the CTF" and encouraged funds "to draw lessons learned from each other in relation to the mainstreaming of gender". Furthermore: "There is a tendency to mention gender in isolation, a box, or a section of the document without linking these consistently throughout the rest, rendering it disconnected and not leveraging off the full potential that could be derived from gender mainstreaming."

PPCR

According to the report, all 16 SPCR's assessed "make mention of gender in one way or the other", however, the gender equality approach "varies considerably". For example, over half SPCRs "refers to women only as a vulnerable/marginalised group", rather than "relevant stakeholders and agents of change", but the report also mentioned progress made in the PPCR pilots.

FIP

All four investment plans assessed by the review "stat[e] the manner in which gender issues will be taken into consideration throughout implementation", but the approach in promoting gender equality varies here, too, including only one of the countries recognising women as "relevant stakeholders and agents of change". Furthermore, only half had consulted women and women's organisations in the development of the investment plan, and none "earmarked specific resources for the promotion of gender equality and women's empowerment."

SREP

All of the five investment plans reviewed mentioned gender, but again the approach to promote gender equality varied. The review found that: "None of the SREP IPs have earmarked specific resources for the promotion of gender equality and women empowerment".

CTF

The review analysed 16 investment plans, as well as 22 projects and programme documents, and concluded that, despite some recent progress, "gender aspects are generally overlooked in both the strategic planning outlined through the country IPs and in the project planning outlined in the individual project and programme documents". For example: "In none of the IPs were women or women's organisations engaged as a stakeholder."

The meeting agreed to undertake steps, building on the principles of the gender review, in order to: "harmonise and institutionalise gender more effectively; acknowledge and employ gender as a driver for transformational change; address the need for further knowledge, innovation and cooperation; harness capacity in the MDBs and at the country level to strengthen CIF plans and programmes through technical approaches that link gender to climate change and specific sectors; and strengthen gender sensitive monitoring and evaluation." A final report, taking into account comments, will be circulated by the CIF Administrative Unit. The original proposal included a suggested decision to recruit a gender specialist, who should as a first priority "prepare an action plan outlining the steps to be undertaken to implement the recommendations of the gender review", however, it was agreed that further time was needed to read and comment on the full report, so instead the meeting asked IUCN to further develop a proposal to be discussed at the May meeting.

1.6 CIF evaluation[3]

Progress on the CIF evaluation was reported on in the November meeting, including estimates for the inception report to be ready by mid December and the final report in November 2013. The Evaluation Oversight Committee (EOC) was asked to put forward a proposal for the composition of the reference group that will assist in the evaluation of the CIFs, however, the nominations were subsequently delayed due to members' wishes for a more regionally balanced set of representatives. Furthermore, in the meeting, the UK proposed that the EOC should take a more strategic view of the evaluation, which was approved by the committee. A paper will be prepared by the CIF Administrative Unit and the MDB Committee for the May meeting.

1.7 Observer and stakeholder engagement[4]

An April paper from the CIFs civil society and indigenous peoples observers called for measures to increase the effectiveness of their participation. The indigenous peoples observers called for CTF to include two indigenous peoples observers, in line with the other trust funds, and for funding support for the SCF observers for communications, outreach and capacity building activities. Furthermore, in the paper the observers noted barriers to effective participation in the CIFs, including lack of capacity, resources and access to information, and proposed an observer strategy "to improve the effectiveness in the design and the implementation of CIFs projects and programs". The strategy would be achieved by reviewing current practices and implementation of strategies for increased effectiveness at global, regional and local levels.

As a first step, the observers suggested a stakeholder review to "develop concrete recommendations and practical tools to strengthen stakeholder engagement practices in pilot countries" and "identify actions needed at regional and global levels to relay national level stakeholder engagement activities and foster best practices and knowledge exchanges."[5]

A November report by ADB reviewed stakeholder engagement in preparing investment plans for the CIFs, including case studies from Cambodia, Nepal and the Philippines. In the PPCR preparation in Cambodia civil society organisations (CSOs) participated actively in the consultations, but the government's ownership of the process was questioned "by both development partner and civil society observers, who felt that the MDBs were pushing, if not sometimes dominating the process." It was also noted that "information sharing, especially early on, was not effective", partly due to the World Bank's withdrawal from Cambodia due to controversies over a land titling programme (see *Bretton Woods Update* 81). In Nepal, concerns were raised over duplications in the parallel processes of the development of the country's National Adaptation Programme of Action (NAPA) and the PPCR and SPCR. Again "MDB pushing sometimes took precedent over government lending", furthermore, a private sector working group was added to "convinc[e] government of the relevance and importance of the private sector". Civil society engagement was largely fragmented until the government announced it would take up the loan as well as the grant component of PPCR funding, which provoked opposition. The Philippines case study refers to the controversial e-trikes project (see *CIFs Monitor* 6, 5), and notes that: "No comprehensive stakeholder analysis was made and no clear consultation and participation plan was evident." Recommendations include "more effective use of consultation plans and communication strategies", provision of guidance "to ensure inclusivity of consultations" and development of "strategies for addressing barriers to government leadership".[6]

1.8 *CIFs Monitor* review

In December 2012 we launched a survey to find out what our readers think of the *CIFs Monitor*. We received 33 responses, the majority from NGOs (61%), followed by academics (15%) and multilaterals (12%), however, not all respondents replied to all the questions. Most respondents were based in North America (36%), followed by Asia and the Pacific (24%) and Western Europe (18%). Sub-Saharan Africa represented 9%, Latin America 6%, Eastern Europe and Central Asia 3%, while no respondents were from the Middle East and North Africa region. Just over a third of respondents were particularly interested in the PPCR, closely followed by CTF. Almost a fifth followed FIP and 6% SREP. Over half of the respondents have been directly involved in CIF consultations or followed one or more closely.

The most commonly named problems or concerns with the CIFs was the 'CIFs relationship with the Green Climate Fund', closely followed by 'climate impacts' and 'the role of the private sector'. After this followed 'social impacts', 'environmental impacts', 'weak or lack of stakeholder consultations' and 'insufficient donor commitments'. 'Gender issues' and 'indigenous people issues' received the lowest ratings.

Almost 60% of the respondents found the overall content of the *CIFs Monitor* good, but less than half found the design and layout good. Two-thirds found it to have a good or average balanced view, with 15% finding it poor. Over half found the representation of Southern views good or average, while just under a quarter found it poor. CIF meeting summaries received the highest scoring of usefulness at 75%, followed by CIF project information at 72%. CIF project critiques received 69%, while 57% found descriptions of the CIF methodology useful. Most respondents (70%) would like to see more focus on 'case studies', followed by 'links to international climate finance' and 'environmental issues', each selected by nearly half of the respondents. This was followed by 'private sector issues', 'social issues', and 'critical views'.

Changes based on the survey results will be implemented over time, so do continue to give us feedback by contacting Petra Kjell on pkjell@brettonwoodsproject.org.

2 Clean Technology Fund

2.1 CTF funds

In the November sub-committee meeting the MDB Committee and the CIF Administrative Unit were asked to "develop and apply an interim solution to the issue of allocation CTF resources to Phase II country investment plans", including funds released from Phase I and any new resources. This includes plans endorsed after 2010 – Nigeria, India and Chile, as well as stage 2 of Turkey's investment plan. They were also asked to develop a proposal for a long-term solution for management of the pipeline to be discussed in the May meeting.

2.2 Results framework

The CTF results framework was approved in the November meeting, however, the CIF Administrative Unit was tasked to provide clarification "on how issues such as attribution, leverage, and transformational impact should be understood and measured". Furthermore, five core outcome level indicators were agreed, including "tons of GHG [greenhouse gas] emissions reduced or avoided" and "volume of direct finance leveraged through CTF funding – disaggregated by public and private finance" to be applied to all projects, and three that are sectoral.

2.3 Private sector proposal

An April proposal, due to be discussed in the May sub-committee meeting, calls for the establishment of a "global private sector programme" to speed up engagement with the private sector. The proposal notes that CTF has so far approved $730 million for private sector programmes in ten countries, but that "deployment of CTF funds [for the private sector] needs to be accelerated, with greater scale and more innovation in approaches and instruments." Furthermore, it argues that "countries may be reluctant to allocate limited CIF resources to the private sector at the expense of the public sector" and that the business model "may be too restrictive for private sector financing". It would "consist of an envelope of dedicated CTF resources to be deployed through a few specific sub-programmes" and approved by the CTF trust fund committee. The proposal clarifies that the intention is not to "replace the current country-driven model", but to provide "a supplemental pathway", focusing on scale and speed. Proposed sub-programmes include "structured debt finance" and a "dedicated energy efficiency and renewable energy fund".[7]

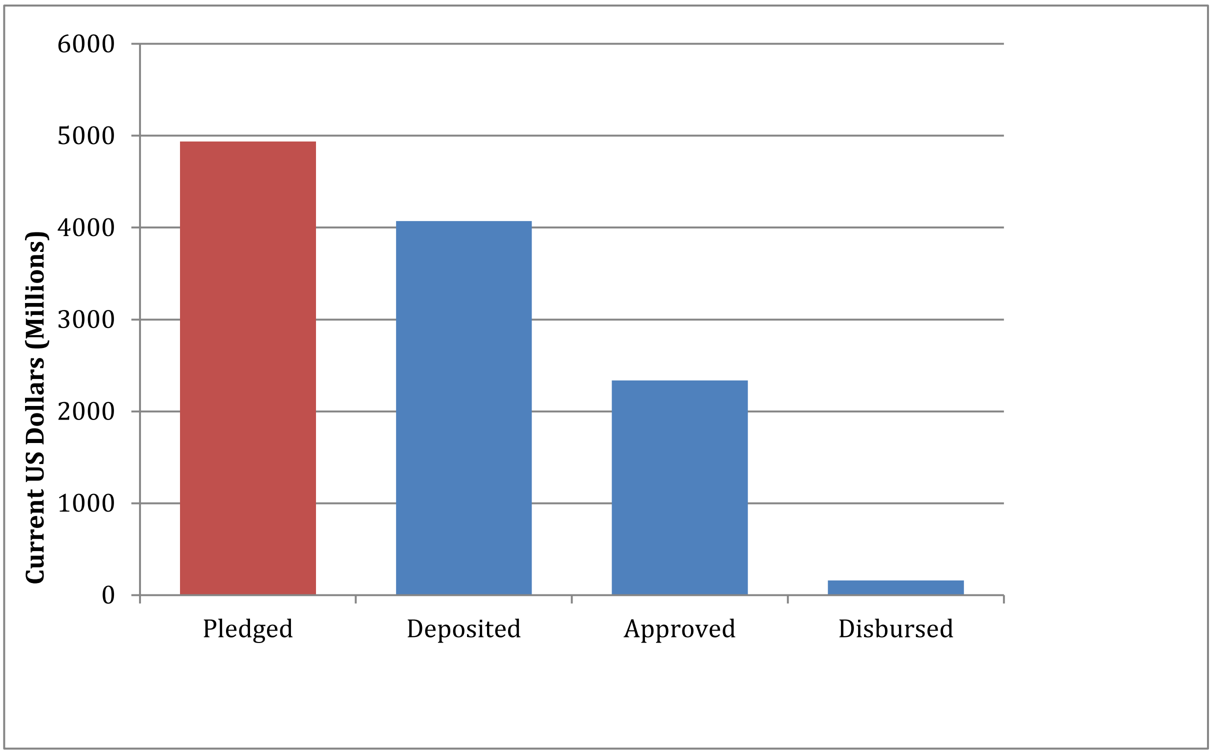
Clean Technology Fund (CTF)

The objective of the CTF is to use minimum levels of concessional financing to catalyse investment opportunities that will reduce emissions in the long term. The CTF focuses on financing projects in middle-income and fast-growing developing countries.

The trust fund committee endorsed 13 investment plans in Phase I (2008-2010): Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, South Africa, Thailand, Turkey, Ukraine, Vietnam, Philippines; and the Middle East and North Africa (MENA) covering Algeria, Egypt, Jordan, Morocco and Tunisia. A further three plans have been endorsed in Phase II (after 2010): Nigeria, India and Chile. Furthermore, in April Peru formally expressed interest in joining the programme, which will be discussed at the May sub-committee meeting.

As of mid March, $5.2 billion had been pledged to the CTF. 41 projects had been approved under 14 investment plans for a total of $2.3 billion. According to the CTF, these projects are expected to leverage over $19 billion in co-financing and reduce approximately 600 million tonnes of CO_2.

Graph 1: CTF funding[8]



2.4 CTF and development policy operations

A proposed CTF project in India, in which $100 million in finance was requested for a World Bank "green growth" development policy operation in Himachal Pradesh, was discussed in the joint CTF/SCF meeting in November. According to the Bank development policy loan document the funding will finance the second part of a programmatic series, to support the first $100 million Bank-funded operations, in accordance with "the practice to leverage CTF resources with funds from multilateral agencies."[9] The CTF/SCF discussion included a note exploring the suitability of CTF and potentially other CIF funds for MDB development policy lending. The meeting emphasised: "the importance of ensuring, when development policy operations are proposed, that justification is provided as to the need for, and additionality of, the CIF funding and that results can be measured and monitored"; the need for coordination with other MDBs and development partners to avoid duplication; and to keep this under review as specific projects or programmes making use of this instrument are submitted for approval. Further information about the India project was submitted in April for discussion in the May sub-committee meeting.

2.5 Programme updates

2.5.1 Indonesia[10]

A revised investment plan for Indonesia was approved by mail in mid April, after an extension had been granted. Of the original endorsed plan of $400 million in CTF funding, $125 million will be reallocated from the public to the private sector for investments in geothermal energy development with ADB and $15-25 million from an IFC energy efficiency and renewable energy programme to be reallocated to an IFC geothermal programme. Prior to approval, Spain and Sweden questioned the revised figures, including the expected co-financing rising from $1.1 billion to $4.2 billion in private flows, asking "if it is not too optimistic." Germany also questioned the new figures, and stated that while they generally "appreciate the attempt to mobilise private sector financing", they wondered whether "minor improvements of the regulatory framework" would be sufficient to justify the decrease in MDB contributions from $1.5 billion to

$845 million. While Canada welcomed the proposal, it cautioned that since “most of Indonesia's geothermal fields reside in nationally protected forest areas, it is essential that environmental compliance of supported projects is assured”, including compliance with safeguards and on-going consultations with key stakeholders. These concerns were also raised by the UK.

Furthermore, 43 CSOs, including the US-based Center for International Environmental Law and Indonesia-based Solidaritas Perempuan, also questioned the level and lack of detail of the significant sum of co-financing for the plan in an early April submission, raising concerns that: “This heavy involvement of private sector and co-financiers poses a problem of transparency and accountability.” They also questioned the heavy emphasis of geothermal energy, stating that the benefits “are often overemphasised”. Moreover, “70 per cent of the nation’s geothermal areas occur partially or completely in forest areas” leading to “a high risk that this ‘green’ technology will lead to remarkable forest destruction and degradation and negative climate change impacts as well as impacts on forest-dependent communities.” The submission also highlighted other environmental risks, as well as concerns over lack of consultation with communities in targeted areas. It outlined a number of recommendations, including for “postponement of approval” of the revised plan, until there is “clear written and legally binding assurance” that it “will not lead directly or indirectly to forest destruction or degradation”. CTF civil society observer Biodiversity, Innovation, Trade and Society (BITS) Policy Center backed the CSO letter, and asked “why the CIF keeps on approving these types and magnitude of fund releases when it is supposed to be under evaluation and is supposed to take steps to actualise its much-vaunted commitment to sunset its operations”. The concerns on the geothermal element were also highlighted in a submission of the Institute for Essential Services Reform, a partner organisation to CTF civil society observer World Resources Institute, which instead advocated for other renewable energy technologies in need of financing, such as mini-hydro and solar PV.

The government of Indonesia responded that “environmental and social impacts that may result from the exploration, construction, development and operation of geothermal power projects” would be “assessed and evaluated on a project specific basis”. They also clarified that “the projects under initial consideration for CTF financing by the MDBs are not located in protected or conservation forests”. They stated that consultations with CSOs active in the energy sector had taken place in January, and that “consultations with local communities and affected persons will subsequently take place for each proposed investment project”.

2.5.2 Colombia[11]

A $250,000 project preparation grant, together with $12,500 for IDB’s project implementation and supervision services, for an energy efficiency financing programme was approved by mail in mid November 2012. This include a $10 million loan to Bancoldex, a national development bank, to create a dedicated financing line for energy efficiency projects, which is expected to increase access to investment finance through financial intermediaries, in particular for hotels and private hospitals.

Prior to approval, the UK raised concerns about whether the chosen sectors “will deliver the highest emissions reductions” and “the developmental impacts through this intervention”, in particular a lack of clarity on “how the poor will benefit from an intervention in the hotels/tourist sector and the private hospital sector”, asking: “Will we be supporting multinational hotel chains?” Furthermore, they wondered if any financial benefits “flow out of the country, rather than remain within it?” The IDB responded that “the selection of any sector also has to take into account considerations in terms of market readiness” to avoid “supporting a financing programme for a sector with a high GHG emission reduction potential, but whose execution does not take off because it still confronts a whole range of financial and non-financial barriers that have to be overcome.” It further clarified that the hotel sector contributes “directly or indirectly to employment generation in the country” and that the funding “would be directed to local, small and medium sized hotels and private clinics”, and that foreign hotels chains “only very recently started to operate actively in Colombia”.

Based on the additional information, the UK approved the grant, but with provisions, including: "That any future project proposal articulates clearly what the developmental benefits are of the work with the hotels sector and that these are structured into the proposal with clear baselines, indicators and milestones." Furthermore, it declared: "We remain unconvinced that a project focussed solely on the private hospital sector is clear and justifiable ODA spend" and asked "that the project preparation grant looks to understand the energy efficiency potential of the public health sector as well, and … that any development benefits are clearly set out and scoped as part of the project preparation."

2.5.3 Philippines[12]

A World Bank bus rapid transit (BRT) project in Cebu city was approved in late November, with an allocation of $25 million. Prior to approval, Germany questioned why "a significant part of the CTF funds" should be used towards monitoring and evaluation activities, which would normally be the task of the implementing MDB. It also wondered about "the stakeholder process and the options how jeepney [popular mode of public transport] operators can be integrated into the system", including concerns over costs. Japan also agreed that the BRT project could improve traffic conditions, but noted that according to the plan "financial viability of this project is considered high" and questioned the "justification of this concessional CTF loan to improve the project's financial viability". It also urged for caution regarding the jeepney drivers and noted that "it is advisable to consider training programme for jeepney and motorcycles operators/drivers so that they could be transferred to other business activities."

The World Bank's response included an elaboration on the difficulty of M&E considering the "myriad benefits" of BRT, concluding that: "Dedicated resources under the project for specific data collection effort would be a motivation for the implementing agency to perform these tasks in a comprehensive manner and respond to specific project requirements." Germany noted this explanation, but reiterated M&E as an MDB responsibility. Regarding the jeepneys, the Bank confirmed that "an in-depth study of the sector and dialogue with the stakeholders" had been completed in the earlier stages, confirming that "there is a high willingness [among jeepney drivers] to consider alternative types of work, either with the BRT system, or outside the sector if they can receive some retraining." The Bank also pointed out that: "While unpopular measures or failure to engage with the [jeepney] sector would surely bring about a negative reaction (quite understandably), there is not an entity to lead agitation or to make strong demands", noting that "less than 20% of jeepney owners or drivers belong to a union or association." Regarding financial viability, the Bank clarified that: "The project is structured as a PPP with public sector ownership of all transit way infrastructure, facilities, and systems and the private sector providing rolling stock, operations and support services." Therefore, "BRT construction will be the public sector responsibility (for which funding is being provided) but once constructed, all services will be provided by the private sector and cost recovered from the user fees."

2.5.4 Nigeria[13]

In mid January a $950,000 project preparation grant was approved by mail for an urban transport project, together with $47,500 to AfDB for project implementation and supervision services. Prior to approval, the UK commented that the project should look at ways of maximising GHG emissions savings, and asked whether the project delivery timeline could be tighter. They also asked for assurance "that there is meaningful engagement with mini-bus and taxi owners, whose livelihoods are likely to be affected by the project." AfDB responded positively to the UK's comments and clarified that "engagement with mini-bus and taxi owners has already started".

Furthermore, in its comments Germany found it "surprising that this feasibility study is not asked to provide data on expected GHG emissions savings and transformational change." It also pointed out that "only 10% of operating costs of the overall preparation grant can be covered by the CTF contribution", pointing specifically to the "very high" cost of office accommodation. In line with the UK, it asked that minibus and taxi owners should be "explicitly considered", as the proposed system "may face strong and possibly violent resistance from those operators, as they may lose passengers and therefore a significant share of their income." It asked Nigeria to conduct consultations "and – if a willingness for cooperation is recognisable – explore options for incorporating paratransit staff into the new … operations (e.g. as drivers, station staff etc.)". It also asked for consideration of "the gender - differentiated transport needs of women and men" and the possibility of including a gender expert on the consultant team.

2.5.5 Chile[14]

A large scale solar photo-voltaic programme was approved by mail end March, with $49 million in funding and $1 million for project implementation and supervision services shared equally by IDB and IFC. Germany raised a number of mainly technical questions, including a request for distinction between "permanent jobs and jobs limited to the construction phase only." The UK noted that if the project was primarily to satisfy unmet demand, this could mean lower actual emissions savings. Furthermore, they asked "whether there is an intention to seek carbon credits". Furthermore, civil society observer World Resources Institute raised questions on how non-financial barriers would be addressed and "how the proposed interventions will help accelerate access to energy services, specifically for the poorest and most vulnerable sections of society."

2.5.6 India[15]

A $50 million World Bank energy efficient equipment programme for household appliances was approved by mail end March. Germany noted a weakness in "the financial analysis from the perspective of the consumer where purchase even of the subsidised fans heavily depends on the discount rates for consumers." Besides some technical clarification, the UK noted that: "There is no mention of carbon market finance", and asked whether this will be sought, to which the Bank clarified that this would not be the case. While the US was largely positive, it noted that "the long-term impact of the project may be limited by continued low household electricity tariffs" and asked for this to be tracked.

2.5.7 Egypt[16]

An updated $300 million investment plan for Egypt, to take into account the new political situation in the country, was approved in the November meeting, subject to consideration of further comments. In particular, the committee "expressed concern regarding the decline in [greenhouse gas] emission" for the $100 million project on Cairo's urban transport, and "encourage[d] Egypt to work toward achieving the results originally forecast. There were also calls for guidance from the CIF Administrative Unit on when plans are considered updates requiring approval or major changes requiring endorsement.

2.5.8 Turkey[17]

Turkey presented an update on its $250 million investment plan in the November meeting, and a request for $140 million for stage 2 funding was discussed at length. Much of the discussion related to the endorsed plans for CTF phase II countries (Chile, India and Nigeria), which were yet to be fully funded, raising concerns about over-programming by CTF. The final decision was to endorse the content of the plan as a basis for further development of activities, and note the requested funding, while recognising that the pledged CTF resources are already fully allocated and that stage 2 is contingent on availability of funding.

3 Pilot Program for Climate Resilience

3.1 Allocation of resources

The allocation of $50 million in additional resources, including a competitive reserve for the private sector, was discussed in the November sub-committee meeting. St Lucia commented that they were not comfortable with saying that additional resources should go to the private sector, noting that funds going to the public sector would benefit the private sector, too. Furthermore, they felt that the competitive reserve would be unfair on certain countries and would create additional transaction costs. Instead, it suggested resources should be divided up amongst all pilot countries, which was supported by Zambia, Nepal, Bolivia and Niger. Canada was in favour of a competitive process, but that public sector projects implemented by the private sector should also be eligible, which was supported by the UK.

After a long discussion it was agreed that $5 million each will be allocated to Bolivia, Cambodia, Dominica, Grenada, Haiti, Jamaica, Mozambique, Nepal, Papua New Guinea, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Tonga and Zambia. Furthermore, Yemen will receive $8 million and Tajikistan $10 million. The countries were invited to work with the MDBs to prepare concepts for programmes or projects, utilising the additional allocation, that need to be submitted within 18 months to be eligible to make use of the new allocated funding. Furthermore, it was decided that out of the unallocated funding at least $25 million will be allocated through a competitive process for programmes and projects with "private sector clients working through the MDB private sector arms" and the remainder "for public sector entities working through the MDB public sector arms". A revised approval was agreed by mail in late February, and the CIF Administrative Unit was tasked with publicise the procedures, with the aim of discussing a priority list in the November 2013 meeting.[18]

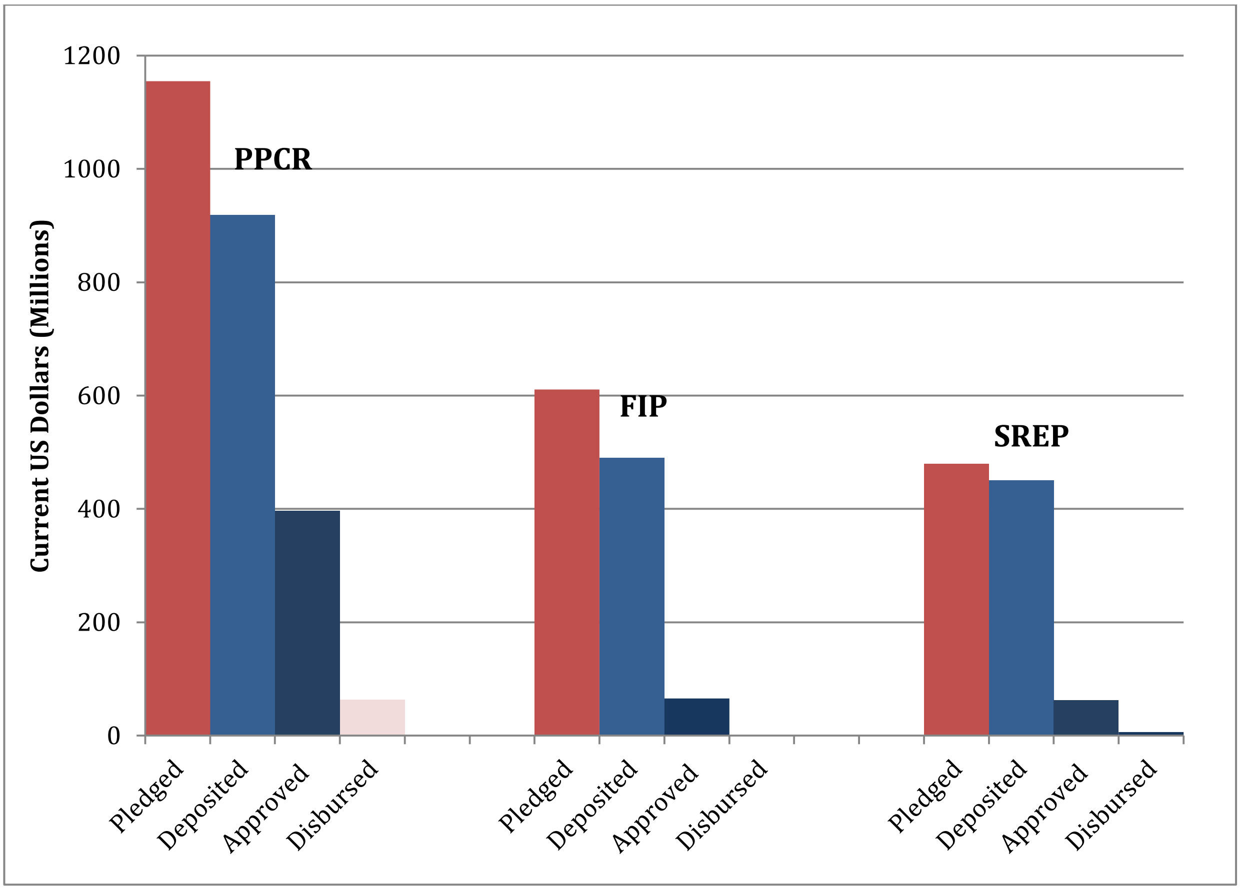
Pilot Program for Climate Resilience (PPCR)

The PPCR aspires to demonstrate how climate risk and resilience can be integrated into core development planning and implementation. PPCR funding is disbursed in two phases, to support two types of investment: first, technical assistance to allow developing countries to integrate climate resilience into national and sectoral development plans, resulting in a Strategic Program for Climate Resilience (SPCR); and second, funding for the implementation of this programme.

In 2009, nine countries (Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan, Yemen and Zambia) and two regional groupings (six Caribbean island countries and three Pacific island countries) were invited to participate in the PPCR. All but Haiti's SPCRs have now been endorsed. Papua New Guinea's SPCR was approved in the November meeting and Haiti's SPCR will be discussed in the May sub-committee meeting.

As of mid March, $1.3 billion had been pledged to the PPCR. Furthermore, 26 projects and programmes for a total of $415 million in funding ($270 million in grants and $145 million in concessional loans) had been approved. According to SCF, the resources are expected to leverage a total of $512 million in co-financing.

Graph 2: SCF funding[19]



3.2 Results framework

The revised PPCR framework was endorsed in the November sub-committee meeting, with five core indicators agreed, including "numbers of people supported by the PPCR to cope with the effects of climate change" and "degree of integration of climate change in national, including sector, planning". The pilot countries are requested to implement the framework from 2013-16, when it will be reviewed. In the meeting Germany commented that simplification of indicators should not go too far, but be refined and reworked so that they are measureable and comparable. Niger asked if there was a possibility of a special fund, similar to the investment plan preparation fund, to finance monitoring requirements. The UK backed Niger's comment, and furthermore noted that some indicators were broad, pointing to the need to develop a methodology for how to measure the indicators.

The indigenous peoples observer asked whether there was a difference between the indicators for loans and for grants given that the former affects indigenous peoples twice, as impacts and as interest from loans. He also highlighted the need to look at community rather than individual level. The CIF Administrative Unit was requested to work with the MDBs and other interested partners "to develop methodologies , tools, and guidance to provide further clarity and understanding as to 'what' and 'how' each indicator should be measured." The framework was also approved by the SCF trust committee by mail in early December, however, the UK noted that "that further work is needed to develop the indicators, methodologies and guidelines to make it operational."

3.3 Programme updates

3.3.1 Cambodia[20]

Following the approval of the controversial "corridor town" project in mid October (see *CIFs Monitor* 6), civil society comments were submitted by the PPCR observer Nexus-Carbon for Development. The submission highlighted concerns around resettlement, noting that "civil society is concerned that affected persons don't have the capacity to have their rights respected." Furthermore, it noted that: "It is not clear how corruption risks will be addressed." It also emphasised that: "Infrastructure improvement is not a priority sector according to the National Adaptation Programme of Action to climate change and to the draft Cambodia Climate Change Strategic Plan", and "that the ADB drove the decisions to use CIF funds to top-up projects in the current portfolio and thus the true spirit of state ownership and mainstreaming [climate change] into development processes does not seem to be followed." Moreover, "this particular project seems relatively far removed from the core adaptation needs of the most vulnerable people in Cambodia." Finally, it was emphasised that they "do not welcome loans for climate adaptation funding."

In mid-November a $9.8 million flood and drought management project was approved by mail, including $5.8 million in grants and $4 million in loans. A final tranche of $232,500 for MDB project implementation and supervision services to ADB was also approved. Germany raised concerns that: "The negative impacts of the project appear to be significant, with an estimated 792 households (3,960 people) having to be resettled" and called for further details "in the project proposal itself, which activities require a resettlement, how the resettlement will be undertaken, and what alternatives have been considered." They also recommended "making provisions to maximise the involvement and participation of the to-be-resettled population during project planning and implementation." Furthermore, the UK asked for cooperation with the neighbouring countries, Laos and Vietnam. They also asked how local authorities and other stakeholders would be involved. Civil society comments, coordinated by Nexus-Carbon for Development, called on the ADB to engage Cambodian civil society "on regular basis to report on the implementation of the project, with a specific focus on resettlements, gender issues, and monitoring."

ADB clarified that 280 hectares need to be acquired, impacting 792 households, out of which 384 will lose more than 10% of their land and 125 will be relocated. Furthermore, several design alternatives had been discussed with stakeholders "to minimise resettlement impacts". During implementation, further public consultations will take place with leaders in affected districts, communes and villages. Replacement houses and utilities will be constructed in advance, and compensation and entitlements have been developed in the project resettlement plan, with particular attention to vulnerable persons. Furthermore, the government of Cambodia will finance the land acquisition and resettlement, estimated at $2.95 million.

3.3.2 Tajikistan[21]

A $9.45 million land management and rural livelihoods project was approved by mail in late February, together with the final tranche of $350,000 to the World Bank for project implementation and supervision services. Prior to approval, joint comments from Germany and Spain questioned why the project "would justify PPCR investment", since the proposal "fails to clearly explain how resilience to climate change would be improved and how such improvement would be measured – as opposed to merely improving resilience to adverse social and environmental conditions in general." The US questioned the request for additional resources for implementation, in particular as the funding is blended with the Global Environment Facility. Furthermore, the UK asked for a breakdown of the admin costs for this element. They also asked about "social and political economy analysis of the possible impacts of the setting up of community groups" and how "the NGOs facilitating the community support [will] be chosen".

IBRD clarified a number of issues in its response, including that toolkits will be used on a village level, to ensure that "Only those investments that have clear linkages to the community adaptation and environmental appraisals … will be financed." However, the US reiterated its question regarding the admin costs, pointing out: "The ratio of preparation costs to supervision costs is skewed compared to other projects." IBRD countered that the costs are based on "realistic estimates and recent experience of similar projects in Tajikistan. Community-driven development is also a newer concept for Tajikistan, and as such, we estimate that more hands-on supervision will be required."

3.3.3 Zambia[22]

In late February, a project under Zambia's PPCR phase II was approved by mail with $36 million ($31 million in grants and $5 in loans), as well as a final tranche of $491,000 to IBRD for project implementation and supervision services. Germany and Spain welcomed the proposal, but stated that they were "deeply concerned about uncoordinated approaches which duplicate efforts", and outlined a number of recommendations "particularly regarding the integration of the various management information and early warning systems, the involvement of the Ministry of Mines Energy and Water Development (MMEWD) in the development and operation of such systems, and parts of the results framework including the gender dimension."

Also in February, Zambia requested a $3 million grant in additional funding "to finance activities … by complementing the resources available for participatory adaptation sub-grants to pilot districts, wards, community groups and individual champions." Furthermore, with the additional funding "the project will be able to reach out to a larger number of direct beneficiaries, and assist communities and wards (in addition to the districts) to integrate climate resilience into their broader development plans."

3.3.4 Dominica[23]

In late November, $235,000 was approved by mail as a preparation grant for Dominica's PPCR, noting the requested funding of $7 million in grants and $9 million in loans, and approving $245,000 as a first tranche of IBRD preparation and supervision services. The UK welcomed the progress made in the revised document (see *CIFs Monitor* 6), but noted that "the majority [of concerns] will only be fully addressed/defined during the upcoming stages of preparatory work" and asked for "these areas to be specifically addressed" in project documents.

3.3.5 Pacific region[24]

The Pacific region's SPCR was approved by mail in late February with $3.7 million in grant funding, and $375,000 for the final tranche of ADB project implementation and supervision services. While the UK was largely positive it emphasised the importance of "results and value for money", noting in particular that the "the majority of the funding is on consultants and their travel compared to capacity building activities and work with national partners". The US further asked for clarification on "the approaches that will be taken to build capacity and whether consultants will work extensively with local stakeholders throughout the process or simply fly in and out."

3.3.6 Samoa[25]

A $14.8 million coastal road project was approved in mid October, together with a final tranche of $500,000 for IBRD project implementation and supervision services. While Australia welcomed the project, they asked for more information and details on the climate change analysis and the technical appraisal. Furthermore, Germany raised concerns regarding the project's indicators "which are too much input-oriented, and fail to measure whether the project is actually achieving its objectives, and whether it does make a measurable contribution to building climate resilience." They also asked for "clarification on the participatory process and if not done, directly involving the local communities in the planning and implementation of the project", including "greater attention be paid to gender aspects". Samoa and IBRD clarified that: "Consultations with local communities were carried out during project preparation and will continue throughout implementation" and that a survey with particular attention to gender will be carried out during the design phase of the road works.

3.3.7 Papua New Guinea[26]

Papua New Guinea's SPCR was approved in the November meeting (see *CIFs Monitor* 6), noting the requested funding of $25 million in grant funding. Furthermore, the sub-committee approved $750,000 as a preparation grant and a first tranche of $197,000 for MDB preparation and supervision services for an ADB project. The UK noted that ADB's admin costs continue to be high, however, ADB disputed this. The UK also raised concerns about using staff from "already stretched" government departments to manage the project, to which ADB referred to consultants who will train the staff.

3.3.8 Mozambique[27]

In late January, a $10 million grant for a hydro-meteorological project was approved by mail, together with $475,000 as a final tranche to the World Bank for project implementation and supervision services. Prior to approval, Germany and Spain welcomed the proposal, but noted "clear shortcomings in monitoring and evaluation" and "concerns regarding the long term sustainability of the systems to be established or upgraded, in terms of maintenance as well as in terms of human resources and funding." Furthermore, "engagement of local communities and gender issues deserve further attention", which was backed by UK and Canada, which asked for "gender considerations [to be] fully incorporated into the project document." A further $5 million in additional grant was sought and approved in late February, bringing the total grant funding to $15 million.

3.3.9 Yemen[28]

Following the April request for revision of one of Yemen's PPCR project concepts on resilience of rural communities (see *CIFs Monitor* 6), it was resubmitted and approved in late October, together with a project preparation grant of $400,000 and a first tranche of $450,000 to the World Bank for project implementation and supervision services. Germany supported the revised project plan, with recommendations including more explicit consideration of stakeholder participation and a stronger gender focus, which was backed by the UK.

4 Forest Investment Program

4.1 Allocation of FIP resources

Procedures for allocating funds under the $56 million FIP reserve "to foster greater private sector engagement and development" were discussed in the November sub-committee meeting, however, questions were raised by Mexico and Brazil, including how governments would be involved in the development and approval of private sector proposals, and how a level playing field would be created so that the private sector in all pilot countries would have a fair chance to receive a portion of the funds. Questions were also raised about the reasoning for a separate mechanism, rather than using the normal process. Due to the concerns raised, no decision was made and a working group consisting of Australia, Denmark, Brazil, Mexico, together with the MDB Committee and CIF Administrative Unit, was tasked to put forward proposals for approval by mail.

To address some of the concerns, a late November revised proposal clarified that the concepts should, in addition to FIP programme objectives, principles and investment criteria, also address additional criteria, including "alignment with the objective of the country investment plans". Furthermore: "Each project or programme identified in the priority list and the list of additional concepts presented in the report would need a no-objection letter from the FIP country focal point." The proposal, which was agreed in mid December, noted that the minimum concessional funding for the projects will be $3 million and the maximum $15 million. Further details will be developed by the CIF Administrative Unit and the MDB Committee, with the aim of approving proposed priority concepts in the November meeting.[29]

4.2 Results framework

In the FIP November sub-committee meeting, a 'simplified' results framework was met with strong resistance, referring back to the original June 2011 version instead. The earlier version does not impose mandatory reporting on specific indicators at the project/programme level to the same level as the later version, but includes a broader set of indicators covering social, environmental and governance, in addition to those relating to carbon emissions. After a discussion it was decided that pilot country meetings are "a useful forum to explore identifying a few core outcome indicators" to be used by all countries, along with commitments by pilot countries to additional reporting and information sharing on how results will be measured and compared.

Forest Investment Program (FIP)

The FIP is a financing instrument aimed at assisting countries to reach their goals under Reducing Emissions from Deforestation and Degradation (REDD+). It aspires to provide scaled up financing to developing countries to initiate reforms identified in national REDD+ strategies, which detail the policies, activities and other strategic options for achieving REDD+ objectives. It anticipates additional benefits in areas such as biodiversity conservation and protection of the rights of indigenous people.

The FIP covers eight pilot countries, out of which seven investment plans have been endorsed (Brazil, Democratic Republic of Congo, Laos, Mexico, Burkina Faso, Ghana and Indonesia). Peru is expected to finalise its plan by end of 2013.

As of mid March, $639 million had been pledged to FIP, and funding for three projects for a total of $60 million ($32 million in grants and $28 million in concessional loans) had been approved. According to SCF, these are expected to leverage $706 million in co-financing.

4.3 Dedicated Grant Mechanism for Indigenous Peoples[30]

Due to time constraints, an update on the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) was not discussed in the November sub-committee meeting, but was circulated by mail in early January. According to the update, six FIP countries have chosen the World Bank as the implementing MDB in their countries, however, Mexico and Peru are still in discussion. The World Bank is also implementing the global component. Meetings have been held in Ghana, Indonesia, Laos (see *CIFs Monitor* 6) and most recently in February in Brazil to launch the process at a country level. Funding for IBRD project preparation and supervision for the programmes in Ghana and Brazil is due to be discussed in the May FIP sub-committee meeting.

A transitional committee met in early November to set a common framework and agree on operational guidelines. After extensive discussions it was agreed that the co-chairs would develop a revised draft for further comments, which was circulated in mid December. Early March comments from the indigenous observer organisation COICA (Coordinator of the Indigenous Organisations of the Amazon Basin), representing nine national indigenous peoples confederations, raised several comments on the draft. This included consideration of indigenous land rights, the importance of programmes with greater impact (including linkages to the UN's Green Climate Fund) and a greater appreciation of the diversity of forests' ecosystem functions, including restricting monoculture plantations to be included as reforestation projects. A number of comments from the members of the transitional committee were also received, including a request from Brazil that the compositions of the national steering committees should be decided on a national level and a request from Laos not to provide grants for international NGOs.[31]

4.4 Programme updates

4.4.1 Indonesia[32]

After much controversy (see *CIFs Monitor* 6, 5), Indonesia's investment plan was endorsed in the November sub-committee meeting, noting the requested funding of $70 million ($37.5 million in grant funding and $32.5 million in concessional lending). Furthermore, $500,000 in preparation grants and a first tranche of $350,000 for MDB preparation and supervision services was approved for an ADB project on community focused investments. A World Bank project on community based natural resource management was approved with $300,000 in preparation grants and first tranche of $350,000 for MDB preparation and supervision services. Finally, $300,000 in preparation grants was approved for an IFC project on forest enterprises.

A CSO letter coinciding with the meeting, coordinated by debtWATCH Indonesia, noted previous comments and emphasised concerns about the participation process, the legal foundation and the importance of using recognised standards and definitions. It concluded that "the FIP must support the legal reform efforts prior to programme implementation. Without a complete commitment to resolve these basic forestry problems, any new program or project will only continue perpetuating existing problems, or business as usual." In response to the letter and previous concerns raised, the government and the MDBs were asked to particularly review and address "the concerns raised by civil society organisations, indigenous peoples groups and local communities in Indonesia in the further development of projects and programmes, and to ensure a continuous dialogue with interested stakeholder groups as those projects and programmes are being developed." In the meeting CSO observer Global Witness also questioned whether the IFC project, which includes financing for logging operations in intact tropical forests, was consistent with FIP safeguards against funding activities that will degrade natural forests, however, the concern was not directly addressed apart from a reference to the IFC's Performance Standards.

4.4.2 Lao PDR[33]

In early April the sub-committee approved $12.83 million in grant funding by mail for a project on participatory sustainable forest management. It also approved $245,000 to IBRD for project implementation and supervision services. Prior to approval, US raised a number of issues, including that it was "difficult to understand the precise activities" and who would undertake them. They also asked for further information about the analysis of "potential loss of livelihoods due to restriction of livelihood activities or access to forest resources". Australia asked for clarifications, including "how the revised procedures and other measures will help to address capacity gaps, particularly given the large amounts of funding for forestry being directed to Lao PDR by multilateral and bilateral donors." The UK highlighted "particular areas for concern and close monitoring", including: "Government policy on the resettlement and consolidation of villages and its impact on indigenous people in particular." Furthermore, they asked for clarification on issues, such as "the role of civil society organisations within the project's steering group structure", and asked for "assurances that consultation processes associated with the project and FIP generally are transparent in demonstrating if participants' contributions are taken into consideration, and if not, why not?"

The civil society observer Global Witness noted that project documentation "suggests that some natural forest areas will be subject to large-scale timber extraction under the project, and furthermore that the project may entail introducing new logging operations into areas of intact tropical forests" and requested "information demonstrating that this project complies with the FIP safeguard preventing the financing of activities that cause degradation in natural forests, such as industrial logging operations." It referred to the FIP design document, which states that "the FIP should safeguard natural forests and should not support the conversion, deforestation or degradation of such forests."

IBRD responded that "if we rely on FAO's definition of primary forests, there are no plans for any logging of any sort by the project which will affect Laos' small remaining area of primary tropical forests." Furthermore: "Communities are involved in all aspects of planning and management but the timber felling is handled by contractors". It concluded that "no industrial-scale logging concessions are expected or allowed under this project." It also clarified that: "Alternative livelihood options have been assessed during project design and only competitive alternatives have been selected for promotion under the village livelihood development grants", and that it expected a "positive" net change in livelihood and "any losses associated with access restrictions more than compensated with livelihood investments." Furthermore: "The role and terms of engagement of the CSOs in the project will be designed with stakeholders during the implementation of the project."

4.4.3 Peru[34]

The Peruvian Indigenous Peoples association AIDESEP (Inter-Ethnic Association for the Development of the Peruvian Amazon) wrote to FIP in late August 2012 to express concerns that the team of consultants hired by the Peruvian government to develop a draft national investment plan were failing to address their key concerns and ensure their rights are safeguarded. AIDESEP was invited to work with the consultants, producing three specific project proposals for inclusion in the FIP Investment Plan, which covered demarcation and titling of indigenous lands, strengthening of indigenous forest governance, and support for community forestry. At the regional consultation workshops around the FIP Investment plan organised by the government, there was strong support for these ideas voiced by indigenous and civil society leaders throughout the country.

However, a revised investment plan made public in February excluded the agreed commitments, which included proposed allocations of $12.5 million of the $50 million to recognise untitled indigenous lands and support for community forest management. In a mid February letter AIDESEP raised on-going concerns, including the "insistence on a failed model of large concessions (a cover for illegal logging), its promotion of plantations (in particular that of oil palm) in 'false' degraded forests and increasing 'desk based or paper reforms' such as plans, studies, strategies and tools while at the same time failing to invest in effective 'transformational change'. Furthermore it marginalises indigenous peoples, who are the principal actor in forests at a national level, in terms of their territorial titling and community forest management." The group demanded that “the final FIP plan should not be finalised until it is improved. The excuses that these are just drafts are unacceptable. What starts badly, tends to end badly or worse.” It rejected the text “because it is unacceptable that $50 million is wasted (half in the form of external debt)” and “will cheat the FIP donors and the UNFCCC with a REDD+ programme in Peru that will increase rather than reduce the global and national climate crisis whose principal victims are the indigenous peoples of Peru and the world.” A February joint mission of the WB, IDB and IFC travelled to Peru to meet with government and stakeholders about the investment plan. It was acknowledged that Peru would not be able to submit a plan in time for the May sub-committee meeting, but would instead aim to submit by the November meeting. The mission also agreed that the government should continue to work with stakeholders, including AIDESEP, to incorporate their proposals and address their concerns.

4.4.4 Mexico[35]

In early March, a $2.9 million project on forest related micro, small and medium sized enterprises was approved, with $1.1 million in grants and $1.8 million in loans, together with a final tranche of $193,000 for IDB project implementation and supervision services. The UK welcomed the approval, but asked for further clarification of the methodology to estimate greenhouse gas emissions figures, as well as for “more explicit measures of forest quality, biodiversity conservation and ecosystem services.” It also noted that the project “assume[s] that there will be considerable benefit to [indigenous] communities”, but that it “does not address issues of benefit sharing mechanisms and mitigating against elite capture.” IDB responded that the benefits of the community enterprises will be “generally shared among the community owners/employees of the enterprise, or with the community at large through investment in local programmes or infrastructure“, and be measured by average gross income of the enterprises, the increase of income of the employee/owners, and “benefits that correspond to the members of the community through [the Community Forest Enterprise] investment in local projects.”

4.4.5 Ghana[36]

The November meeting endorsed Ghana’s investment plan, and noted the request of $50 million ($42 million in grants and $8 million in concessional lending). Furthermore, $250,000 in preparation grant and a first tranche of $200,000 for MDB preparation and supervision services was approved for an AfDB project on engaging local communities in REDD+ and enhancing carbon stock. An IBRD project on an integrated landscape approach was approved with $500,000 in preparation grant and a first tranche of $250,000 for MDB preparation and supervision services. Finally, $250,000 in a preparation grant was approved for an IFC project on private sector engagement in REDD+. The UK welcomed the revised investment plan, in particular “the strengthening of the project proposal on engagement with the private sector”, and asked for further work on a number of areas, including benefit sharing, greenhouse gas emissions and gender, which were noted by IBRD.

4.4.6 Burkina Faso[37]

Burkina Faso’s investment plan was endorsed in the November meeting, and the sub-committee noted the request for $30 million in grant funding. One of the reasons for the delay was a request that Burkina Faso must have a programme under the World Bank’s Forest Carbon Partnership Facility plans to be eligible (see *CIFs Monitor* 4). In June 2012 the R-PP (REDD Readiness Preparation Plan) was approved by FCPF, allowing the plan to move forward. This included $1.5 million in preparation grants and $325,000 to IBRD for preparation and supervision services for a project on decentralised forest and woodland management, and $500,000 in preparation grants and $225,000 to AfDB for project preparation and supervision services for a project on participatory management of state forests. The UK welcomed the progress made since the provisional endorsement in 2011. It noted that “the proposed investments have been successful in leveraging additional finance from a number of other donors, but further work is needed on private sector engagement and exploring how the readiness process will be carried out in order to attract longer term carbon funding.”

5 Scaling up Renewable Energy Program in Low Income Countries

5.1 Results framework

Follow up measures to the agreed SREP results framework (see *CIFs Monitor* 6) were discussed in the November meeting, including a lengthy discussion on how to measure avoided GHG emissions. It was also agreed to discuss frequency and extent of reporting on SREP in the May meeting, and the CIF Administrative Unit was tasked with preparing an outline of content for such a report. Furthermore, the MDBs were requested to provide reports on efforts to strengthen the enabling environment for promoting investments in renewable energy as of November 2013.

5.2 Allocation of resources

A proposal on allocation of resources to encourage private sector participation was discussed at length in the October sub-committee meeting. The proposal suggested that a total $50 million in SREP resources should be allocated on a competitive basis for up to three projects or programmes in the first six SREP countries, beyond those to be financed with the initial indicative allocation when the investment plans were endorsed. Contributors would be able to pledge new funding to be added, but the total should not exceed $90 million. Once this allocation has been reached, contributor countries can choose to prioritise funding to the new SREP countries. A minimum of 60 per cent of the resources would be allocated to "private sector clients working through MDB private sector arms", with the rest going to "public sector entities which would in turn channel all funds to private sector recipients, through innovative, competitive mechanisms", including public-private partnerships. In the meeting Liberia questioned why more resources were allocated to countries that have already received funding, and didn't include countries on the reserve list. Furthermore, Kenya, Ethiopia and Nepal expressed concerns that neither of the modalities would work for the recipient countries.

Scaling up Renewable Energy Program in Low Income Countries (SREP)

SREP was launched in 2009. It aims to catalyse scaled up investment in renewable energy markets in low-income countries by enabling government support for market creation and private sector implementation.

Six countries were selected for SREP pilot programmes in 2010: Ethiopia, Honduras, Kenya, the Maldives, Mali and Nepal. A seventh country, Tanzania, was approved in March 2012 and an eight country, Liberia, in January 2013. All the investment plans of the original pilot countries have been approved, including an approval "in principle" of Ethiopia's plan in early March 2013. Three countries and one region remain on the reserve list: Armenia, Mongolia, Yemen and the Pacific Region.

As of mid March, $505 million had been pledged to SREP and four projects had been approved for a total of $46 million ($27 million in grants and $19 million in concessional loans). According to SCF, this is expected to leverage $580 million in co-financing.

A revised proposal was circulated in late February. Australia asked for clarification on the "now two competing tracks for funding under SREP", including the countries on the SREP reserve list. The CIFs Administrative Unit responded that "unless a contributor country specifically indicates a preference on the use of donor funds, the pledge will stay in the 'general pool' of SREP funding", and reminded of the agreed priority list for SREP countries, including funding allocation. Switzerland also asked for clarification on the funding elements, including confirmation of the set-aside amount, which was confirmed to now be approximately $90 million by the CIF Administrative Unit, after an additional contribution of £25 million from the UK.

The Netherlands raised concerns "that the proposed approach has little or no added value over the already existing SREP programme modalities (which already invite pilot countries with MDBs to put forward private sector oriented projects) and the existing investment plans." The CIF Administrative Unit responded that the set aside is also for "more flexibility for the MDBs to work more closely with the private sector". They "did explore the possibility of inviting the private sector to submit proposals", but the MDBs rejected this, since they "need be involved directly and follow their own procedures in developing, submitting, and implementing the projects". The UK approved the proposal, but asked for further clarification on the selection criteria, asking for private sector support and engagement to be demonstrated, including a scoring system.

A further revised proposal was agreed by mail in early April and the CIF Administrative Unit and the MDB Committee were requested to publicise the agreed procedures, including timelines, in order for the November meeting to discuss "a recommended priority list of concepts to be allocated funding from the set aside." The Netherlands welcomed the final proposal, but noted that: "During implementation we will have to be sharp on the added value of the private sector set-aside, compared to the (already private sector oriented) SREP programme modalities."[38]

5.3 Programme updates

5.3.1 Ethiopia[39]

The Ethiopia investment plan was endorsed "in principle" at the SREP intersessional meeting in early March, subject to further development of the plan, taking comments into account. It also noted the requested funding of $50 million. Furthermore, $900,000 was approved for a geothermal project, $1.7 million for a wind farm project, and $400,000 for a clean energy SME capacity building and investment facility. In addition, $600,000 was approved for MDB preparation and supervision services to IBRD, IFC and AfDB.

Switzerland asked for a response to its original comments, which "are still valid" (see *CIFs Monitor* 6), and added a number of new questions, including clarification on targets for electricity access and confirmation that the electricity produced would be for "national electrification and not for export." Norway supported the SME and geothermal elements, and "applauds the central role awarded to gender considerations in the IP", but also noted "a mismatch in background and analysis (rural energy) and interventions (grid connected)", where "it would appear that a substantial amount of this [renewable energy] may be exported". It asked for further documentation to support the claim that it is meant for domestic beneficiaries and questioned the transformational aspects of the wind farms.

The UK also asked how the investments would be transformational, in addition to other questions, such as clarification on possible duplication with another project in the SME element. The US asked for more elaboration on the private sector elements, including requesting that "all investment plans devote more discussion to how the proposed plans maximise private sector participation". They also asked for more detail on "whether and how the public benefits anticipated from the Assela wind farm project will differ from the benefits derived from the other wind projects already under development in Ethiopia." The

Netherlands asked for clarification on the public versus private elements, what subsectors (such as improved stoves) would be supported through the plan and how to address the barriers for SME and government cooperation.

5.3.2 Maldives[40]

The October meeting endorsed the investment plan for Maldives, and noted the request for $30 million in funding. It also approved $700,000 in preparation grants for an ADB project on sustainable energy development on the outer islands, and $1 million for a World Bank project aimed at accelerating private investments in renewable energy programmes, as well as a first tranche of $214,000 in project preparation and supervision services for the latter project.

Prior to the meeting, Norway's comments identified the Maldives' fossil fuel subsidy as a "key challenge and barrier for introduction of [renewable energy]", and asked for clarification on how this will be addressed. This concern was also raised by Australia. Other questions from Norway included clarification on how the tourism industry would be involved and what challenges the Maldives foresee in terms of land use questions. UK's comments included concerns about the political instability in the Maldives' and asked for "further information on how investor concerns are understood and may be addressed". In the meeting, the indigenous peoples observer called for detailed information on how the indigenous peoples living on the outer islands were involved in the programme. Furthermore, civil society observer Transparency International noted that civil society engagement had been inadequate and very selective. In an earlier submission, it also asked for further clarification of the division of responsibility within the Maldives government between the finance ministry as finance coordination agency and the environment ministry as implementing agency. It also asked for clarification on the Maldives green fund due to be established, and emphasised the importance of "clear financial accountability".

5.3.3 Nepal[41]

In the October meeting, the committee approved $20 million in funding for Nepal's small hydro power finance programme, out of which $1 million is grants and the remainder concessional funding, to be shared equally by ADB and IFC. Furthermore, a final tranche of $64,000 was approved for ADB project implementation and supervision services, and $400,000 for IFC. Prior to the meeting, the UK stated their inability to approve the project due to the many expected results missing, most importantly the CO_2 figure, which was backed by the US. The funding approval is contingent on Nepal responding in writing to the UK's questions.

5.3.4 Tanzania[42]

An update of the investment plan process was presented at the November sub-committee meeting. Transparency International noted that there was no clarity on how civil society would be involved in the investment plan preparation. After a request from MDBs, a second scoping mission to prepare the investment plan took place in Tanzania in mid January, with the aim of producing a draft for public consultation.

5.3.5 Honduras[43]

Prior to the October meeting, $850,000 was approved for an IDB programme aimed at strengthening renewable energy policy and the regulatory framework. The UK agreed with the approval, but noted that: "It would be important to set targets for this activity in terms of the results which the Government of Honduras seeks to achieve, as well as in terms of outputs from tasks", including considering benchmark systems.

ANNEX

CIF CSO and indigenous peoples observers

	Africa	Asia/Pacific	Latin America	Developed countries	Indigenous peoples
CTF	Joseph Adelegan, Global Network for Environment and Economic Development Research, Nigeria	Elpidio Peria, Biodiversity, Innovation, and Trade Society Policy Centre, Philippines	Sergio Sanchez, Clean Air Institute, Mexico	Clifford Polycarp, World Resources Institute, USA	
SCF	Camilo Nhancale, Kuwuka JDA, Mozambique	Archana Godbole, Applied Environmental Research Foundation, India	Bessy Bendana, Asociación Hondureña de Pequeños Productores de Energía Renovable, Honduras	Nathalie Eddy, Global Gender and Climate Alliance, USA	Saoudata Aboubacrine, Tinhinane, Burkina Faso Hortencia Hidalgo, Network of Indigenous Women on Biodiversity of Latin America, Chile
SREP	Judy Ndichu, Transparency International, Kenya	Padam Hamal, Neighbour Organisation, Nepal	Bessy Bendana, Asociación Hondureña de Pequeños Productores de Energía Renovable, Honduras	Adrian Rimmer, the Gold Standard Foundation, Switzerland[1]	Legborsi Saro Pyagbara, The movement for the survival of the Ogoni People, Nigeria Grace Balawag, TEBTEBBA Foundation, Philippines
FIP	Gertrude Kenyangi, Support for Women in Agriculture and Environment, Uganda	Archana Godbole, Applied Environmental Research Foundation, India	Fernanda Gebara, Fundação Getulio Vargas, Brazil	Rick Jacobsen, Global Witness, UK	Juan Carlos Jintiach, COICA, Ecuador Khamla Soubandith, CKSA, Laos

[1] Replacing Ana Rojas, ETC Foundation, Netherlands

					Alternates: Saoudata Aboubacrine, Tinhinane, Burkina Faso Marcial Arias, CICA, Panama
PPCR	Camilo Nhancale, Kuwuka JDA, Mozambique	Marion Verles, Nexus, Cambodia	Maria Zubiaga, Instituto Dominicano de Desarallo Integral, Dominican Republic	Nathalie Eddy, Global Gender and Climate Alliance, USA	Mrinal KantiTripura, Maleya Foundation, Bangladesh Fiu Mataese Elisara, OLSSI, Samoa

References

[1] https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_10_CIF_and_the_emerging_financial_architecture_for_climate_change_2.pdf
[2] https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_6_CIF_Gender_Review.pdf
[3] www.cifevaluation.org
[4] https://climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_TFC.10_9_Submission_by_Observers_to_Trust_Fund_Committee.pdf
[5] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_SCF_TFC.10_9_Submission_by_Observers_to_Trust_Fund_Committee.pdf
[6] http://www.adb.org/publications/stakeholder-engagement-preparing-investment-plans-climate-investment-funds-case-studies
[7] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_TFC.11_11_Proposal_for_global_private_sector_program_0.pdf
[8] http://www.climatefundsupdate.org/listing/clean-technology-fund Data as of 31 December 2012
[9] http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2012/09/06/000350881_20120906104315/Rendered/PDF/714450revision0Official0Use0Only090.pdf
[10] https://www.climateinvestmentfunds.org/cifnet/?q=country/indonesia
[11] https://www.climateinvestmentfunds.org/cifnet/?q=country/colombia
[12] https://www.climateinvestmentfunds.org/cifnet/?q=country/philippines
[13] https://www.climateinvestmentfunds.org/cifnet/?q=country/nigeria
[14] https://www.climateinvestmentfunds.org/cifnet/country/chile
[15] https://www.climateinvestmentfunds.org/cifnet/country/india
[16] https://www.climateinvestmentfunds.org/cifnet/?q=country/egypt
[17] https://www.climateinvestmentfunds.org/cifnet/?q=country/turkey
[18] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Procedures_for_Allocating_PPCR_Resources_on_a_Competitive_Basis_from_a_Set_Aside_0.pdf
[19] http://www.climatefundsupdate.org/listing/clean-technology-fund Data as of 31 December 2012
[20] https://www.climateinvestmentfunds.org/cifnet/?q=country/cambodia
[21] https://www.climateinvestmentfunds.org/cifnet/?q=country/tajikistan
[22] https://www.climateinvestmentfunds.org/cifnet/?q=country/zambia
[23] https://www.climateinvestmentfunds.org/cifnet/?q=country/dominica
[24] https://www.climateinvestmentfunds.org/cifnet/?q=country/pacific-region
[25] https://www.climateinvestmentfunds.org/cifnet/?q=country/samoa
[26] https://www.climateinvestmentfunds.org/cifnet/?q=country/papua-new-guinea
[27] https://www.climateinvestmentfunds.org/cifnet/?q=country/mozambique
[28] https://www.climateinvestmentfunds.org/cifnet/?q=country/yemen
[29] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Approval_of_Procedures_for_Allocating_FIP_Resources_on_a_Competitive_Basis_from_a_Set_Aside.pdf
[30] https://www.climateinvestmentfunds.org/cif/Dedicated_Grant_Mechanism
[31] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Response_from_IBRD.pdf
[32] https://www.climateinvestmentfunds.org/cifnet/?q=country/indonesia

[33] https://www.climateinvestmentfunds.org/cifnet/?q=country/lao-peoples-democratic-republic
[34] https://www.climateinvestmentfunds.org/cifnet/?q=country/peru
[35] https://www.climateinvestmentfunds.org/cifnet/?q=country/mexico
[36] https://www.climateinvestmentfunds.org/cifnet/?q=country/ghana
[37] https://www.climateinvestmentfunds.org/cifnet/?q=country/burkina-faso
[38] https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Approval_of_Procedures_for_Allocating_SREP_Resources_on_a_Competitive_Basis_from_a_Set_Aside.pdf
[39] https://www.climateinvestmentfunds.org/cifnet/?q=country/ethiopia
[40] https://www.climateinvestmentfunds.org/cifnet/?q=country/maldives
[41] https://www.climateinvestmentfunds.org/cifnet/?q=country/nepal
[42] https://www.climateinvestmentfunds.org/cifnet/country/tanzania
[43] https://www.climateinvestmentfunds.org/cifnet/?q=country/honduras