



LOOKING AHEAD FOR LESSONS IN THE CLIMATE INVESTMENT FUNDS

A REPORT ON EMERGING THEMES FOR LEARNING

CONSULTATIVE DISCUSSION PAPER

Executive Summary

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“Only connect....”

– E.M. Forster, *Howard’s End*, 1910

Introduction

This paper reports the results of a qualitative study undertaken to derive lessons from the design and early activities of the Climate Investment Funds (CIF). The study is not intended as an evaluation of any aspect of the Funds, but rather as a way to catalyze, from this early phase forward, reflection and dialogue among all relevant stakeholders aimed at harvesting and applying learning from the ongoing CIF experience.

Consistent with this purpose, the basic approach of the study involved interviews, observations and feedback in an interactive spirit. The study uncovered an extraordinarily rich diversity of perspectives, expertise and reflection among CIF stakeholders, richer than any report could possibly be. This report, then, is a discussion paper intended to assist stakeholders as they work to develop and synthesize learning in a way that is directly useful both in CIF programming and in climate finance more generally.

The present document has benefitted immensely from stakeholder¹ comments on two previous versions. Most recently, an earlier form of this paper was offered to the CIF Trust Fund Committees and the Manila Partnership Forum (March 2010), and the resulting dialogue and comments richly informed this final version. Both the Forum and this “final” report in turn are steps, not destinations, in a learning journey, so this document is once again a discussion paper, geared more to advancing ideas than reaching conclusions. In that spirit, comments on the material in this paper are invited from all readers; this summary includes examples of questions that might be profitable for stakeholders to consider and discuss.

In short, while the study is complete, the dialogue continues. To participate, please send your comments to the CIF Administrative Unit by e-mail to CifAdminUnit@worldbank.org; they will be posted on the internet at http://www.climateinvestmentfunds.org/cif/knowledge_emerging.

¹ The CIF include an extraordinary diversity of stakeholders including, for example, national, international and local organizations and networks in the public, private and civic sector, governments, multilateral development banks, other development partners, indigenous peoples and local communities. (See the appendix for a list of organizations interviewed.) Where questions and responses were focuses on a particular category of stakeholder, e.g. “recipient governments,” the comments reported in this report are attributed to that category. Generally, however, the information here reflects a striking variety of stakeholder categories. For example, it might be imagined that the commentary on engagement with civil society and the private sector is based on commentary from civil society and private sector stakeholders. Not so. This topic received attention from a other stakeholder groups as well, with considerable convergence of view.

The first thing that confronts an observer of climate finance in developing countries today is the enormity of the challenge. The threat from climate change to human lives and livelihoods and to the global ecosphere is very large; responses must be tailored to a wide range of diverse contexts and must succeed at the global, regional and local levels – there is no “one size fits all” answer. Moreover, the field is still very young, including the special challenge of combining two quite different spheres of knowledge and practice – climate finance and development – so existing knowhow, while important, is limited. As transitional vehicles, the Climate Investment Funds must operate while the global architecture to deal with climate change is still under negotiation; they must connect effectively with a wide range of partners and actors; and despite their limited resources compared to the scale of the problem, they must make an impact quickly, especially in the area of generating usable knowledge. The flip side of these challenges is an opportunity: Because the CIF are now actually operating on the ground and directly confronting these challenges in diverse settings, they present stakeholders with the chance to evolve responses that can have worldwide significance.

To nurture this evolution along, this report aims to help stakeholders view the underlying challenges *both* through the broadest possible lens – from a systems perspective, integrating multiple climate finance and development needs that do not always pull in the same direction – *and* refracted by concrete, specific experiences that point to ways to manage these needs. Because the CIF are still just starting up, the weight of the data available to the study is general in nature, mostly informing the systemic challenges and opportunities for the CIF going forward; but already more specific, emerging lessons are visible, and these will be highlighted here at least as examples for further development by CIF stakeholders. These concrete examples are clearly of vital interest, yet at the same time a full, joint understanding of the underlying challenges is also important, so that stakeholders can both identify and gauge the significance of more concrete lessons and achieve consensus on paths forward.

Consequently, this paper is organized around a series of underlying themes – challenges and opportunities identified from stakeholder feedback – and it offers, for each one, a range of reflections, observations, and potential responses, also based on stakeholder comments. These seven themes for learning flow in three streams from the underlying nature of the climate finance in development generally, and the Climate Investment Funds in particular. The full report provides detailed reflections on each theme in turn, after introductory material including a summary of study methodology and large-scale topics. In general, the full report is designed to elaborate upon, but not to repeat, the material presented in summary form below.

Accordingly, this Executive Summary will begin by outlining the seven themes in general terms; concrete case examples will follow, as a way to bring these topics to life and offer some tentative lessons as a taste of what the CIF’s ongoing learning journey can discover; after the case descriptions, the penultimate section returns to the seven themes to briefly suggest potential lessons from case experience, and to pose related questions for stakeholders to consider and comment on. The conclusion will revert to the general level, not to reach a landing in the learning journey but rather to suggest how the material in this report might help equip the travelers – the CIF stakeholders – on their way.

Seven Themes in Three Streams

Stream A: Overarching Goals. The CIF have ambitious goals, corresponding to the enormity of the underlying needs discussed above. These large ambitions in turn have consequences that CIF stakeholders are working through, globally, nationally and locally, and some of the most important of these constitute the three themes in Stream A:

Theme 1: Speed vs. Scale, Quality and Depth of Impact. Because the CIF seek quick impact and early, applicable lessons even as they aim for deep, far-reaching results, they face an inherent challenge sometimes referred to in short-hand below as the “speed/depth” spectrum. There is no inevitable contradiction or trade-off here, and priorities will differ by program and country context – for example, adaptation generally requires more emphasis on depth, while mitigation programs tend to stress speed. But it is not always easy to simultaneously achieve quick funding based on simple, user-friendly, low-cost planning and administration *and* to develop high-impact, high-quality, integrated programs that leverage multiple resources and are based on full participation of all relevant stakeholders. Another way to describe this challenge is that the CIF aim to do new, big things quickly, at high quality. The report will outline some of the main aspects of this challenge as seen by diverse actors and discuss emerging lessons on managing or surmounting these dynamics. A major finding from this study is that much of what is happening with the CIF, globally and locally, can be illuminated by remembering this special need the CIF have: to do new, big things quickly and well.

Theme 2: Transformational Change. Another core ambition of the CIF is to achieve “transformational impact,” but given the diversity of programs, contexts and desired outcomes for the CIF, there is no inherited definition of this term that the CIF can simply apply, either in the field of climate finance or development (and the CIF care about impact in both of these importantly different areas). Yet definitions and verifiable criteria are needed for effective decision making and for achieving and learning from results. The CIF are working on this challenge both at the global level for each program, and through “learning by doing” as countries develop and implement CIF strategies.

Theme 3: A Global Network. The problem the CIF confront, climate change in the context of developing countries, is simultaneously global, regional, national and local. Effective solutions, cumulatively at any rate, will have to work on all these levels. Yet this is a young field, each specific context matters, and current knowledge is both limited and widely dispersed. The CIF ambition to contribute early learning to the broader climate change and development agenda requires that they move quickly, and ensure continuous learning through rapid feedback from all affected people and organizations. To meet the resulting challenges, the CIF aim to develop as a global learning network, building and sharing knowledge across regional, national and community boundaries and creating, where needed, integrated solutions. This too is an ambitious goal, and here too the report will outline aspects of the challenge and related opportunities and strategies.

Stream B: Leverage, Enabling Relationships and Trust. These goals together clearly imply that the CIF cannot function in isolation. CIF funding is limited compared to both the scale of the climate problem and the scope of the CIF's ambitions, so it must be multiplied by other public sources – for example, multilateral and bilateral co-financing – and, notably, by private sector finance. In addition to this financial leverage, the CIF must leverage knowledge and capacity through collaboration (“enabling relationships”) across a wide range of organizations, sectors and constituencies, many of whom may not be accustomed to working together. Stakeholders repeatedly stressed the importance of inclusive planning and implementation of CIF programs, with appropriate attention to gender equality, the rights of indigenous peoples and local communities, and, more generally, equity and human dignity. Any such effort, in any field, requires building trust, and this is especially true in the arena of climate change, where, in the larger environment, sensitive international negotiations are underway to create a new global architecture. Like the goals outlined in the first stream, the implications for “enabling relationships” differ depending, *inter alia*, on the CIF program, the country context and the relevant sectors. This report takes up the work of the CIF in this “stream” through three more themes:

Theme 4: In-Country Cooperation among Government, Development Partners and Official Agencies. The CIF are a platform for coordinated finance, and coordinated services to governments; they are pioneers in creating new forms of collaboration to meet climate and development goals. These new approaches include joint activity by multilateral development banks, in partnership with bilateral and multilateral agencies (including, for example, the UN system). In turn, this collaboration is designed to support, in a client-friendly manner, planning and implementation led by each national government. The report reviews progress and emerging lessons in this space, including what a wide range of stakeholders saw as a profoundly important innovation in cooperation among multilateral development banks.

Theme 5: Stakeholder Engagement. This entails work, at the global, national and community levels, and in different ways across the distinct CIF programs, with the private sector, civil society, indigenous peoples, local communities, and other especially affected or vulnerable groups, such as women. This is an extraordinarily complex, multi-faceted challenge, closely linked to each of the ambitious goals in Stream A. The report attempts, in summary form, to review the terrain and to note, from a step-by-step perspective, both important progress to date and possible pathways for the future.

Theme 6: Governance and Committee Meetings. The CIF governance and committee structure reflects balanced, self-selected representation of industrialized and developing countries in a framework that includes Committees and Sub-Committees organized by program and funding window. Challenges inherent in this structure, in the context of the CIF's goals, include achieving full partnership across committee participants, combining accountability, flexibility and quality with administrative simplicity and

predictability, and assuring cross-fertilization of lessons. The report summarizes lessons from early CIF experience on these and related topics.

Stream C: Financing. The CIF achieve their impact through funding, so Streams A and B converge, so to speak, in specific financing activity, presented here as a final stream. The result is a series of specific topics, often of a technical nature, at the point of confluence: how to move limited funding in a way that achieves the most benefit for the CIF's ambitious goals (Stream A), taking account of vital relationships for climate finance in developing countries (Stream B).

Theme 7: Financing Topics. The report addresses these “topics at the confluence” through a series of reflections, under the rubric of the single financing theme. Areas discussed range from private sector incentives and leverage, through funding modalities and commitments, to resource allocation criteria and more.

Two Cases: Bangladesh and Turkey – Some Highlights

As part of the study, the researcher (too) briefly visited two CIF recipient countries, Bangladesh and Turkey. This section will review selected observations from these visits to illustrate how country experience can generate at least tentative lessons on the seven themes listed above. While this will enable at least some comment touching lightly on each of the seven themes, the study as a whole is not limited to these cases, so readers are directed to the main text for fuller summaries on each theme. Note also that a brief visit, at this early stage in CIF programming, permits only provisional observations, and, as noted above, in no way has evaluative purpose or content.

Emergency Shelters in Bangladesh

To begin, a very narrow case example:

The Government of Bangladesh is considering² including designing and building new cyclone shelters as part of its strategy under the Pilot Program for Climate Resilience (PPCR), a targeted CIF program. Only several such shelters would be included in the plan, and they would represent a small portion of total Bangladesh PPCR funding. Yet successful designs could potentially be replicated across the delta, through mobilization of other funding sources, with direct effects on the survival and livelihoods of millions of people.

At a preliminary multi-stakeholder workshop in Dhaka in February 2010, participants identified a diverse range of needs for the shelters to meet, with correspondingly diverse technical and Ministerial contributions required. The shelters must work for people fleeing storms and floods

² As of this writing, the scope of the PPCR in Bangladesh is still under discussion and therefore uncertain. These notes reflect the researcher's observations at an early stage of the planning process – the February joint mission.

(sector: disaster management); but they must also accommodate livestock (sector: agriculture and animal husbandry), since even, or especially, in crisis people will not leave behind the animals which are their livelihoods; they must also meet vital public health needs (sector: health) and, so as not to waste precious resources, they must serve community needs year-round, at non-crisis times (sectors: social services, local government). Each sector, in turn, engages a different Ministry and related institutions.³

Participants in the workshop noted that effective solutions for cyclone shelters will thus require a combination of “top down,” multi-sectoral technical expertise with “bottom up” community connections; neither would be sufficient on its own in light of the set of needs outlined above. Sorting out how to do this is an important aspect of knowledge networking (Theme 3) and also stakeholder engagement (Theme 5).

Thus, a single, small and seemingly simple component of a climate resilience program in fact requires participation and coordination across a wide range of governmental units, stakeholders and technical experts. Global (through multilateral and bilateral development partners), national (government, technical institutes, private) and local (government, civil society, community) resources are in principle available, but integrating these effectively and efficiently is a major implementation challenge, and would require breaking new ground.

What this case exemplifies, then, is the importance of *integration* in meeting the PPCR’s overall objective of piloting paths to transformational impact (Theme 2). Bangladesh may or may not elect to move forward with these ideas, but should the decision be to proceed, from a lessons standpoint it will clearly be valuable to examine integration, a component of transformational change, *both* generally, from the point of view of global, national and local cross-sector coordination (Themes 3, 4 and 5) *and* concretely, by examining how this plays out in the design, construction and use of a specific set of pilot cyclone shelters in a series of vulnerable communities (see especially Theme 5).

The Country Led Bangladesh Joint Mission

The Government of Bangladesh formally led the PPCR joint mission, which included as partners the Asian Development Bank, the Canadian International Development Agency, the International Finance Corporation, the United Kingdom Department for International Development, the United Nations Development Programme, and the World Bank. Some brief observations:

The mission produced a major planning framework for the PPCR in Bangladesh, including selection of four priority sectors for PPCR work – (1) agriculture and food security, (2) extreme

³ Ministries directly involved in related planning in Bangladesh included, for example, the Ministry of Environment and Forest, the Ministry of Water Resources, the Ministry of Agriculture, the Ministry of Flood and Disaster Management, the Ministry of Local Government, Rural Development and Cooperatives, the Ministry of Social Welfare and the Ministry of Health.

climate events and climate induced disasters, (3) water resource management and public health, migration and (4) social protection – and geographical focus on specific, especially vulnerable coastal areas. These consensus conclusions were in turn made possible by (a) the pre-existing, government-endorsed National Action Programme of Adaptation and the Bangladesh Climate Change Strategy and Action Plan, most recently revised in 2009 (prepared by a consultant but “owned”⁴ by the government as a whole) and (b) significant pre-mission consultations among the government and the multilateral development banks. Potential lessons here are that building on this kind of preparation, including existing national strategies, offers potential ways to manage achieve strategic depth quickly (Theme 1) challenge, and that preparation and multilateral support can facilitate country leadership and inter-ministerial coordination (Theme 4).

The progress of the joint mission, then, was enabled by background work, based on a long-standing, high-priority commitment of the Bangladesh government to the issue of climate adaptation. On the other hand, as interviews with government officials highlighted, looking ahead to more specific project design and implementation, country capacity will be an important limiting factor. Country leadership needs to be understood, then, not as a binary concept (either 100% present, or 0%), but rather in relative terms depending on the topic and on specific profile of country capacity (Theme 4). Capacity building (Theme 3) comes to the fore from this perspective: country leadership can grow over time with appropriate experience and support.

Finally, interviewees all saw the cooperation among development partners on the joint mission as productive (Theme 4), though people also pointed to planning and logistical challenges discussed in more detail in the main text (also Theme 4).

Some Highlights from Turkey

In Turkey, the Clean Technology Fund (CTF), another CIF funding window, was able to move very quickly from strategy to projects because the government already had developed (with international support) significant “transformational” plans around climate mitigation. By aligning its CTF proposals with existing strategies, and by engaging public and private financial institutions which had worked, for example, with multilateral renewable energy funding in the past, the government was able to move with impressive speed from concept to implementation.

This example suggests one approach to the achieving a combination of speed and depth (Theme 1): to follow existing strategies and build on existing funding modalities. The

⁴ As stakeholders have pointed out, questions of country “ownership” and “leadership” are not simple. Within a national government, commentators pointed out that integrated, whole-of-government approaches present inherent challenges. Moreover, the meaning of country ownership extends to the society as a whole, implying multi-stakeholder engagement. These topics are discussed from multiple standpoints in the full report; see especially the introduction to Section 1, and the whole of Part B.

Bangladesh PPCR case hints at a similar approach, as once again the pre-existing government strategies proved critical to the joint mission's progress. Note that both countries had long-standing commitments to the issue of climate change, exemplified, for example, by Turkey's decision to move to Annex 1⁵ status under the Kyoto Protocol and Bangladesh's creation of a dedicated trust fund for climate adaptation.

Yet at least two questions follow from this observation: First, what to do in contexts where background strategies and funding modalities are not as readily available, especially when country capacity is limited? Second, how to assure that the result is not simply an extension of "business as usual," an "add-on," but rather a lever for transformational change (Theme 2)? The specific approach to energy financing taken in Turkey, through financial intermediaries, offers promising potential lessons in this regard, as discussed in more detail in the review of financing topics (Theme 7), here and especially in the main text. Briefly, the strategy involved obtaining substantial financial leverage by using CIF financing, whose terms are concessional, to provide just the amount of incentive needed to overcome first-mover hurdles and to jump-start private markets for energy efficiency and specific types of renewable energy. This approach to market stimulation is a major area for innovation in the work of the CIF globally.

A final highlight: Country leadership in Turkey was robust, through the Turkish Treasury. This assured rapid planning consistent with existing government strategy (Theme 1), mainstreaming of low-carbon development (Theme 2), and coordination across Ministries and development partners (Theme 4; the Treasury acted as a focal point and circulated drafts of the CTF investment plan to keep partners informed). Finally, consistent with CIF practice, the Treasury, rather than the multilateral development banks, submitted the plan for endorsement by the Trust Fund Committee (Theme 6), reflecting country ownership and the supporting role of the multilaterals as development partners.

There is an interesting complexity here around the endorsement process: Comments on the Turkey case seemed to confirm that there remains a challenge, as reported by many stakeholders, in clarifying the (now provisional) definition of transformational change (Theme 2), through quantifiable criteria that enable recipient countries to look ahead to streamlined, predictable approval procedures for their proposed plans (Theme 6). At the same time, Trust Fund Committee members reported that, even based on the existing definition, they had little difficulty reaching consensus that the Turkey Investment Plan did indeed provide a pathway to transformational change. Experiences like this could inform a new look at the question of criteria and indicators for transformational change.

⁵ Annex 1 Parties under the Kyoto Protocol are industrialized nations, with the greenhouse gas emission commitments under the Protocol structured accordingly. In 2001 Turkey elected to start accession to Annex 1 status, though its per capita greenhouse gas emissions remain a fraction of the average among industrialized countries.

Sample Lessons: The Streams and Themes through the Lens of Case Experience

The main body of this paper is largely devoted to reporting stakeholders' experiences and perspectives in depth on the seven themes outlined here, and the learning that is emerging around them. Drawing summary, evaluative or indeed any firm conclusions from these reports would not make sense; they are offered only as a potential basis for concrete, ongoing stakeholder learning. But as a stimulus for reflection, it may be helpful, before turning to the full report, to briefly review some case-based examples of possible lessons in each area.

For each theme then, this section will offer a quick reference to case experience, a possible constructive lesson from that experience, and a question for further discussion by stakeholders.

Stream A: Overarching Goals

Theme 1: Speed vs. Scale and Depth of Impact

Case examples: Both Turkey and Bangladesh were able to move quickly in the CIF work observed by the researcher, as described above. In both cases this impressive speed was made possible because the CIF programming deliberately *aligned* its work with already existing country plans and strategies. This was far from a mechanical exercise – moving from country strategies to concrete plans with CIF and related resources has already involved, and will continue to involve, intensive work and considerable innovation, as the examples of the new Turkish financial instruments and the Bangladesh shelter design challenge show. The hope, to be worked out through experience to come, is that this combination of alignment and innovation will enable CIF programs in both countries to quickly achieve major impact.

Potential Lesson: Achieving speed, depth and scale simultaneously cannot be a matter of simply pushing hard and fast – though it was clear that in both Bangladesh and Turkey (and everywhere the researcher queried) the country teams were working extraordinarily hard. What's needed is alignment with country goals and plans, as a framework for implementation and innovation. This means that it is vital to identify the fit between CIF objectives and modalities and the country context; it also means that CIF programming techniques and management systems need to be consistently innovating around the aim of achieving results based on this kind of alignment, and doing it both rapidly and with major, high-quality impact.

Question for Stakeholders: What can the various players in the CIF world do to foster in-country innovation around speed and depth? As the CIF evolve specific policies and management systems, and related administrative support services, how can they be best tailored to these objectives? Can international stakeholders – for example, global civil society – support local counterparts to better engage with an accelerated change program?

Theme 2: Transformational Change

Case Examples: While the challenges, objectives and resulting programs in Turkey and Bangladesh were very different – low-carbon growth in Turkey, climate resilience in Bangladesh – their approach to transformational change revealed strikingly common elements which may be helpful in wider contexts:

- Both countries explicitly sought to combine climate objectives with economic and human development goals, and reported this as a key success factor. In the case of Turkey, the development goals cited by the government included increased energy security, balance of payments benefits, employment gains, poverty reduction, local business development and private sector competitiveness, domestic environmental benefits and lower-cost growth pathways. For Bangladesh, health, education and agricultural benefits were directly connected with the climate adaptation plans (consider once again the cyclone shelters). From the country perspective as reported to the researcher, “transformational” meant solutions that produced significant progress for both climate and development goals. In this respect, bridging climate and development issues is not only a challenge, it is also an opportunity: for new resources, new strategies and new learning, for example. In sum, advancing human dignity and human flourishing in combination with achieving climate objectives are deep aspects of the “transformational change” the CIF seek.
- For both Turkey and Bangladesh, stakeholders noted that a central role of CIF financing – an answer to the question “How does CIF funding make a difference overall – has been to enable innovation by reducing risk-related barriers. The concessional terms of CIF financing create incentives, and reduce risks, for shifts from “business as usual:” transformational change, in the public or private sector (or both). In Bangladesh, interviewees noted that the terms of CIF funding made design innovations or experiments (e.g. for shelters and much more besides) more acceptable in a context where public funding is scarce; in Turkey, CIF concessional terms were tailored to enable banks and industries to take “first mover” risk in energy conservation and renewable energy production (here, the innovation is not so much the technology itself, but rather the private-sector systems needed to finance and install the technology in a new country context). In both cases, the “transformational” impact is intended to emerge from the catalytic or demonstration role these new projects can play, so that once the CIF financing has broken down initial risk barriers, public and private funding, as appropriate, will be available at larger scale to build on the results.
 - Note that this also implies, for CIF activities seen as early movers, that not all results will be positive. Mixed initial results are inherent in risk

finance and learning-by-doing. A challenge here, related also to Theme 1 above, is to cultivate simultaneously a drive for quality and a culture that tolerates bad news – so long as there is learning.

- Both countries seek to use CIF funding for important capacity building, in Turkey in the area of private sector energy conservation and renewable energy investment, and in Bangladesh in integrated, cross-sectoral climate and development programming. Interviewees in both countries saw new in-country capacity as key to transformational change.

Potential Lessons: To catalyze transformational change, the CIF can, *inter alia*: encourage solutions that advance both climate and development objectives – not in a trade-off, but by finding “sweet spots” where there is synergy; seek ways to build in-country capacity, public and private, for integrated climate and development solutions; and build expertise on using concessional or grant financing to reduce risk-related and other “first mover” barriers.

Question for Stakeholders: How can impact on these dimensions be measured and monitored, so that feedback and learning will follow? Can measurement tools be defined flexibly enough to work in multiple country contexts, but clearly enough so that it becomes easier for recipient countries to know in advance what “transformational change” means in CIF decision-making, so they can in turn develop plans that apply the concept effectively in their national and local work?

Theme 3: A Global Network

Case Example: Recall the case of cyclone shelter design, and imagine a small facility in a single location. This shelter must be, among other things, a year-round community facility, and both its regular use and its emergency use must be well tailored to local conditions. So local community and local government involvement is vital. At the same time, it must meet a variety of complex technical requirements to achieve its health and safety goals, so national expertise in multiple areas – engaging multiple Ministries and national institutions – will be needed to resolve engineering, public health, livestock access, and related issues. And the whole is supported by international finance and global scientific knowledge. The “network” then, needs to incorporate *both* “bottom-up” and “top down” flows of information, knowledge and engagement in order to succeed.

Potential Lesson: In supporting a learning network, the CIF may make a strong contribution by developing capacity for effective combinations of bottom-up and top-down learning: integrating global, scientific knowledge with local, traditional knowledge.

Question for Stakeholders: Is there a way *regional* CIF networking can support this combined activity, for example through coordination among countries and communities affected by the Himalayan water tower?

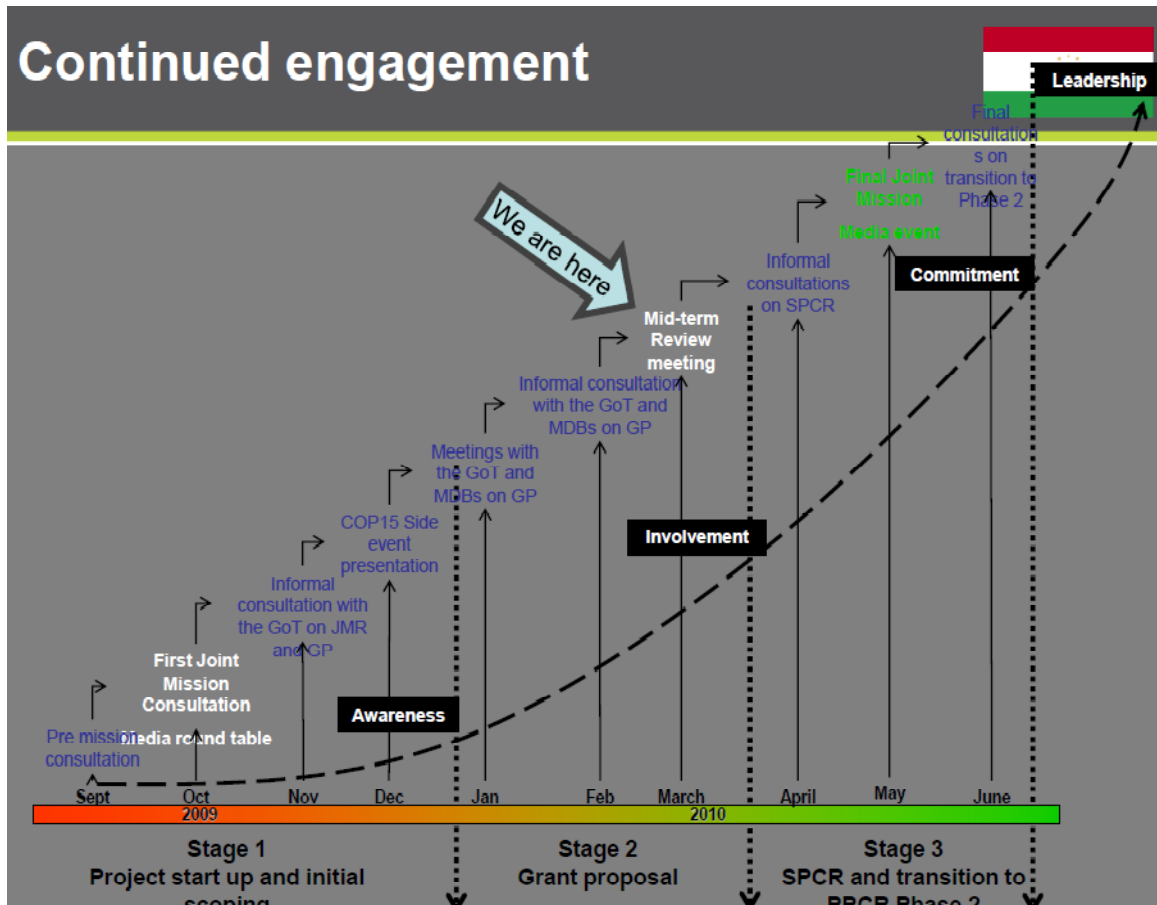
B. Enabling Relationships

Relationships are vital to all CIF activity, and the diversity of stakeholders involved is both inspiring and challenging. The main text draws three thematic areas from this broad stream: governments and development partners; non-governmental stakeholders; and governance modalities. In the interests of compactness, this section will highlight selected cross-cutting lessons; for the necessary detail, please see Part B of the main report.

Case Examples: Figure 1, from the Government of Tajikistan,⁶ illustrates that country's approach to stakeholder engagement in CIF programming. Tajikistan reported considerable success with this approach, and pointed to the importance of seeing engagement as an ongoing, phased process – not a single exercise. The figure illustrates a progression in time, beginning with awareness and moving to involvement, commitment and leadership, with each as intentional, programmed phases. Each phase included not only formal events, but also informal consultation before and after, an important success factor.

⁶ Special thanks are due to Ilhom Rajabov of the Climate Change Centre, Tajikistan, who produced and made available this figure.

Figure One: Stakeholder Engagement in Tajikistan



The idea that engagement requires awareness (making effective, accessible communications a priority), formal and informal connections (with important activity between major events), and good timing (including starting early), cut across stakeholder feedback in Stream B, including, to cite a quite different example, comments from development partners on joint missions. Another consistent theme from development partners' feedback is that for effective teamwork, roles need to be sorted out based on content – on objectives – and this works when the content in turn is driven by clear country priorities. Here, the topic comes full circle, as interviewees also asked what it takes for those priorities to be owned jointly by national and local in-country stakeholders.

Potential Lesson: These examples and comments point to the value of seeing stakeholder engagement as a phased process that needs support and planning at each stage, and that works best when driven by jointly accepted goals and objectives. In their comments, study participants consistently pointed to the importance of building

trust – also a time-dependent process – to assure real rather than perfunctory engagement of all stakeholders.

Question for Stakeholders: If alignment around shared goals, and a phased process beginning with awareness and moving forward from there, are common keys to successful engagement, what would it take to make this work effectively for each distinctive category of stakeholder? Can different stakeholder groups help the CIF spell out what this process would look like for them?

Stream C: Financing

Case Example: In Turkey, concessional CIF finance is being blended with non-concessional sources, in different ratios for different projects, so that “just enough” concessional support flows, in each case, to overcome the “first-mover” barriers and enable private sector investment in renewable energy and energy conservation. The CIF and participating multilateral development banks tailored their financing terms, in loans to financial intermediaries (two Turkish development banks) around this objective.

Potential Lessons: The art of tailoring loans in this way is a ground-breaking area for multilateral finance. The European Bank for Reconstruction and Development reported experience in the general area of finance to “just” overcome hurdles, but not in the sectors being pursued by the CIF. Building policies, procedures and instruments around this objective is a fertile area for CIF learning, and example of financial form following function.

Question for Stakeholders: How, *ex ante*, can the “just enough” level be set, and how, *ex post*, can the CIF confirm that its financing served this purpose?

Concluding Remarks

The highlights recorded above are intended to illustrate how in-country experience can inform the seven themes that animate this study. Considerably more material is offered in the text of the report, but the fuller observations recorded there should also be viewed as an aid to further learning, rather than a synoptic (much less an evaluative) conclusion.

Still, the tentative lessons offered in the summary above do suggest some overarching concepts that may be helpful to CIF stakeholders going forward. First, many of the seven themes involve what seem to be trade-offs or polarities: speed vs. depth and scale in programming; global standards vs. local customization in defining transformational goals; “bottom up” vs. “top down” strategies, scientific vs. traditional knowledge. What is striking about the on-the-ground case examples in these areas is that the players simply do not accept the trade-off; rather than look for compromise, they seek a “simultaneous solve” that achieves benefits on both ends of the polarity: speed *and* depth, global *and* local, bottom up *and* top down, scientific *and* traditional.

So success for the CIF often involves finding uncompromising “simultaneous solves.” This is an important area for CIF innovation, and by its nature it involves different answers in different local contexts. But, once again, a look at the highlights above suggests that one key is to begin with *alignment*: alignment of CIF programming with country priorities and strategies, alignment in-country of diverse stakeholders around common goals, alignment of CIF systems, from planning to financing to measurement, around the goals and challenges outlined here. The observation emerging from early CIF experience is that kind of alignment creates an environment for innovation “simultaneous solves.”

For both Turkey and Bangladesh, aligning goals actually included another simultaneous solve: advancing *both* climate *and* development objectives. The potential lesson here is that the more the specific aspects of CIF programs and strategies can connect jointly to these two core goals, the more traction they will gain.

More generally, it cannot be taken for granted that local and national priorities will always be aligned, nor can it be assumed that a CIF program by itself can produce such alignment. A concerted effort by all relevant stakeholders, supported by early awareness-building work, may be needed to achieve strong alignment.

Consider once more the first theme, which contrasts speed, simplicity and flexibility with depth, large-scale long-term impact, and quality. This study suggests that the CIF are consistently seeking, in different contexts, simultaneous solves around this theme, based on the core CIF imperative to do big things quickly and well. As early case examples suggest, this in turn requires combining the “tried and true” (for example, proven technologies, existing, agreed strategies) with innovation (for example, in ways to ramp up application of existing technologies in new contexts and put broad, integrated change strategies into practice). It requires aligning global CIF goals with national and local objectives, in both climate and development domains. It requires a culture of learning by doing.

Like the other challenges discussed in the study, the components of the speed-depth challenge will be viewed differently, with different emphasis or priority, by different CIF stakeholders, and appropriate solutions will differ across the various CIF programs and country and regional pilots. Yet if stakeholders can together come to a common understanding of the various dimensions of the underlying challenge and examine concrete, in-country cases where the challenge is being managed on the ground – the study suggests that there is concrete action around this theme in every CIF initiative, not just in Bangladesh and Turkey – the learning opportunities could be rich indeed.

Such opportunities abound in the CIF. Despite the diversity in perspectives noted above and the sometimes daunting range of detail reported in the main text below, the study found that the various stakeholder viewpoints, priorities and observations need not be seen as isolated reports. Rather, they cohere around themes rooted in basic goals of the CIF and the context in

which they operate, as illustrated by the seven themes in three streams discussed here.⁷ This coherence applies both to the nature of the challenges stakeholders face, and also to key aspects of the solutions they are developing. In short, even when distance suggests to a stakeholder that her voice is a lone one, productive connection is possible: There is excellent scope for new dialogue and new learning.

Thus, a basic analytical message from the study to date is that stakeholders interested in effective ways to resolve global, thematic challenges now have available a rich, largely untapped vein of learning resources in the way these challenges are playing out on the ground in CIF programs. Climate change science and practice is still young, so available learning is preliminary. But if existing “learning by doing” can be harvested and applied, the result can be a new flow of fuller lessons. Therefore, a core challenge looking ahead is to tap these learning resources *quickly*, so they are available to ongoing climate and development work *and* so they can provide useful lessons to the UNFCCC designers of the longer-term financial architecture – for example, the “Green Fund.”

By far the most powerful way to quickly tap these resources is collaboratively, drawing on the extraordinary diversity represented by CIF stakeholders. This discussion paper is an invitation to all stakeholders to collaborate in generating usable knowledge from the CIF, and in particular to build the connections that will enable learning to flow rapidly across boundaries; it is also intended to offer, thanks to the generous contributions of participants thus far, a preliminary map of the terrain. A vital learning journey lies ahead.

⁷ Of course, the list of seven themes used here is by no means exhaustive; the main criteria used to select themes were salience for future action and emphasis in stakeholder feedback.

Box 1: On Reading the Full Report

Readers are invited to view the material below in a spirit of inquiry, and to look for ways to contribute insights or examples that will advance learning. The basic thematic sections of the report for the most part stand on their own. Therefore, with the aid of the Table of Contents, it should be possible to select themes for deeper review at will. (To help readers work this way, the report occasionally repeats or cross-references common observations in different sections.)

The methodology used in this study, together with comments on learning strategies moving forward, is reviewed in Box 3; other boxes address learning strategy and the link to the Partnership Forum. The Appendix includes an interview list and a glossary of both acronyms and terms of art.

While summary material (including most of the Executive Summary) describes themes and lessons in general terms, it is important to recognize that these play out differently across different CIF funds and programs. Notably, caution must be applied in attempting to transfer lessons between the Clean Technology Fund and the targeted programs of the Strategic Climate Fund. The main text of the report frequently provides program-specific comments, to the extent possible in a general study of this kind.

It is also important to remember that this report is in no sense an evaluation of the CIF or any related activity, nor does it present final conclusions or policy proposals. Neither the purpose nor the methodology of the study would enable such a reading. Rather, the report represents an effort to synthesize diverse stakeholder comments to contribute to their learning. Results are therefore tentative, and suggestions should be understood as pointers for possibly fruitful inquiry and learning, not as policy results. Where consensus was evident, it is reported, but even there the picture is dynamic: Consensus can change, things can look very different in different program and country contexts, and the report above all needs to be seen as a living document, a part of a larger dialogue. The researcher wishes to thank all interviewees and commentators to date for the generous and thoughtful contributions you have already made to this dialogue.

APPENDIX

The material in this paper is gleaned from interviews, in individual or small group settings, with people from the governments and organizations listed below. Perspectives were diverse; thanks are due to all involved for their frankness, insightfulness and constructive spirit.

Civil Society

ActionAid (USA)
Association for Defense of Nature – PRODENA (Bolivia)
Bretton Woods Project (UK)
CAFOD (UK)
Gram Bharati Samiti (India)
Local civil society participants in the Bangladesh PPCR joint mission workshop
CARE Nepal (Nepal)
Federation of Community Forest Users, Nepal (FECOFUN) (Nepal)
Greenpeace International (USA)
International Union for the Conservation of Nature (IUCN)
Jeunes Volontaires pour l’Environnement (Togo)
RESOLVE (USA)
Transparency and Economic Development Initiatives (Nigeria)
World Resources Institute (USA)

Governments

Bangladesh
Brazil
Cambodia
Canada
China
Costa Rica
Dominica
Haiti
India
Jamaica
Mexico
Mozambique
Nepal
Saint Vincent and the Grenadines
South Africa
Tajikistan
Turkey
United Kingdom
United States
Yemen

Indigenous Peoples

Indigenous Peoples Representatives in the design of the Forest Investment Program and the Dedicated Grant Mechanism associated with that program

Multilateral Institutions

African Development Bank
Asian Development Bank
Caribbean Community Secretariat
European Bank for Reconstruction and Development
Inter-American Development Bank
International Finance Corporation
United Nations Development Programme (UNDP)
United Nations Environment Programme (UNEP)
World Bank

National Development Banks

TKB – Development Bank of Turkey
(See also TSKB Bank listed in the Private Sector category)

Private Sector

EcoSecurities
Frontier Finance International
Local private sector participants in the Bangladesh PPCR joint mission
TSKB Bank (Turkey)
World Business Council for Sustainable Development (WBCSD)

Many additional contributors, too numerous to list, provided valuable insights during larger meetings observed by the researcher as part of the study.

Glossary of Abbreviations and Selected Terms

Abbreviations Used in this Report

CIF Climate Investment Funds, including the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF); these are the overall subjects of this study; for background on the funds and their various programs, including those listed here, see the CIF website at:

<http://www.climateinvestmentfunds.org/cif/>

CTF	Clean Technology Fund, one of two general funds under the CIF
FIP	Forest Investment Program, a targeted program under the Strategic Climate Fund (SCF)
GEF	Global Environment Facility
MDB	Multilateral Development Bank
NAPA	National Adaptation Programme of Action
PPCR	Pilot Program for Climate Resilience, a targeted program under the Strategic Climate Fund (SCF)
SCF	Strategic Climate Fund, the second of two general funds under the CIF; the SCF at present includes three targeted programs: <ul style="list-style-type: none">• the Forest Investment Program (FIP),• the Pilot Program for Climate Resilience (PPCR); and• the Scaling Up Renewable Energy Program on Low-Income Countries(SRFP)
SREP	Scaling Up Renewable Energy Program in Low-Income Countries, a targeted program under the SCF
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

Selected Terms and Phrases

The “definitions” here are informal descriptions offered by the author, in hopes they will be helpful especially to readers who do not have English as their first language. For more technical information on general terms relating to global climate change, please see the UNFCCC website at <http://unfccc.int/2860.php>, and for more on terms relating to the Climate Investment Funds, see <http://www.climateinvestmentfunds.org/cif/>.

Active observer: A special position on CIF Trust Fund Committees and Trust Fund Sub - Committees. Active observers contribute to Committee deliberations in various ways, but do not have a decision-making role. For a fuller definition, see, on the CIF website, “[Guidelines for Inviting Representatives of Civil Society to Observe Meetings of the CIF Trust Fund Committees.](#)”

Clean Technology Fund or CTF: See <http://www.climateinvestmentfunds.org/cif/> .

Customization: Adapting a program or activity to a specific context or client – custom design or tailoring.

Dilemma: A problem that presents itself as a choice between two options, where you can choose either one, but not both. In this paper, it is suggested that apparent dilemmas in climate finance, such as “speed” or “depth” sometimes have solutions that combine both goals.

Evolution: For purposes of this paper, change over time in a manner that adapts to underlying needs or circumstances.

Donor-driven paradigm: A model (not sought in the CIF), under which donors set the agenda, both in general and in detail, for how funds are used. Contrasts with “demand-driven,” “country-driven” or “country-led” approaches, sought in the CIF, where priorities and leadership, within the overall goals of a fund or program, come from the government of the recipient country.

Greenhouse gas emissions: The release into the atmosphere, from human or natural sources, of gases, such as carbon dioxide and methane, which contribute to heat forcing and hence to global climate change. See <http://unfccc.int/2860.php> for more formal information.

Global south: Collectively, the world’s developing countries.

Ground rules: For our purposes, basic rules of procedure or guidelines spelling out how to act or operate.

Leveraging: Putting in place an activity in a way that multiplies its impact. In finance, leveraging an investment means structuring it so that the investment attracts additional funds from other sources, so that the total amount financed is a multiple of the investment in question. Activities can also gain “leverage” through non-financial means, for example, by demonstrating the value of a strategy which can then be applied elsewhere, or many times, so that the effect multiplies. Other resources, such as knowledge and relationships, can be “leveraged” by finding ways to multiply their impact.

Polarity: Two ends of a spectrum. Black and white represents a “polarity,” with multiple shades of gray in between.

Ramified set: For our purposes, a concept or group of concepts that takes on more specialized meanings in specific contexts – for example, in the context of specific programs, or specific countries.

Scale: For purposes of this study, the size or reach of a program, activity or problem. A program that is “at scale” or “scaled up” means that it is large, large enough to have major impact.

Seed finance: Early provision of money to help something get started, with the idea that it will then be able to grow on its own, drawing on other resources.

Sunset clause: A provision regarding the ending or phasing out of a program or activity. The overall CIF design includes a sunset clause.

Transformational change: A term of art in the CIF, referring to significant change sought through CIF supported activities. The topic is addressed in various CIF documents (see the CIF website referenced above), and is discussed at length in Section 2 of this report.

Trust Fund Committees and Sub-Committees: The governing bodies for CIF funds and targeted programs. Each of the CTF, SCF, FIP, PPCR, and SREP has an associated Committee or Sub-Committee.

Tsunami: A series of extraordinarily large waves, in an ocean or other large body of water, generally caused by an under-water earthquake, volcano or other major explosion. The 2004 Indian Ocean tsunami was one of the most devastating natural disasters in recent years.

Vulnerability: Used here to describe people, groups of people, communities, countries or regions at especially high risk from climate change or from other dangers, for example from the impacts of climate-related human activities. People living on and drawing livelihoods from river deltas, for example, are vulnerable to rising sea levels. Poverty can be an important cause of or contributor to vulnerability, and vice versa, but poverty and vulnerability are not the same thing.

Short Biography of the Author

Professor Radner teaches international development and policy analysis at the School of Public Policy and Governance, University of Toronto and conducts action research projects around development effectiveness, stakeholder feedback and collaborative change. He has wide experience in civil society and international development, including positions at community health, education and economic development organizations; program and management work at Amnesty International U.S.A.; and consulting and action research assignments for governments, aid institutions, businesses and civic organizations. Professor Radner is also a Senior Fellow at the Munk Centre for International Studies.