CIF LEARNING

CIF 2014 PARTNERSHIP FORUM PROCEEDINGS

June 22-24, 2014

Montego Bay, Jamaica

Contents

Introduction

The Climate Investment Funds (CIF) 2014 Partnership Forum convened from June 23-24, 2014 in Montego Bay, Jamaica, and was co-hosted by the CIF and the Inter-American Development Bank (IDB). The CIF Stakeholder Day preceded the Partnership Forum on June 22. In addition, a Knowledge Bazaar enabled attendees to network, exchange ideas and participate in interactive learning in a dedicated space.

The Partnership Forum brought together approximately 500 participants, representing governments, civil society, indigenous peoples, the private sector, development partners and researchers, to share lessons emerging from the CIF on how to foster partnerships and attract investment to deliver low-carbon and climate-resilient development. The Forum included plenary and breakout sessions, intended to address the multiple interests of participants and enable open discussions to explore ways to maximize CIF effectiveness.

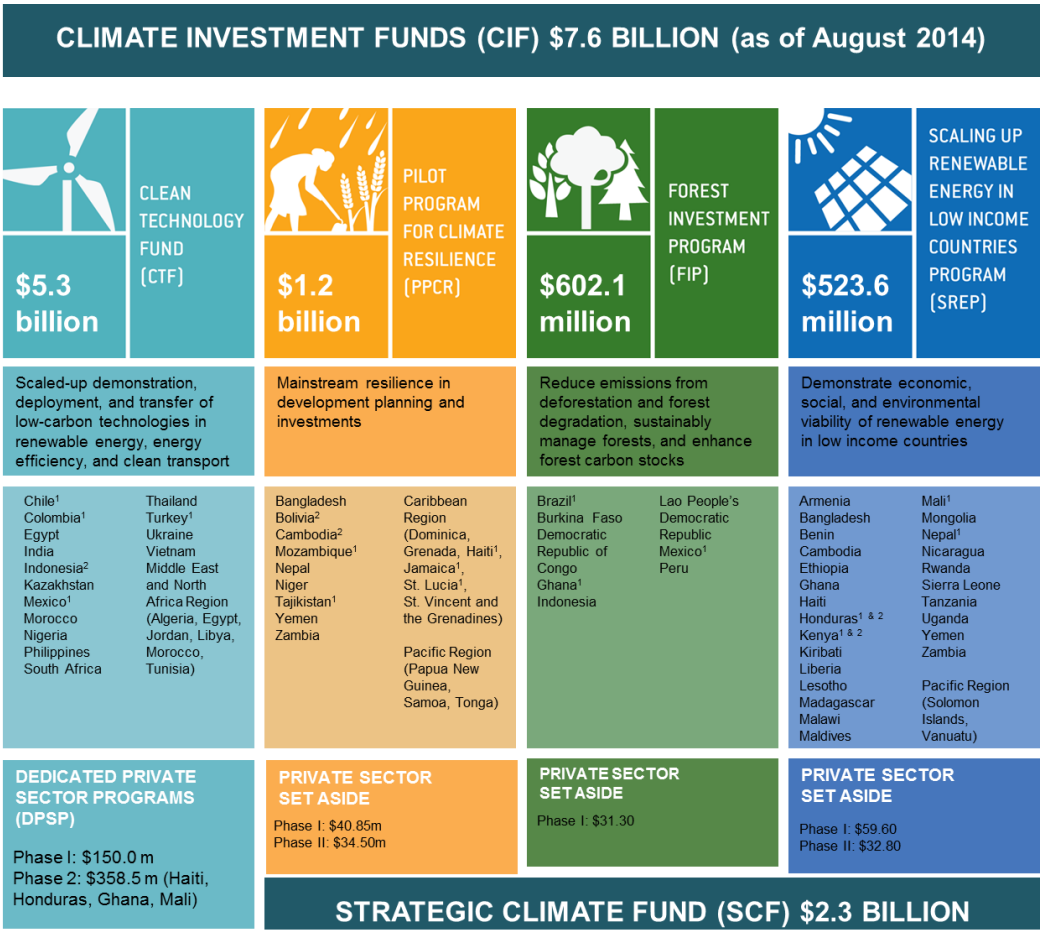
For more on the CIF 2014 Partnership Forum, including video summary, testimonials, and blogs, please visit https://www.climateinvestmentfunds.org/cif/event-partnership/2014.

A Brief History of the CIF

The CIF is a collaborative effort among the multilateral development banks (MDBs) and countries to initiate transformational change towards climate-resilient, low-carbon development. The CIF, formally approved by the World Bank's Board of Executive Directors on July 1, 2008, was designed through consultations with various stakeholders and is governed by donor and recipient countries, with active observers from the UN, the Global Environment Facility (GEF), civil society, indigenous peoples' organizations and the private sector.

Through two distinct funds, the Climate Technology Fund (CTF) and the Strategic Climate Fund (SCF), the CIF supports developing countries' efforts to mitigate and manage the challenges of climate change by providing grants, concessional loans and risk mitigation instruments, as well as through leveraging significant financing from the private sector, the MDBs and other sources. With CIF support, 48 developing countries (as at the time of the 2014 Partnership Forum) were piloting low-emission and climate-resilient development, clean technologies, sustainable forest management and increased energy access through renewable energy. Thus far, donor countries have pledged approximately US$7.6 billion to the CIF, administered through country-led programs and investments by the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and World Bank Group. A mix of grants, concessional funds and risk mitigation instruments from the CIF is expected to leverage over US$55 billion in financing from governments, the private sector, MDBs and other sources.

The CTF and the SCF each have a specific scope, objective and governance structure. Each is governed by a separate Trust Fund Committee, with equal representation from contributor and recipient countries, which oversees the operation of the Fund, provides strategic direction, and approves and oversees its programming and projects. The SCF's three targeted programs, the Pilot Program for Climate Resilience (PPCR), the Forest Investment Program (FIP) and the Scaling Up Renewable Energy Program (SREP), are each governed by their own Sub-Committee. Decisions of the Trust Fund Committees and Sub-Committees are taken by consensus. Active observers from the UN, the GEF, the UN Framework Convention on Climate Change (UNFCCC), civil society, indigenous peoples' organizations and the private sector participate in Trust Fund Committee and Sub-Committee meetings.



CIF Partnership Forum

As governments and institutions began designing the CIF, the need to share lessons and experiences became apparent. The CIF Partnership Forum was introduced to help ensure effective lesson sharing and the full engagement of all stakeholders in an inclusive, transparent and strategic manner.

Thus, a Partnership Forum was incorporated into the CIF process to serve as a regular venue in which all stakeholders could share CIF-related ideas and experiences, and engage in dialogue on the CIF's strategic directions, results and impacts. Stakeholders involved in the process include: representatives of donor and eligible recipient countries, MDBs, UN agencies, the GEF, the UN Framework Convention on Climate Change (UNFCCC), the Adaptation Fund, bilateral development agencies, NGOs, civil society organizations (CSOs), including indigenous peoples' organizations, private sector entities, and scientific and technical experts. At the Partnership Forum, donor and recipient countries select, within their respective constituencies, members to serve on the CIF Trust Fund Committee and Sub-Committees.

2008 CIF PARTNERSHIP FORUM: In October 2008, an initial CIF Partnership Forum was held at World Bank Headquarters in Washington, D.C. It served as an early opportunity to explore how best to promote dialogue and open exchange on various aspects of the CIF and set the stage for convening the Forum on a regular basis.

2010 CIF PARTNERSHIP FORUM: The 2010 CIF Partnership Forum, held from March 18-19, 2010 at ADB Headquarters in Manila, Philippines, provided a platform for stakeholders to reflect on the first year of CIF operations, engage in dialogue on knowledge gained to date, and extract useful lessons to inform further CIF implementation. It also enabled participants to share lessons learned from the CIF design process and early implementation of CIF-funded programs, in particular, from country-level activities of the CTF and the PPCR.

2011 CIF PARTNERSHIP FORUM: This meeting convened from June 24-25, 2011 in Cape Town, South Africa, and was organized by the AfDB and the World Bank in consultation with other MDB partners. The Forum provided an opportunity for CIF stakeholders to: explain how the CIF is working in their respective countries; discuss what is most effective and how the CIF can be expanded or improved; share on-the-ground achievements, challenges and knowledge; and help other CIF stakeholders apply lessons learned. The 2011 CIF Partnership Forum also aimed to: raise awareness of the CIF and country selection process; provide feedback to CIF governing bodies; and identify opportunities for further stakeholder participation.

2012 CIF PARTNERSHIP FORUM: The 2012 Partnership Forum convened from November 6-7, 2012, in Istanbul, Turkey, and was co-hosted by the CIF and the EBRD. Almost 500 participants attended the Forum, which provided an opportunity for all stakeholders to contribute to a deepened understanding of the linkages between climate change and development. As all CIF programs were moving into implementation, the Forum emphasized on-the-ground implementation, knowledge building and lesson sharing. It was agreed at this time that the Partnership Forum should be held every 18 months rather than annually.

In the intervening months prior to the 2014 Partnership Forum on June 23-24, 2014, the following convened: CIF Pilot Country Meetings, Sub-Committee and Trust Fund Committee meetings, a master class on wind and biodiversity issues, a Civil Society Forum, a Private Sector Forum, and a meeting on the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM).

Opening Plenary

Steven Shalita, Senior Communications Officer, CIF Administrative Unit, and session moderator, welcomed participants to the CIF Partnership Forum 2014.

Patricia Bliss-Guest, Program Manager, CIF Administrative Unit, noted that the Partnership Forum was taking place as disbursements are accelerating, funding is beginning to grow, and results are starting to be seen on the ground. She also called attention to the first independent evaluation of the CIF, due to be presented at the Forum. Bliss-Guest mentioned ongoing discussions on policies and procedures within the Green Climate Fund (GCF) Board and expressed hope that the CIF will contribute to the GCF's development. She said the CIF aims to foster partnerships, mobilize investment and achieve results on the ground, and encouraged participants to make connections during the Forum.

She drew attention to the work undertaken at Stakeholder Day on June 22, during which 200+ representatives from the private sector, civil society, indigenous peoples and other stakeholder groups discussed the advantages and challenges of stakeholder engagement at the national level. She noted that the CIF is an observer to the UNFCCC Standing Committee on Finance (SCF), in which it shares its experiences and lessons with the UNFCCC community, and said that the Committee met in Jamaica prior to the Forum to discuss mobilization of adaptation finance and share experiences. She also noted the presence of climate thought leaders at the Forum, who shape and drive the climate finance debate and make CIF a "true living laboratory."

Stefan Schwager, SCF Co-Chair, reported on the 2nd SCF Forum, which met in Montego Bay, Jamaica, June 21-22, 2014. He observed that the SCF serves to bridge the worlds of the negotiators in the UNFCCC context with those agencies, countries and other groups who implement projects on the ground. He reported that 130 people participated in the SCF Forum, breaking into small groups for intensive discussions on integrating adaptation into planning across many issue areas, including private finance, cities, human health, water, agriculture, forests and ecosystem services. He noted the risk of conference fatigue, but said the SCF Forum was different from most meetings in capturing insights on video and recording notes in the breakout groups. He said this will enlighten discussions in the SCF, which will then report back to the COP in Lima, with the hope that the COP will take the right decisions to "steer the huge tanker" that represents climate change activities. Schwager pointed to 2015 as a crucial year and expressed hope that it would lead to a better understanding of climate finance so as to move the agenda towards a climate policy system that will be sustainable and help tackle the climate issues faced today.

Hans Schulz, Vice President for the Private Sector and Non-Sovereign Guaranteed Operations, IDB, said that US$5.2 trillion will be required to close the infrastructure gap created by climate change. He highlighted examples of catalytic changes from Latin America and the Caribbean that had been achieved by partnerships between the IDB, the CIF, host governments and other stakeholders despite the 2009 financial crisis, capital flight and reduced liquidity. He noted Mexico's target of a 50% reduction in emissions by 2050 and its large-scale windfarm project to prove the viability of this target without feed-in tariffs. He said this project has achieved 4 GW of wind power with 95% of the equity funded by the private sector, led to 11,000 sustainable jobs in Mexico and produced lessons on wind power across the region.

He also noted emerging clusters of IDB-led projects in Chile, including: prospects for large-scale concentrated solar power (CSP) plants and private banks for solar PV; the potential to take advantage of

solar power in the Caribbean and IDB's financing of the first LEED-certified hotel in Kingston, Jamaica; and efforts in non-energy areas, such as transportation and coastal protection, with flexible mechanisms to support small-scale projects. He said IDB will continue collaboration with the private sector to advance knowledge on climate investment and make climate change investment bankable through support for demonstration projects and empowering public and private leaders.

Ian Hayles, State Minister in the Ministry of Water, Land, Environment and Climate Change, Jamaica, officially opened the 2014 CIF Partnership Forum. He expressed the readiness of the Jamaican government to address climate change and urged participants to work together to find solutions. He stressed that the Jamaican people are serious about addressing climate change and called for viewing it not just from the standpoint of new, attractive investments, but also in terms of what will be passed down to future generations. He noted that technology has driven down the cost of dealing with environmental issues and highlighted the importance of partnerships, saying that Jamaica had benefited tremendously from its partnership with the CIF, including in the installation of 20 weather stations.

Participants viewed videos during this session that underscored how the CIF brings together experts, communities and the private sector, as well as other stakeholders, and how the CIF supports the kind of actions that are needed before the climate change conference in Paris in 2015. The videos also highlighted the "living laboratory" aspects of the CIF, such as its impact on: how the MDBs address climate change; the joint efforts of the MDBs throughout the project cycle; stakeholder engagement; and the overall understanding of climate finance, particularly regarding the role of the private sector.

Lessons from the CIF: Fostering Partnerships, Delivering Investment, and Learning by Doing to Achieve Results

During this session, panelists shared their CIF experiences—both successes and challenges—in fostering partnerships, delivering investment and learning by doing to achieve results.

This session was moderated by Funke Oyewole, Advisor, Concessional Finance and Partnerships, World Bank Group, and former Deputy Program Manager, CIF Administrative Unit. She introduced a video, which provided perspectives of the early CIF founders, including Patricia Bliss-Guest, Katherine Sierra and Andrew Steer. Steer said the CIF aimed to test the hypothesis that transformative change is possible, and that "even if the world isn't ready, we are going to step ahead of the game." Warren Evans said in the video that the CIF shows that like-minded countries can come together and do positive things. Oyewole also introduced the five-year retrospective report, "Learning by Doing: The CIF's Contribution to Climate Finance."

Oyewole asked Amal-Lee Amin, Associate Director, E3G, how the CIF has performed in achieving its objectives of demonstrating transformational impacts and change. Amin said that trying to take on such a task before the Copenhagen Climate Change Summit may have been ambitious but it was naive in terms of what could be delivered in 15 months. She said transformational change is not easy nor simple, and requires transforming economies. She described transforming the MDBs as another challenge, noting that climate change was initially low on their agendas, and said that bringing large amounts of concessional finance has helped to prioritize climate change.

Oyewole said collaboration among the five MDBs was an innovative idea, asking Bliss-Guest to comment on the different cultures among them and on why pursuing such collaboration was seen as beneficial for reaching the CIF's objectives.

Bliss-Guest responded that while the MDBs work together they are also competitors and that initially they were reticent. She said such collaboration among the MDBs was one of the the CIF's "shining achievements."

Oyewole said the CIF is "all about the countries" and is helping them become more climate resilient. She then asked Guy Patrice Dkamela, Advisor, Center for Research and Action toward Sustainable Development in Central Africa, and one of the first self-selected observer in the CIF, to speak about his perspective as a stakeholder. He discussed advantages and challenges of observers from the North and South working together, as they come from different backgrounds and have different expertise. He said the CIF governance arrangement favors partnership building.

Following up on Dkamela's comments, Amin noted that active civil society participation in the FIP, for example, has led to increased stakeholder participation in the Forest Carbon Partnership Facility (FCPF) and REDD+ activities. She also expressed hope that the GCF would evolve over time to allow for more active participation by observers. Bliss-Guest noted that the evolution within the CIF has achieved a strong governance structure for observer participation, and explained that observers had expressed their desire to become more involved, leading to a more inclusive governance structure.

Momad Piaraly Jutha, National Director of Planning, Ministry of Planning and Development, Mozambique noted that adaptation is key to sustainable development in Mozambique. He discussed the

establishment of a Climate Change Coordination Unit to coordinate adaptation-related activities across the country and systematize all knowledge generated during implementation of the national strategy for mitigation and adaptation on the effects of climate change in Mozambique. However, he bemoaned the lack of adequate funds for staffing the Unit. He also noted other undertakings, including: building an enabling environment for cross-sectoral dialogue; policy reforms at the sectoral level; and capacity building within the government, the private sector and civil society.

DISCUSSION: Oyewole then opened the floor to questions and comments. A representative of the Philippines Chamber of Commerce and Industry noted commonalities between work programs in the CIF and his organization in promoting new perspectives on investments in sound environmental projects, development, employment, SMEs, growth, regional integration, trade agreements, joint ventures and local partnerships with other stakeholders.

A representative of the Caribbean Farmers Network (CaFAN) said many of his organization's six million members see the CIF and GCF as "elite funds" for politicians, bankers and big business, and questioned whether investment affects the masses positively. He said more participation can ensure that climate investment is sustainable and mainstream, noting that opposition politicians who are not consulted sometimes reverse the previous government's actions when they gain power. Observing that many governments are minority governments, he said NGOs form an inclusive buffer between politicians and the masses, creating a richer process.

A representative of the AfDB said that the CIF forces the MDBs to work together despite their differences. He called for the MDBs not just to preach that national governments must consult with stakeholders before approving projects, but to work together to show countries that they themselves are seriously engaged.

Responding to questions and comments, Amin provided an example of overcoming obstacles to integrating wind power into the Mexican grid by providing resources for studies that show its benefits. Bliss-Guest noted that governments must bring their populations along to achieve transformation, stressing that although only a few stakeholder representatives can be selected for the CIF boards, through self-selection, countries should encourage as many voices as possible to be heard. She also said that MDB collaboration has contributed to bringing in development ministries and funding.

Dkamela noted the need to target the right participants for implementation in the field, where challenges exist regarding administration, geographical differences or remoteness. He advocated identifying actors with added value and managing conflicts between them effectively, expressing hope for national ownership of transformational change.

A government official from Bangladesh expressed concern regarding the slow pace of disbursement of PPCR funds when these are linked to other MDBs, such as the ADB, and proposed a clearance mechanism to expedite such disbursements. A participant from India proposed establishing CIF country chapters that would bring together civil society actors, members of the private sector and the government to facilitate communication. Bliss-Guest agreed on the need to bring stakeholders together regularly at the national level. A CTF Trust Fund Committee member from the UK Department for International Development highlighted the CIF's role in fostering partnerships through: equal representation of contributors and recipients in trust fund committees; encouraging South-South exchanges that contribute to learning by doing; and continued learning as the balance shifts from disbursement to implementation. He called for a dedicated secretariat and more attention to learning.

Responding to remarks by a participant from Burkina Faso on his country's experience in developing a FIP investment plan, Bliss-Guest lauded Burkina Faso's persistent efforts on this. Amin noted that lessons from the CIF would shed light on the relationship between country ownership and transformational change, a link that is also a key focus of the GCF.

Mainstreaming Climate Resilience: Jamaica's Experience

This session focused on strides Jamaica is making to mainstream climate resilience into its development planning. Participants learned about Jamaica's efforts to integrate climate risk detection and management into key sectors, and the results of these efforts.
Session moderator Evan Thompson, Manager, Weather Branch, Meteorological Service, Jamaica, said that natural disasters have signifcant consequences for economic development in Jamaica, affecting such sectors as agriculture and tourism. He said climate change is likely to exacerbate the risk of natural hazards and the frequency of extreme weather events, such as hurricanes, droughts and floods. He noted efforts in Jamaica to mainstream climate change into national development, noting in particular the Vision 2030 Jamaica – National Development Plan.

Michael Taylor, Head, Department of Physics and Director, Climate Studies Group, University of the West Indies, described why Jamaica has emphasized the importance of science for building resilience, noting that Jamaica has extreme climate sensitivity, which translates into pervasive vulnerability. Pointing to Jamaica's narrow economic zone along the coast, he said his country's economy is based on agriculture, fisheries and tourism. Stating that climate change is having real impacts on Jamaica, which is vulenerable across all sectors of society, he stressed the need for a resilience strategy with a multipronged, multi-stakeholder approach, including education and behavioral changes. He pointed to an increased number of hurricanes betwen 2000 and 2012 and their continuing intensification over time, sea-level rise, increased rainfall variability, and displacement of populations. He explained: that science tells us "why, when and how" we must act; action must be taken now through adaptation, mitigation and educational measures; and actions must be informed, timely and transformational.

Mona Alicia Hayman, Natural Resource Management Specialist, discussed how Jamaica is mainstreaming climate change into the agriculture sector, and said her country is finding ways to increase productivity to reduce its high food import bill by US$300 million per year. She noted climate change impacts on agriculture, such as an increase in pests and diseases, changes in water availability and difficulties with building resilience in the sector. She said the government responded with an agropark initiative to boost productivity, which brings together investors, farmers and technicians. She emphasized a cross-cutting, integrated approach to mainstreaming activities into developing planning as a whole. She cited a number of examples of initiatives, such as crop suitability modeling work and national and subnational assessments, and mainstreaming activities, such as the Jamaica rural enterpise project, ecosystem adaptation projects, vulnerability assessment tools, and work at the local level on climate-smart agriculture through an Adaptation Fund project. She said Jamaica is working with the regional Strategic Program for Climate Resilience (SPCR) on developing more resilient crop varieties and having farmers test them in the field in project areas. She mentioned a national-level coordination mechanism, with a climate change division and advisory committee, and said scaling up programs requires communication, analysis, monitoring and awareness, and that the local level is where "the rubber hits the road."
Colin F. Bullock, Chairman and Director General, Planning Institute of Jamaica, discussed mainstreaming climate change through the budgetary process, noting that governments must lead the way in adaptation and mitigation. He provided examples of costs from selected disasters in the region, including: infastructure damage and loss, such as in water and telecommunications; impacts on social sectors, such as education and health; loss of natural coastal resources due to beach erosion; potential future losses from earthquakes; and average annual losses from hurriances and wind.

He described some of the components of the Vision 2030 development plan, including energy security, adaptation and disaster risk reduction. He also outlined actions related to post-disaster recovery, the establishment of a natural disaster fund, private sector investment, reforestation, retrofitting of public assets, resilience building in the agriculture sector and coastal areas, and drainage projects. He underscored constraints and challeges faced, including public debt, the need to balance priorities across different time horizons, the need to maintain infrastructure, lack of resources for the national disaster fund and deforestation. He stressed the need to resolve fiscal and budgetary constraints, build awareness and address lifestyle issues, and said Jamaica was committed to making transformational investments in adaptation.

DISCUSSION: During the ensuing discussion, participants shared experiences on adaptation strategies for farmers, including early warning systems and the intercropping of roots and tubers and with other crops, and on the role of regional organizations, such as CARICOM, in the context of national planning. A representative of CaFAN asked about types of early warning systems, noting that the emphasis is usually on post-disaster action and recovery rather than on prevention, and that small farmers are often the worst off. He said that most farmers in the region are small farmers, often in rural areas, who find it difficult to bounce back after a disaster, and that the CARICOM Climate Change Centre (CCCCC) provides a framework for a regional, integrated approach to climate change.

Responding to a question on the ease of achieving a 30% renewable energy target, Bullock highlighted the need to tackle the perception of high upfront costs of renewable energy, such as solar, wind and hydro. Responding to a query from a participant from Grenada, he discussed how a mix of grants and debt instruments could be used in cases of limited fiscal space, but underscored the importance of creating a debt sustainability program to avoid foreclosing options.

“4°C Turn Down the Heat” Presentation and Discussion

Shaanti Kapila, Knowledge Management Officer, CIF Administrative Unit, moderated this session, noting that the CIF is “thinking bigger and bolder” and taking action more quickly as the scientific evidence becomes more compelling.

Hans Joachim Schellnhuber, Director, Potsdam Institute for Climate Impact Research, discussed the climate crisis and potential solutions based on the outcome of Working Group III of the Intergovernmental Panel on Climate Change (IPCC), noting that the IPCC identifies potential solutions but is not policy perscriptive. He provided an overview of the history of carbon emissions and carbon intake, using a map to show their progression over time from 1751 up to 2009. He explained that the Industrial Revolution was driven by coal, starting in England and expanding to Germany and then North America in the 1800s, with Japan catching up after World War II.

He noted a great accelaration in emissions in the 1950s with the availability of cheap oil and nuclear energy, and the subsequent increased emissions in China over the last two decades. He said his presentation excludes the contribution of deforestation, in which case Brazil and even Jamaica would have made a strong contribution to emissions.

He suggested a similar map showing an alternative story with the development of renewable capacities. He said 94% of excess heat is absorbed by the ocean, while 2% warms the atmosphere, noting that the top three meters of ocean contain as much heat as the entire atmosphere. He mentioned a spike in volcanic eruptions, also noting that the next El Niño is on its way and that, if it fully develops, 2015 global mean surface temperature could hit an all-time high.

He said the IPCC is extremely conservative on sea-level rise, and says that with one meter of sea-level rise, without additional adaptation measures, most beaches would disappear. He underscored that humanity could take aggressive action against climate change or do nothing. He also outlined scenarios where “once in a million years” extreme events could happen every year, and where tropical forests could cease to exist.

He discussed tipping elements in the earth’s system, noting that changes happen in a disruptive, rather than a gradual way. He said a temperature increase as low as 1.6°C could start irreversible melting of the Greenland ice sheet, and that when ice sheets melt, tropical regions bear the brunt of sea-level rise. He noted that during Typhoon Haiyan, most of the deaths were caused by drowning, not by the storm itself, and that during the Pakistan flood of 2010, 20% of the country was under water. He said that, as of May 2013, the Arctic was warming faster then the rest of the planet.

He lamented that the issue of ocean acidification has been ignored, explaing that even if atmospheric carbon dioxide concentrations decrease, the deep sea will remain acidic. He explained: there is no silver bullet; geoengineering will not work, even if it were affordable; and the only answer is to avoid emissions.

He noted the third part of the “Turn Down the Heat: Why a 4°C World Must be Avoided” series will be presented in Lima on climate extremes, regional impacts and the case for resilience. Briefly previewing the report, he said the biggest problem: in Russia will be forest fires; in the MENA region, precipitation; and in the LAC region, heat waves. He said the Caribbean, and Jamaica in particular, will experience extreme temperature change, coral bleaching, and impacts on fisheries and tourism.

In terms of what can be done, he said costs will rise dramatically the longer action on climate change is delayed. He explained that those countries that have caused most of the climate change are the least vulnerable to its impacts, given their access to advanced technologies, for example. He emphasized that disaster can lead to discovery and dignity, and stressed the importance of ethics in coming up with solutions and technological progress toward renewables and creating a global initiative that seeks to stabilize and manage the climate.

Ambassador Dessima Williams, former Grenadian Ambassador to the UN, pointed to Granada's 1760 rebellion against French rule and called for a similar "revolution" against climate change to urgently scale up and integrate actions at the intersection of policy, science and development. She counselled that this would give the world a fighting chance both to reduce emissions and finally realize the much needed and long pursued development agenda. She noted that islands are sentinels in the climate story because of their unique and deepening vulnerability, calling the Caribbean islands' recent fifty years of independence a fraud because of the disproportionate impacts on their natural resources. She called for an ethics of equity, noting that the SIDS have campaigned for a maximum temperature rise of 1.5°C because they will bear the brunt of the impacts of any temperature increase and associated extreme weather events. She stressed integration of climate change into policies on poverty and inequality as well as their implementation. She noted that the PPCR has helped to achieve this integration but called for increasing the robustness and ownership of integrated climate change adaptation and development strategies in key sectors and consitutuencies.

DISCUSSION: During the ensuing discussion, Kapila noted a disconnect between the fact that most climate change funding is going towards mitigation while so many vulnerable populations need investment in building resilience. Schellnhuber said two efforts are required: managing the unavoidable and avoiding the unmanageable, stressing that "if you do not bring the crisis to an end you can forget about adaptation." He noted that this is only the beginning and that climate change impacts will only get worse if we do not "stop the climate train." He recognized, however, that mitigation of future impacts is not enough for the developing countries that are experiencing the brunt of the impacts of the crisis already and will experience the worst of any future impacts. He said mitigation is, therefore, not enough for them, and that the impacts on them must be alleviated through adaptation. He called this a question of global solidarity, given that funding such adaptation will require empathy on the part of richer and less vulnerable countries for the plight of poorer, more vulnerable countries. He stressed, moreover, that mere adaptation, such as to sea-level rise, can only bring countries back to their original state, and that it is in developing countries' interest to move directly to non-carbon economies, which would aid both mitigation as well as put them ahead in development.

Kapila asked how transformation might be accelerated, given that major societal transformations, such as ending slavery, have taken time. Williams, seconded by Schellnhuber, noted that slave rebellions fueled anti-slavery legislation in relevant parliaments and called for similar "rebellions" in the form of the urgent pursuit of new development models, including a shift to renewables, micro-creativity as is already happening in the informal sector, and scaling up of innovation and renewable energies.

Schnellnhuber stated that World Bank Group President Jim Yong Kim had noted the need for a global social movement against "carbon tyranny," linking this to the question of why so many Republican senators do not believe in climate change and saying that the roots of such a social movement are already forming. He noted that the World Bank has subscribed to a grassroots divestment movement in North America which queries fund and bank managers on where money is invested and whether their

investments “destroy or help save” the world. He also pointed to the potential of social media to aid in the battle against the global carbon tyranny. Williams added that much more can be done to scale up and integrate climate change action into development. She pointed out that Denmark has already demonstrated the possibility of integrating lower carbon emissions into development in an inclusive, carbon-neutral way, through developing a green economy.

Regarding a question on “climate sceptism,” Schnellnhuber noted the 97-98% scientific consensus on climate change, saying the same physics that makes lightbulbs burn also supports climate science because both are founded on the same basic principles of physics. He asked whether one would go home or undergo treatment if medical experts said there was a 90% chance one had cancer, stating that not taking 97-98% consensus in physical science as a signpost for decision making is either “criminal or insane.” Williams added that for many countries climate science is not simply a matter of predictions for the future but of already observed and experienced impacts.

Regarding possible links between traditional knowledge and modern science, Schellnhuber agreed that universal principles of science can be married with place-based, centuries-old observations of how systems function, to work hand-in-hand toward solutions. He noted that the recent US National Academy of Science climate change report has a section on traditional knowledge, recognizing that while such knowledge is often not derived from modern science, it is nevertheless recognized as sound. He lamented that there are still reservations on both sides of the divide, however. Williams added that what is needed is not information but wisdom and prudent use of power. She emphasized social and ethical considerations, and cautioned not only against romanticizing the past but also against entering the future completely unaware.

On what constitutes “correct” mitigation and development, Schellnhuber argued that a low-carbon development strategy that heavily inhibits development is unacceptable. He added, however, that development should be measured according to a human development index and that carbon reductions must be substantial, not just 5%, with emissions limited to 3-4 GT per year, and acknowledged that both development and emissions reduction require funding He called for a global open-access pool of breakthrough technologies, including medical and low-carbon technologies, exempt from licenses and from the need to make a profit for private industries. He added, however, that big technology companies are opposed to this idea.

In her final remarks, Williams said the CIF is on the right track but that much more can be done to scale up and integrate, such as scaling up mitigation to limit warming to the 2°C maximum target.

Independent Evaluation of the CIF

This session addressed the findings and recommendations of the Independent Evaluation of the CIF and focused on the relevance and implications of the findings and recommendations for the CIF and for climate finance more generally.

Kenneth Chomitz, moderator and Evaluation Oversight Committee Chair, World Bank Group, stated that the purpose of the Independent Evaluation of the CIF is to judge what is working and what improvements could be made. He provided the context of the evaluation, noting that the evaluators report to the Evaluation Oversight Committee, comprised of representatives of the Independent Evaluation Departments of the five MDBs responsible for implementing the CIF. He discussed steps in the evaluation process, including: the formation of an Evaluation Oversight Committee comprised of the independent evaluation offices of the MDBs; production of an approach paper; and contracting of ICF International to execute the evaluation. He said the Joint Trust Fund Committee maintained a hands-off approach and that independence was enhanced by the appointment of an International Reference Group that provided comments at the initial stage and on the conduct of the evaluation itself. He noted that the evaluation is available to download.

Mark Wagner, Senior Vice President, ICF International, presented the evaluation. Noting that areas evaluated included organizational effectiveness, governance, management and efficiency, he said climate and development effectiveness were evaluated in terms of project design and early project experience, including disbursement of resources. He reported that effective aspects of the CIF include: balanced representation of contributor and recipient countries and a consensus process, which have encouraged participation and conferred transparency and legitimacy on the endeavor; US$8 billion earmarked for program funding; the spirit of learning in pilot countries; government ownership of investment plans; and good cooperation of MDBs at the corporate level, with a lead agency in charge.

Wagner identified some areas for improvement, including the need for: trickle down of MDB collaboration and cooperation to the field level; stronger intra-governmental cooperation, with a lead agency in charge to ensure good collaboration among ministries; a stronger gender focus in programming; and the institution of risk management processes, particularly enterprise risk management. Wagner also noted the efficiency of the “light touch” management approach for jumpstarting the programming, but said decision making has been somewhat slow. He said that the CIF Administrative Unit has been responsive and proactive, and has kept a lean budget in comparison to a full secretariat, but this has meant that the Trust Fund Committees have taken on responsibilities for reviewing investment plans and budget quality. He suggested that a newly established external project review mechanism could perhaps be utilized earlier in the process as a learning exercise that assists with planning and replanning. He also recommended strengthening of CTF investment guidelines.

Wagner noted five steps in the project approval process, saying approval times are now about 18 months in general, due to project complexity and political changes that upset decision-making processes.

On transformational change, Wagner pointed to differential success rates, saying transformation is usually incorporated as an aspirational goal and works quite well in some cases.

On the CTF, Wagner said its programs have been designed to boost renewable energy and reduce power consumption, but called for consideration of its replicability and scaleability. He commented that:

sometimes policy and regulatory environments do not foster scale-up; implementation performance can be affected by country leadership; existing cooperative MDB relationships are helpful; it is also advantageous if technologies have track records and are already understood; and the maturity of the policy situation and the financial sector can influence the extent to which projects can be implemented.

On the PPCR, Wagner noted that: the SPCR development process has been tailored to country circumstances and that different capacities must be recognized; the strength of the focal point ministry is critical for mainstreaming the SPCR; and the stakeholder consultation process has fallen a bit short but the process for undertaking consultations has evolved. He stressed the importance of a good stakeholder network. He noted that early designs do not always succeed, highlighting the importance of flexibility in planning.

With regard to the FIP, Wagner noted that design documents are not always clear on how transformation will actually happen. He pointed to the need for reorienting some forest sector strategies towards transformation and questioned how FIP projects will contribute to shifts in forest management paradigm, questioning also how the FIP fits into the broader REDD+ context.

On the SREP, Wagner said the aim is to show transformational gains in renewable energy capacity, in other words, trying to meet the two goals of supporting capacity and making policy changes.

Wagner noted the CIF has been struggling with ways to better engage the private sector. He said government-led planning processes prioritize government interventions and that the timeframe within which private sector actors must work is an issue; thus some of the investment approaches that were envisioned have not always been taken up, which has hurt private sector engagement. He stressed that the CIF is making strides to engage the private sector through set-asides and other programs.

Other findings noted by Wagner included the following: country investment plans are more effective when government ownership is strong; results on mainstreaming coordination and consultation have been uneven, resulting in varying quality and depth of consultations; countries are truly committed to organizational learning; pilot country meetings are very effective for exchanging lessons; and learning can help for mid-term corrections or new projects.

Wagner highlighted recommendations, including to: streamline the CIF governance structure; build greater specificity into CTF investment guidelines; recognize trade-offs such as between faster disbursement and accountability; pursue transformational change, potentially through strengthening enabling environments; continue to build learning components into projects and increase institutionalization of learning; and resolve the uncertainty associated with the CIF's sunset clause, which would also help clarify questions surrounding future incorporation of additional countries, a second round of investment plans and future evaluations.

Rachel Kyte, Vice President and Special Envoy for Climate Change, World Bank Group, described the CIF as a Petri dish, highlighting how the evaluation was helpful in highlighting key issues where little experience existed, such as on the transformative effects of smart-grids and large infrastructure projects. She said the CIF had spurred the evolution of the MDBs on climate change, producing an unintended consequence of greater collaboration between them. She stressed the need to increase disbursement rates and realign the risk/reward balance to capture the pressing rewards that the CIF can deliver. She said that there may be a false dichotomy between transformational change and achieving fast results and encouraged more upfront reflection about the requirements for transformational

change, particularly regarding the regulatory environment. She pointed to Morocco and Mexico as examples where transformational change had been visible with changes to regulatory frameworks. Describing the findings from the CIF as fodder for the GCF, she underlined the need to: build on the evaluation culture to keep learning and to course-correct; consider how the format and process of evaluation would be different in a complex, multifaceted architecture; and find ways for the CIF to be most responsive to everything learned along the way.

Frances Seymour, Senior Fellow, Center for Global Development and International Reference Group Co-Chair, noted her group's role to provide periodic advice to the Evaluation Oversight Committee. She commented that, as few CIF funds have been disbursed, this is only a formative evaluation, looking at the CIF's intent, not results. She said more evaluative tools will be needed for that. She noted the vastness and ambition of the evaluation and its resulting selectivity but opined that its conclusions are sound. She agreed that CIF funds have achieved legitimacy but at a cost to efficiency and effectiveness, and that the CIF governing bodies need to clarify: the CIFs' tolerance to risk; the climate/development tradeoff; and the timing for invoking the CIF's sunset clause. She noted questions about initial selection of countries and national lead agencies and said that, unlike early visions of the CIF, many CIF investment plans do not include a clear theory of transformation and steps to achieve it. She recommended midcourse corrections, more thought about projects' ability to achieve transformation before approval, and a policy framework that speaks explicitly about constraints on transformation. She cautioned that ambitious elements of projects may be lost as they move to implementation and called for more specific evaluations.

Alvaro Umaña, Senior Research Fellow, Tropical Agronomic Center for Research and Higher Education in Turrialba (CATIE) and International Reference Group Co-Chair, noted the lack of an agreed definition of new and additional financial resources and called for a framework to judge whether the CIF has leveraged other funding or vice versa. He noted the costs incurred from the CIF's complex architecture, observing that it was conceived as an interim mechanism before COP-15, where agreement was expected on climate financing. He said the CIF must clarify whether and when to invoke the sunset clause and contrasted it to the GCF, which: is taking a deliberately slow approach; gives full equality to developing and developed countries; will work through financial intermediaries; and has a mandate to work with the private sector. He said the CIF will endure at least until disbursement for current projects is complete in 2020, and called for CIF windows to be structured according to risk, with willingness to accept higher rewards for taking greater risks. He noted that addressing CIF strategic views and scenarios is critical as COP-21 approaches because if finance becomes a roadblock, the chances for a universal climate change agreement in 2015 will be extremely slim.

DISCUSSION: During the ensuing question and answer session, Amin asked if the evaluation had addressed: grants versus loans; and the positive outcome of MDB collaboration, reiterating that such collaboration was a great achievement of the CIF. She cited tension between disbursement times for loans *versus* grants. She said investment plans had begun to explore and identify how to deliver transformational change and, regarding insitututional memory, asked what is being done to ensure lessons are not forgetton as the World Bank and others are reorganized.

Wagner responded that while collaboration among MDBs was good at the central level, such collaboration had not filtered down to country offices on the ground. Kyte cited advantages of both collaboration and competition for stimulating the most creative and innovative ideas and projects. Umaña noted the GCF would make loans through intermediaries and not directly, although details were still being worked out; supported simpler reporting requirements for countries; and said both loans and

grants were needed. He explained that incorporating CIF lessons into the GCF was highly desirable, including those related to risk and risk management. Amin said the GCF is already focusing on such issues as readiness.

Participants also asked about: lessons learned regarding results on the ground; consultations with CIF and non-CIF recipients on the ground; possible improvements to CIF communications on what has been learned; and the cost of the evaluation. Chomitz responded that the evaluation cost US$1.8 million. Wagner said as many stakeholders as possible were consulted (around 800), and that country ownership and stakeholder buy-in was essential for real progress at the project level.

A representative from Bangladesh asked if the multiple funds addressing climate change would be collapsed into one fund such as the GCF. He also emphasized the need to accelerate project implementation and called for exploring ways to do so. Umaña supported one universal fund, but said different windows with different conditions and types of projects could exist.

An indigenous peoples' representative from Nicaragua expressed concern that safeguards for womens' and indigenous peoples' rights were not mentioned, to which Wagner responded that the MDBs have strong safeguard processes, although he said there is room for improvement. Kyte said that while almost all MDBs have incorporated free prior and informed consent into their safeguards, operationalization is still a problem. She called for clear identification of a supervisory mechanism in contractual agreements for those using GCF funds to ensure safeguards are being implemented. Seymour expressed disappointment that the DGM was not evaluated in more depth, noting it has the potential to better mainstream indigenous peoples' involvement in the process. She said the DGM was still in its early stages, and said it merited further evaluation in the future. She also called for more gender equity in the CIF. Wagner cited the inclusion of a gender specialist in the CIF.

Breakout Sessions

I: Unlocking Climate Finance for the Private Sector

This session, which was moderated by Ethan Zindler, Head of Americas, Bloomberg New Energy Finance, aimed to provide answers to the question: "How can I access development financing for my climate-smart business?" Panelists discussed how they have successfully accessed development financing for innovative climate mitigation or resilience solutions.

The topic was introduced via a CIF-produced video, which noted, *inter alia*, that: emissions are still increasing and, with a temperature increase of 2ºC or more, changes will be severe and irreversible; US$100 billion was needed to respond to climate events in the US in 2013; costs will be incurred either from efforts to increase resilience to storm severity or from insurance company adjustments to account for greater storm severity and frequency; public investments cannot cover the amount of resources needed to address climate change, which therefore necessitates private sector climate financing, in such fields as clean energy, micro-finance, rural infrastructure and soil management; finding sources of capital for early development of technologies and projects is not easy; a market must be built for climate finance, entailing clean energy incentives rather than fossil fuel subsidies; and leadership is required at all levels in order to achieve transformations of the scale and nature needed, including business leaders willing to take the world into a new energy future.

Zindler noted that Bloomberg has been tracking climate finance and capital for years, but queried how returns for private investors and government concessionary loans can interplay more effectively.

Raymond Carlsen, Chief Executive Officer, Scatec Solar GmbH, reported on solar energy projects set up by his company in Rwanda. He noted that the financing was put together in two and a half months, despite problems, with the CIF's help. He commended the CIF for closing the gaps between operators and developers by putting together funding that meet everyone's needs.

Narek Harutyunyan, Managing Partner, Rengy Development, Ukraine, reported on solar energy projects in Ukraine that resulted from the establishment of a new legislative framework. He noted that no commercial banks exist in Ukraine to finance such projects and that it took two years to get finance, but help first from the EDRB and then from the CTF greatly reduced the time it would have taken otherwise. With the support of those bodies, his group was then able to get local commercial banks on board and to obtain state funds. He stressed the importance of researching funding sources and technical skills to understand such sources to make projects bankable. Moderator Zindler agreed that an unfortunate gap exists between the financial world and small operators.

Kağan Aktan, Director of Market Risk, Yapı Kredi Bank, Turkey, reported on his bank's work in SME projects in Turkey. He noted unusual Turkish legislation on financial leasing which defines leasing companies as the owners of any equipment. That has helped to unlock financing and encouraged the establishment of Yapi Kredi Leasing in 2008 to finance the development of small ticket renewable energy alternatives.

Enrique Nieto, Director for Sustainable Projects, Nacional Financiera, SNC, Mexico, reported on his bank's involvement in big renewable energy projects in the context of major energy reforms in Mexico, starting with the first pilot financing project with IDB and others. His company won permission from the

national government to negotiate with IDB for concessional funding for these types of projects and for a very long-term loan. He noted that instruments have also been developed, such as contingent credit lines for renewable projects, to create investments and support external contingencies such as possible drops in tariffs or lack of wind. He added that competition in this field is now growing, with private equity funds also looking for such projects to invest in, even though this type of funding was not available at first because the rates of return were too low. He noted that his division in the bank focuses on SME projects on energy efficiency and renewable energy, supporting small projects but in a big way, and said CTF funds are helping to build facilities to support and insure early exploration of geothermal projects, including a grant to support an insurance product for geothermal, which can easily compete with natural gas.

DISCUSSION: Regarding a question from Zindler on how risks are viewed, Carlson noted that a bottleneck exists due not to lack of money but to lack of projects, due to the risks involved. He said that developing a project is the biggest risk because one must understand the market and the politics and assume a cash flow for 30 years. He pointed to the lack of a professional counterpart for negotiations his company undertook. Rather than steamroll over the government, his company financed a negotiator through the International Finance Corporation (IFC) to negotiate an agreement with the company that could withstand any change in government.

Harutyunyan advised getting technology consultants and keeping in mind the benefits of being a “first mover” if a market develops, rather than focusing on the risks. He said that in Ukraine, in order to discourage speculators, companies only get a license after the product is finished, carrying all the risks of untested technologies, and that it is therefore necessary to believe firmly in the product and in its future market.

Nieto also stressed the need to educate bank staff on technologies, noting that the credit community must be convinced about and educated on renewable energy. He said that for a mini-hydro project, advisors were brought in to teach them about that technology, but that solar energy was even tougher because it had to be explained to everyone, including different types of personnel such as accountants and operators, given that there is generally far less familiarity with solar energy than with hydropower. After the first solar project, however, everyone was on board and the volume of projects increased quickly after that, with 12 projects in five years.

Harutyunyan added that business should never take a 100% risk-averse approach in these new kinds of projects, noting that most top-tier producers provide a 20-year efficiency warranty but that most solar plants have not been there that long. He said testing of solar plants is problematic, and monitors or manufacturers, even large ones, just disappear. He advised ensuring that one is “buying from the best,” noting there is little else one can do. He applauded people who think like businessmen rather than lawyers.

Carlsen said that investors are more optimistic than banks, who assume the worst case scenario.
On how to accelerate the development of projects eligible for funding, panelists recommended: replication and simplification; awareness building regarding the local context and relevant regulations regarding risk; increased numbers of operators and new investors in the market to accelerate competition; capacity building for banks to help them access private funds; education for investors to help them understand what is out there; and partnerships between agencies and banks.

Regarding where special support may be needed in order to mitigate some kinds of risk in order to scale up, Carlsen said paying attention to the country or the treasury and relevant legislation is important, as this affects which types of risk are allowed. He said different risks exist in different countries, including different regulations on taking personal risk and different national practices regarding energy supply. He noted, as examples, the huge hurdles to establishing large wind farms in some countries that are great consumers of diesel and the risks to establishing PV in countries where PV price is highly volatile. He noted, however, that an energy revolution is happening.

Harutyunyan advocated that international financial institutions (IFIs) could help with hiring counterpart adversary negotiators. He also advised prioritizing the correction of policy and legislative flaws in order to allow investors and IFI funding to come in.

On how to deal with a strong fossil fuel industry, Nieto said Mexican energy reforms in 1994 and 2014 changed the landscape in a favorable way and that banks are now begging for renewable energy projects. He said high energy prices and the learning that has taken place has helped encourage this.

On a question regarding whether the CIF has invested in indigenous peoples and on the effects of projects on indigenous peoples, Nieto noted that projects in regions with large indignous populations, such as Oaxaca, have had a positive influence. He noted that with the intervention of the CTF and World Bank special care is being taken in terms of the social aspects of projects. He explained that benefits accrue to small landowners and their families from renewable energy projects, which helps to grow local economies as well. He said land is rented with a 30-year contract, producing cash every month, and the landowner also gets a “credit approval” which can be taken to the bank to get finance for more production on the rented land, even while the land also continues to be available for farming.

II: Preparing and Implementing a Programmatic Approach to Climate Resilience: Lessons Learned from the PPCR

This session was based on a recent CIF study highlighting lessons learned on the effectiveness of the PPCR planning process (or “PPCR Phase I”) in enhancing countries’ readiness for large-scale adaptation financing and introducing and maintaining a programmatic approach. It was moderated by Smita Nakhooda, Research Fellow, Climate Change, Environment and Forests Program, Overseas Development Institute (ODI), who reiterated that the session would address experiences related to undertaking a programmatic approach to the PPCR.

Camille Bann, Consultant, CIF Study on PPCR Phase I, described that Phase I took around six months, engaged in consultations, solicited views of pilot countries and PPCR focal points, and included an in-depth study of Samoa. She said Phase I activities included analysis of climate risk, institutional analysis, and knowledge and awareness raising. She described an evolution in the manner in which Phase I support was executed and noted that Phase I activities have two distinct components: helping countries develop their SPCRs; and preparing them for implementation of funds. She noted Phase I is supposed to come to an end when a country’s SPCR is approved, but described as positive the overlapping of Phases 1 and 2, the seamless continuation of analytical work and institutional arrangements, and the ways in which this had helped to avoid gaps that might have otherwise emerged and negatively impacted on implementation.

She reported on key lessons from the Phase I review, including that: the funding required varied depending on a country's readiness; and countries that had undertaken analytical work, set up institutions and identified priorities for climate investment for the most part required less support. On process and funding, she explained that: the MDBs played a very important role in, *inter alia*, providing technical support to countries; some MDBs were involved for the first time; coordination became an issue as roles and responsibilities had not been largely set out in advance; operational guidance was unclear; and delays occurred due to lack of capacity.

On key lessons regarding the programmatic approach, Bann said: every activity is moving towards the common objective of climate resilience; some factors, such as country ownership, capacity development, coordination, consultation and private sector engagement, are important to deliver; and country ownership is considered paramount and was built up through the preparatory process. She noted the need to: build capacity, pointing to institutional coordination as a strong achievement; and anchor the plan in a ministry that has convening authority. She added that some countries harnessed the capacity of existing institutions, while others developed new ones.

She cited challenges in consulting with civil society and managing stakeholder expectations. She stressed the importance of private sector involvement, and the challenges of achieving transformational change. She reiterated that the PPCR is targeted at LDCs, and significant support is need to identify viable options.

Bann then highlighted a number of recommendations, including: integrating the preparation and implementation phases to avoid gaps; simplifying operational procedures; providing more support for those countries with low absorptive capacity; maintaining a flexible approach; ensuring programs are nationally driven; undertaking a highly consultative process; allowing sufficient time and resources for analysis; ensuring sustainability of institutional support; and developing the necessary institutional and human resources. She also discussed: the importance of a country's level of readiness in reducing delays in SPCR formulation; the close coordination roles that the MDBs have been playing; and challenges of engaging the private sector, particularly regarding the additional support needed to identify investment opportunities.

Xavier Agostinho Chavana, Senior Planning Officer, Ministry of Planning and Development, Mozambique, shared experiences of how his country worked over the two phases, emphasizing that it was not easy. He said Phase I was designed with the objectives of: developing a SPCR; carrying out analytical work, such as determining gaps that must be filled for SPCR projects at the sector level; and establishing a coordination mechanism. He noted that Phase I was agreed and signed in February 2011, and it was determined that enough analytical information had been obtained to begin the SPCR. He said Mozamique's SPCR has three components: coordination management, investment management, and policy and institutional reform. He suggested using the SPCR for analytical work and hiring technical assistants to help with policy and institutional reforms. He said money was used where needed.

He noted that his country viewed the PPCR-related finance as demand-driven and used the phased approach of the PPCR to focus on the components of its SPCR. He said the transition from Phase 1 to Phase 2 is proceeding well, with a dedicated team to support the PPCR in the ministry.

Bhuban Karki, Under Secretary, Ministry of Finance, Nepal, described Nepal's numerous policy developments before it engaged with the CIF process and remarked that the high level of readiness meant a lower amount of funding was needed for Phase 1. He cited developments in institutional

arrangements, including establishment of the Climate Change Council in 2009 and the promulgation of a climate change policy in 2011. Pointing to a number of questions that remain unanswered, he cited prominence of the grant versus loan debate, noting some pushback in Nepal against taking loans, and confusion on the part of many decision makers. He said the environment ministry is weak and unprepared, which has led to implementation problems for the PPCR, and listed some questions still being discussed internally, such as: use of loans for adaptation; predictability of MDB funding; and use of loans for non-revenue generating activities.

Litara Taulealo, Assistant CEO, Climate Resilience Investment Coordination Unit, Ministry of Finance, Samoa, said that in her country the PPCR coordination unit is housed in the Ministry of Finance, which works on national and sector planning, the budget and procurement. She said placing coordination in the Ministry of Finance: gives the issue greater prominence and impact; enables addressing climate resilience as a development issue, as well as mainstreaming climate and disaster resilience; and integrates climate change planning into budgetary and development planning. She emphasized ensuring sustainability and effective allocation of resources.

Claire Bernard, Deputy Director General, Sustainable Development and Social Planning, Planning Institute of Jamaica, discussed her country's experience with the PPCR. She said her Institute is helping countries develop strategies to better use available resources, and is mandated by law to carry out macro-socioeconomic planning, manage external cooperation arrangements and undertake post-disaster impact assessment. She said hydrometeorological disasters are having a crippling impact on the economy and on society. She emphasized taking a more strategic approach to national development and planning and identifying critical issues for such an approach, including disaster risk management and adaptation, which she said should be incorporated into the whole development process. She mentioned drawing on available data and situation analysis in developing Jamaica's Vision 2030 plan and the analytical work done in preparing Jamaica's second national communication to the UNFCCC. While noting occasional tensions, Bernard said that agency coordination is a stipulated function of her Institute so there is respect.

DISCUSSION: Moderator Nakhooda asked panelists about: building on investments already made; ensuring complementarity; developing a programmatic document and leveraging funds; and what they would do differently if provided with the opportunity to repeat the PPCR process. Citing the challenge of getting donors to visit affected areas, a representative from Bangladesh noted that the IFC representatives working in his country do not want to visit these areas and called on the PPCR Sub-Committee to take steps to further engage the private sector. He also mentioned advantages of taking "soft loans."

A GEF representative said lessons from the PPCR could be applied to GEF work as well and asked panelists to describe the process for envisioning success and coming up with appropriate indicators. Another representative from Bangladesh called for: supporting capacity-building activities for the private sector so they can take on a bigger role in adaptation activities and looking into more localized adaptation activities. A representative from ODI queried: the role of private sector engagement, pointing to a FIP mechanism that promotes such engagement; and the lengthy lead time involved in getting the private sector to recognize opportunities and identify viable projects going forward.

Karki responded that the PPCR is donor-driven, calling for more country ownership and for resolution of contentious issues before moving into implementation. He also stressed government coordination with and capacity building for the private sector. In Samoa, Taulealo drew attention to capacity building for

and raising awareness within the private sector, saying that the private sector does invest in resilience measures for building infrastructure. Bernard said responsibility for climate change adaptation and mitigation issues must go beyond environment ministries, and called for strengthening capacity of other ministries to address climate change. She said Jamaica has a component for strengthening the capacity of the environment ministry, and suggested broader and deeper capacity building. She noted that the private sector rarely attended task force meetings during development of Jamaica's SPCR, and suggested that in designing programs, a line of credit should be established to help the private sector adapt its business to climate change. She also mentioned the establishment of a trust fund to deal with smaller community infrastructure programs, and said the private sector showed more interest in working capital assistance than loans.

Chavana said the problems must be understood in order to determine where capacity needs to be built and that transformational change must happen at the sectoral level and in all sectors. He noted the establishment of a knowledge management institute in Mozambique where scientists partn2er with government.

A representative of Samoa asked about a vulnerability index for SIDS as a potential outcome of the Third International Conference on SIDS, and how to address resilience with such an index, noting that for too long economic effects have been the focus. On the PPCR, he emphasized replicability, more sharing of experiences regarding stakeholder engagement, and policies and guidelines regarding resettlement.

A representative of the AfDB supported government ownership, and said MDBs are supporting analytical work in regions and in already designed projects. Participants also discussed: developing ideal models for institutional arrangements for PPCR versus a context-specific approach; how the nature of stakeholder engagement will change during the implementation phase; and balancing country ownership and speed of project development.

Moderator Nakhooda then asked panelists what they would do differently. Chavana highlighted the need for increased information availability and for templates, timelines and deadlines for the government. Bernard called for more engagement with political stakeholders, and emphasized country ownership to balance MDB influence, noting that MDBs may often exert pressure towards areas that they want to pursue rather than what might be in the best interests of the country.

Taulealo said that, compared to other countries, country ownership was not an issue in Samoa, and cited PPCR programming as a strength. She cited priorities flagged in Phase I, including managing expectations from the planning to the implementation phase, and suggested better management of the procurement process. Karki suggested enhancing country ownership, better coordination and more consultations and capacity development. Bann emphasized institutional engagement and said much was learned from the review.

III: Multi-Nationals and SMEs Working Together: Sustainable Supply Chains for the Future

This session addressed multinationals and SMEs that do business in the developing world, with panelists discussing how they are committing to transparent and traceable supply chains. The session considered where synergies and opportunities for partnership exist and whether or not strategies, challenges and solutions differ depending on the size of the company.

The session was moderated by Jason Clay, Senior Vice President of Market Transformation, WWF, who said that agricultural sprawl is the biggest threat to the planet, and food and fiber production has the greatest impact of any activity. Noting that China has lifted 400 million people above the poverty line in 12 years, he pointed to more demand and consumption due to increased income. He noted that this wasn't a "blip" but a permanent state, emphasizing that China's doubling of GDP affects commodity prices, and that in the future prices will increase more.

He emphasized that food price increases can lead to food riots and deaths, and that climate change and increased income exercerbate the problem. He reaffirmed the call for doubling net food availabilty by 2015, and reducing waste and poor harvest losses, and lamented that one in three calories is wasted. He stressed, *inter alia*: investments in certification systems; recognizing the best producers and improving production from the bottom up; changing crops in the medium to long term; enabling small farmers to "leapfrog" with new technologies; and identifying problems and finding solutions that work. He pointed to the increased importance of companies' reputations and intangible assets that have high market values, which is leading to more spending on sustainability than ever before. He called for clearly identifying the problems that need solving and finding solutions that work.

Isabel Studer, Founding Director, Global Institute for Sustainabilityof EGADE Business School at Tecnológico de Monterrey, reported on her IDB-funded project to help SMEs that supply Walmart and FEMSA, which is also helping to green the supply chain. She said Walmart's interest in more sustainable supply chains is reducing costs and improving its reputation.

Regine Labrousse, Deputy Affairs Manager, Brasserie National d'Haiti-BRANA, Subsidiary of Heineken, said Heineken has played a stronger role in her company since aquiring full ownership. She described the Smallholder Alliance for Sorghum in Haiti (SMASH), whose purpose is to provide farmers with innovative techniques to increase sorghum yields by over 100% and then purchase it to produce beverages. She said her company is trying to be more socially responsible and help the Haitian econony adapt to climate change, and hoped this program could be expanded to other companies.

Marcelo Vieira, Director of Ethanol, Sugar, and Energy Operations, AdecoAgro, described the business case for more sustainable supply chains. To a request for more information on the business case for more efficient supply chains, Studer said this differs among suppliers but that Walmart's interest is to reduce costs to supply the least expensive products to customers while also improving its reputation, and that widespread review of Walmart's business strategy assists in meeting these goals. Vieira focused on minimizing the environmental impact of ongoing expansion of production and ensuring market access, stressing the need for the right economic tools. Labrousse said that her company's main market is domestic and production is low, so the domestic economy must be stimulated to create a market. She said her company focuses on a long-term approach, social responsibility, and mitigation and adaptation.

On what paying for environmental externalities, such as water or carbon emissions, will do to supply chains, Vieira noted the higher incomes and costs that expanding production in frontier regions brings. Studer said instructing suppliers in ecoefficiency practices is very relevant for some suppliers, depending on, *inter alia*, the sector, business strategy, type of company, type of crops and the market. She noted that a UN Global Compact survey of 2,000 CEOs identified that working with supply chains is critical, and that many opportunities for partnerships exist, but that very little is being done because of difficulties faced. Clay queried the possibility of competing enterprises investing in common strategies to raise production "pre-competition." Vieira noted that producers get a higher share of commodity prices as

the market becomes more efficient and the number of intermediaries shrinks, noting that this global trend makes expanding production more viable.

Clay noted that Asda announced that 95% of their food chain would be affected by climate change and asked panelists about their experience with climate change's impacts along the value chain. Labrousse responded that Heineken's promotion of sorghum production in Haiti is a direct result of climate change as an attempt to raise the efficiency and environmental sustainability of production, as it requires less water than the rice and corn formerly produced for consumption. She added that the by-products of sorghum can be used for chicken feed and the land can be used for bean production in the off season. She pointed out that it is also good business and socially responsible in its impact on the farmers, because her company's product is very nutritious and works directly with farmers to ensure that the income stays within the local community.

Vieira noted the impacts on agriculture caused by greater climate volatility and extreme weather events. He commented that the climate in South Central Brazil was formerly predictable dry winters and wet summers but is now more unpredictable, which requires adjustments in technologies, procedures and timing for planting. Studer said Walmart's reputation has been greatly aided by attention to training in and monitoring of sustainability in SMEs, such in water use, energy efficiency and recycling, and also through its strategy for increasing sustainability in many of its operations, including installation of solar energy panels on roofs of stores and making wind farm investments in Oaxaca. She noted that energy costs are a competitiveness issue for smaller suppliers, particularly given that many of them currently import oil, gasoline or natural gas, so reducing energy costs to reduce prices is important. She said training and working with small suppliers raises their awareness of the importance of sustainability and provides them with the tools and capacity for reaching sustainability targets, saying that Walmart had to develop the materials for training the SMEs itself because ISO 2000 does not work with SMEs.

Labrousse noted the need for USAID or IDB assistance in long-term endeavors, such as SMASH, in order to achieve the required scale and impact of production, saying that currently the program is replacing 10% of imported sorghum but that the goal is to eventually replace 35%. She stressed the need to ensure its quality. Vieira noted the contribution of sugarcane to restructuring soil profiles after 40 years of "mining" soil through cattle ranching, although it takes even sugarcane five years to restore soil fertility. He also said that convincing traditional farmers of this strategy takes time, and that they do not have the appropriate agricultural skills. One outcome of this, he noted, was that the ranchers lease part of their farms for soy, corn or sugarcane crops, and use the extra income to invest in their farm to make ranching more intensive, thus intensifying meat production, which would not have happened otherwise. Clay expressed interest in this outcome from a climate point of view.

Clay emphasized vertical integration across platforms and working through supply chains to get better results. He urged companies to share learning and information about impacts, and said "sustainability is pre-competitive." Noting that companies such as Coke and Pepsi have worked together on health and disease issues and that the "reputation of the whole industry is only as good as the worst player," Clay asked panelists if they see an increased willingness of companies who are often competitors to work together to tackle such challenges as health and disease.

Studer responded that convenience stores that might be in competition with Walmart should exchange information and replicate experiences. She cited a "virtual community" to provide a venue for sharing information and help SMEs learn from others, as it is often expensive and difficult for SMEs to get relevant information because most information on business and sustainability is for large corporations.

Vieira pointed to the market growth of high-quality coffee and stressed the importance of enabling small-scale producers to access markets. Labrousse said Haiti noted some sharing of best practices with other beverage producers to combat challenges such as different commerce systems, but said that such lateral integration was still in its initial stage.

Clay then asked whether it is possible for traders to differentiate commodities based on intangible factors that cannot be checked physically, such as deforestation or child labor. He mentioned that as their risk factors, such as transaction costs, become greater, traders are increasingly focusing on their suppliers. Studer noted that concern is growing over the carbon footprint of imports but said that in Mexico 95% of SMEs are lagging in competitiveness due to inefficiencies. She highlighted the government's work with SMEs to help them develop capacity, adding that Walmart and FEMSA are also working with smaller producers to develop capacity.

Labrousse said the Haitian econony is still growing and stressed the importance to consumers of, and challenges in, maintaining low prices. Without competitive prices, she said, companies go out of business. She said that virtually everything is imported and that without secure borders it is almost impossible to compete. She noted how difficult it is to produce locally, purchase at fair prices, be socially responsible, and simultaneously meet quality standards and offer goods at a low price.

Clay noted that trade in food products has doubled but that they face more trade barriers than anything else under the World Trade Organization and that the BRICS countries are now starting to subsidize food production even more than developed countries have historically done. Studer emphasized transforming agricultural production to be more sustainable, but cited difficulties given the water situation. She said much is being imported from the US because of the free trade agreement.

Clay then asked about the future of small farmers in global supply chains, how the issue is being addressed, and how their capacity can be developed, given that half of the world's small farmers are unable to feed their own families. He asked Vieira whether small-scale producers can be used in company operations. Vieira replied that smallholders need to focus on high-value products to be successful.

Clay asked about what is causing supply chains to change, how relationships are based on risk, how panelists see supply chains evolving in the 21st century, and about the role of money in this regard. Studer said that ecoefficiency practices throughout supply chain should be a business, and underscored the exploration of ideas and identification of types of projects from an ecoefficiency perspective. However, she pointed out that commercial banks are often not interested in energy efficiency as returns are not realized for 4-5 years.

Clay asked about commitments from companies to take deforestation, for example, out of the supply chain, said such commitments could be part of a company's or product's branding strategy, and queried how this could be undertaken. Vieira said that local banks/aggregators could act as counterparts or intermediaries, for example, between local coffee-producing cooperatives and the large roasters to whom they supply.

Labrousse said the issue of intermediaries is "touchy" for Haitians, citing a large presence of NGOs in her country, and said farmers are in the habit of receiving "gifts." She stated that "your garden is your business" and while her company helps farmers increase their yields, they do not provide financing, but, rather, buys from them at a fair rate. She said it does not make sense to lend more than what can be

paid back. She expressed concern with NGOs giving “gifts,” noting it stifles innovation and sustainability, and referred to the “tractor graveyard” where these “gifts” moulder and are not maintained. She argued that using NGOs to deliver development assistance does not incentivize or lead to climate-smart agriculture.

A representative of the GEF asked what her organization could do to ensure that its grant funding does not destroy or distort the market. Labrousse stressed participation and project ownership so that the beneficiaries can develop understanding of what they need and ask for it, and can continue to use what they have learned when the project ends. She said education in something of value to them is considered a beneficial gift. Studer stressed training for specific goals and deliberate results and products, rather than trying to achieve too comprehensive an impact. Clay highlighted rehabilitating degraded land in order to “get more from less” while also producing a large biodiversity and ecosystem gain.

On a question from the IDB about where to get capital to put in place changes that the SMEs were trained for, Labrousse noted that Heineken purchases the farmers’ sorghum and takes a slow approach, encouraging them to work within their means and plant more as their income rises.

A questioner from the World Bank noted that bigger and bigger players are exposed to smaller and smaller producers on the ground but that not much is being done on self-organization, such as cooperatives for irrigation systems and machinery, and suggested that this could be a model for rationalizing the exposure of smallholders producing sorghum. Labrousse noted that Heineken purchases from any actors producing sorghum, including cooperatives, government, businesses, and said there is room for other producers to emerge as well. Vieira noted some small producers become very efficient in operating equipment and can lower their costs and become service providers to their neighbors.

Clay queried how equity in processing plants might be financed to benefit either workers or producers, noting his experience with a project that obtained a loan to invest in improving mills in which smallholders were involved. He reported that as the loan was repaid the equity in the mill vested with the smallholders. He called for bringing this model back to the forefront, given the difficulty for smallholders to get ahead by only producing commodities.

In final comments, Vieira advocated intensifying food production and conversion of less efficient areas back into forest reserves to address the climate issue. Studer said corporations must work with partners and consumers to reduce emissions and invest more resources in small suppliers. She observed that in the Tetra Pak (a multinational food packaging and processing company) supply chain 6% of producers are accountable for a huge proportion of their emissions and that this is true for all corporations. She noted that corporations are changing the way they view their business strategy to include their supply chain and consumers as partners, although according to the UN Global Compact survey of businesses they are still investing too few resources in this. She stressed that in developing countries corporations have no alternative but to work with small suppliers, and this means working on sustainability in processes. She also pointed to the need to work with consumers as well. Labrousse recommended not thinking of profit as the main goal, but just one of several, and that long-term thinking will bring the best results. Clay noted that in China, a percentage of sales of nonrenewable natural resources is set aside in a sovereignty fund in perpetuity, to finance the future when those resources are completely depleted. He also said China sets aside funds from a percentage of the natural resource imports for such endeavors as rehabilitation of degraded lands. He cautioned that the private sector cannot do

everything all by itself and called for governments, who are often “asleep at the wheel,” to be brought back into the equation.

IV: De-Risking the Exploration Phase of Geothermal Development

This session provided an opportunity for countries to share experiences on how they are reducing risks from the exploration phase of geothermal development and incentivizing greater private sector involvement.

Pierre Audinet, Senior Energy Economist, Energy Sector Management Assistance Program (ESMAP), moderator of this session, stated that geothermal energy has been a key investment area for the CIF, with US$150 million allocated by the CTF for geothermal exploration. He pointed to the difficulties of financing geothermal energy development, saying that millions of dollars have to be sunk in before the resource can be validated and cash flow can be generated, and that several years can pass between initiating the resource and generating electricity. He noted that it is a very new development to have the private sector play a role. He said more efforts were needed to understand how to manage resource risk, stressing that there is no such thing as “de-risking” but, rather, only managing risk.

Julian Richardson, Chief Executive Officer, Parhelion Underwriting, identified where public private partnerships have the potential to move the market and balance the high-risk exploration phase with the capital-intensive development phase. He supported using innovative financing mechanisms. He said risk cannot be eliminated altogether; rather, “de-risking” can be viewed as allocating risk to the right financing parties. He described the Geothermal Risk Mitigation Facility (GRMF) for East Afica, which undertakes surface studies at a low cost. He said this is followed by exploration drilling in one to three wells, during which costs rise considerably, although some of these are covered by the GRMF. Richardson said that the US$10-50 million required for this exploration phase is fraught with risk and is difficult to raise from venture capital, and recommended consideration of how to take out or balance this risk.

He said his company deals with tail risks and catastrophe, and suggested viewing the insurance markets as another source of capital for certain aspects of a venture, in addition to the regular debt and equity markets. He noted, however that it is important to understand to what specific part of geothermal development the use of risk insurance can legitimately apply. He noted that his company underwrites wells that have already been identified through surface studies, stressing that his company does not undertake pure exploration risk without drilling data and emphasizing that a good project requires good surface studies.

Mekuria Lemma Tulu, Director of Strategic Planning, Ethiopian Electric Power, noted: the key challenge, in the Ethiopian context, of low capacity in negotiating and implementing contracts; the positive impacts of assistance from the AfDB, USAID and the World Bank; and the need for geothermal with a high plant capacity factor. A further challenge Tulu identified was the risk aversion of the Ethiopian government due to the wide availability of hydropower. He cited a power purchase agreement (PPA) with Kenya, and a memorandum of understanding with Tanzania, South Sudan and Sudan. He said that the risks involved in geothermal can be shared, pointing to an agreement with Reykjavik Geothermal to develop five hundred MW by 2020.

Guido Cappetti, Chief Executive Officer, Empresa National de Geotermia and Geotermia Del Norte, urged participants not to view the exploration phase as the final one and stressed the importance of securing PPAs and the quality of the regulatory environment. He said exploration must begin with identifying potential areas, as well as the environmental, social and economic conditions of that area, including the cost of selling electricity. He underscored that exploration is not the final phase. Cappetti said another big risk is related to the need for a PPA, noting difficulties associated with being in a region where obtaining a PPA is not possible. He cited challenges in identifying MW and timeframe, which is not such a problem for wind and solar, where there is more certainty about the resource. He said his company has accumulated experience in exploring and generating resources and gathered a team of experts.

Tulu noted a history of government control/involvement in development projects in Ethiopia over the past 50 years and resulting lack of experience in engaging with the private sector. He said the government shares everyone's concerns about bearing risk, thus projects are delayed. He expressed a willingness to expand public finance expenditures, given that the private sector can finance certain geothermal projects, and cited support from multilateral organizations. He said they are requesting the AfDB to help with negotiations and said USAID is helping with a technical advisor and the World Bank is expected to provide a general geothermal advisor.

Simten Öztürk, Project and Acquisition Finance Manager, Garanti Bank, discussed the landscape of geothermal power in Turkey and noted that her bank provides long-term structured finance for projects once it is known that the project has value.

DISCUSSION**:** On a question about project finance, Öztürk replied that in the exploratory phase corporate finance can be used, with project financing kicking in during the development phase. Responding to a question on the number of ideal wells to drill for exploration, Richardson replied that it was largely determined by the economics of the drilling equipment. Audinet noted that mobilization of public support is critical and there is no way to "cut corners."

A participant from Switzerland asked about conditions necessary for developers to initiate a project, and how much capacity is needed before beginning exploratory drilling. Richardson said his company was geographically agnostic, but that resources should not be spread too thinly, noting his company focuses on Latin America and East Africa. He said 27 projects will be underwritten in a five-year period, and that they work with projects of, on average, 75MW.

Cappetti said specific rules are needed for flow tests. Richardson said his company carries out a single point test so that the wells settle at a certain temperature. Cappetti said there is no fixed rule and it is a step-by-step process, explaining that the number of wells exploited comes down to the economics of the drilling equipment and contracting costs, and that drilling costs will depend on what is encountered along the way.

One questioner mentioned high geothermal potential in Chile, but pointed to lack of a developed drilling industry due to high costs. Comments from the panelists noted: the need to mobilize public support for geothermal exploration from the beginning; the importance of the government's role in cost-sharing; and the challenge that sometimes payments by power companies to foreign companies assisting them in the development of geothermal exceed what they can then charge locally for the energy produced if other types of energy, such as hydropower, are dominant.

Another participant described an example of a situation with geothermal potential, noting that initial exploration was undertaken in 2010 and three locations were identified with the hopes of using government money to drill high temperature wells. He explained that funding was limited and queried whether temperaturure or depth was better in such a case. One response was that it depends on drilling and well costs and that in some countries, such as Chile, each well is expensive.

One audience member asked if financial models are robust enough in terms of cost of capital and bankability. It was explained that in the US, geothermal is becoming bankable, capacity is increasing and costs are decreasing, which is partly a question of critical mass. A participant from Samoa asked whether there are other environmental benefits and whether there has been any analysis done on how to use geothermal power, for countries that lack experience.

Another speaker noted that the selling point for geothermal is that it is a dispatchable, clean source of power and heat with low operating costs. One participant suggested that the private sector should become more involved in the exploration phase. While it was noted that a company's financial strength is important because a huge amount of financing is required, the question of facilitating SME involvement was raised.

In response to a question on where the biggest constraints to scaling up are seen when looking at the global landscape, one speaker pointed to the resource risk "hump" of moving from the high-risk exploration phase to the development phase.

Panelists then answered a question about the environmental impact and risk of geothermal. Richardson said the costs of geothermal drilling are similar to those for oil and gas but the environmental impact is low. Cappetti that his company now has 35 operations in Tuscany, producing 900 MW. Öztürk said there might be some risks but the technology is there and coordination with the right parties can mitigate environmental hazards and risks.

One participant asked how to prioritize if both hyropower and geothermal have great potential. In response, it was noted that demand would determine which energy to use, and stressed that if the nature of the demand is peak load, hydropower should be used, while if it is baseload, then geothermal and hydropower can both be used.

Regarding a question on whether the terms that insurers were providing were commercial terms or if some degree of concessionality was needed, several examples were provided on ways to make the internal rate of return more attractive, including: using concessional finance to cover due diligence costs; providing attractive premium buy downs; or scaling projects up rapidly. It was noted that MDBs can play a role. Other remarks highlighted the fact that in Chile, the government supports exploration activities, while Turkey does not use insurance, thanks to sponsors.

A member of the audience asked about feed-in tariffs and how to negotiate a PPA and was given encouragement to: pursue win-win options in order to achieve consensus; make sure that the foundations and infrastructure are there; and ensure that concessions are clear and well-established, with no loose ends.

On the extent to which direct use/heating should be encouraged, one speaker explained that risk is limited with direct use, which is a strong advantage of geothermal, noting that the first example was in Iceland but that the villages around a geothermal energy operation in Italy also use direct heating by

steam, so this is a big advantage because it can be provided without cost. One participant noted that subsidies are more associated with government ownership of electric companies.

Audinet reiterated the huge difference between geothermal and oil and gas, calling for finding a paradigm that will enable partnerships, particularly within the CIF framework, to function in order to move forward with this sustainable energy source.

It was noted that: unless an insurance mechanism is used "we are fighting a losing battle, given the size of the challenge"; and, regarding a Mexican insurance scheme, that reaching a critical mass will lead to success. One participant noted the large scale of the amount of risk underwritten in the London market in comparison with the scale of public resources. Another participant cited low-cost options and transparency, noting that making drilling data publicly freely available is low-cost and effective, and said that developing, *inter alia*, a good foundation, concessions, licensing and PPAs swiftly should be feasible in terms of cost. He stressed the importance of a high-quality licensing framework.

V. Billion vs. Million Dollar CIF Projects: Does Size Matter in Transformational Change?

This session looked at the CIF's support for transformational change and development impact across the spectrum from renewable energy mega-projects to much smaller-scale projects in community-based forestry and resilience. The session asked about the impact the projects achieve and in what timeframe and at what cost.

Barbara Buchner, Senior Director, Climate Policy Initiative, moderated the session, opening it with two framing questions: what does transformational change really mean, and why do we need it? She said transformational change entailed: having a significant impact on mitigation and adaptation; addressing existing market barriers; providing business models that can be replicated in other sectors; and sustainability so that projects can function without public finance and with local actors empowered to take on risk. She said transformational change and transformative investments were needed to close the large financing gap between existing and needed financial flows, and cited, as an example, the financing gap in the energy sector.

Buchner called for incentivizing the private sector for reach and scale, and discussed a large- and small-scale example. Highlighting a PPCR project in the agricultural sector in Nepal designed by the IFC, she pointed to barriers to private-sector involvement, including information and capacity constraints, lack of access to capital and risk aversion. She identified early consultations to decrease information gaps, allocation of risk to the most appropriate party, and the adoption of a value-chain approach as positive actions that have triggered local commercial bank lending for climate-resilient technologies, such as improved seeds and water-efficient technologies.

She also discussed an example in the context of CSP, which she called a promising technology, in combination with thermal storage. She noted that the biggest obstacle to success in this area is cost, which is high, and public finance is needed to make it more competitive. She said the question of big or small projects would ultimately depend on where the project stood in the technology maturity curve and the innovation required in business models.

Raymond Carlsen, CEO, Scatec Solar GmbH, said South Africa is a fantastic example when it comes to renewable energy. He said his company develops energy solutions focused on PV, and delivers projects

in Hawaii, the US, Jordan and South Africa. Mentioning a case in Rwanda, he said they rented space from an orphanage that will, as a result, receive income for the next 20 years. He urged addressing distribution and consumption of renewable energy in addition to power generation to obtain projects that could deliver transformational change.

He said 40 MW projects in South African are big projects. He cited both big and small projects in terms of megawatts and cost of development per kW/hr. He noted that development costs in places like Mali, for example, are high, some of which are linked to the change in government. He said that small power generators must be accommodated as well in order to achieve serious reductions in pollution.

Carlsen said his company had been contracted by Norway and India, and had invested in equity and provided electricity to those who otherwise would not have it. Stating that much needs to be done, he said different types of funding are needed to impact small businesses and that countries are leapfrogging into the future. Noting the emerging energy landscape, including an ongoing deep shift in the energy industry, he maintained that new energy companies will begin emerging in the same way that telecommunications companies did in the past. He said the impact of project size must be viewed within the larger energy mix.

Penny Herbst, Corporate Renewables Specialist, Eskom, described CIF financing of US$100 million for a 100 MW wind project and US$215 million for a CSP project, noting that the procurement process has yet to begin for the CSP projects. She stressed that when talking about size, one must talk about the context. She said South Africa desired transformation in the form of a diversified energy mix that would address emissions. She recalled that no one had previously really discussed renewable energy in a substantial way, and that the conversation during development included the national treasury and four ministries. She said that they have procured 3.7 GW of energy, and while projects tend to be small, the effort has generated a whole new way of thinking and thus “small has become big.” She said “if you want to win the lotto, you have to buy the ticket,” and advocated flexibility and a holistic view, noting that benefits in one area positively impact on others and that one project can evolve into a program. She stressed the importance of a programmatic approach that would allow diverse actors to work towards a common purpose regardless of project size.

Simten Öztürk, Project and Acquisition Finance Manager, Garanti Bank, Turkey, said her bank received US$300 million for an EBRD project in Turkey. She discussed the financing of wind, hydro, biomass and energy efficiency, and said the Turkish energy market has undergone a transformation from 13 to 25 GW, all financed by Turkish banks. She cited the potential for solar power to play a larger role, and that CIF financing is contributing to a more renewable-focused energy sector for the future.

Berenice Hernández Toro, Director of Financing, International Affairs and Financing Unit, National Forestry Commission, Mexico, said 11 million people in Mexico depend on forests and, highlighting lessons from the FIP, asserted that any transformational change in forest-related sectors will have to improve economic opportunities for forest-dependent peoples and coordinate actions so that integrated land management can be achieved. She said Mexico has four investment plans with innovative elements, and mentioned a guarantee fund to mitigate risk for productive activities.

Toro highlighted the importance of, *inter alia*: entrepreneurial technical assistance; a guarantee fund; organizational, technical and administrative capacity for microfinance; and working closely with communities. She said the technical assistance component will be provided by the Mexican Fund for the Conservation of Nature, an NGO, for the entire life of the project in order to mitigate risk. She

emphasized the need to build capacity and said the new models would be tested and replicated after the project is complete.

DISCUSSION: During the ensuing discussion, panelists were asked about observed tranformative effects of the CIF. Öztürk highlighted the installation of renewable energy technologies, the creation of jobs and the CIF's transformational impact on Turkish banks, noting that banks came to realize that environmental safety standards and social responsibility are not as difficult or costly to achieve as expected. He said risk can be mitigated with minimal resources, and that the Turkish banking sector is developing sustainability teams.

Advocating a programmatic approach, Toro identified three factors that contribute to the transformational nature of projects: technical assistance and institutional capacity building to facilitate replication; community involvement and consultation to determine their needs; and institutional and stakeholder coordination.

A representative of WRI asked Carlsen why a distributed energy project in India had not been successful. Carlsen responded that grants were obtained to build plants, but pointed to the high cost of return on equity. He said private funds need to be protected and risk mitigated, otherwise the funds will not be there in the future.

A representative of the EU asked about opportunities to influence big investors and what would be needed to influence change in the energy sector, given that economies are fossil fuel-based. Panelists also shared experiences with financing institutions and how the involvement of these institutions has evolved over the first round of projects. Carlsen stressed simplicity and replicability rather than "changing the goal post" with each new project.

Moderator Buchner asked if anything in the CIF structure could be improved upon. Carlsen suggested reducing risk on the development side to create more projects, reducing the use of grants, and making projects bankable in countries that may lack a balance sheet. A representative from Peru asked about the risks and opportunities of moving into Latin America. On small-scale solar opportunities in the region, Carlsen noted a pipeline of several GW, but said nothing had come to fruition. However, he pointed to sucesses in Chile, and predicted that the market will soon take off in Mexico, particularly in Baja. He said anything produced now will have to be consumed immediately unless storage is available. Öztürk stressed the need for an expanded renewable energy structure in Turkey, including storage and diversified sources. She said commercial banks are the biggest investor in the Turkish energy market, the share of renewables will increase with relatively low short-term marginal costs, and financing renewable energy projects for their sustainability and socially responsible perspective is preferable.

Toro said some small projects are demonstrating big impacts, including both economic and environmental benefits in the forestry sector. On ways to improve in the future, Herbst mentioned better internal engagment from the beginning.

On lessons learned, Herbst emphasized that: external engagement was good but internal engagement was insufficient; engineering, procurement and environmental experts all need to be included; and those not involved from the beginning must "play catch up". Regarding the CSP project, which is relatively new and complex, she said more people were brought on board.

On helpful factors, Öztürk noted transformational impacts and change can be stimulated through: free technical advice for investors; and better appreciation of building in sustainability. Participants emphasized that grant funding and technical assistance are key, noting that most CIF funding is in the form of loans.

Participants also highlighted: the attractiveness of CTF finance and the cost reductions achieved with longer contract timeframes; the importance of having the ability to execute small-sized projects; and the potential of using existing commercial banks and their client information to offer credit lines for renewable energy.

Responding to a question on the role of the CIF, Herbst highlighted its catalytic role and the importance of engaging all stakeholders. She said that they had not initially seen the value of bringing stakeholders together during preparation of an investment plan but that the common purpose shared had led to much creativity.

In final comments, Toro noted how the CIF had brought two different MDBs together and used their distinct strengths. She emphasized that experiences were combined in the investment plan and said the CIF could provide loans in local currency, which made possible the success of the project. She noted changes in the way the forestry sector is regarded and expressed the hope that everyone outside the forestry sector would realize that it is sustainable and fosters sustainable livelihoods.

Öztürk described concessional interest rates in CIF financing as being crucial in helping banks launch new products; pointed to attempts to develop rooftop solar systems, and make consumer loans to citizens; and emphasized the provision of long loan repayment periods with these new products, leading to transformative impacts.

Herbst said national-level safeguards, rather than those of the MDBs, were used on the projects, and urged use of the procurement process of recipient countries. She cited a TED talk by Susan Scott, who said “the conversation is not about the relationship, the conversation *is* the relationship.”

Buchner closed the panel noting that what matters is the project’s impact, not its size and that transformational change can be achieved via multiple pathways depending on the country context, type of intervention and degree of internal capacity. She urged participants to pay special attention to the unintended side effects of the CIF which could help trigger change.

VI: The Dollars and Sense of Social Entrepreneurship: Does It All Add Up?

This session discussed how social enterprises are working to address the challenges of implementing clean energy, resilience and forestry programs. It was moderated by Ethan Zindler, Head of Americas, Bloomberg New Energy Finance, who observed that social entrepreneurship is a vast issue, defined in numerous ways. He said 1.3 billion people globally lack access to energy and contrasted the big solutions that many seek with the reality that a large number of problems are very localized. He said many solution models are being tested at the local level and will be scaled up only after determining what works.

Niki Armacost, Managing Director, Arc Finance, summarized the stories of four social enterprises funded by her organization, including: a pay-as-you-go system for solar energy; a micro-leasing model of rent-

to-own solar energy equipment; a money transfer service that channels a percentage of remittances into clean energy finance; and a micro-finance organization involved in clean energy lending.

She said her organization was able to finance them with MDB support, as a form of "impact investing" in endeavors either for which companies were otherwise unable to access financing or which they would otherwise have been too conservative to undertake. She commented that they demonstrate that small amounts of finance can leverage big results with the help of MDBs. On the pay-as-you-go solar energy project, Armacost noted that her organization had provided US$40,000, which was leveraged into US$7.2 million finance and a US$4 million loan, and said it had encouraged other similar enterprises.On the micro-leasing model for solar energy equipment, Armacost said her organization had contributed US$70,000 for a management information system to prove the internal validity of their system, which leveraged millions more.

Paul Needham, President and Co-Founder, Simpa Networks, described his company's venture to provide solar energy service in a poor area in India. He said his company seeks to replace expensive, dirty, dim and dangerous kerosene lanterns with solar power, using a business model that eliminates the significant upfront costs of buying solar energy equipment by creating a prepaid metering technology and treating it as a service. He said the venture had benefited from, *inter alia*, grant funding, technical assistance, equity financing, support from the USAID and private investors.

Needham said poor people can afford solar power because of its low maintenance costs which make it actually cheaper than kerosene, but that they cannot afford the upfront cost of solar and other renewable energies. He said the prepaid metering technology works like a prepaid mobile phone: the customer makes a low downpayment on the equipment and prepays for energy in whatever increments they can afford, and after two years they own the equipment outright and have free solar energy. He said his company employs agents from the villages as trusted "energy friends" who work on commission to collect payments and send the company an SMS when a payment has been made. He said Simpa then sends the customer a code to unlock the system. Simpa's role also includes providing marketing and bringing in more finance to expand the venture. He noted that by the end of the third year, there were 16,000 customers, with 1,000 joining each month, and the company's new three-year plan is to reach one million people. He noted that Simpa is creating jobs, skills and opportunities for families and small businesses by providing access to reliable electricity.

Sagun Saxena, Managing Partner, CleanStar Ventures, described his company's venture to develop and market a proprietary biofuel to replace reliance on charcoal for cooking in Mozambique. He said using charcoal as fuel has environmental impacts such as: largescale deforestation, with ten trees needed to produce a kilo of charcoal; the need to transport bags of charcoal over huge distances; and the carbon emissions produced by burning charcoal. It also carries social impacts in that the cost of charcoal takes up to 25% of the household income of urban populations. He said the CleanStar venture concept aims to create a new value chain for sustainable urban cooking equipment to compete with charcoal and to meet the criteria of commercial viability, scalability, sustainability, and core capabilities and passion over a ten-year timeframe. He reported his company's roll-out strategy to implement a commercial proof of concept at a city-wide scale, with a long-term aim to refine the venture and take it to the global scale. He said US$20 million was raised in investment funds but it was also registered as a Clean Development Mechanism (CDM) project in 2013.

Saxena reported that several stages of financing were used: first, for testing of a range of technologies and solutions, with the finding that ethanol was the most attractive fuel, being much safer, more

efficient and more sustainable in taking feedstock from local agricultural production; second, for valuing the carbon emissions reduced from switching from charcoal to ethanol and creating a distribution infrastructure, including a storage facility and network of resellers; and, finally, for the commercial launch of sales with an advertising campaign based on assessments of previous attempts.

He reported good results from the venture, including great demand for the product, but said the concept was evolving to increase commercial viability and scalability as the costs are too high, the stoves take too long to build, the range of products is currently too limited to fit all customers' needs, and there is a shortage of human resources. He explained that modifications being undertaken include: working with the existing natural gas fuel supply chain infrastructure to get the fuel into customers' households; creating a new stove platform and a range of other items to use ethanol; and developing new distribution machines and fuel points from which to buy refills. He said he plans to seek seed funding, grants, equity investments and joint ventures with local oil and gas companies, and to work with governments to deploy the concept in other countries and make a significant crack in the charcoal market.

Marion Allet, Senior Programme Officer, Participatory Microfinance Group for Africa (PAMIGA), described her organization's micro-finance services to the poor in Ethiopia, who are excluded from the banking sector because they have low education and no formal collateral or assets and are therefore perceived as high-risk. She was joined by Amsalu Alemayehu of Wasasa MFI, a micro-finance institution in Ethiopia, who said his institution makes small loans with flexible repayment systems that are linked to seasonal agriculture, with repayment not due until harvesting time. He told of several cases in which borrowers have been able to branch out into other businesses selling such items as beverages, kerosene for lighting or firewood for cooking.

Alemayehu highlighted his institution's recent expansion into solar energy and biogas solutions, noting that the poor would otherwise have little cash to pay for these technologies upfront and stressing the huge potential for scaling up such enterprises. He acknowledged that this type of loan is not for income generation but is linked to the functionality of the product, including its time saving and positive health impacts. He said that Wasasa clients trust them and listen to the advice of their loan officers on energy solution choices. He said Wasasa is a not-for-profit institution, although it makes a profit to sustain itself, and that the goal of financing in clean energy is to meet social objectives as well as create business opportunities for investors. He acknowledged the need for PAMIGA's support and for liquidity from other sources as well, such as the World Bank and the Development Bank of Ethiopia, given the huge demand for loans in rural areas.

Allet pointed out that microfinance institutions can be a channel for clean energy investments but that they must learn how to do it and need support in terms of technical assistance, funding, exchange of experience and stakeholder awareness raising. Alemayehu noted that rural people need to be reached as they have a huge impact on natural resources as the main occupiers of those areas.

DISCUSSION: In the ensuing discussion, a representative from Lesotho asked whether Arc Finance gets a return on its investment. Armacost responded that Arc Finance is a not-for-profit organization financed through grants and agreements with bilaterals and multilaterals, so the countries in which they work must fill the requirements of those agencies.

In response to a comment that ethanol is illegal for household use in Kenya because people drink it, Saxena recommended denaturing the alcohol, which renders it nonpotable. He also noted that the

Global Alliance for Clean Cookstoves is working to establish enabling environments to allow this technology to emerge into the mainstream. Regarding questions on sources and sustainability of feedstock, Saxena said that ethanol can be produced in many ways, some good and some bad, and said his company is working to achieve certification of sustainable sources. He said the carbon intensity of charcoal is so bad that even the worst ethanol is better, but called for sustainable, local production from sources such as sugarcane. Another participant said Zambia has had some similar projects and questioned the difference between using ethanol and using other energy sources, stating that Zambia is pursuing natural gas. Noting his company's new partnership with gas companies for distribution, Saxena pointed to the need for both at opposite ends of the cooking fuel market—natural gas for the top 20% of the population and ethanol for the rest who are currently using charcoal. To a comment on the political barriers to ethanol in India, Saxena noted that there are barriers in many markets so that for now his company is focusing on more accessible markets.

To a question on the tension between profit and meeting development banks' demands on social goals, Needham stressed the need for balance and voiced confidence that people are fairly mature in reconciling the need for balance. He said one key issue is getting the right kinds of investors. He also noted that his company follows the philosophy that it will maximize social impact by maximizing profitability, although he acknowledged that day-to-day decisions are difficult when it is a question of having a big impact versus helping a poorer customer who is more difficult to serve. He said this issue cannot be eliminated but noted that companies have long been transacting with poor people as labor to produce consumer goods for developed countries while companies such as his now treat them as the customers, which he said respects their needs much better than a company that only wants cheap labor.

Allet recommended taking time upfront to consider what metrics to track and tracking those that matter most for the social impact story of the business, such as number of kilowatt hours delivered, number of businesses created or number of women entrepreneurs the venture has helped. To a question from Zindler on how to balance the demands of investors with different expectations, Saxena replied that the job is hard, saying his company has two employees working full-time on mobilizing capital. He commented that his company had to get a development finance institution (DFI) onboard early, noting that it had been helpful to show that an international DFI was a major shareholder in order to attract other investors. Allet noted that PAMIGA faced the same issues of how to get different types of investors to agree on a common direction and work together in building their energy portfolio, given that some are more risk averse and commercial while others are more socially minded and innovative. She remarked on the necessity of building trust in the absence of any track record.

VII: Mini-Grid Mania: Are Mini-Grids the Next Mobile Phone Revolution?

This session addressed whether distributed energy generation through mini-grids can be a solution for achieving sustainable energy for all. While acknowledging that sustainable business models for mini-grids have yet to be widely deployed, the session asked whether mini-grids will yield the next big revolution, like the mobile communications revolution, or remain theoretically attractive but commercially unviable.

The session was moderated by Paul Needham, President and Co-Founder, Simpa Networks, who noted that 1.3 billion people still lack access to electricity, live in remote areas and are unreachable by traditional electricity. He noted enthusiasm about the provision of electricity by solar microgrids, which

many commerical operators think is a panacea for expanding access to clean and reliable energy, although it is still in its early stages and replicability and scalability is difficult to determine.

He cited initial problems with collecting payments by users. As an example, he told of an enthusiastic solar entrepreneur who had initially built two small scale microgrids and intended to expand operations by obtaining debt capital. However, when one customer could not pay, other customers said that they would not pay either and he found himself in a difficult situation. In another village, some people complained that the microgrid wasn't working, and only wanted to pay for the days when the mini-grid was working. While at first he was a hero for bringing electricity to the villages, he now found himself "sneaking around to see who was lying and cheating" and saw his collection model breaking down. He was unable to raise capital and was not sure that his system was workable.

Niki Armacost, Managing Director, Arc Finance, noted great interest in micro-grids, emphasized assessing the client's ability and willingness to pay, and stressed the importance of mechanisms to ensure payment. She mentioned pay-as-you-go as a possible solution. However, she acknowledged that distributed energy generation is more complex than running a solar retail company, stressing the need for land tenure, a regulatory system and a system operator. She said the jury is still out on whether this model will succeed, noting that the capacity that exists is in engineering rather than in human management.

Pavel Oimeke, Director, Renewable Energy, Energy Regulatory Commission, Kenya, provided an analogy with mobile technology, noting that previously only a few landlines existed in Kenya and, in 2000, less than 1,000 people were using mobile phones, while now Kenya has over 30 million users. He said close to 80% of Kenya's population lacks access to electricity, citing huge potential benefits from mini-grids, which could bring about a revolution in terms of expanding electricity access, particularly in highly populated areas. He cited a gray area in terms of a regulatory framework, questioning what can be done to enable private entities to operate mini-grids. He said since energy demand is huge, a small mini-grid can change communities; for example, residents can begin income-generating activities. He suggested a prepaid system, where cases of default are low.

Needham said electricity regulators cap how much utilities can charge consumers, although higher prices are sometimes charged for mini-grid generated energy. He asked whether regulation constitutes a barrier to investment and whether concern exists over this, querying why they should not be allowed to charge what they can. Oimeke responded that mini-grids must get approval, and that while approved tariffs might be higher, the regulator's job is to ensure consumers are not shortchanged.

Jiwan Acharya, Senior Climate Change Specialist, Energy for All Partnership, ADB, said that, growing up in Nepal, he was amazed when he saw an electric lightbulb for the first time at nine years old. He noted problems with the regulatory regime, saying that tariff-setting could affect investor confidence, and that investors need protection.

Gianluca Signorelli, Co-Founder, Empowered by Light, described his organization's work on mini-grids in Zambia, pointing to the installation of a PV microgrid at a high school that had a diesel generator. He said that people value the electricity more if they have to pay for it, citing the need to have a stake in the grid and a role in its success over time. He said people began using more power than expected, with appliances, for example, and so limits on the amount of energy any one person could use were instituted. He explained that this did not cause a probem because people adjusted.

Moderator Needham said predictability, rather than a regulatory framework, was the issue. He asked why prices should be regulated at all and suggested charging what customers can afford.
Armacost said the sector is young and that growth has been fueled by a lack of overregulation. She cautioned against overregulation to give businesses a chance to grow and be effective, and said that regulators should initially watch carefully from the sidelines. Oimeke cited the need for protection and licensing, particularly if utility companies come in five years down the line. He said owners overcharge because they have a monopoly, and regulators ensure the system in fair, are there to add value and protect consumers, "not just to say no." He also noted that commerical players are able to go where the grid may not ever go. Needham suggested customers might be better off if they are paying less for these mini-grids than for kerosene.

DISCUSSION: During the ensuing discussion, an independant consultant asked about regulating the millions of diesel-run microgrids, given their contribution to climate change, and noted that their regulatation is often overlooked. She cited difficulties with regulating millions of mini-grids through a tariff system, noting that owners will charge what they want even if a tariff is set low.

Oimeke said diesel regulation does tend to be overlooked by enforcement agencies. He said that regulations exist for wind and solar. He maintained that when power generation is not just for personal use but will produce energy to be sold to others, regulators need to be involved to protect consumers.

Needham asked about other kinds of pricing systems. Acharya cautioned against doing anything that might destroy the market, and called for a balanced approach. He suggested choosing payment systems that work best for the users, such as charging on a monthly basis, pay-as-you-go or per kW hour. He said those with the lowest prices should get the contract, stressing the importance of competition.

A representative from the World Bank said having a national regulator set prices for mini-grids was a bad idea as they are not equipped to understand the price structure, noting that national regulators regulate national utilities and tend to be rescued by the government when things go wrong. He noted that many mini-grids are developed with public subsidies.

Armacost underscored that the existence of many models, with different subsidies and different technologies, makes questions regarding tariffs challenging. She said most national grids in developing countries are not financially sustainable, and this must be addressed before trying to regulate mini-grids. She noted that if individuals do not want to pay tariffs they push back, and pointed to the establishment of pay-as-you go and metering systems.

Referring to remote areas, a representative of the IDB asked about management area training of local people, the variety of mini-grid models, and initial financing. Needham said that in some cases bills are paid when the boss from headquarters is about to show up, as the local level operator has no authority to shut off the power.

Acharya said facilitation work, grant assistance and scalability are required to ensure bankability. He also emphasized developing appropriate systems and technical capacity to be able to scale up mini-grid systems. Armacost stressed the importance of: considering the political dynamics of communities; understanding local and state level politics and knowing when elections are taking place; and determining who has the best skills to operate the system and collect the money.

Oimeke said that private companies often use pay-as-you go systems, avoiding collection issues or electricity theft, because with mini-grids the owners install and control the panels.

A participant from Switzerland asked about the role of traditional funders and donors and whether the sector can absorb large sums of money. Signorelli highlighted: the challenge of financing fragmented portfolios with small individual sizes; and the need for standardizing designs and scales. Armacost said setting up one grid without a realistic expansion plan was not viable. She likened it to a house of cards: asking whether it will fall down or weather the storm.

Acharya cited difficulties with financing or investing in such small projects and said the challenge lies in coming up with new methodologies or approaches to support small entrepreneurs. He stressed the importance of aggregation, replication and scaling up of successful models and technical assistance projects.

Needham asked about other business models or revenue streams, such as rentals and chargeable solar lanterns. Armacost discussed an example in India where biomass is used to power mini-grids, and said when people realized waste could be used to power electricity, prices increased.

In conclusion, Needham returned to the story he began with, describing a low-tech solution to the problem. He explained that a model, which he characterized as successful, was introduced to incentivize people to pay for electricity, which entails self regulation by the community and group liability, whereby customers form self-selected groups of 10-20 customers. He explained that if one member does not pay, the whole grid gets shut off and no one gets electricity. Thus, he said communities self-regulate very well and are careful regarding whom they get together with to join a grid. He said up to 20,000 customers are now using this system, and concluded by reiterating that the industry is in its early stages with interesting pilots being undertaken. He stressed that what works in one country may not work in another and that many models are being explored. He said viewing mini-grids either as “overhyped” or as a panacea to providing energy is a false dichotomy, and that fertile ground exists for microgrid growth.

VIII: Engaging Stakeholders for Climate-Smart Development

This session reported back key messages from the June 22, 2104 CIF Stakeholder Day on enhancing CIF stakeholder engagement at the country level. Panelists exchanged views on: where CIF engagement proves most effective and challenging at the country level; what more should be done to enhance the exchange of information with stakeholders; and priorities for stakeholder engagement as the CIF moves from investment planning to implementation.

Moderator John Clark, Principal, The Policy Practice Ltd., opened the session, explaining that it would focus on options for stakeholder engagement at all levels and ways to overcome barriers. He presented an overview of messages emanating from discussions during the Stakeholder Day, highlighting the need to tailor approaches to the context, particularly when moving from planning to project implementation, by mapping the key stakeholders and considering their needs, strengths, skills, experience, local knowledge, connections and trust. He also stressed balancing priorities (e.g., long-term vs. short-term, local vs. national, climate change vs. development), inclusiveness at the national and local levels and early proactive sharing with stakeholders, keeping in mind that the ultimate goal of stakeholder engagement is to strengthen the effectiveness of the climate funds.

He noted challenges, including: difficult transitions posed by changes in government; monopolization of the microphone by the loudest voices; capture of the process by elite capital-based groups with little connection to local communities; and the need to engage with members of the opposition, parliament and different government ministries. He also mentioned stakeholders' own need for, *inter alia*: a stronger sense of discipline, transparency, downward accountability, accuracy of messages, stronger networking between civil society groups and more democratic processes to select civil society representatives, as well as "peer review" mechanisms through which civil society members can voice conflicting views. He queried whether other funds could emulate the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) model of the FIP and REDD+.

He reported on stakeholder recommendations, including to: use and build on existing structures where possible to increase efficiency and enhance synergies and continuity; build more respectful coordination mechanisms among the MDBs, with common sets of program requirements; and embrace a cultural shift toward a partnership approach to climate-smart development, following nature's message that there is strength in diversity.

Guy Patrice Dkamela, Advisor, Center for Research and Action toward Sustainable Development in Central Africa, identified three needs. First, he stressed wide national consultations among all stakeholders, followed by focused consultations with key stakeholders, in designing investment plans, identifying and validating projects, and selecting project sites. Second, he urged that attention be paid to issues, such as lack of sufficient feedback between the design and project levels, disconnections between stakeholders and resulting lack of continuity, the invisibility of some stakeholders, the need to cover large geographical distances, and potential conflicts between the multiple actors. Finally, he listed aids required for moving forward, including: mapping of all actors; exploration of opportunities to use existing platforms and institutions before creating new ones; consideration of how to achieve greater involvement of vulnerable and less visible groups; continual updates of information on the status of projects, in both directions; and an effective mechanism for handling conflicts. He called for cultivating a new ethic of trust and partnership, noting the difficulty of attaining this. He suggested that "bread and butter" activities might assist in this, noting that people need proof that the process will have a positive impact on their lives.

Betty Bedana, Honduran Association of Smallscale Renewable Energy Producers, stated that stakeholder engagement should be bottom-up rather than top-down, beginning with asking communities how a project will actually work for them. Noting that many projects are in remote communities, she said communities' expectations differ from those of project implementers and that communities often do not realize that projects take several years to implement. She explained that even though consultations may be required by the government, determining community expectations and devising a strategy are difficult. Fr example, she said some communities have an ethnic identity or an attachment to a place while others do not. She called for more consultations in the field rather than in capitals in order to increase understanding of politics and policy at the local project level.

Bedana also advised that project implementers treat the community with respect, finding a way to become part of the community for the period of the project, given its long-term nature. She said it is not for outsiders to say "we have a product that you must use" but, rather, to come with a product that is flexible enough to allow the community to use it. She said that if a project is not fully executed the effort is for nothing and called for performance-based criteria on stakeholder accountability on critical matters, such as who has to go to the bank and who has to pay the money back, and for establishing

parameters for monitoring local implementation. She asked the group to remember who is actually affected and who takes the risks, urging that people and communities must be prioritized in order to address climate change effectively. She noted discontent with the MDBs' current low execution rates.

Abigail Demoulos, Deputy Director, Office of Environment and Energy, US Department of Treasury, noted that the United States is not tasked with implementation responsibilities and so cannot monitor progress, but that, as a shareholder in all the MDBs, it values stakeholder participation and pays close attention to how the MDBs carry out consultations. She said consultations help develop better projects and must be undertaken from the beginning. She noted lack of clarity regarding who is responsible for setting consultation guidelines and that a full range of perspectives can ensure bilateral political support so that when a government changes, support still exists for continuing a project or program. She called for addressing the challenge of moving from the national level to the project level in terms of stakeholder consultations and developing a structure to bring the results of local consultations back up to the national level.

David Kaluba, National Coordinator, Ministry of Finance and National Planning, Zambia, highlighted the importance of identifying relevant stakeholders with a genuine interest in the project who want to make a meaningful contribution, as opposed to "briefcase stakeholders" who make a lot of noise in meetings but whose priority is to advocate a particular cause of their own in order to get donor money. He called for working on ground rules for open, transparent, inclusive, accountable and effective engagement with stakeholders who have a sense of genuine engagement and who have strengths that add value, noting his government's positive experience with an umbrella group of NGOs who conducted awareness-raising programs to enhance readiness. He expressed hope for advocacy to reach policymakers and decision makers in order to achieve project objectives and enhance the wellbeing of people on the ground. He recommended MOUs specifying the form of the partnership and the details of the collaboration regarding resources, capacity and existing structures that can be built upon.

In the ensuing discussion, a representative of CaFAN called for: windows for technical assistance to ensure stakeholder involvement and participation; stakeholder participation in monitoring and evaluation; guidelines that recognize the importance of community and civil society involvement in projects even in the absence of any NGO representative; and a bipartisan approach to climate change projects, working with the government to ensure full participation.

This was followed by a question from the audience on how the implementation process can be closely monitored, with the suggestion that case studies could be brought to the larger group to build collective understanding on how to carry out what is needed.

Another questioner bemoaned the paternalism and conflicts that exist between communities and outsiders and questioned the link between what is financed and what stakeholders need. He highlighted key reasons for stakeholder engagement, including: the need for actors who can point out what is not working at the implementation level, which governments are afraid to do, and propose recommendations for improvement; the possibility that stakeholders can improve communications at the national level among ministries and agencies that do not coordinate effectively; and the fact that community and academic institution stakeholders are permanent actors who retain their expertise even as governments change, and can thus maintain momentum, obviating the need to start over.

One participant called for a new approach to stakeholder engagement to allow stakeholders to participate in decision making and perhaps even policymaking, with greater accountability and

responsiblity. Another member of the audience raised the issue that often the people engaged in national-level consultations do not represent the local level, asking how this challenge can be addressed. He also queried the potential value of a structured engagement process rather than an *ad hoc* approach in light of the cross-cutting nature of climate change, and called for a CIF policy to enhance levels of engagement.

The panelists then made concluding comments noting: further engagement with the stakeholders in CIF committees; the importance of conflict resolution mechanisms to resolve disputes surrounding indigenous peoples; the need to reflect voices from the field in order to execute a successful project; and the importance of being realistic about stakeholder engagement and how to match expectations with reality on the ground, including through a structured process through which they can engage.

IX: Adaptation Champions in the SIDS

As 2014 marks the International Year of SIDS, speakers from a range of SIDS shared how their countries are leading the way to build resilience to a changing climate. Mark Bynoe, Senior Economist and Head, Program Development and Management Unit, Caribbean Community Climate Change Center, moderated the session. He asked speakers to focus their remarks on the following issues: observable changes in climate change over the last 10-15 years; examples of how climate change is being addressed; the actors and institutions involved; potential collaboration areas among SIDS; and why the experience and knowledge of SIDS are so important.

Dessima Williams, former Grenadian ambassador to the UN, expressed appreciation to the CIF for proposing Grenada as a champion of SIDS and highlighted extreme events already faced by the countries in the Caribbean, particularly Grenada, including severe rains, floods and droughts that have a big impact on water supply, and observed sea-level rise. Noting that the sea coast is completely eroded all along the island, she drew attention to the need to protect marine areas and pointed to examples of this, including a marine protected park in southern Grenada, mangrove protection, an underwater park, revitalization of tourism, and improvement of fisheries, coral reefs and oyster beds. She said that making farmers “reef guardians” helps to protect their farming livelihoods, and this is being done. She spoke about Grenada’s integrated adaptation program, which also includes biodiversity and sustainable development strategies, being developed with the PPCR’s assistance. In particular, she noted development of a national coastal zone policy to improve private sector management of coastal assets, restore the reef, and develop a disaster vulnerability and climate risk reduction strategy.

Williams said the the World Bank has provided tremendous support for community engagement. She also highlighted climate solidarity in the Caribbean, saying that Grenada is working with the Alliance of Small Island States to coordinate positions to take to the larger group of developing countries (the G-77/China) in the climate negotiations. She noted the need for the CIF to help to harmonize positions and resources across the SIDS and strengthen SIDS coordination. She said the knowledge and experience of SIDS are important because SIDS are climate change sentinels, on the frontline of climate change impacts, and noted that Grenada is about to submit proposals for assistance to support its National Sustainable Development Plan and some community initiatives to involve farmers in sustainable development efforts.

A participant from the Marshall Islands asked Williams how to increase visibility. Williams replied that climate diplomacy is a great tool for reaching out, which can also sometimes imply technical or financial

assistance. She recommended that such diplomacy not only tell the story of the impacts and vulnerabilities being addressed, but also explain how they are being addressed and how others might complement those efforts.

On a proposal for a vulnerability index as a potential outcome of the Third International Conference on SIDS, Williams asserted that such an index would be useful only if it could capture the common vulnerability of the SIDS, which is not necessarily dependent on GDP.

Amjad Abdulla, Director General, Climate Change, the Maldives, spoke on the climate vulnerabilities of his country, including: climate-related health issues in the form of vector-borner diseases, such as dengue and chikungunya, which was never experienced before 2006; stress on freshwater aquifers and risk of depletion of already very limited surface freshwater and acute drinking water shortages in the dry period; and risks related to critical infrastructure, 80% of which is located within 100 miles of coastline, including 90% of the waste disposal and over 75% of communications infrastructure.

He noted that challenges faced include weak institutions and poor institutional coordination, but pointed to adaptation actions being undertaken, including developing infrastructure and inter-atoll transportation systems, undertaking research on climate change, increasing storage for adequate safe water, increasing awareness, integrating climate change risks into resilient island planning, and developing a Maldives Green Fund. He called the ability to change a measure of intelligence, saying that any species not able to adapt is doomed, but said islands have always been the adaptation champions because they have a common vulnerability. As an example, he highlighted Maldives adaptation to losing its beach by creating an underwater park.

Regarding a question on the best climate adaptation measure for reducing vulnerability, Abdulla noted the tourism sector has adapted to shifting beaches by leaving the beaches natural and building over-water villas and underwater restaurants and spas.

Andrea Volentras, Program Manager, PPCR Regional Track, Secretariat of the Pacific Regional Environmental Programme (SPREP), spoke on changes in the region, noting a proliferation of actors and over 700 climate change-related activities, and much greater awareness and sense of urgency about climate change. He said progress varies within the region, as does access to funding, and pointed to a move by regional organizations to integrate assistance efforts, including joint missions to countries and joint work plans. He drew attention to ongoing efforts, including purchasing land in other countries to bolster food security and legal claims for refugee status, opining that although one judge dismissed this as “a bit flimsy,” in time judges will have a better appreciation of the situation behind such claims.

He noted challenges for regional organizations, with varying levels of experience and expertise, to coordinate on climate change activities, despite the fact that they all have the same membership given that it is countries who are members. He stressed that lack of coordinated missions and messages has been a huge annoyance for recipient countries. He spoke on efforts to improve the situation, including establishing the Pacific Climate Change Portal (PCCP) Working Group on Resilience and Development (WARD) to develop a climate change matrix to show who is doing what where. He commended the CIF, ADB and World Bank for their assistance in creating a regional technical backstopping mechanism in the PCCP.

He called for SIDS to work together on a memorandum of understanding like that of SPREP and the CCCCC, working out perhaps five priority areas in which to have concrete action take place, and noted

that such any solution in the Pacific would be a useful model for all SIDS. He reiterated that SIDS are the first to feel the impacts and that their survival goes to the question of co-existence with nature and the balance needed, noting that Pacific people are resilient and have adapted for centuries, and that while they are fully capable of helping themselves, they will also need assistance. He asked what the collective legacy of the 21st century will be for the planet and future generations.

One participant asked how the high percentage of indigenous peoples in the Pacific is reflected in climate change policy. Volentras replied that both indigenous peoples and gender need to be incorporated within national plans and policies and receive special mention. On a question about championing adaptation in the schools, he responded that there are adaptation and education programs being funded by the German Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Secretariat of the Pacific Community in places such as Tonga.

Hopeton Peterson, Operations Officer, Environmental Sustainability, Caribbean Development Bank (CDB), said the CDM is a catalyst for development resources. He noted that not all small islands in the Caribbean are developing states and said vulnerability is based on socioeconomic circumstances. He called for a developmental approach to address adaptation. He pointed out that since the 1960s the Caribbean has experienced damage and losses from climate change-related events, including increased frequency of hurricanes, but noted economic problems as well, such as the debt burden which limits the space for adaptation. He noted areas affected by climate change include agriculture, water resources, sea level and storm intensity.

Peterson discussed his institution's role at the regional, national and community level to build capacity in regional institutions such as the CCCCC and in renewable energy development. At the national level, he said that his institution assists with country strategy programs, emergency relief grants, immediate relief grants, immediate response grants, rehabilition and reconstruction. He said that at the community level the CDB has a Basic Needs Trust Fund, its flagship program for direct poverty reduction, which is geared toward poverty and development, and also climate to a large extent. At the regional level, he said the CDB has tried to support institutions on rescue and digitization of hydromet data, noting that in project proposals being submitted there is no strong use of climate data. He also noted the revision of the Caribbean Uniform Building Code, a climate change information clearing house, a downscaling of climate models to support decision making, and a Community Disaster Risk Reduction Fund, noting a continuum of adaptation entailing a four-pronged approach: addressing drivers of vulnerability; managing indirect climate risks; building response capacity; and addressing direct impacts.

He identified challenges, such as: a financing gap caused by a shortage of concessional resources to finance comprehensive interventions; high indebtedness, which reduces countries' ability to finance robust capital programs; information gaps; and the need for capacity building. He also highlighted the need for an outcome-oriented results framework for guiding and tracking adaptation and resilience activities, and procedures for incorporating climate risk into project design and appraisal.

One participant noted the need for not just early warning systems, but also for short- and medium-term forecasting. Peterson responded that this goes to the general question of building capacity and the need to ensure that provision is made for building capacity within countries, perhaps through concessional finance.

Another question focused on whether some of the practices being undertaken predispose populations to further potential risks, such as building houses close to waterways that might be washed away.

Peterson responded that land use plans need to be developed and implemented. He also noted that focusing on development has a positive impact on climate change, by increasing resilience, addressing the drivers of vulnerability, managing indirect climate risks, building response capacity and addressing direct impacts.

One audience member stressed the need for innovation, noting that dry farming of roots and tubers, instead of bananas, has been one farmer's adaptation innovation in Jamaica, which could be replicated. Another noted the evolution of the Maldives' Tourism Master Plan with the engagement of the private sector, which was facilitated by the government.

Bynoe concluded by reflecting on the need for innovation by the private sector and the role of the government in facilitating private sector participation.

X: Green Links: REDD+ Readiness and Implementation

This session referred to progress made under the UNFCCC in developing a REDD+ concept based on a phased approach of readiness, upfront investments, and performance-based or carbon-based payments.

Frances Seymour, Senior Fellow, Center for Global Development, moderated the session,which explored the relationship between the three phases of REDD+. She noted that FIP was conceived as a Phase 2 link between Phase 1 preparation and Phase 3 performance-based finance, to provide upfront investment finance for implementation. She observed that the neatness of this three-phase model is not necessarily reflected in reality.

Charlie Parker, Executive Director, Climate Focus North America, presented a CIF-commissioned report examining the relationship between Phases 1 and 2 and how this has affected REDD+ readiness and future finance in the eight FIP pilot countries. He cited three broad requirements for REDD+ readiness: governance; a strategy or equivalent; and monitoring and evaluation systems, listing specific criteria for each. He identified those criteria necessary for Phase 2 success as: political will and institutional capacity; inter-ministerial coordination; and a REDD+ readiness strategy or equivalent, to help countries develop and prioritize their FIP programs and relevant policies and measures to address the drivers of deforestation. He said carbon registries and carbon accounting levels are not important for Phase 2, and pointed out that not all FIP pilot countries have undergone FCPF readiness programs. He called for: continuing Phase 2 funding as an important capacity- and experience-building bridge between readiness and results-based payments; entry and exit criteria for Phase 2; careful consideration of which countries meet the conditions for investment; "planning" rather than "a plan" in order to maintain flexibility to make changes when needed; donor coordination to address the problem of competing donor priorities within recipient countries; reliance on in-country systems; and more formal links between the REDD+ financing phases.

Seymour asked the audience to vote on whether undergoing Phase 1 is necessary before Phase 2, and whether the potential for Phase 3 financing increases effectiveness in Phases 1 and 2. The audience was evenly split on both questions.

Neeta Hooda, Carbon Finance Unit, World Bank, noted that REDD+ was initially demand-driven but had evolved, and stressed prioritization of national ownership of REDD+ programs. She noted that Ghana, for example, has a project submitted to the FCPF Carbon Fund as well as FIP projects and is trying to

synergize these on the ground. The “endgame” is to think of them as part of one national REDD+ program, not as separate FIP or FCPF programs.

Katie Berg, Policy Advisor, U.S.Treasury Department, observed that the question is how the FIP fits in, saying that donors’ priority for the FIP is the development of investment plans that remove barriers to reducing deforestation in recipient countries. She stressed the need for theories of change and big picture perspectives in proposing projects, and noted that Phase 2 projects can inform Phase 1 readiness preparations. Seymour noted that the CIF Independent Evaluation found that Indonesia’s FIP did not address the drivers of deforestation and queried what this meant.

Putera Parthama, Special Advisor to the Minister on Economics and International Trade, Ministry of Forestry, Indonesia, said that in Indonesia addressing commonly recognized drivers of deforestation goes only halfway toward addressing the problem, explaining that according to many policy analyses, the chief reason for deforestation and forest degradation is that large areas of forest formerly licensed for private or state-owned companies are now becoming open access when those licenses are revoked and are thus prone to destruction. He called for reestablishing forest management units in those forests and said the FIP is doing this.

Seymour noted that Burkina Faso initially began with a Phase 2 proposal, then went into Phase 1 readiness preparations, then went back into Phase 2. Samual Yeye, Technical Advisor, Ministry of the Environment and Sustainable Development and FIP Focal Point, Burkina Faso, explained that Burkina Faso wanted to undertake both processes in parallel, presenting its first investment plan in 2010 and then also starting work on a Readiness Preparation Proposal (R-PP). He reported his country’s eventually successful experience alternating between the two Phases, citing: good communication among all parties; investments in grassroots communities; and action to resolve land titles, resolve land management interactions between forests and agriculture, and transform its economy, in the context of its already-existing landscape approach.

DISCUSSION: During the ensuing discussion, Yeye noted the pre-existing long tradition of civil society organizations and dynamic NGOs in Burkina Faso that have direct influence on climate change and land conservation, saying involvement of all actors is advantageous because people already understand the problems. He called on the FIP to change its cost analysis to invest in activities that women and young people can take advantage of to increase their income, noting that the FIP must be built in cooperation with all actors.

A participant from the Democratic Republic of the Congo queried indigenous participation, saying that they were told that indigenous peoples would no longer be involved given his country’s FIP pilot status. An audience member from Burkina Faso called for a framework and mechanism to establish coordination both among FIP countries, observers and indigenous peoples in Africa and at the national level, and that women in particular in Burkina Faso need better coordination and consultation. A participant from the Comorros asked about indicators for monitoring implementation, noting that communities have important responsibilities with regard to implementation. Another participant complained that activities related to the forest have been closed to scrutiny by forest communities and youth and queried FIP’s strategy to address corruption in the forestry sector.

Seymour offered to translate these questions into the framework of the discussion on REDD+ phasing. On indigenous peoples, she asked whether the fact that the DGM is only now providing financing for indigenous peoples, after the investment plans are already in place, hinders meaningful indigenous

participation in the process. Parthama responded that in Indonesia this was not a problem because over 50 consultations were conducted during the preparation of its investment plan. He also noted that local people will be the real beneficiaries of the DGM because they will decide how the fund will be used.

Seymour asked how concerns about participation and engagement more generally map into the different REDD+ phases. Hooda noted the enormity of the task and recommended starting with platforms already emerging or becoming more functional. She also said the same discussion is starting in relation to MRV, towards engaging communities in monitoring and even in carbon sequestration and land use planning. She said it is an issue of transparency and that some good practices exist, which can be emulated.

Seymour said Parker's study found that some of the problems mentioned, such as giving assistance to corrupt governments or undertaking activities inconsistent with indigenous rights, are stalling Phase 3 and asked about links between Phases 2 and 3. Parker responded that the FIP has helped some countries, such as Peru, to increase indigenous participation in developing their plans. Berg added that indigenous participation is an extremely important component of project development and implementation, saying that the process in Peru was very long but worth the wait. She said that it also took time to develop the DGM but that this reflected the thought and participation of the indigenous peoples involved in that. She expressed hope that it will make a meaningful contribution under the FIP.

Parker noted that the three REDD+ phases were intended at the outset to reflect differences in country capacity to participate in the carbon market. He said that the varied audience responses about the ultimate goal of REDD+ reflects the fact that some countries do not need to evolve to the carbon market stage and that it may be too complex. He explained that countries that want to get to the stage of accurately monitoring and reporting can play a role in Phase 3, but that it is important to have a middle phase for countries without the capacity for Phase 3. Observing that going from Phase 1 to 2 is itself difficult, he said many countries want to achieve Phase 3 but that this is even more difficult.

In further discussion, a representative from Cameroon asked what the biggest constraint is to moving forward on REDD+ seven years after Bali: donor willingness to pay or country willingness to "play."

A representative of the Indigenous Peoples International Centre for Policy Research and Education (Tebtebba) urgently called for coordination and harmonization of CIF mechanisms at the national and bilateral levels, noting that it is very taxing for indigenous peoples and local communities to work with multiple programs, such as the FIP and FCPF.

A participant from Peru noted that the private sector had been visible in other parts of the Partnership Forum but that there is an apparent blind spot on private sector participation in REDD+. He queried whether it was mentioned in the remit for Parker's study.

Another participant noted that his country had produced a REDD+ strategy but then the donor country that had committed to investing in its national REDD+ fund went back on that decision. He asked how to ensure proper harmonization and coordination of all the elements required to result in reduced emissions and lower poverty levels.

Seymour asked Berg for more information on donor concerns about paying twice for the same emissions reductions in Phases 2 and 3. Berg noted that this is also an issue for results-based finance under the FCPF Carbon Fund, and said that pilot programs will explore how this Fund can usefully fit together with

FIP. She stressed the need to use limited public funding efficiently by establishing proper procedures, not double counting emission reductions under two different programs and not financing reductions in Phase 3 already supported in Phase 2.

Seymour asked Parthama about coordination in Indonesia specifically, noting that authority and funding for REDD+ are divided between two government bodies. Parthama opined that anything related to REDD+ should be under the ministry with authority over forests. He said that the reason it is not so in Indonesia is political and that the only solution is political change. He noted a possible change in government soon, saying one candidate's platform includes correcting inefficiencies. On constraints to moving forward, he said Indonesia is always willing to "play" regardless of the other side's willingness to pay, noting that REDD+ activities are nothing new, and if assistance is given, someday that will be seen as a bonus.

In closing remarks, Yeye said each country is different but solidarity, dialogue and knowledge sharing provided Burkina Faso with the momentum to keep going and eventually to succeed. Parthama voiced confidence, despite the report under discussion, that Indonesia is on the right track, as evidenced by interest expressed by the World Bank and Danida in co-financing its REDD+ project. He said that Phases 1 and 2 are not black boxes but should learn from each other, activities on the ground can help in defining a national REDD+ strategy, and international institutions should follow countries' national visions.

Berg echoed that no one size fits all and that the important question is how to support all interested countries. She said experience will provide lessons for the future.

Parker reiterated that reliance on in-country systems can counteract fragmentation among donors. He also noted that private sector participation is now focused on supply chains rather than carbon markets and said that many lessons can be learned regarding how to engage with them. He said while this was not a subject of his report, it should be examined.

Closing Ceremony

In closing, Bliss-Guest hoped participants would use the lessons learned to embark upon climate-smart action. She said while climate change requires urgent action, it will take a long time to achieve a low-carbon economy, and that nothing short of transformation is required. Noting that climate change is a paradoxical issue, she stressed that urgent action is required to reduce emissions, but that time will be required to achieve a low-carbon economy. She reiterated the CIF's contribution to transformational change, which she said is "a marathon, not a sprint." Saying that it will take some time before we are able to look back and determine the extent of the CIF's contribution to climate change adaptation and mitigation, she underscored that the CIF has served to raise awareness about the importance of mainstreaming climate resilience and low-carbon strategies into development planning. Noting this was her last CIF Partnership Forum, she thanked participants and MDB partners, and, in particular, CIF Administraive Unit colleagues for all their hard work. She then passed the baton to Mafalde Duarte, AfDB, who will take over as Program Manager of the CIF Adminstrative Unit in August, and asked all to support her efforts.

In her remarks, Duarte noted she is taking over at a time when results are emerging. She said that she hoped to build on the energy and learning that occurred at the Jamaica meeting to ensure the CIF's impacts are real and measurable. She lauded the innovative work undertaken jointly by the MDBs to support countries and contributor country support for climate-smart development. She discussed a deepening of partnerships, deployment of resources at scale and knowledge sharing. She emphasized learning by doing and said only together can solutions be found.

Therese Turner Jones, IDB Country Office Jamaica, said climate change is not just an abstract concept in Jamaica, but something that Jamaicans must deal with everyday. She underscored that it can only be tackled through joint efforts with all stakeholders, and said climate was at the top of the government's political agenda, with institutions and people working toward the same objective. She said the CIF Partnership Forum provided an excellent opportunity to listen and share experiences, including successes and failures. She said the IDB began looking at climate change as a priority in the region around the time that the CIF was born, and noted that the CIF was tracking efforts in a transparent and honest manner and fostering a coordinated global response to climate change. She closed with a quote from John F. Kennedy: "Our problems are manmade — therefore, they can be solved by man. No problem of human destiny is beyond human beings."

Rachel Kyte, Group Vice President and Special Envoy for Climate Change, World Bank Group, said climate change is the greatest leadership challenge this generation will face, and that the climate finance architecture is critical. She said we are often so focused on the future and the magnitude of the challenge that sometimes we forget to "look how far we have come." She said while much still needs to be done, significant progress has been made thus far. She stressed the importance of the Independent Evaluation, as it describes what can be done better and how the track record can be improved.

She said she hoped for higher disbursement rates, and improvement in the scale and speed of disbursements, and leveraging in the most targeted way possible. She emphasized that the steady hand of government and regulatory certainty is essential. She called the CIF partnerships "proof positive" that putting the proper policy regime in place sends a strong signal that government is serious about tackling climate change and investing in resilience. She said that if regulations are in place, the private sector can and will respond and finance will flow.

She underscored that: risks must be taken; important lessons can be learned from failure; the cost of inaction is much greater than the cost of action; political leadership is essential; and climate change action offers many co-benefits, such as those related to health and jobs. She said tradeoffs should not be feared as they are not necessary. Noting that much finance is flowing that cannot yet be adequately tracked and that more is needed for adaptation and resilience, she said a climate deal would not be possible in Paris unless climate finance flows were quantified and tracked.

Kyte said it is not just a climate debate, but a development debate, and that sometimes rewards are felt elsewhere. She reiterated the need to undertake risky projects even if they fail, as that is when the most important lessons are learned, and that failure is something we must become comfortable with. She emphasized that scientific data must be overlayed with economic analysis. She said countries such as Samoa are still indicator species for climate impacts.

Calling for pricing the bad and incentivizing the good, Kyte said the World Bank is working with UN Secretary-General Ban Ki-moon to push for a price on carbon. She underscored that temperature change must remain below 2°C, which will require that global economy to function with zero net carbon emissions post-2050 while still preserving the goals of competitiveness, growth and prosperity. She urged participants to get this message across to their leaders, and called on leaders to express ambition levels at the UN Climate Change Summit in September. She expressed hope for a global economy functioning with zero net emissions by the second half of the 21st century, and cautioned against losing sight of finding long-term solutions.

Kyte noted the necessity of retooling the signals we send within our economies. She stressed that an excellent foundation has been established for an architecture we have not yet built or aspects we have not yet imagined. She called for recommitting to this partnership effort.

Ian Hayles, State Minister, Ministry of Water, Land, Environment and Climate Change, Jamaica, said governments must change the way they work given the nature and complexity of, and enormous challenge posed by, climate change, and that they must engage the private sector and civil society. He lauded efforts of the CIF to develop innovative tools to promote renewable energy, mainstream gender, monitor and evaluate adaptation actions, and share knowledge. He urged viewing transformational change as a process rather than an event in achieving a low-carbon development strategy.

Hayles highlighted his key takeaways, including: the need for decision makers to be more involved; the importance of countries owning their climate response programs; the need to make climate change action part of the local agenda as well; the necessity of stakeholder partnerships, including the integration of local actors; and the importance of engaging the private sector. He reemphasized his commitment to implement policies to build climate resilience and expressed his solidarity with the need to reduce emissions and adapt to climate change. He thanked the CIF, the IDB and other partners, as well as participants, for the rich dialogue, and said he looked forward to futher sharing of experiences and hearing about progress.

The 2014 CIF Partnership Forum closed at approximately 6:00 pm.

Glossary

ADB	Asian Development Bank
AfDB	African Development Bank
CaFAN	Caribbean Farmers Network
CARICOM	Caribbean Community
CCCCC	CARICOM Climate Change Centre
CDB	Caribbean Development Bank
CDM	Clean Development Mechanism
CIC	Climate Innovation Center
CSP	Concentrated solar power
CTF	Clean Technology Fund
DFI	Development finance institution
DGM	FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities
EBRD	European Bank for Reconstruction and Development
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
GCF	Green Climate Fund
GEF	Global Environment Facility
ICC	International Chamber of Commerce
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IFI	International finance institution
IPCC	Intergovernmental Panel on Climate Change
IPR	Intellectual property rights
MDB	Multilateral development bank
PAMIGA	Participatory Microfinance Group for Africa
ODI	Overseas Development Institute
PPCR	Pilot Program for Climate Resilience
SCF	Strategic Climate Fund
SIDS	Small island developing states
SME	Small and medium enterprise
SPCR	Strategic Program for Climate Resilience
SPREP	Secretariat of the Pacific Regional Environmental Programme
SREP	Program for Scaling-Up Renewable Energy in Low Income Countries
UNFCCC	United Nations Framework Convention on Climate Change
WRI	World Resources Institute