

CLIMATE INVESTMENT FUNDS

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Background

Design principles

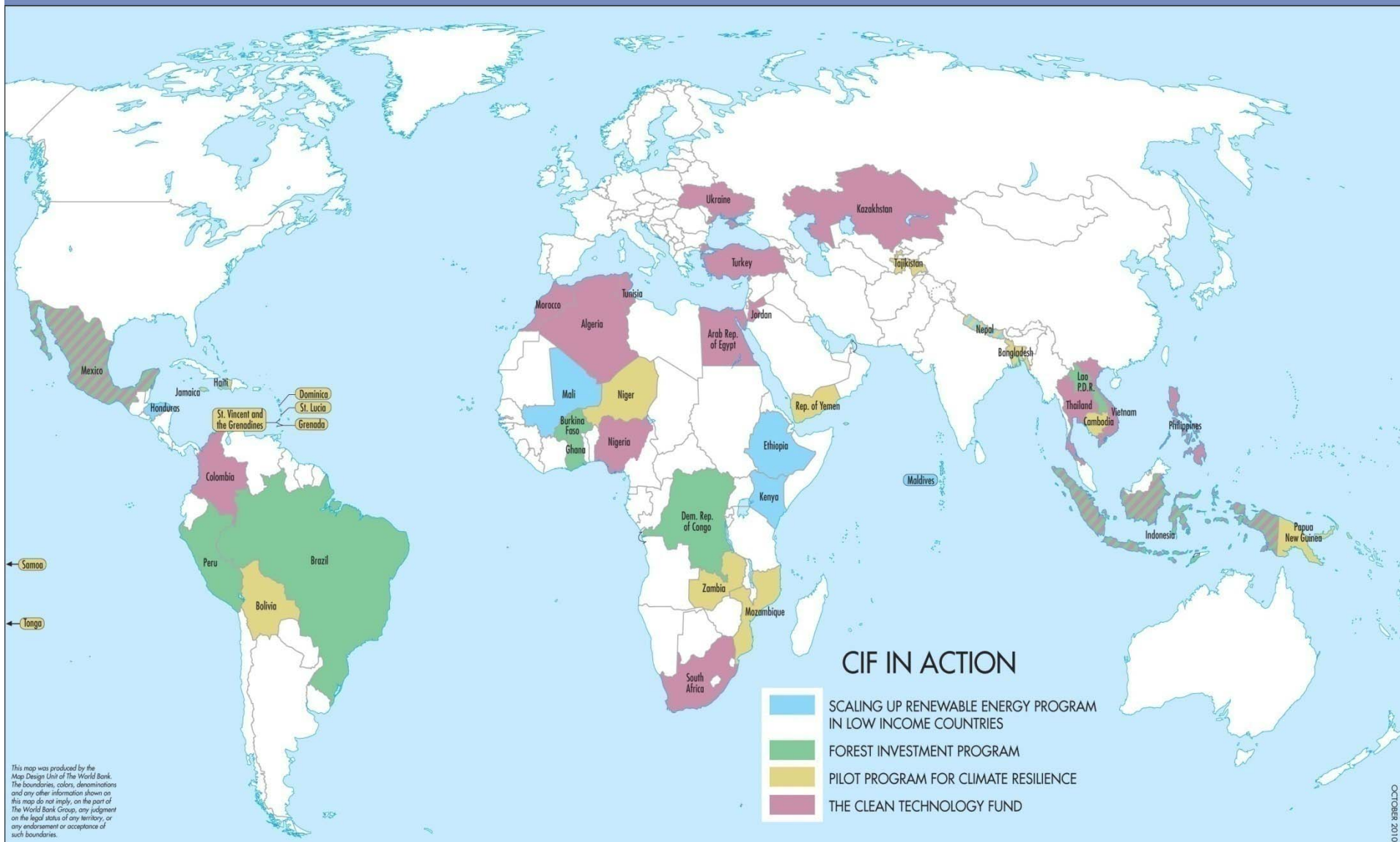
Lessons learned from:

- Governance structure and institutional arrangements
- Business models
- Financial modalities
- Project eligibility criteria
- Financing criteria
- Access modalities

Summary of feedback

45 CIF Countries

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Background

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Climate Investment Funds (CIF) \$6.5 billion			
Clean Technology Fund (CTF) \$4.5 b	Strategic Climate Fund (SCF) \$2 b		
Demonstrate, deploy and transfer <i>low emissions technologies</i> for low-emissions development	Targeted programs to pilot new approaches to initiate transformation with potential for scaling up climate resilience		
	PPCR Pilot Program for Climate Resilience (\$1 b)	FIP Forest Investment Program (\$602m)	SREP Scaling Up Renewable Energy in Low Income Countries (\$334m)
Renewables, energy efficiency, urban transport, commercialization of sustainable energy finance	Mainstream resilience in development planning	Reduce emissions from deforestation and forest degradation, sustainably manage forests and enhance forest carbon stocks	Demonstrate scalability of renewable energy
14 CTF Investment Plans (\$4.5b): Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, Nigeria, Philippines, South Africa, Thailand, Turkey, Ukraine, Vietnam; regional MENA Concentrated Solar Power (Algeria, Egypt, Jordan, Morocco, Tunisia)	9 PPCR pilots, 2 regional pilots: Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan, Yemen, Zambia, Caribbean, S. Pacific	8 FIP pilots: Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Laos, Mexico, Peru	6 SREP pilots: Ethiopia, Honduras, Kenya, Maldives, Mali, Nepal

Design Principles

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- Equitable Governance Structures
- Inclusion of Stakeholder Voices
- Creation of New Framework for MDB Collaboration
- Country Ownership
- Improved Donor Coordination
- Financial Innovation and Flexibility
- Leveraging Additional Financing
- Knowledge Management and Generating Lessons

Governance and Institutional Arrangements

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- Specific governing body for each program
- Balanced representation and consensus-based decisions
- Active observers included in deliberations (from UN, GEF, civil society, indigenous peoples, and private sector)
- Network of five Multilateral Development Banks
- Use of MDB policies, instruments, and procedures, including safeguards

- Provide scaled-up financing to initiate transformational change, show “what can be done”
- Support existing climate and development strategies in countries
- Under country leadership, develop with MDBs, other development partners and stakeholders an “Investment Plan” – go beyond what is available through the CIF
- Plan endorsed as basis for further development of projects and programs
- Recognize plan as a “living document”
- Projects developed through the MDBs, using their policies and procedures
- Results measurement

- Variety of financial tools, including grants, highly concessional loans (grant element up to 75%), and risk-mitigation instruments
- Innovative financing instruments can leverage significant resources
- Investments tailored to national circumstances, priorities, and targeted sectors
- Diversity in contributions affects outgoing resources

Project Eligibility Criteria

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- Criteria included in design documents and programming/financing papers
- Criteria are related to (1) country eligibility (2) objectives of the program (3) policies, technical issues to be addressed and (4) expected development impacts and results
- Quality review by independent experts

Access Modalities

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- CIF established to pilot what could be achieved with scaled-up resources through the MDBs
- Different models to identify the pilot countries
- CTF – opportunities for investments that would produce significant greenhouse gas savings
- SCF – use of expert groups

Partnership Forum



- The Annual Partnership Forum is a central element of the CIF process
- Helps ensure effective lesson sharing and engagement of stakeholders
- 2011 Forum was hosted by the African Development Bank in Cape Town, South Africa
- More than 500 face-to-face participants and more than 1000 online participants

Pilot Country Meetings



- CIF established a Global Support Program to promote communities of practice, South-South learning and knowledge sharing
- Pilot countries meet twice a year
- GSP knowledge sharing web-based platform to facilitate information exchange among the countries
- Messages from pilot country meetings were presented to the Partnership Forum and the CIF governing bodies

Summary of Feedback from Pilot Countries

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MESSAGES FROM PILOT COUNTRIES

- Importance of leadership, country ownership and coordination
- Importance of prioritization, but choosing priorities is difficult
- Need to enhance:
 - institutional and human capacity
 - access and use of technical information to develop policies and actions
 - stakeholder engagement
- Importance of predictable financing

LESSONS FROM GOVERNANCE

- Committee members hold important responsibility
- Equitable governance structure is appropriate set-up
- Always room for improvement – be open to change
- On-the-ground experience needs to inform the governing bodies
- Involvement of stakeholders has enhanced work of the governing bodies

Summary of Feedback from Partnership Forum

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LESSONS FROM CTF

- Importance of aligning CTF investment plans with development strategies
- Need to remove barriers to transformational change –in public/private sectors
- Catalyze coordination with other development partners
- Private sector and other stakeholders should contribute to design of the investment plans
- In-depth outreach requires adequate time and different approaches

Summary of Feedback from Partnership Forum

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LESSONS FROM PPCR

- Steep learning curve in understanding impacts of climate change and priority actions
- Need for adaptive management as addressing climate change is learning process
- Need for strong leadership to ensure continuous coordination and outreach
- Critical need for information to be disseminated in accessible ways , enhance climate literacy
- Transformational change must be defined in the context of each country's circumstances and vulnerabilities

Thank You

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Examples of CTF-financed, transformative investment plans

Middle East and North Africa Regional CSP: US\$ 750 million

- 9 commercial-scale solar power plants, 2 transmission projects in 5 countries
- One of the largest concentrated solar power developments in the world
- Adding more than 1 gigawatt of solar power generation capacity to the Middle East
- Tripling today's global capacity of concentrated solar power
- Benefits include CO2 emission reductions, lower energy import bills, fewer oil subsidies, less vulnerability to oil price shocks, and potential export revenues from electricity
- Expected cost decrease for the technology will be 3-4 % annually

Examples of CTF-financed, transformative investment plans

Morocco: US\$ 197 million

- 125 megawatt Ouarzazate solar plant
- First project in a Regional MENA plan
- Will triple today's global investments in concentrated solar power
- Create 80,000 jobs in Morocco by 2020

Examples of CTF-financed, transformative investment plans

South Africa: \$500 million

- Support South Africa's goal of 4% of electricity supply from renewables by 2013
- Co-finance the Sere Wind Power Project, 100 megawatt wind farm
- Co-finance the Upington Concentrating Solar Power (CSP) plant, a 100 megawatt tower and mirror design to operate as a baseload unit
- Covert 500,000 homes from electric to solar water heaters
- Significantly lower costs of clean tech in southern Africa

Pilot Program for Climate Resilience (PPCR) CIF

Examples of PPCR-financed strategic programs

Bangladesh: \$110 million for SPCR

- Enhance capacity of Ministry of Environment and Forests (MOEF) to manage investments and knowledge on climate-resilience
- National effort coordinated across 8 government agencies
- Improve coastal embankments to withstand cyclones and storm surges
- Increase climate resilience of water supply and sanitation, agriculture
- Co-financing: \$500 million

Zambia: \$110 million for SPCR

- Strengthen climate resilience in drought-prone Barotse and Kafue River Basins
- Contribute to Zambia's long-term development and poverty reduction plans in "Vision 2030"
- Mainstream climate change into the most economically and vulnerable sectors of the economy
- Review design standards and codes for climate-resilient transport infrastructure
- Co-financing: \$320 million

Example of FIP-endorsed Investment Plan

Democratic Republic of Congo: \$90 million grant

- Provide small grants to promising REDD+ initiatives
- Engage the private sector in REDD+
- Concentrate investments on deforestation “hot spots”
- Generate measurable emissions reductions and co-benefits
- Disseminate improved cook stoves and charcoal-making techniques
- Support community forestry and strengthen capacity to manage forests

Background: Clean Technology Fund (CTF)

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- Endorsed: 14 CTF investment plans for \$4.5 billion
 - Nigeria Investment Plan endorsed but currently no funding available
 - India has made a preliminary request for development of an investment plan
- Approved: 20 projects for \$1.433 billion in CTF funding
- CTF is leveraging investments of \$37 billion from the private sector, the MDBs, national governments and bilateral donors
- Every \$1 for CTF leverages \$8 of co-financing



14 Endorsed Investment Plans

Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, Nigeria, Philippines, South Africa, Thailand, Turkey, Ukraine, Vietnam, Regional Program for Concentrated Solar Power in Middle East and North Africa

Background:

Purpose:

To provide experience and lessons through scaled-up, learning-by-doing programs in sectoral areas or by piloting new approaches to low carbon development and climate change

Scale:

\$2 billion through a range of financing: grants, loans, credits, guarantees, and other support

Pilot Countries:

- PPCR: 9 countries and 2 regions
- FIP: 8 countries
- SREP: 6 countries



Governance:

Trust Fund Committee: Australia/UK, Bolivia, Canada, Denmark/Switzerland, Kyrgyz Republic, Germany, Guyana, Indonesia, Japan, Maldives, Netherlands, Norway, Senegal, Tunisia, USA, Yemen + observers (4 civil society, 2 Indigenous Peoples, 2 private sector), GEF, UNDP, UNEP and UNFCCC

Background: Pilot Program for Climate Resilience (PPCR)

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- PPCR has selected 9 country pilots and 2 regional pilot program
- Priority is given to highly vulnerable LDCs – including SIDs
- 17 PPCR grants approved for preparation of country & regional investment plans of \$12.7 million
- 6 Strategic Programs for Climate Resilience endorsed with funding requests for \$323 million
- 8 SPCRs to be submitted for endorsement in June
- 3 PPCR projects approved for \$33 million
- Examples: Improving agricultural practices and food security, building climate-resilient water supply and sanitation infrastructure, and conducting feasibility studies for climate-resilient housing in coastal areas

Background: Forest Investment Program

Purpose:

To support countries' efforts to reduce emissions from deforestation and forest degradation (REDD+) by financing efforts to address the drivers of deforestation. REDD+ includes reducing emission from deforestation and forest degradation, conservation, sustainable management of forests and enhancement of carbon stocks

Scale:

\$602 million in initial pledges

Pilot Countries:

Brazil , Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Laos, Mexico, and Peru



Governance:

Sub-Committee: Australia, Brazil, Democratic Republic of Congo, Denmark, Indonesia, Japan, Morocco, Nepal, Norway, Romania, UK, and US; observers (2 civil society, 2 private sector and 2 indigenous peoples representatives), FCPF, GEF, UNFCCC, UN-REDD

Background: Scaling Up Renewable Energy

Purpose:

To pilot and demonstrate the economic, social and environmental viability of low carbon development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy

Scale:

\$334 million in pledges for capacity building and investments in renewable energy

Pilot Countries:

Ethiopia, Honduras, Kenya, Maldives, Mali, Nepal

Five pilots are on a reserve list and an additional 17 countries have expressed interest in participating in SREP

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Governance

Sub-Committee: Armenia, Bangladesh, Japan, Netherlands, Nicaragua, Norway, Solomon Islands, Switzerland, Tanzania, United Kingdom, United States, Yemen + observers (4 civil society, 2 Indigenous Peoples, 2 private sector), GEF, UNDP, UNEP, UNFCCC

Summary of Feedback

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- Build a culture and platform for just-in-time knowledge sharing
- Donors have disproportionate influence on funding decisions
- Only low income countries eligible: IDA and similar RDB equivalents
- Regular consultations will civil society and indigenous peoples groups garner goodwill for the investment plans, but more importantly, they help ensure that a range of ideas and local best practices are brought to the table in a meaningful way. We also think this is key to the success of forward-looking plans.
- Another clear message from the CIFs has been: “countries are in the driver’s seat” and we are here to support their action toward low-carbon, climate-resilient growth. The CIFs are very much a support mechanism and take guidance from the countries on how we can best to boost their plans.
- Working through the MDBs in-country facilitates greater cooperation and coordination with other development partners, such as UN agencies and bilateral donors.
- The division between adaptation and mitigation in project funding is problematic and there is a need to focus on co-benefits