



# Models for the future operations of the CIF

Mafalda Duarte  
Program Manager, CIF  
17 Nov, 2014

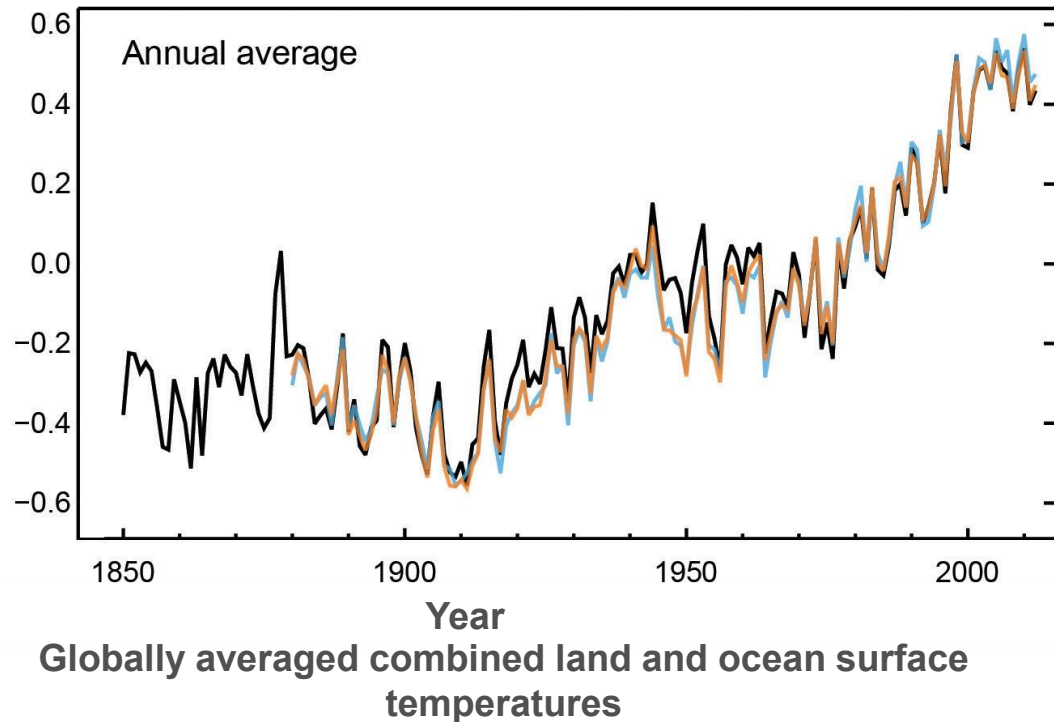




# What is the problem?

# Humans are changing the climate

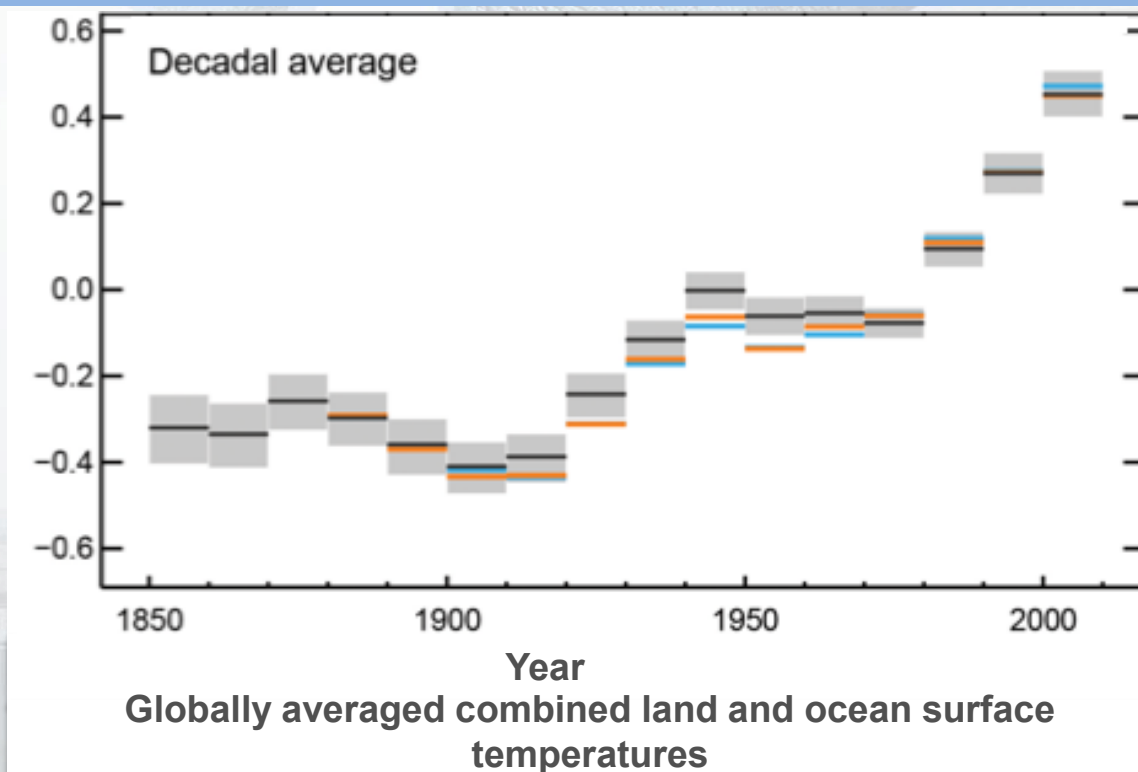
It is extremely likely that we are the dominant cause of warming since the mid-20th century



AR5 WGI SPM

# Temperatures continue to rise

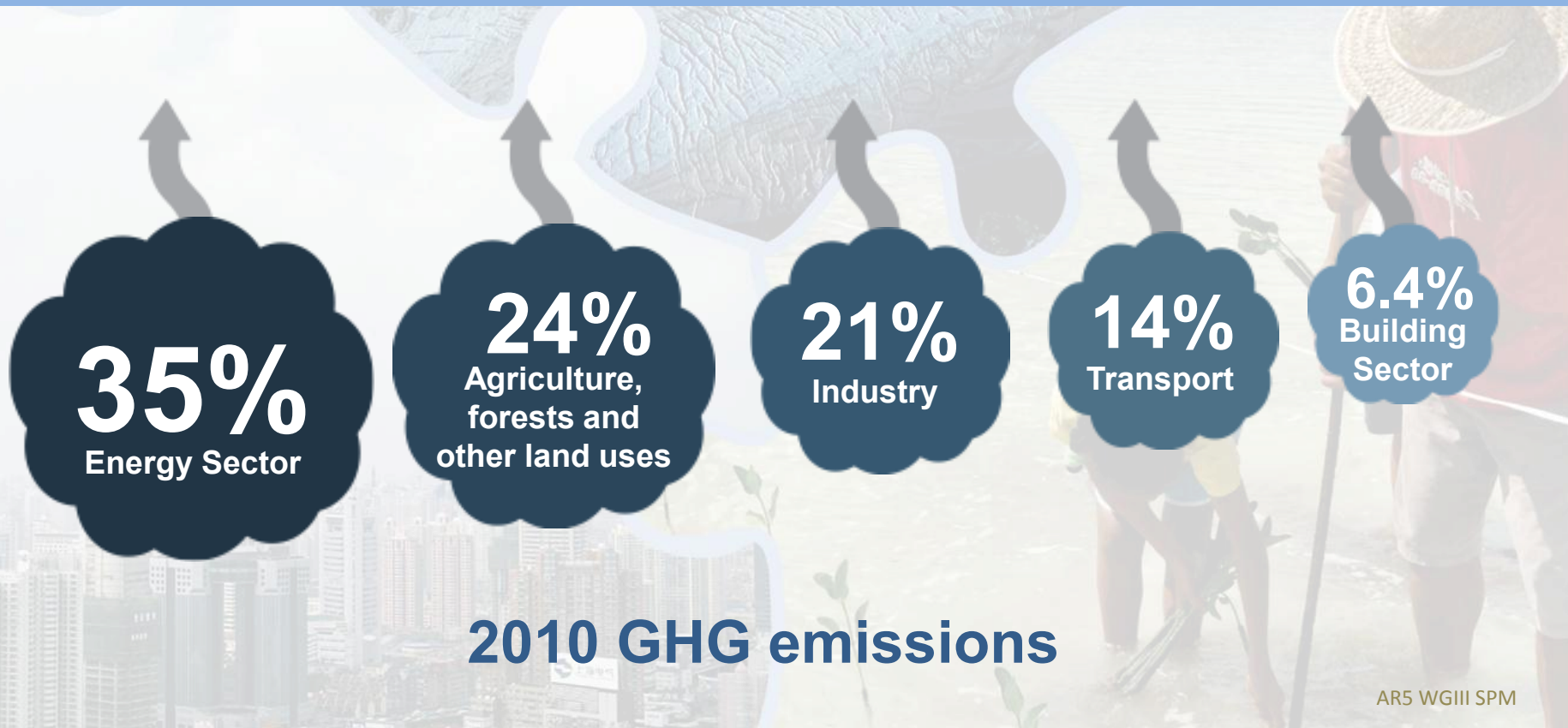
Each of the past 3 decades has been successively warmer than the preceding decades since 1850



AR5 WGI SPM

# Sources of emissions

Energy production remains the primary driver of GHG emissions



# Impacts are already underway

- Tropics to the poles
- On all continents and in the ocean



AR5 WGII SPM

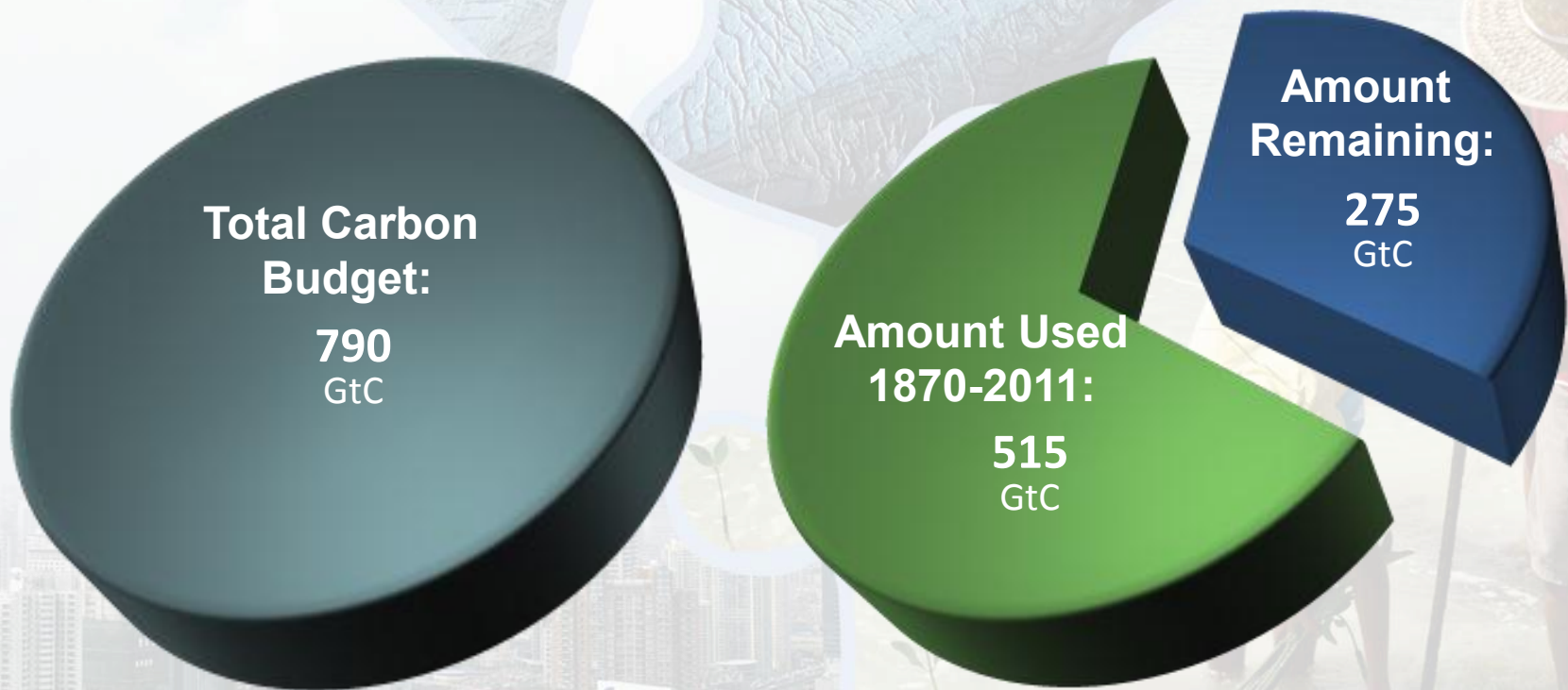
# Some of the changes in extreme weather and climate events observed since about 1950 have been linked to human influence



AR5 WGI SPM

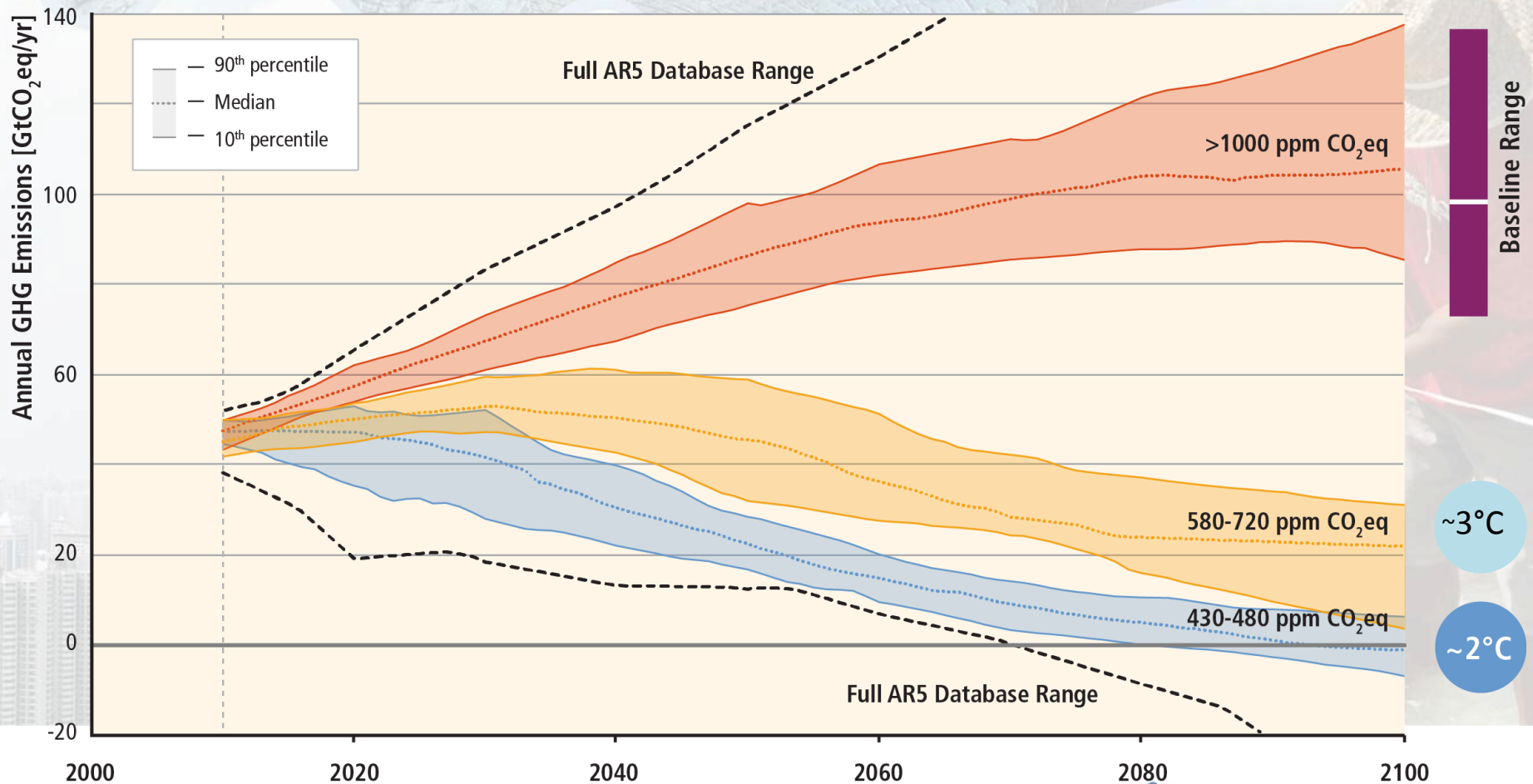
# The window for action is rapidly closing

65% of our carbon budget compatible with a 2°C goal already used



AR5 WGI SPM

# Stabilization of atmospheric concentrations requires moving away from the baseline – regardless of the mitigation goal.

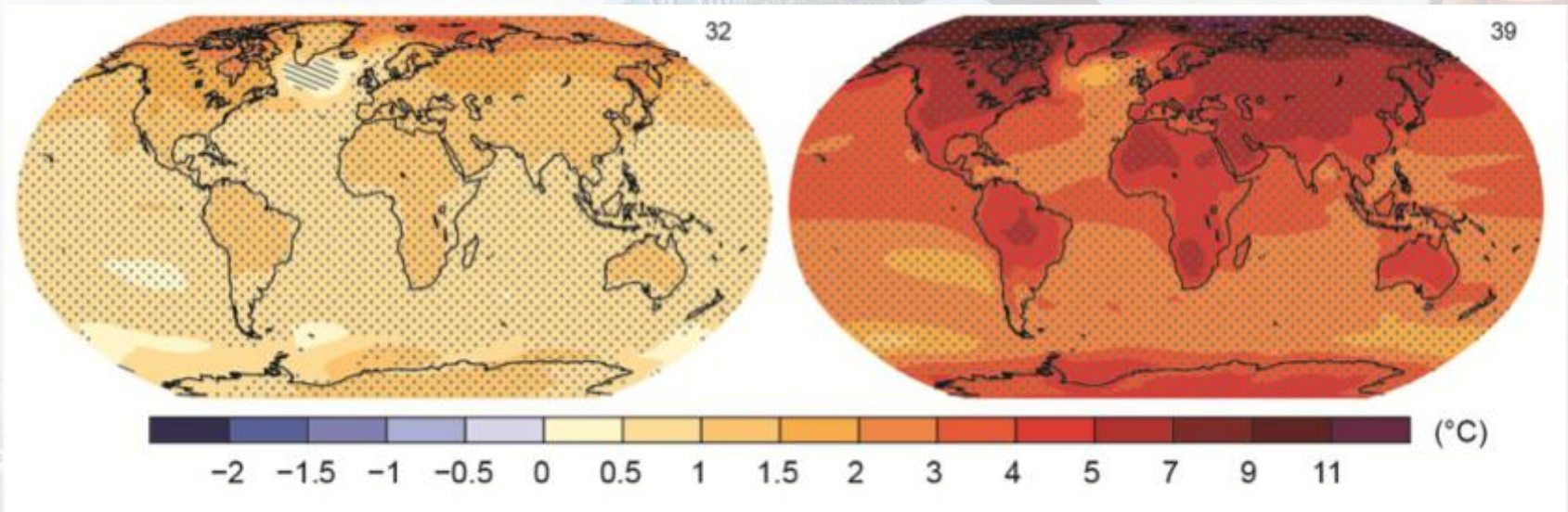


Based on Figure 6.7

# The Choices We Make Will Create Different Outcomes

With substantial  
mitigation

Without additional  
mitigation



Change in average surface temperature (1986–2005 to 2081–2100)

AR5 WGI SPM

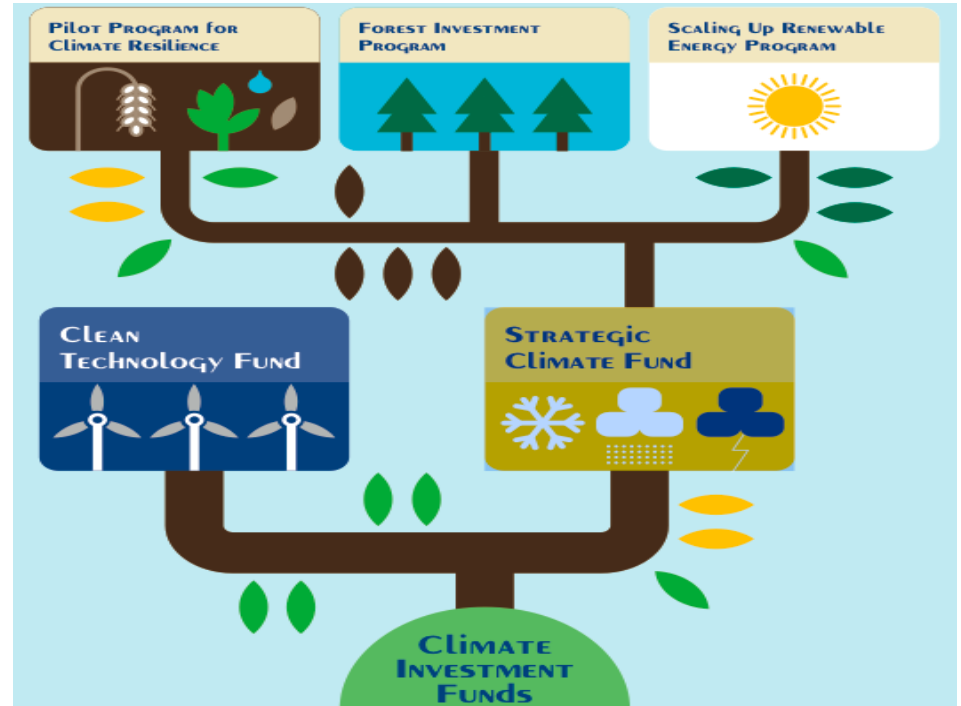


# CIF Created to Promote Early Action

## CIF Contributions, as of September 30, 2009

(\$ millions)

| Country     | Pledge | Country        | Pledge        |
|-------------|--------|----------------|---------------|
| Australia   | 132    | Norway         | 176           |
| Canada      | 93     | Spain          | 117           |
| Denmark     | 26     | Sweden         | 86            |
| France      | 298    | Switzerland    | 20            |
| Germany     | 806    | United Kingdom | 1,289         |
| Japan       | 1,200  | United States  | 2,000         |
| Netherlands | 80     | Total          | \$6.3 billion |

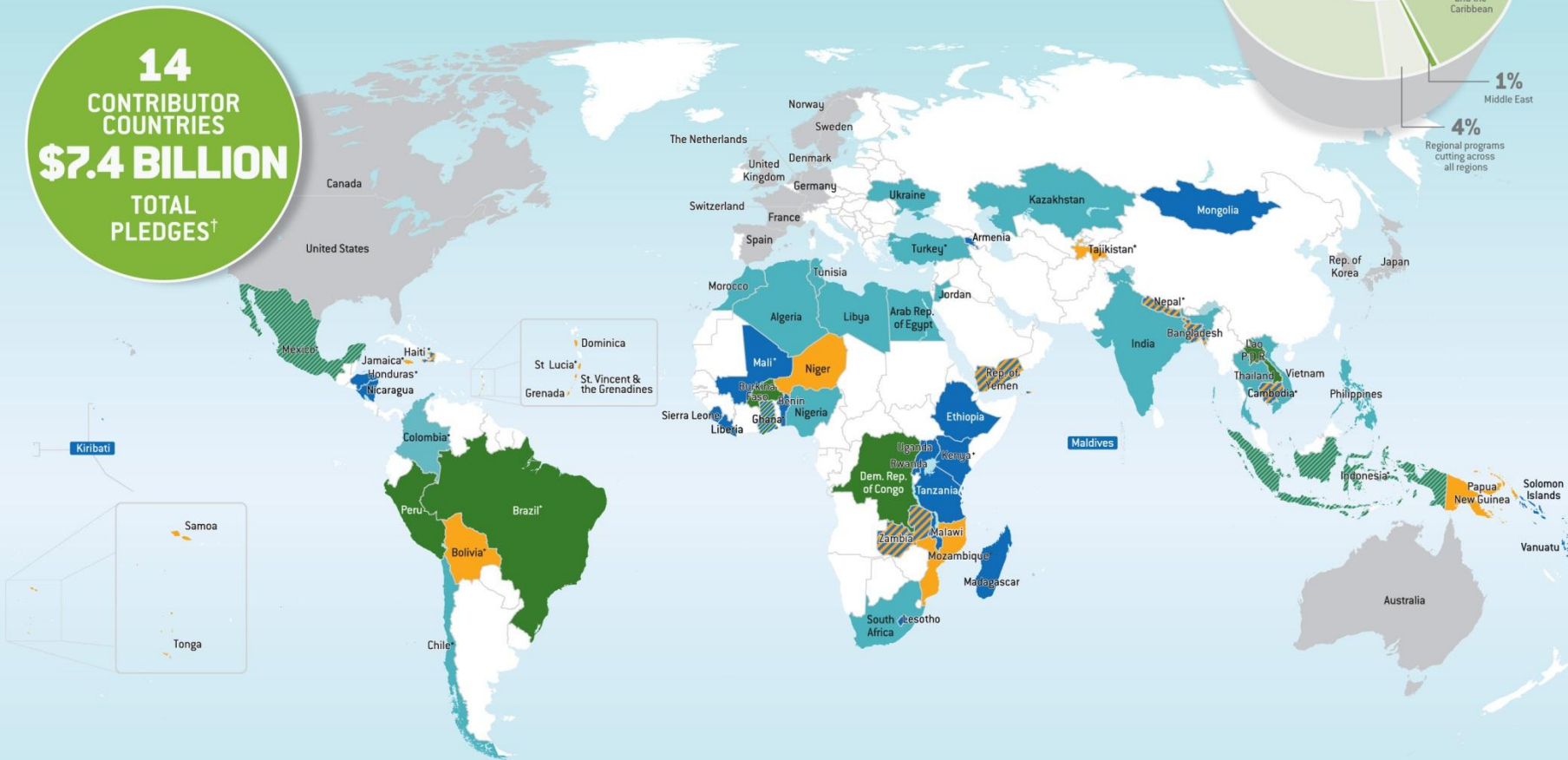
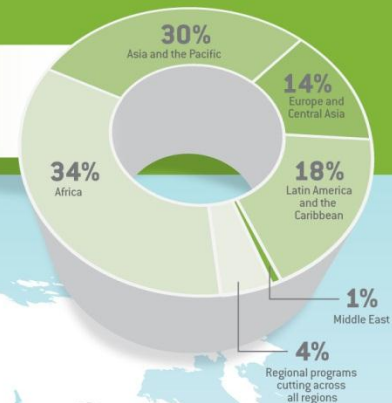


## ***The Challenge as articulated then***

***A consensus is growing that moderating and managing climate change is central to every aspect of poverty reduction, economic growth and development, and that climate change disproportionately affects the urban and rural poor worldwide. Continued greenhouse gas (GHG) emissions at or above current rates would cause further warming that would threaten the development gains hard-earned by developing countries over the past decades and progress towards achieving the Millennium Development Goals.***

# CIF IN ACTION

**14**  
CONTRIBUTOR  
COUNTRIES  
**\$7.4 BILLION**  
TOTAL  
PLEDGES†



## MDB PARTNERS



† Fund pledges are based on exchange rates in September 2014.

This map was produced by the World Bank. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.



# CIF financing


**\$7.4**  
billion


EXPECTED CO-FINANCING


**\$57**  
billion


CLIMATE-RESILIENT, LOW CARBON  
DEVELOPMENT

**63**  
countries

|   |   |                      |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
|---|---|----------------------|---|-------|------------|--------------|-------------------------------------|----------|--------|----------|---|-------|---------|--------|--|-------|---------|---------|--|-----------|-------------|---------|--|
|    | CLEAN TECHNOLOGY FUND   |                      |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
|   | <b>CTF</b>  | <b>\$5.2</b> BILLION |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
|   | Scaling up the demonstration, deployment, and transfer of low carbon technologies in renewable energy, energy efficiency, and sustainable transport |                      |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
| <table><tr><td>Chile</td><td>Kazakhstan</td><td>South Africa</td><td>Middle East and North Africa Region</td></tr><tr><td>Colombia</td><td>Mexico</td><td>Thailand</td><td>(Algeria, Egypt, Jordan, Libya, Morocco, Tunisia)</td></tr><tr><td>Egypt</td><td>Morocco</td><td>Turkey</td><td></td></tr><tr><td>India</td><td>Nigeria</td><td>Ukraine</td><td></td></tr><tr><td>Indonesia</td><td>Philippines</td><td>Vietnam</td><td></td></tr></table> |   |                      |   | Chile | Kazakhstan | South Africa | Middle East and North Africa Region | Colombia | Mexico | Thailand | (Algeria, Egypt, Jordan, Libya, Morocco, Tunisia) | Egypt | Morocco | Turkey |  | India | Nigeria | Ukraine |  | Indonesia | Philippines | Vietnam |  |
| Chile   | Kazakhstan  | South Africa         | Middle East and North Africa Region               |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
| Colombia  | Mexico  | Thailand             | (Algeria, Egypt, Jordan, Libya, Morocco, Tunisia) |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
| Egypt   | Morocco   | Turkey               |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
| India   | Nigeria   | Ukraine              |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |
| Indonesia   | Philippines   | Vietnam              |   |       |            |              |                                     |          |        |          |   |       |         |        |  |       |         |         |  |           |             |         |  |

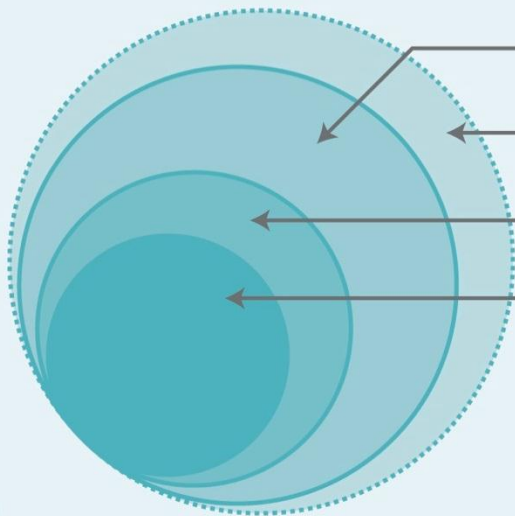
|   |   |  |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
|---|---|--|-------|------------------|---------|------------|--|----------|-------|----------------|------------|--------|----------------------------------|-------|--|--|
|   | PILOT PROGRAM FOR CLIMATE RESILIENCE                                    |  |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
|   | <b>PPCR</b>   | <b>\$1.1</b> BILLION   |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
|   | Mainstreaming resilience in development planning and action investments |  |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
| <table><tr><td>Bangladesh</td><td>Niger</td><td>Caribbean Region</td></tr><tr><td>Bolivia</td><td>Tajikistan</td><td>(Dominica, Grenada, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines)</td></tr><tr><td>Cambodia</td><td>Yemen</td><td>Pacific Region</td></tr><tr><td>Mozambique</td><td>Zambia</td><td>(Papua New Guinea, Samoa, Tonga)</td></tr><tr><td>Nepal</td><td></td><td></td></tr></table> |   | Bangladesh   | Niger | Caribbean Region | Bolivia | Tajikistan | (Dominica, Grenada, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines) | Cambodia | Yemen | Pacific Region | Mozambique | Zambia | (Papua New Guinea, Samoa, Tonga) | Nepal |  |  |
| Bangladesh  | Niger   | Caribbean Region   |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
| Bolivia   | Tajikistan  | (Dominica, Grenada, Haiti, Jamaica, St. Lucia, St. Vincent and the Grenadines) |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
| Cambodia  | Yemen   | Pacific Region   |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
| Mozambique  | Zambia  | (Papua New Guinea, Samoa, Tonga)   |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |
| Nepal   |   |  |       |                  |         |            |  |          |       |                |            |        |                                  |       |  |  |

|  |   |                      |                            |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
|--|---|----------------------|----------------------------|---------|----------|----------|----------|------------|-------|------|--------|-------|----------|----------|-------|----------|---------|-------|--------|----------|---------|-----------|----------------|-------|------------|--------|----------------------------|-------|--------|--------------|--|
|   | SCALING UP RENEWABLE ENERGY IN LOW INCOME COUNTRIES PROGRAM   |                      |                            |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
|  | <b>SREP</b>   | <b>\$516</b> MILLION |                            |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
|  | Demonstrating the economic, social, and environmental viability of renewable energy in low income countries |                      |                            |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| <table><tr><td>Armenia</td><td>Honduras</td><td>Maldives</td><td>Tanzania</td></tr><tr><td>Bangladesh</td><td>Kenya</td><td>Mali</td><td>Uganda</td></tr><tr><td>Benin</td><td>Kiribati</td><td>Mongolia</td><td>Yemen</td></tr><tr><td>Cambodia</td><td>Liberia</td><td>Nepal</td><td>Zambia</td></tr><tr><td>Ethiopia</td><td>Lesotho</td><td>Nicaragua</td><td>Pacific Region</td></tr><tr><td>Ghana</td><td>Madagascar</td><td>Rwanda</td><td>(Solomon Islands, Vanuatu)</td></tr><tr><td>Haiti</td><td>Malawi</td><td>Sierra Leone</td><td></td></tr></table> |   |                      |                            | Armenia | Honduras | Maldives | Tanzania | Bangladesh | Kenya | Mali | Uganda | Benin | Kiribati | Mongolia | Yemen | Cambodia | Liberia | Nepal | Zambia | Ethiopia | Lesotho | Nicaragua | Pacific Region | Ghana | Madagascar | Rwanda | (Solomon Islands, Vanuatu) | Haiti | Malawi | Sierra Leone |  |
| Armenia  | Honduras  | Maldives             | Tanzania                   |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Bangladesh   | Kenya   | Mali                 | Uganda                     |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Benin  | Kiribati  | Mongolia             | Yemen                      |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Cambodia   | Liberia   | Nepal                | Zambia                     |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Ethiopia   | Lesotho   | Nicaragua            | Pacific Region             |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Ghana  | Madagascar  | Rwanda               | (Solomon Islands, Vanuatu) |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |
| Haiti  | Malawi  | Sierra Leone         |                            |         |          |          |          |            |       |      |        |       |          |          |       |          |         |       |        |          |         |           |                |       |            |        |                            |       |        |              |  |

|   |  |                      |       |        |              |           |      |                              |                                  |  |
|---|--|----------------------|-------|--------|--------------|-----------|------|------------------------------|----------------------------------|--|
|   | FOREST INVESTMENT PROGRAM  |                      |       |        |              |           |      |                              |                                  |  |
|   | <b>FIP</b>   | <b>\$595</b> MILLION |       |        |              |           |      |                              |                                  |  |
|   | Reducing emissions from deforestation and forest degradation, sustainably managing forests, and enhancing forest carbon stocks |                      |       |        |              |           |      |                              |                                  |  |
| <table><tr><td>Brazil</td><td>Ghana</td><td>Mexico</td></tr><tr><td>Burkina Faso</td><td>Indonesia</td><td>Peru</td></tr><tr><td>Democratic Republic of Congo</td><td>Lao People's Democratic Republic</td><td></td></tr></table> |  | Brazil               | Ghana | Mexico | Burkina Faso | Indonesia | Peru | Democratic Republic of Congo | Lao People's Democratic Republic |  |
| Brazil  | Ghana  | Mexico               |       |        |              |           |      |                              |                                  |  |
| Burkina Faso  | Indonesia  | Peru                 |       |        |              |           |      |                              |                                  |  |
| Democratic Republic of Congo  | Lao People's Democratic Republic   |                      |       |        |              |           |      |                              |                                  |  |

|   |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
|---|--|---------|-----------|----------|---------|------------|-----------|------------|--------|--------------------------|--|--------------------------|---|----------|-------|------|-------|
| <b>\$708 MILLION CIF DEDICATED PRIVATE SECTOR FUNDING</b> |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| <b>\$508.5</b><br>MILLION                                 | <table><tr><td>Chile</td><td>Indonesia</td></tr><tr><td>Colombia</td><td>Mali</td></tr><tr><td>Ghana</td><td>Mexico</td></tr><tr><td>Haiti</td><td>Turkey</td></tr><tr><td>Honduras</td><td></td></tr></table> | Chile   | Indonesia | Colombia | Mali    | Ghana      | Mexico    | Haiti      | Turkey | Honduras                 |  | <b>\$92.4</b><br>MILLION | <table><tr><td>Honduras</td></tr><tr><td>Kenya</td></tr><tr><td>Mali</td></tr><tr><td>Nepal</td></tr></table> | Honduras | Kenya | Mali | Nepal |
| Chile   | Indonesia  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Colombia  | Mali   |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Ghana   | Mexico   |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Haiti   | Turkey   |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Honduras  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Honduras  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Kenya   |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Mali  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Nepal   |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| <b>\$75.4</b><br>MILLION                                  | <table><tr><td>Bolivia</td><td>Haiti</td></tr><tr><td>Cambodia</td><td>Jamaica</td></tr><tr><td>Mozambique</td><td>St. Lucia</td></tr><tr><td>Tajikistan</td><td></td></tr></table>                            | Bolivia | Haiti     | Cambodia | Jamaica | Mozambique | St. Lucia | Tajikistan |        | <b>\$31.3</b><br>MILLION | <table><tr><td>Brazil</td></tr><tr><td>Ghana</td></tr><tr><td>Mexico</td></tr></table> | Brazil                   | Ghana   | Mexico   |       |      |       |
| Bolivia   | Haiti  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Cambodia  | Jamaica  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Mozambique  | St. Lucia  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Tajikistan  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Brazil  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Ghana   |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |
| Mexico  |  |         |           |          |         |            |           |            |        |                          |  |                          |   |          |       |      |       |

# CLEAN TECHNOLOGY FUND (CTF)



**\$5.2 BILLION**

*CTF pledged resources*

**\$6.1 BILLION FOR 134 PROJECTS**

*CTF pipeline*

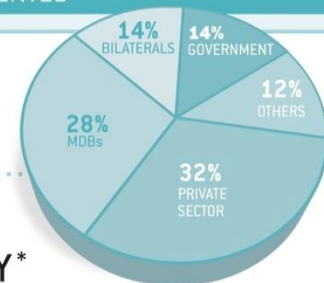
**\$3.9 BILLION FOR 70 PROJECTS**

*Committee approved*

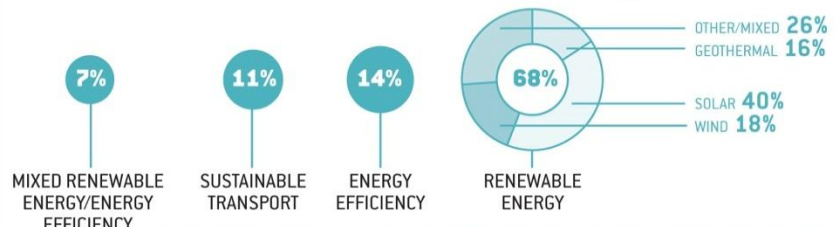
**\$2.9 BILLION FOR 52 PROJECTS**  
56% OF CTF FINANCING BEING IMPLEMENTED

*MDB approved*

**EXPECTING \$44 BILLION  
IN CO-FINANCING\***



**SUPPORTING SCALE UP OF  
LOW CARBON TECHNOLOGY\***



**EMPOWERING TRANSFORMATION**

**CTF \$1.2 BILLION**

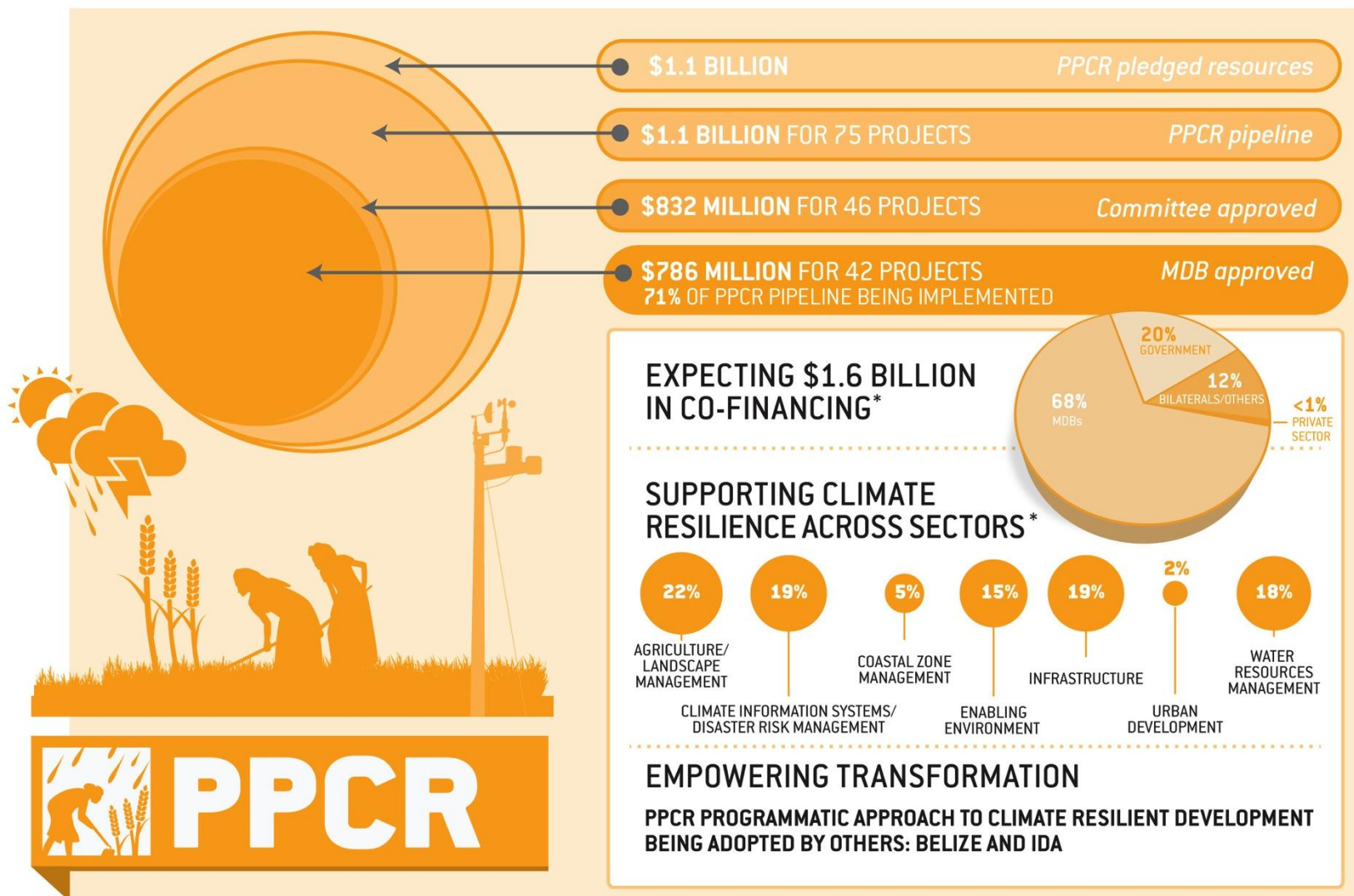
1.2 GW  
CSP



1/3 CURRENT GLOBAL  
INSTALLED CAPACITY

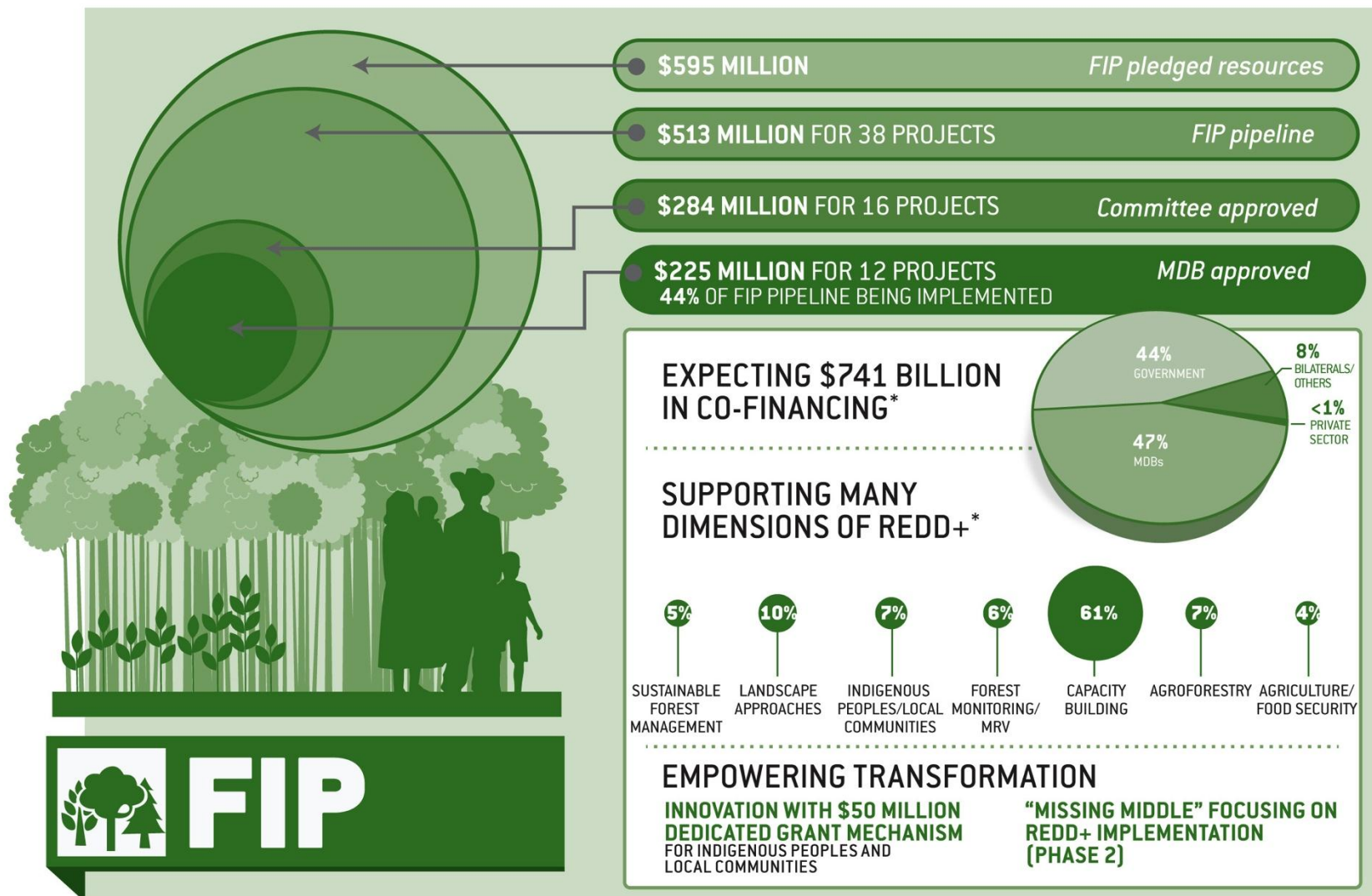


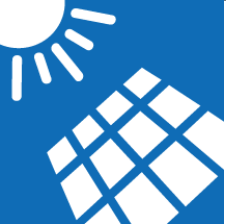
# PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)



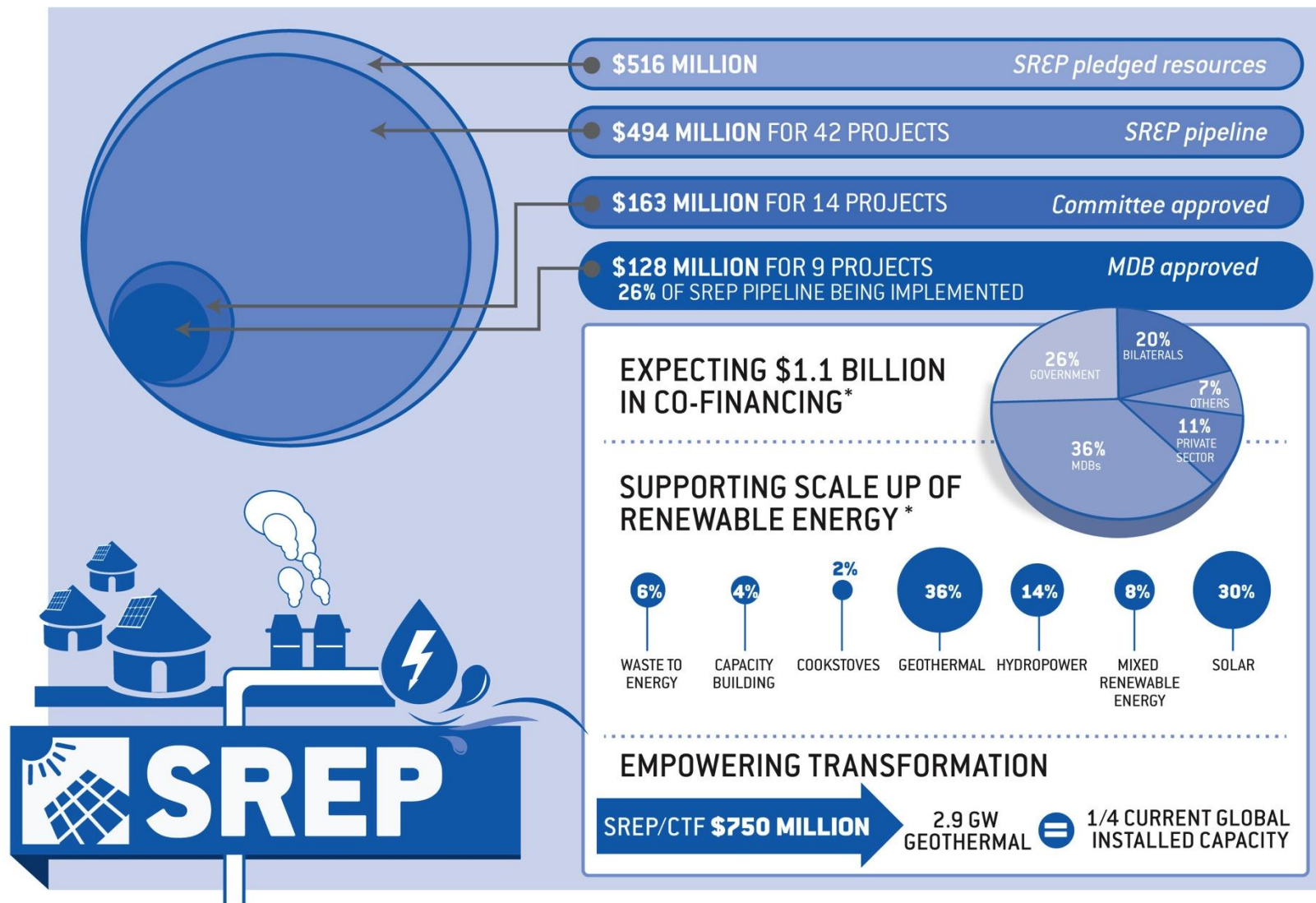


# FOREST INVESTMENT PROGRAM (FIP)





# SCALING UP RENEWABLE ENERGY IN LOW INCOME COUNTRIES PROGRAM (SREP)



As of September 2014

\* Based on Committee approved financing

## But there are risks associated with funding shortfall

CIF risks losing momentum in delivering on-the-ground investments in FY15/16 if additional resources (US\$1 billion) are not secured to cover the current funding gap.

| Funding shortfall in the near term.              |       |       |     |       |       |
|--|-------|-------|-----|-------|-------|
| IPs/projects and programs                        | CTF   | PPCR  | FIP | SREP  | TOTAL |
| Resources (Current Value)                        | 5,258 | 1,168 | 602 | 524   | 7,552 |
| Estimated Shortfall                              | 990*  | 65    | 0   | 53    | 1,108 |
| Additional funding needed for new SREP countries |       |       |     | 560** | 560   |
| Total gap  | 990   | 65    | 0   | 613   | 1,668 |

\* See CTF Semi-Annual Operational Report, November 2014

\*\* Assuming an allocation of USD 40 million for each of the 14 new pilot countries



## Request June 2014

In June 2014, the joint meeting of the CTF and SCF Trust Fund Committees reviewed document CTF-SCF/TFC.12/9, *Action Plan in Response to the Independent Evaluation of the CIF*, and requested the CIF Administrative Unit, working with the Trustee and the multilateral development banks as implementing entities, to prepare a technical paper exploring issues, options and possible models for the future operations of the CIF, including in-depth considerations of the operational, financial and legal issues which may be associated with the CIF sunset clause.





# Models for the future operations of the CIF

## Steps undertaken for the preparation of the paper

\*

- Committee members, pilot countries and observers submitted their views and comments

\*

- Bilateral consultations with TFC members to seek further inputs

\*

- Analytical work conducted by the CIF AU, Trustee and MDBs

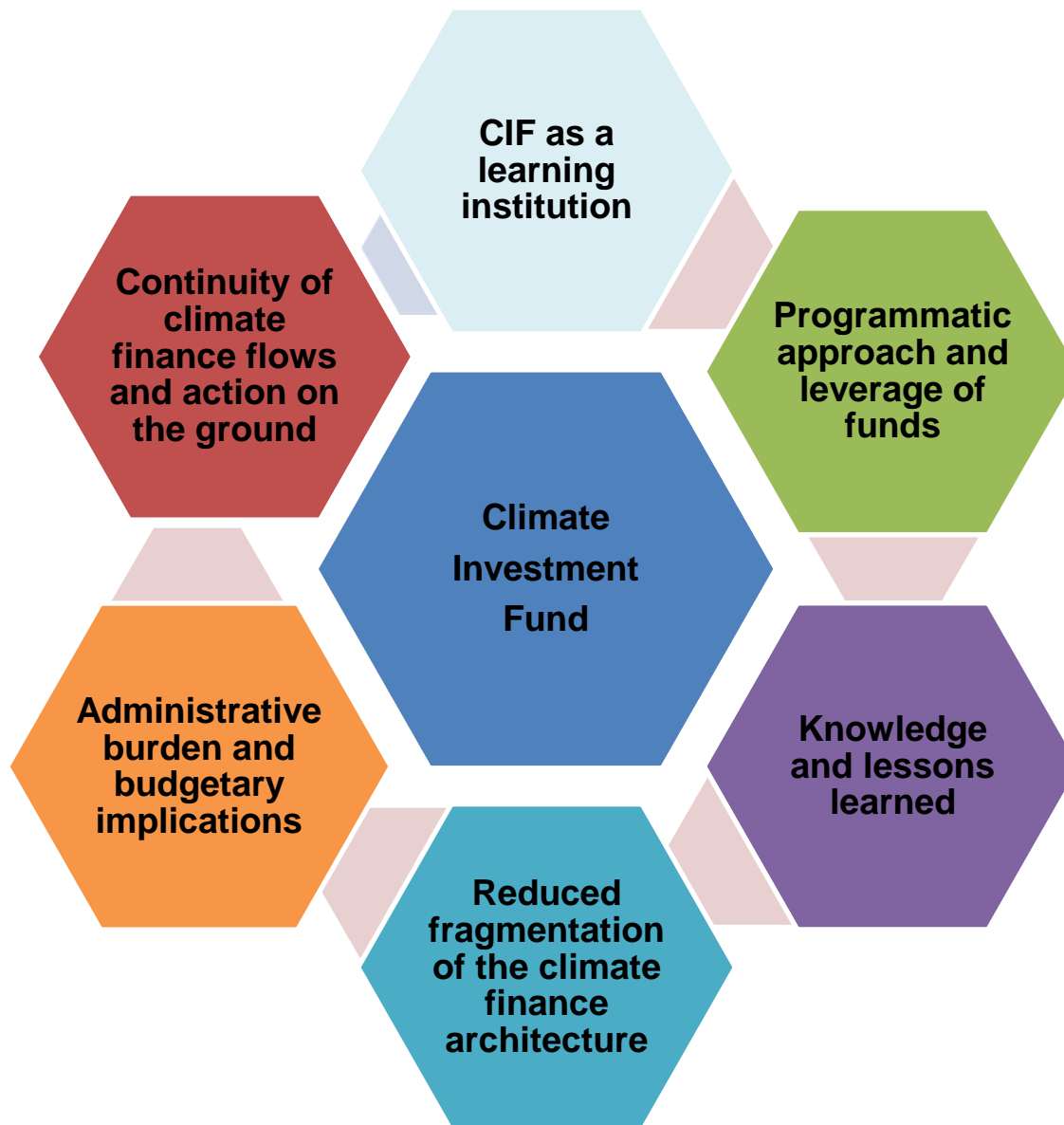
\*

- Feedback received on a consultation draft

\*

- Finalization of the paper

# PRINCIPLES TO GUIDE THE FUTURE OPERATIONS OF THE CIF





# GUIDANCE FROM THE GOVERNANCE FRAMEWORKS FOR THE CTF AND THE SCF

## Governance Framework Documents of the SCF and CTF:

- CTF/SCF will take necessary steps to conclude its operations once a new financial architecture is effective.
- Trustee will not enter into any new agreement with contributors for contributions to the CTF/SCF once the agreement providing the new financial architecture is effective.
- CTF/SCF Trust Fund Committee will decide the date on which it will cease making allocations from the outstanding balance of the CTF/SCF.
- CTF/SCF Trust Fund Committee, with the consent of the Trustee, may take necessary steps to continue the operations of the CTF, with modifications as appropriate.



## Effectiveness of the new financial architecture

Process for triggering the “Sunset Clause” based on principles for assessing that the “new financial architecture is effective” to avoid uncertainties in planning and implementing activities for all CIF stakeholders.

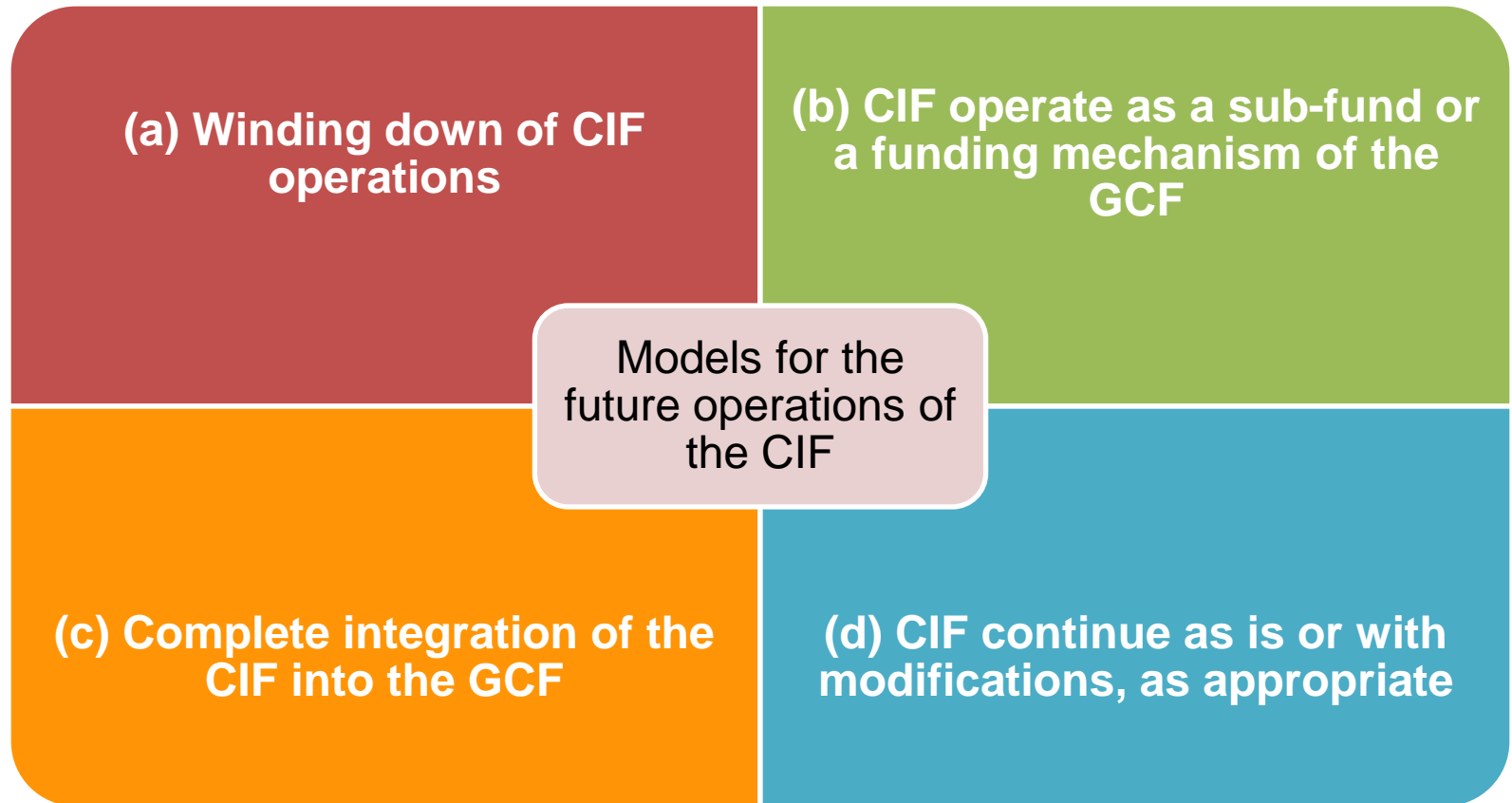
Suggested milestones in considering the “effectiveness”:

- Receipt of contributions for the purpose of meeting the objectives of GCF
- Approval or allocation of resources by the GCF
- Delivery of resources by the GCF





## POSSIBLE MODELS FOR THE FUTURE OPERATIONS OF THE CIF



**Note:** These models have not been discussed with the GCF and do not, in any form, prejudice any discussion or decision by the GCF Board on any of these models.



## Methodology Used

### Analysis:

- Operational, financial, legal and governance issues and implications on each of the constituent part of the CIF, including pilot countries, contributor countries, the Trustee, MDBs and the CIF Administrative Unit.
- Implications for future projects and programs using CIF resources that are either new or still unallocated.
- Focused only on short to medium terms issues.
- Longer-term options and issues, such as program monitoring and reporting, the evaluation of results would need to be analyzed further.

### Assumption:

- Projects and programs which have already received CIF funding approval will continue to be implemented consistent with the existing CIF rules and procedures.





## Model (a): Winding down of CIF operations

### Overall implication:

- Once the deadline for accepting new contributions is decided, the TFCs would approve funding for projects in the pipeline until all resources committed by donors are allocated to projects.
- With the winding down of the CIF after all funds are allocated to projects, the TFCs and CIF Administrative Unit could be scaled down significantly, and the MDBs would be accountable for supervising projects until they close, with reflows flowing back to the CTF and SCF trust funds.

**Timeline:** Joint Committee could decide on the deadline for accepting new contributions as provided in the Sunset Clause, once the climate finance architecture is “effective”. In the meantime, donors could pledge new funding to both the CIF and the GCF in order to preserve the continuity of climate finance flows.



## Model (b): CIF operates as a sub-fund or a funding mechanism of the GCF

### Overall implication:

- Under this model, the CIF could become a sub-fund or a funding mechanism under the GCF, allowing continuity of funding to be made to the CIF through GCF. CIF would maintain its governance and organizational structure but be accountable to the GCF Board.
- CIF programs could receive allocations from the GCF; CIF would maintain separate financial records and apply the CIF policies within the GCF framework.
- This model could be employed to link the CIF and the GCF for the near term with a view to winding down the CIF or the integration of CIF into the GCF in the medium to long term.

**Timeline:** If decisions were to be made at the CIF and the GCF governing bodies in early 2015, a framework for implementing such an agreement could be concluded, and funds could be allocated from the GCF to the CIF in late 2015 or early 2016.





## Model (c) Complete integration of CIF into the GCF

### Overall implication:

- The integration of the CIF into the GCF would be akin to merger of two institutions, which is inherently a complex task, with complicated legal, operational and financial issues to be addressed to avoid any interruption.
- A complete integration would entail the closing of the CTF and the SCF trust funds and all assets and liabilities of the CTF and SCF trust funds would be transferred/novated to the GCF.
- CIF portfolio of projects and programs under implementation would be transferred to the GCF with existing rules of the CIF for implementation and supervision of this portfolio being grandfathered for already approved CIF projects/programs.

**Timeline:** Given the complexity of financial and legal issues, it could take two to three years to complete the integration.



## Model (d): CIF continues as is or with modifications, as appropriate

### Overall implication:

- The CIF could play a complementary role to the GCF and take a more strategic approach by identifying critical areas or sectors that help advance the agenda of the GCF and other climate finance initiatives.
- The Joint Committee could allow for continuity of funding to be made to the CIF and new IPs to be endorsed, separately from the GCF. The CIF would remain as is and the CIF would continue receiving new contributions.
- The CIF would continue to support operations as the GCF operations mature, assuring continuity and support, and the objective of avoiding a gap in climate finance would be fulfilled.

**Timeline:** To ensure complementarity, the Joint Committee could ask the CIF Administrative Unit, in consultation with the MDBs, to present a detailed analysis of various options for the modification of current CIF programs for discussion at a future meeting.





# Thank you!

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