

# UPDATE ON KEY DECISIONS TAKEN AT THE MAY 2012 CLIMATE INVESTMENT FUNDS MEETINGS

30 April – 4 May 2012 | Washington, DC

*The civil society observers to the CIFs trust fund committees and sub-committees prepared this note to update civil society on key issues considered and agreed upon at the recent CIFs meetings.<sup>1</sup>*

## JOINT CTF-SCF MEETING, 1-2 MAY 2012

([Meeting Documents](#) | [Co-chairs Summary](#))

- **Evaluation of the CIFs:** The joint CTF-SCF committee approved the conditions for guaranteeing the independence of the evaluation. The evaluation will be overseen by the Evaluation Oversight Committee (EOC) comprising of representatives of the independent evaluation units of each of the partner MDBs to the CIFs. The EOC will present a proposal for establishing an international reference group of eminent people with a balance between experts from developing and developed countries to advise the EOC so as to ensure credibility and independence of the evaluation. An approach paper will be circulated to joint CTF-SCF committee members for approval by mail.
- **Strengthening country ownership:** The joint CTF-SCF committee, with substantive input from the observers, approved proposals to strengthen coordination, stakeholder engagement and MDB collaboration at the country level to enhance country ownership of CIFs programs. This includes guidance on information exchange on CIFs programs, and stakeholder consultations within CIFs pilot countries. For stakeholder engagement, there is guidance on outreach to stakeholders, their identification and effective participation, and ensuring transparency on how stakeholder inputs should be addressed substantively.
- **Adding new implementing partners:** The joint CTF-SCF committee agreed that adding new implementing partners (in addition to the MDBs) would be premature without a strategic conversation on the future of the CIFs. Thus, the European Investment Bank's submission, and the submissions tabled by Germany for KfW and France for AFD were only noted. The CIF Admin Unit, in consultation with the MDB Committee, will prepare a note to facilitate a strategic discussion on the future of the CIFs at the next meeting of the joint committee in November 2012.
- **Financing instruments in the public sector:** The joint CTF-SCF committee agreed that the CIF Admin Unit and the MDBs would annually report on the use of demand-driven, innovative and streamlined financial instruments in the public sector and lessons learned thereof. A paper on the use of development policy loans will be considered at the next committee meeting in November 2012.

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<sup>1</sup> Various CSO observers contributed to this report. The contact information of the observers is available at: <http://www.climateinvestmentfunds.org/cif/directory>.

- **Financial instruments in the private sector:** The joint CTF-SCF committee reconfirmed their commitment to promoting private sector investments by providing concessional funding and utilizing equity investments, and encouraged countries to increase the share of allocations to private sector investments leaving countries to determine appropriate targets. The CIF AU and the Trustee, in collaboration with the MDB committee, will prepare detailed proposals to facilitate the use of local currencies, and to develop a financial risk monitoring and management framework. Proposals to develop new funds or vehicles were deferred until the joint committee could have a strategic discussion on the future of the CIFs.
- **Other issues:** The joint CTF-SCF committee also approved a communications strategy, requested the CIF AU and the MDBs to submit proposals simplifying the results framework by November 2012, and approved the business plan and budget for FY13.

### **CTF MEETING, 3 MAY 2012**

[\(Meeting Documents\)](#) | [Co-chairs Summary](#)

- **Chile Investment Plan:** The CTF committee endorsed the \$200 million Chile investment plan requesting Chile to provide further information based on the CTF investment criteria and other questions raised. Chile can develop projects in the plan subject to the availability of funding.
- **Progress on developing projects under endorsed investment plans:** The CTF committee considered the semi-annual report on progress, noted that it had approved 33 projects worth roughly \$1.9 billion of which 21 projects worth roughly \$1.5 billion had also received MDB approval. The committee also encouraged the expeditious development of the 59 (out of 63) projects that had exceeded the 9-month target for approval by the CTF committee. The MDBs provided feedback on the broad causes for delays as well as the success factors for projects that were speedily approved.
- **Developing projects in the newly endorsed investment plans:** To trigger project preparation under the endorsed investment plans of Nigeria, India and Chile, the committee agreed to divide the resources pledged to the CTF into two phases:
  - phase 1: pledges made in 2008-10 and indicatively allocated to 13 investment plans before November 2010
  - phase 2: pledges and contributions made since 2010 and funds released as a result of revisions to investment plans or cancellation of projects under phase 1
 The allocation resources under phase 2 will be approved in tranches. The first tranche (approx. \$416 million) will be proportionally allocated to Nigeria (approx. \$85 million), India (approx. \$263 million), and Chile (approx. \$68 million) respectively. The CIF AU, in collaboration with the MDB committee, will propose criteria for determining when funds can be released from phase 1 for funding projects under phase 2 for consideration by the CTF committee in November 2012. The decision on the \$130

million released by Thailand was deferred until the consideration of these criteria at the next meeting.

- **Targets to monitor delivery of CTF projects:** The CTF committee agreed to set a target of 24 months for it to approve all projects/programs in an endorsed investment plan. Of the 13 plans endorsed under phase 1, two have been already revised and endorsed (Morocco and Thailand), and one revised but not yet endorsed (the Philippines). This agreement will trigger potential revisions to all the remaining 10 investment plans, and the CIF AU and the MDB committee will provide the CTF committee with a schedule for providing updates on such plans over the course of the next 12 months. An exception was made for Nigeria, India and Chile since they were unable to develop projects until the allocations were made at this meeting.
- **Other issues:** The CTF committee also approved improving private sector operations consistent with the decisions made under the joint committee.

### **FIP MEETING, 4 MAY 2012**

[\(Meeting Documents | Co-chairs Summary\)](#)

- **Brazil Investment Plan:** The FIP Sub-Committee endorsed Brazil's Investment Plan and noted the funding request for \$37.52 million in grants and \$32.48 million in loans, for a total of \$70 million, which is the maximum amount allocated to Brazil for projects under the Investment Plan. The Sub-Committee also approved three \$100,000 project preparation grants for three of the projects to be developed under the plan, two through IBRD and one through IDB, and a first tranche of funding for MDB preparation and supervision services for the four projects in the plan (3 IBRD, 1 IDB) totalling \$1.02 million. The Government and MDBs were requested to take into account any written comments submitted by the Sub-Committee members by 30 May in developing the projects.
- **Ghana Investment Plan:** Ghana presented an update on its Investment Plan, which was available in draft form as a meeting document, as it was not able to submit the plan within the required time window to be considered for endorsement at this meeting. Ghana's request for a decision by mail prior to the next sub-committee meeting was not supported by the Sub-Committee; instead, the Investment Plan will be submitted for formal consideration at the next meeting in November. The Sub-Committee can provide written comments until 30 May.
- **Indonesia Investment Plan:** Indonesia provided an update on their Investment Plan and cited civil society criticisms about the consultation process as one of the reasons a decision was taken to delay their formal submission.
- **Procedures for allocating funds under the FIP reserve:** The Sub-Committee reviewed a proposal prepared by the CIF Admin Unit, in consultation with the MDB

Committee, elaborating procedures for inviting and processing proposals to receive funding under the \$80 - \$150 million FIP reserve. The first round of proposals will be focused on programs and projects involving the private sector. Some members of the Sub-Committee requested amendments and clarifications to the proposal and recommended waiting to approve the proposal at the next meeting in November. Several MDBs echoed this recommendation. It was decided that the Admin Unit would produce a revised version and distribute for further discussion prior to the next meeting, but unless an intersessional consensus is reached, the proposal will be considered for approval at the next meeting. A number of specific issues raised by the Sub-Committee are identified in the Co-Chair's summary.

- **Other issues:** The northern civil society observer requested that more than one delegate from elected observer organizations be allowed to attend Sub-Committee meetings. The Sub-Committee requested further information about relevant rules and potential costs, and the Admin Unit agreed to prepare a document with a description of relevant provisions in the FIP Design Document and SCF Trust Fund Committee Rules of Procedure and to circulate this to the Sub-Committee for consideration.

### **SREP MEETING, 1 MAY 2012**

([Meeting Documents](#) | Co-chairs Summary)

- **Co-chairs:** Netherlands was elected as the new co-chair and Honduras remains the developed countries co-chair.
- **Results framework:** A new results framework was endorsed, which is more specific with clear indicators.
- **Progress report:** SREP semiannual report from the CIF Admin Unit was summarized as:
  - \$1.26 million set for preparation of Investment Plans
  - \$7.3 million dollars allocated for project development
  - \$25 million for Kenya's Geothermal project approved
  - Tanzania invited to start developing an Investment Plan from reserve resources
  - Political uncertainties in Mali and Maldives had affected presentation of their Investment Plans for approval
  - To date, 21 projects are being prepared in the five approved Investment Plans in addition to the 25 million approved project for Kenya's Menengai programme
- **Ethiopia Investment Plan:**
  - Ethiopia defended export of energy to Kenya by stating that SREP funds will be for diversification of energy in the country and power generated with SREP funding will be used locally.

- It was noted that private sector participation should be encouraged and maximized. This was pointed to facilitate leveraging of funds for renewable energy.
- A suggestion of a working group in the future to ensure private sector engagement was put across, and will be deliberated at a later meeting.
- For the wind farm project, the rationale to increase local manufacturing and a baseline matrix was requested to enable an assessment of SREP involvement in local manufacturing.
- The Investment Plan was endorsed as a basis for further project development.
- **Pipeline management:** It was observed that the target of 36 months for project development was too long and a proposal to reduce it to 24 months was endorsed for committee updates. The MDBs requested flexibility in time due to the length of time taken for studies to be done, the paper work involved and different working environments.
- **Criteria for reserve allocation:** The CIF Admin Unit was invited to revise the document based on the issues raised and bring up it to the sub-committee in November.
- **Other issues:** Netherlands was invited to raise an issue on financial reporting. Since it was the first time the issue was raised in the committee, Netherlands was invited to raise the issue in writing to allow constituency consultations by committee members.

### **PPCR MEETING, 30 APRIL 2012**

[\(Meeting Documents](#) | [Co-chairs Summary](#))

- **PPCR semi-annual operational report:** The CIF Administrative Unit presented the PPCR semi-annual operational report, covering November 1, 2011 through April 15, 2012. Significantly, 13 Strategic Programs are now endorsed. The target for the end of 2012 is to have all Strategic Programs endorsed, which would enable the PPCR to move into a phase of implementation.
- **Report from Meeting of PPCR Pilot Countries:** Zambia presented highlights from the PPCR Pilot Country meeting convened in Livingstone, Zambia, from March 12-13, 2012. The Pilot Countries identified several key challenges related to coordination with stakeholders. Specifically, the Pilot Countries reported challenges in collaborating with diverse stakeholders, managing stakeholder expectations, and developing effective partnerships with stakeholders.
- **Strategic Programs for Climate Resilience:**
  - **Dominica:** The request for \$7 million in grants and \$9 million in concessional loans was approved.
  - **Caribbean Program – Regional Track:** The request for \$10.6 million in grants to support the further development of the proposed regional projects was approved.
  - **Kingdom of Tonga:** Tonga’s request for \$15 million in grants was approved.

- **Pacific Program – Regional Track:** The PPCR Sub-Committee approved the requested \$10 million of grant funding.
- **Yemen** - The PPCR Sub-Committee deliberated at length Yemen’s request for \$50 million in grant funding and \$60 million in concessional loans. The PPCR sub-committee approved a \$1 million “preparation grant” and reconfirmed an indicative allocation of 50 million USD in PPCR grant resources.
- **Allocation of PPCR Resources:** The PPCR Sub-Committee considered the allocation of the \$73 million USD in grant resources that are not yet allocated. No agreement was reached. This issue will be put to the sub-committee in Istanbul in November.
- **Other issues:** The PPCR Observers presented a collective intervention addressing the following administrative and substantive issues:
  - **Timing of availability of CIF documents:** Observers requested that the CIF Secretariat consider ways in which PPCR documents could be made available in advance of the current 2 week deadline, noting that FIP documents are made available 4 weeks in advance, and SREP documents are made available 3 weeks in advance. The PPCR report from the co-chairs (para 20) requests the CIF Administrative Unit to make documents available as early as possible, but no later than 2 weeks prior to a meeting.
  - **Funding for developed country observers:** Given the CIF Admin Unit’s suggestion that the observers serve a term of 3 rather than 2 years, asked if funding support could possibly be made available for developed country observers.
  - **Overlap of out-going and in-coming observers:** The observers suggested that it would be ideal if a window were provided during which outgoing and incoming observers could attend one CIF meeting together to facilitate hand-offs.
  - **CSO role in M&E:** The observers expressed interest in better understanding the role envisioned for CSOs in contributing to the PPCR results framework and M&E implementation.