

# CLIMATE INVESTMENT FUNDS

SCF/TFC.8/3  
October 24, 2011

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Meeting of the SCF Trust Fund Committee  
Washington, DC  
November 3, 2011

Agenda Item 3

## **PROGRESS REPORT ON TARGETED PROGRAMS UNDER THE SCF**

**Proposed Decision by SCF Trust Fund Committee**

The SCF Trust Fund Committee reviewed document, SCF/TFC.8/3, *Progress Report on Targeted Programs under the Strategic Climate Fund*, and welcomes the progress achieved in the three targeted programs: FIP, PPCR and SREP.

## I. INTRODUCTION

1. This progress report provides an overall summary of the progress of the SCF programs since the last report in June 2011. During the reporting period, significant progress has been made in all SCF programs in terms of launching and/or completing the country programming process resulting in the endorsement of investment plans and preparation of projects and programs.
2. Governments and MDBs are making every effort to ensure: (i) identification and development of priority investments rooted in national development frameworks, (ii) inclusion of measurement of tangible results (iii) strong and inclusive participation of civil-society organizations, including indigenous peoples (where appropriate) in the development of the investment plans, project preparation and implementation, (iv) linkages and compatibility with other existing or planned efforts supported by other development partners, and (v) consideration of gender in project design and implementation. With the support of the Global Support Program (GSP), countries are gaining better access to information and resources that will help build capacity to develop programs and projects and exchange emerging knowledge and good practices.
3. The FIP, PPCR and SREP Sub-Committees will each review a semi-annual operational report<sup>1</sup>. These documents report on progress in the operations of each SCF program from June 30, 2011 to October 31, 2011, summarize the status of the pilots under each SCF program, and include information on the timely delivery of planned activities in SCF pilots, including the identification of potential risks involved in not meeting the anticipated delivery dates for submission of investment plans and related projects and programs.
4. The Trust Fund Committee is invited to provide its views and guidance to the Sub-Committees on the progress being made and the policies and issues being considered under each program.

## II. FOREST INVESTMENT PROGRAM (FIP)

### FIP Pilot Country Programming

#### *Endorsement of Investment Plans*

5. During the reporting period, the FIP Sub-Committee endorsed in principle the investment plan for Burkina Faso<sup>2</sup> and endorsed the investment plan for the Democratic Republic of Congo<sup>3</sup>. Together these two plans requested a total of \$90 million in FIP grant resources. The investment plan for Burkina Faso was endorsed in principle, whilst recognizing that further work needs to be done on readiness activities. A revised investment plan will be

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<sup>1</sup> FIP/SC.7/3, Semi-Annual Report on FIP Operations, SREP/SC.6/3, Semi-Annual Report on SREP Operations and PPCR/SC.9/3 Semi-Annual Report on PPCR Operations.

<sup>2</sup> FIP/SC.6/5

<sup>3</sup> FIP/SC.6/4

submitted to the Sub-Committee. The Sub-Committee agreed to approve up to USD 5 million from the allocation for Burkina Faso for a first phase of readiness activities that will inform the design and final selection of FIP investments.

### ***Submission of Investment Plans***

5. Lao PDR and Mexico have submitted their investment plans for review and endorsement by the FIP Sub-Committee at its meeting on October 31, 2011.
6. Investment plans for Brazil, Ghana, Indonesia and Peru are expected to be submitted in late 2011 and early 2012.
7. Ghana will make a presentation on the preparation of its investment plan at the Sub-Committee meeting on October 31, 2011, and expects to seek Sub-Committee endorsement through a decision-by-mail

### **Update on the Development of the Dedicated Grant Mechanism for Local Communities and Indigenous Peoples**

8. The FIP Design Document calls for a dedicated grant mechanism to be established under the FIP to provide grants to indigenous peoples and local communities in country or regional pilots as well as the development of operational principles and priorities, funding modalities and governance of the dedicated grant mechanism. A design proposal developed after extensive consultations with indigenous peoples and local community groups will be considered by the FIP Sub-Committee at its meeting in October 2011<sup>4</sup>. The Sub-Committee will also discuss a Preliminary Proposal for the implementation of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities.<sup>5</sup>
9. The Sub-Committee is invited to approve the design proposal and to take note of the proposed implementation arrangements presented in document FIP/SC.7/8. It is expected that the MDBs will be asked, in consultation with indigenous peoples and local communities to prepare the project/program proposals necessary to seek approval of FIP funding and to operationalize the dedicated grant mechanism based on the provided framework.

### **Quality Review of FIP Investment Plans**

10. During its meeting in June 2011, the FIP Sub-Committee reviewed document FIP/SC.6/8, *Proposal for the Preparation of Independent Technical Reviews of Investment Plans under the FIP*, and expressed its general support for one of the procedural options presented in the paper but requested further revisions.
11. In the interim, technical experts were identified to carry out quality reviews of the Lao PDR and Mexico investment plans using the agreed interim procedure. Each review was

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<sup>4</sup>FIP/SC.7/7, Design Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

<sup>5</sup> FIP/SC.7/8, Preliminary Proposal for the implementation of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

carried out by two experts from the FCPF Roster of Experts and the selection of the experts was confirmed by the FIP Sub-Committee. It is expected that the Sub-Committee will agree upon final procedures for the preparation of the independent technical reviews at its meeting on October 31.

### **FIP Sub-Committee Meeting – October 31, 2011**

12. The FIP Sub-Committee meeting on October 31, 2011, will discuss the following substantive agenda items:
- a) Lao PDR<sup>6</sup> and Mexico<sup>7</sup> Investment Plans;
  - b) Proposal for the Allocation of the Reserve under the FIP<sup>8</sup>;
  - c) Design Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities<sup>9</sup>
  - d) the Preliminary Proposal for the Implementation of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities<sup>10</sup>; and
  - e) Quality Review of FIP Investment Plans<sup>11</sup>.

### **III. PILOT PROGRAM ON CLIMATE RESILIENCE (PPCR)**

#### **Endorsement of Strategic Programs for Climate Resilience**

13. During its June 2011 meeting, the Sub-Committee reviewed and endorsed the SPCRs for Cambodia, Mozambique, Nepal, St. Lucia and Zambia. Together, these countries requested a total of US\$207 million in PPCR grant resources and US\$159 million in PPCR credits.

14. SPCRs for Bolivia, Jamaica, Yemen and the regional track for the Caribbean program will be submitted for review and endorsement by the PPCR Sub-Committee at its meeting on November 2, 2011.

#### **Pilot Programming**

15. Dominica, Haiti (participating in the Caribbean regional program), Papua New Guinea and Tonga, (participating in the Pacific regional program as well as the Pacific regional track) are in the process of finalizing their SPCRs for submission in 2012.

### **PPCR Sub-Committee Meeting – November 2, 2011**

16. The PPCR Sub-Committee meeting on November 2, 2011 will discuss the following substantive agenda items:

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<sup>6</sup> FIP/SC.7/4, Lao PDR Investment Plans

<sup>7</sup> FIP/SC.7/5, Mexico Investment Plan

<sup>8</sup> FIP/SC.7/6, Proposal for the Allocation of the Reserve under the FIP Design

<sup>9</sup> FIP/SC.7/7, Design Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

<sup>10</sup> FIP/SC.7/8, Preliminary Proposal for the implementation of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

<sup>11</sup> FIP/SC.7/9, Quality Review of FIP Investment Plans

- a) MDB Policies and Tools Regarding Debt Sustainability and their application in the PPCR<sup>12</sup>;
- b) Strategic Program for Climate Resilience: Bolivia<sup>13</sup>;
- c) Strategic Program for Climate Resilience: Jamaica<sup>14</sup>;
- d) Strategic Program for Climate Resilience: Caribbean Program Regional Track;<sup>15</sup>
- e) Strategic Program for Climate Resilience: Yemen;<sup>16</sup> and
- f) Cambodia Project Proposal – Provincial Roads Improvement Project<sup>17</sup>.

#### **IV. PROGRAM FOR SCALING-UP RENEWABLE ENERGY IN LOW INCOME COUNTRIES (SREP)**

##### **SREP Pilot Country Programming**

###### *Endorsement of Investment Plans*

17. The SREP Sub-Committee endorsed the first SREP investment plan (*Investment Plan for Kenya*) at an intersessional meeting on September 8, 2011. The Sub-Committee took note of the request for USD 50 million in initial funding from SREP resources and for an additional funding of USD 35 million from the SREP reserve. The Government of Kenya has prepared a supplemental document responding to comments submitted by members of the Sub-Committee and is seeking approval of its first project developed under the plan. These documents will be discussed at the Sub-Committee Meeting on November 1.

###### *Submission of Investment Plans*

18. Honduras, Mali and Nepal submitted their investment plans for review and endorsement by the SREP Sub-Committee at the November 2011 meeting.

19. Ethiopia and Maldives are expected to seek endorsement of their investment plans at an intersessional meeting of the Sub-Committee in March 2012.

###### *Preparatory Resources*

20. Four pilot countries (Honduras, Maldives, Mali and Nepal) have requested and received preparatory grants totaling USD 1.27million to develop investment plans.

###### ***SREP Sub-Committee Meeting – November 1, 2011***

21. The SREP Sub-Committee meeting on November 1, 2011 will discuss the following substantive agenda items:

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<sup>12</sup> PPCR/SC.9/4 MDB Policies and Tools Regarding Debt Sustainability and their application in the PPCR<sup>12</sup>

<sup>13</sup>PPCR/SC.9/5, Strategic Program for Climate Resilience: Bolivia

<sup>14</sup> PPCR/SC.9/6, Strategic Program for Climate Resilience: Jamaica

<sup>15</sup> PPCR/SC.9/7, Strategic Program for Climate Resilience: Caribbean Program Regional Track

<sup>16</sup> PPCR/SC.9/8, Strategic Program for Climate Resilience: Yemen

<sup>17</sup> PPCR/SC.9/9, Cambodia Project Proposal – Provincial Roads Improvement Project<sup>17</sup>.

- a) Distribution of resources to SREP Pilot Countries taking into account Grant and Capital Contributions<sup>18</sup>
- b) Investment Plan for Honduras<sup>19</sup>;
- c) Investment Plan for Mali<sup>20</sup>;
- d) Investment Plan for Nepal<sup>21</sup>;
- e) Revised Proposal for the Allocation of the Funding Reserve under SREP<sup>22</sup>;
- f) Results-based financing instruments<sup>23</sup>, and
- g) Kenya: Menengai Geothermal Development Project.

## V. TRACKING PROJECT DELIVERY

22. In accordance with the decisions by the CTF and SCF Trust Fund Committees,<sup>24</sup> a traffic light system has been introduced as a tool to manage the CTF and SCF pipelines and track the progress of project activities. The traffic light system will track two key milestones of CIF projects. The first set of traffic lights will track the difference, if any, between the originally planned date of project submission to the Trust Fund Committee to the currently planned date of project submission to the Trust Fund Committee for funding approval. The second sets of traffic lights will track the time from the Trust Fund Committee approval of CIF funding to the MDB Board approval of the project.

23. The paper proposes a strategy for actively managing the project and program pipeline in a manner that maximizes the efficient and effective use of available resources over time.

## VI. GLOBAL SUPPORT PROGRAM (GSP)

### *Country meetings*

24. In association with the 2011 Partnership Forum, the GSP organized five pilot country meetings. During these meetings, countries participating in the CIF program had an opportunity to exchange views and lessons learned during the development of investment plans and strategic programs. They discussed challenges and opportunities relating to the national consultation process; the engagement of the civil society and the private sector; and the implementation of results frameworks. An all pilot country meeting was organized with a view to providing an opportunity for country representatives to discuss cross-cutting issues surrounding the CIF. These issues included challenges and opportunities for lessons learning and knowledge management, and the meaning of transformational impact and means to achieve it. Feedback received by pilot countries so far regarding the meetings has been very

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<sup>18</sup> SREP/SC.6/4, Distribution of Resources to SREP Pilot Countries taking into account Grant and Capital Contributions

<sup>19</sup> SREP/SC.6/4, Investment Plan for Honduras

<sup>20</sup> SREP/SC.6/5, Investment Plan for Mali

<sup>21</sup> SREP/SC.6/6, Investment Plan for Nepal

<sup>22</sup> SREP/SC.6/7, Revised Proposal for the Allocation of the Funding Reserve under SREP

<sup>23</sup> SREP/SC.6/8, Results-based financing instruments

<sup>24</sup> The SCF Trust Fund Committee has before it a paper for review and approval on pipeline management, SCF/TFC.8/ 4, Pipeline Management of the Targeted Programs under the Strategic Climate Fund.

positive. They have noted the opportunities for south-south cooperation and, more important, for exploring opportunities to join forces on specific action areas.

### ***CIFNET***

25. The CIF knowledge and networking platform was launched in early October 2011. The platform is a map-based interface designed to help pilot countries manage information related to investment plans and projects and to promote an active engagement and exchange of information among all stakeholders engaged in CIF activities. Climate change related information has been prepared for all SCF countries and incorporated into the map-based platform. In the short term, the GSP will be working with pilot countries and MDBs to ensure that information on the different activities of the CIF is uploaded and maintained on the platform. In the medium to longer term, the GSP will provide incentives for an active exchange of information and lessons learning through the platform.

### ***Support to Countries***

26. With a view to establishing a demand-driven service that responds to the needs of pilot countries and regions, a survey was developed and distributed at the June 2011 pilot country meetings. The survey was structured to get a snapshot of the collective needs for support as well as to gather specific ideas for products or activities that would help to fill those needs. There were very consistent expressions of high need for support in the areas of adaptation and mitigation technologies, and the private sector while demand for support in monitoring and evaluation, knowledge management and lessons learning, and social aspects of CIF investments were less consistent, indicating that the need for support in these areas may vary more strongly by country, region, or program. The results of the survey will be published online and will be used to guide the activities of the GSP. The results are also provided as an information document for the Joint meeting of the CTF-SCF Trust Fund Committee Meeting, *Report on Survey of CIF Pilot Countries (CTF-SCF/TFC.7/Inf.3)*.