



2010 CIF Partnership Forum Bulletin

A daily report of the 2010 Climate Investment Fund (CIF) Partnership Forum

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2010 CIF PARTNERSHIP FORUM HIGHLIGHTS: THURSDAY, 18 MARCH 2010

The 2010 Climate Investment Fund (CIF) Partnership Forum opened on Thursday, 18 March 2010, at Asian Development Bank (ADB) headquarters in Manila, the Philippines. In the morning, an opening plenary was held, followed by a plenary presentation and a Voices of Stakeholders Dialogue. In the afternoon, parallel sessions were held on the Clean Technology Fund (CTF) and the Forest Investment Program (FIP).

OPENING PLENARY

Katherine Sierra, Forum Co-Chair and Vice-President, Sustainable Development Network, World Bank, opened the 2010 Partnership Forum. Naderev Saño, the Philippines, was elected Forum Co-Chair. Haruhiko Kuroda, ADB President said responses to climate change should break down knowledge barriers, and required strong, wide-ranging partnerships across organizations, sectors and borders.

Heherson Alvarez, Commissioner and Vice-Chairman, Philippine National Climate Change Commission, the Philippines, said, while the US\$6 billion pledged thus far was impressive, this amount is miniscule compared to the hundreds of billions of US dollars needed.

Preeti Bhandari, UNFCCC Secretariat, stressed the need for long-term financial cooperation, noting that existing and new financial streams will have to be used, without compromising the central role of the multilateral negotiation process.

Co-Chair Sierra provided a short background to the CIF, highlighting its two funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF), and explained that the purpose of the 2010 CIF Partnership Forum is to share lessons learned from CIF implementation thus far, as well as to take stock and fill gaps where they exist.

VOICES OF STAKEHOLDERS

PLENARY PRESENTATION: LOOKING AHEAD FOR LESSONS LEARNED IN THE CIF: EMERGING THEMES FOR LEARNING: Ann Quon, ADB, moderated this session. James Radner, University of Toronto, presented a summary of a study undertaken on lessons learned from the design and early activities of the CIF. He said the CIF are trying to do big things quickly, and that knowledge must be “usable” for those working on climate and development.

Radner discussed, *inter alia*, transformational change, including through: integration of expertise to find effective solutions; experimenting with new ideas to break down barriers and establishing replicable programmes; and concessional financing to attract investors. He also addressed: aligning climate and development goals; speed and depth of the CIF; and enabling relationships and trust among stakeholders.

PANEL DISCUSSION OF CIF STAKEHOLDERS: Zaheer Fakir, South Africa, emphasized that the CIF not only help stimulate investment in clean technology, but also skills development, including in rural communities. On challenges, Fakir noted insufficient knowledge of the CIF, particularly

among stakeholders not directly involved in the process, and urged creating mechanisms so the voices of a broader base of stakeholders can be heard.

Bhola Bhattarai, Federation of Community Forestry Users, Nepal (FECOFUN), noted lack of clarity about the role of civil society and other observers, and called for, *inter alia*: stronger focus on, and support for, vulnerable countries and communities; and equity in fund disbursement and decision making.

Juan Carlos Juntiaich, Coordinating Body for the Indigenous Organizations of the Amazon Basin (COICA), called for increased exchange between indigenous peoples and the multilateral development banks (MDBs), stressed the importance of traditional forest management, and proposed that different groups be given the opportunity to implement their own programmes under the CIF.

Vicky Seymour, UK, said the CIF should be lesson-learning institutions. Calling on the Trust Fund Committees to listen to discussions and proposals, she emphasized the need to speed up the processes without losing the broad approach, allow easier access for stakeholders, and engage the private sector in programme design.

Barbara Black, World Business Council for Sustainable Development, emphasized the need to: reach the private sector globally, particularly in developing countries; involve the private sector in designing investment funds and country investment plans; and bridge knowledge gaps on issues, such as submitting proposals and accessing funds.

Smita Nakhooda, World Resources Institute, underscored that new ways to pool collective expertise were required. She said the CIF were grappling with what constitutes climate change and what constitutes development, and highlighted links between the two, as well as the future of climate finance and the void it can fill. She noted the key role of creative engagement in overcoming policy and governance barriers.

Warren Evans, World Bank, noted, *inter alia*: the CIF required a different engagement approach from normal development work; indigenous peoples live within different borders than governments; and the climate change agenda has brought the MDBs together more effectively. Looking forward, Evans asked, *inter alia*: how lessons learned can be optimized in real time; and how key messages from the CIF can reach the UN system and those who will be developing the big funds, such as the Green Fund.

PLENARY DISCUSSION: The World Harmony Foundation stressed that CIF implementation should not be divorced from the larger UN system. The Indonesia National Council on Climate Change questioned the focus on mitigation, highlighting the urgent adaptation needs in most developing countries. Radner said adaptation is inherently a slower process, and suggested the CIF process can contribute early learning experiences. Evans pointed to insufficient information about climate change impacts, and explained the PPCR aims to help countries integrate climate resilience considerations into the development process.

Addressing Radner’s presentation, one NGO representative lamented the lack of civil society involvement in designing country programmes. Radner suggested the establishment of

regional fora to bring together stakeholders and governments in a less centralized form, and said the CIF can contribute to sharing experiences from different countries.

Greenpeace said the MDBs are now trying to solve the problems they helped create, including those related to fossil fuel development and forests. She raised the issue of coherence within the World Bank, and asked what the Bank is doing to ensure that CIF interventions are not undone by other Bank-funded projects. Co-Chair Sierra responded that the sustainable development and climate change agendas are now a driving force filtering into all of the Bank's work, although results may not yet be seen. She said, in the past, the Bank's aim was to increase access to energy, without taking into account the different technologies, but now the objective has changed and renewable energy programmes have more than tripled. Noting challenges regarding the forest sector, she said the Bank aimed to reduce impacts on biodiversity and decrease greenhouse gas emissions.

The NGO Forum on the ADB believed that Radner's study begins from a mistaken assumption in equating country ownership with government ownership. Participants also raised issues related to, *inter alia*: middle-income countries being left out of the process; lack of emphasis on climate justice within the CIF process; whether other organizations, besides governments, can receive funding; clear financing policies that ensure equity in funding flows; and consistent and sustainable investments, rather than investing in reaction to oil and other commodity prices.

CIF PROGRAM SESSIONS

CLEAN TECHNOLOGY FUND: Enabling

Environment: Incentives, Consistency and Transparency: This session was moderated by Shilpa Patel, International Finance Corporation (IFC). She explained that the panel's objective is for private sector practitioners to discuss drivers and constraints of clean technology investment.

Frank Fass-Metz, German Development Cooperation (GTZ), underscored that the CTF can contribute to overcoming investment barriers by enabling the development of regulatory environmental, sectoral and incentive policies conducive to clean technologies. Marcondes Moreilla de Araujo, Brazil, outlined some of his country's efforts to create an enabling environment for clean technologies, such as the National Policy on Climate Change, which includes the objective of increasing the share of renewable energy in the country's overall energy matrix. Jean-Pascal Tranié, Aloé Private Equity Fund, underscored the need for the development and enforcement of effective regulatory environments. Gary Pienaar, Institute for Democracy in Africa, highlighted a clear policy environment and an agreed and ambitious transformative national agenda as elements of an enabling environment.

In the ensuing discussion, Senegal noted the social consequences of green power, stating that in many African countries, coal generation remains the least-cost option, while green power is very expensive. Honduras stressed the need to change the attitudes and behavior of energy end users and the private sector. In response, Pienaar said in South Africa, incentives are provided to promote a switch to renewable energy, and cited the example of ongoing negotiations with the CTF to subsidize the cost of one million solar water heaters in South Africa. Egypt noted that when transferring technologies, the appropriateness of such technologies for the specific countries should be considered. Tanzania pointed to the need to consider food security and the environment when discussing clean technologies.

Access to Financing: Creating Financially Sustainable Models: Masatsugu Asakawa, Japan, stressed the need to mobilize private financing to promote low-carbon technologies by providing incentives such as concessional loans via public financing. Özgür Pehlivan, Turkey, outlined lack of proper lending, limited technical capacity and misconception of the risks and benefits of clean technologies as market barriers. Michael Gurin, Sol Xorce, said his solar power company has tried to create a product and technology that is not dependent

on regulation, as this tends to be a barrier to growth. The African Development Bank presented lessons learned from the ongoing preparation of Nigeria's investment plan.

In the ensuing discussion, one participant stressed the importance of first ensuring public sector financial commitments before considering private sector involvement, which is often voluntary and unpredictable. Noting the need for a balance between private and public financing, Asakawa stated that public financing is not necessarily more predictable than private financing.

FOREST INVESTMENT PROGRAM: Institutional Collaboration for REDD+ at the Country Level: This session was moderated by Hosny El Lakany, University of British Columbia. Werner Kornexl, World Bank, highlighted the FIP's coherence with the Forest Carbon Partnership Facility (FCPF) in contributing to readiness and capacity building, and providing enhanced carbon payments. Kaveh Zahedi, UNEP, said FIP investments can only be effective if preinvestment requirements, such as removing barriers, have been fulfilled. Gustavo Fonseca, GEF, suggested the FIP can provide lessons learned with respect to: scaling up forest protection over a broad area; constraints to capacity building; possible impacts on the ground; and boosting private investments. Juan Carlos Jintiach, COICA, called for increased recognition for the indigenous peoples who care for forests, and pointed to their efforts in knowledge sharing. Hadi Pasaribu, Indonesia, said the FIP can facilitate REDD+ readiness activities on the ground. Stressing that the main challenge is to create channels that can absorb the available REDD+ funding, Andreas Dahl-Jørgensen, Norway, called for a legitimate and transparent process, which includes interested countries, civil society and indigenous peoples.

Participants then met in breakout groups and reported on the need for, *inter alia*: supporting local communities and indigenous peoples in building national FIP strategies; a holistic REDD+ approach; enhanced coordination within countries; transparency in benefit sharing from REDD+; leveraging private investments; and supporting forest-based economic activities. Participants also posed questions to the panel regarding the coordination of UN REDD, the FCPF and the FIP.

FIP and Scaling-up Activities for REDD+ at the Country Level: Bhola Bhattarai, FECOFUN, shared experiences of creating a multi-stakeholder REDD+ forum in Nepal. Donald Kanak, WWF, called for greater efforts in leveraging additional sources of finance, suggesting that the private sector needs coherence of mechanisms and certainty regarding future demand. Thaís Linhares Juvenal, Brazil, said achieving the diverse objectives of REDD+ requires different forms of funds and financial instruments, and proposed that the FIP can play a fundamental role in blending public and private funds. Marco Antonio Fujihara, Key Associados, proposed that the FIP can act as a building initiative by creating public-private partnerships and providing an investment perspective.

During the ensuing debate, UN-REDD asked how to ensure that large-scale investment from the FIP does not crowd out the private sector or subsidize investments that would have taken place anyway. Juvenal said no risk of crowding out existed in Brazil, due to very little private sector involvement in Brazilian native forests. One participant asked whether Nepal has integrated climate change concerns into community forestry and developed indicators for monitoring such projects. Responding to a query, Juvenal said that although conversion projects are attractive to investment, the opportunity costs of conversion should be considered. She suggested that payments should be made for units of carbon stocks instead of units of emission reductions.

2010 CIF PARTNERSHIP FORUM SUMMARY

The IISD Reporting Services summary of the 2010 CIF Partnership Forum will be available on Monday, 22 March 2010 at: <http://www.iisd.ca/yimb/climate/cif2010/>