

# CLIMATE INVESTMENT FUNDS

JOINT CTF-SCF/TFC.14/5

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Joint Meeting of the CTF and SCF Trust Fund Committees

Washington D.C.

Monday, May 11, 2015

Agenda Item 5

## **PROPOSED MEASURES TO STRENGTHEN NATIONAL-LEVEL STAKEHOLDER ENGAGEMENT IN THE CLIMATE INVESTMENT FUND**

## PROPOSED DECISION

The joint meeting of the CTF and SCF Trust Fund Committees, having reviewed document JOINT CTF-SCF/TFC.14/5, *Proposed Measures to Strengthen National-level Stakeholder Engagement in the Climate Investment Fund*, agrees, in principle, to the measures proposed in the document, including proposals to:

- i. Foster the use of existing country systems for stakeholder engagement by considering in each country the existing regulations, policies, practices, and institutions for participation, particularly existing processes for consultations, and how these can be used, adapted, or strengthened for the CIF purposes.
- ii. Plan and adhere to an effective process of stakeholder engagement, including assisting the CIF pilot countries to conduct regular stakeholder mapping to identify: a) priority stakeholders; b) relevant networks and fora; c) likely issues; and d) the necessary consultations for the investment plans.
- iii. Address capacity needs and foster stakeholder engagement by creating opportunities for substantive exchange between pilot countries for peer-to-peer learning on stakeholder engagement and other related issues.
- iv. Harmonize the principles for stakeholder engagement across CIF programs (CTF, SREP, PPCR and FIP), acknowledging the unique features of the four programs.

The joint meeting requests the CIF Administrative Unit to work with the pilot countries, observers and MDBs to prepare a work program and budget for FY16 and FY17 to carry out the measures agreed above. The proposed work program and budget will be submitted to the CTF and SCF Trust Fund Committees for approval by mail.

## **Acronyms**

ADB	Asian Development Bank
AfDB	African Development Bank
APRM	African Peer Review Mechanism
CAS	Country Assistance Strategies
CBO	Community-based organization
CFP	Country focal point
CPS	Country Partnership Strategies
CSO	Civil society organization
EBRD	European Bank for Reconstruction and Development
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFC	International Finance Corporation
JM	Joint mission
NGO	Non-governmental organization
REDD+	Reducing Emissions from Deforestation and Forest Degradation-plus
SCF	Strategic Climate Fund
SE	Stakeholder engagement
UCS	Use of country systems
UN-REDD Programme	United Nations Reducing Emissions from Deforestation and Forest Degradation program
UNIFEM	United Nations Development Fund for Women

## **Boxes**

- Box 1. Who are CIF stakeholders?
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- Box 3. Principles for enhanced national-level stakeholder engagement
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- Box 6. Managing expectations and building consensus for the FIP in Brazil
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- Box 8. Deepening commitment to FIP stakeholder engagement in Peru
- Box 9. African Peer Review Mechanism: A model for peer learning and support

## I. EXECUTIVE SUMMARY

1. Stakeholder engagement is fundamental to sustainable development; the concept has long been integral to development interventions, and its potential benefits well argued. For the Climate Investment Funds (CIF), stakeholder engagement is an asset required to meet its objective of creating sustainable development through its programs and projects.

Commitment to stakeholder engagement, as well as transparency, is a distinguishing feature of the CIF, a global partnership established in 2008 to scale up climate-resilient and low carbon development in developing countries. The CIF's pioneering programmatic approach to climate finance is encapsulated in the investment plan designed by each CIF country to align with national development goals and reflect national stakeholder input. The CIF emphasizes stakeholder engagement throughout the country to maximize the design and implementation of the investment plan and to build broad-based support. Effective stakeholder engagement is a key element of sound and sustainable decisions, transparency, country ownership, efficient use of CIF resources, and scale up of climate action that balances global climate objectives with local priorities.

2. Many CIF projects and programs are long-run and may stand a greater chance of being sustained if they are inclusive and enjoy broad public understanding and support. Moreover, wide engagement may reveal problems that can be addressed at the outset, and identify stakeholders who may have the knowledge, skills, and experience that the projects and programs need.

3. While the principles of stakeholder engagement are embedded in the CIF governance system and specified in the CIFs' design documents, practice varies. In some countries, stakeholder engagement under the CIF is robust and has led to ground-breaking cooperation. In others, there is a room for improvement of stakeholder engagement. Variations stem from the heterogeneous nature of the CIF portfolio, countries' different traditions and capacities for stakeholder engagement, and differing priorities and resources accorded to stakeholder engagement by the national governments and multilateral development banks (MDBs)<sup>1</sup> overseeing CIF investments.

4. Building on underlying principles of stakeholder engagement, this paper provides pragmatic and cost-effective options to strengthen stakeholder engagement at the national level. These options can be tailored to suit country and project contexts. They are built on a number of good practice examples from the CIF; the policies, guidelines, and best practice of the MDBs that implement the CIF; and the advice and experience of many people interviewed for this paper.

### **Underlying principles:**

- **Draw on the existing body of stakeholder engagement policies and guidelines rather than create new frameworks and tools for the CIF.** The MDBs have policies, guidelines and reports describing good practice that are broadly adequate for the CIF. In addition, governments, international organizations, donors, and many NGOs have a great deal of experience regarding stakeholder engagement in development projects and plans.
- **Learn from and draw on the participatory practice of stakeholder engagement in the design of MDBs' country strategies,**<sup>2</sup> which closely parallel the broad scope of CIF investment plans.
- **Uphold certain universal standards but tailor stakeholder engagement strategies to specific CIF programs and country contexts.**
- **Embrace a differentiated approach based on the different characteristics of the CIF programs and country circumstances.** The CIF portfolio is highly heterogeneous and the pilot countries are diverse; the engagement strategy should be tailored to the context.
- **Seek to employ or strengthen existing country systems and strategies as much as possible.**
- **Develop measures that can be applied swiftly and easily** to avoid possible delays inherent to complex instruments like the CIF with multiple inter-governmental governing bodies and implementing agencies.

## **MEASURES FOR STRENGTHENING NATIONAL-LEVEL STAKEHOLDER ENGAGEMENT IN THE CIF**

### **Foster the use of existing country systems for stakeholder engagement**

5. The use of country systems for stakeholder engagement (i.e., a country's regulations, policies, and practice and its implementing institutions, including forums for stakeholder consultation) has been recognized by governments, MDBs and non-state actors as a relevant instrument for countries whose systems for stakeholder engagement are well developed and working. MDBs already possess information and experience on the use of country systems for safeguard policies, procurement, and consultation.

### **Suggested CIF measures**

6. In each CIF country, consider the existing regulations, policies, practices, and institutions for participation, particularly existing processes for consultation, and how these can be used, adapted, or strengthened for CIF purposes.

<b>Recommended Actions</b>	<b>Responsibility</b>
Identify CIF countries that have MDBs equivalent systems to address stakeholder engagement (the information will be collected from MDBs policies and guidelines).	CIF Administrative Unit with support from MDBs
Collect MDBs existing information and experience on the use of country systems and post on the CIF website	CIF Administrative Unit with support from MDBs

### **Plan and adhere to an effective process of stakeholder engagement**

7. Successful engagement strategies are tailored to fit the needs of a specific context and prioritize participation of stakeholders who have the most legitimate interest in CIF investments or who may have most to offer in terms of experience and expertise. While some of these stakeholders will be immediately obvious, others (particularly local stakeholders) may not be. An important starting point is to undertake careful and objective stakeholder mapping. Mapping helps identify the likely concerns and viewpoints of particular constituencies, their most informed spokespeople, and their existing forums or networks, such as civil society, business or local authority networks, or indigenous peoples' structures.

### **Suggested CIF measures**

8. Assist CIF pilot countries to conduct stakeholder mapping to identify priority stakeholders to engage, relevant networks and forums, likely issues that will surface, and the appropriate degree of consultation for the investment plan and country in question. The mapping should be updated periodically as the investment plan evolves.

<b>Recommended Actions</b>	<b>Responsibility</b>
Prepare best practice guide on mapping based on existing practices within the CIF and beyond (covering stakeholder identification, analysis, relationship visualization, and prioritizations)	CIF Administrative Unit

### **Address capacity needs and foster commitment for stakeholder engagement**

9. Fostering commitment for stakeholder engagement requires leadership, openness, and appropriate reward systems that encourage stakeholder engagement and make it meaningful. Underpinning the systems, processes, capacities, and resources for stakeholder engagement demonstrates a strong commitment to engagement.

## Suggested CIF measures

10. Create opportunities for substantive exchange between pilot countries to foster peer-to-peer support and advice on stakeholder engagement and other issues. To some extent this already happens in the CIF pilot country meetings, but this could be expanded. The CIF could send experienced CIF country focal points to other CIF countries to offer on-the-ground assessment and insight in areas of expertise.

<b>Recommended Actions</b>	<b>Responsibility</b>
Foster peer-to-peer support and advice among countries on stakeholder engagement through expanded experience-sharing mechanisms	CIF Administrative Unit with support from MDBs

## Addressing inconsistency in the CIF governance documents and operational guidelines

11. The CIF governance framework, operational guidelines, and design documents all emphasize stakeholder engagement but vary in the breadth, depth and quality of stakeholder engagement. While it is important to embrace a differentiated approach to stakeholder engagement based on the nature and characteristics of the CIF programs (CTF, SREP, PPCR and FIP), there are principles in multi-stakeholder processes that cut across all CIF programs.

## Suggested CIF measures

12. Ensure harmonization in the principles for stakeholder engagement across CIF programs. In the CIF, a mix of approaches and flexibility are required and there should be no blueprints on how in practice stakeholder engagement is strengthened at country level.

<b>Recommended Actions</b>	<b>Responsibility</b>
Identify principles in the CIF governance framework, operational guidelines, and design documents that need to be harmonized across CIF programs	CIF Administrative Unit

## II. The Relevance of Stakeholder Engagement in the CIF

13. Stakeholder engagement is fundamental to sustainable development. Stakeholder engagement has long been integral to development interventions, and its potential benefits well argued. Stakeholder engagement creates trust between different actors and serves as a mechanism for providing mutually acceptable solutions; it promotes a greater sense of ownership over outcomes, and strengthens sustainability. The development community has over the years developed various stakeholder analysis tools to identify stakeholders and determine the type of involvement that they should have at different stages of the project process (planning, implementation, monitoring, reporting, and evaluation).

14. Strong stakeholder engagement is an asset to international programs that seek to foster sustainable development, and is particularly important to the Climate Investment Funds (CIF). Commitment to stakeholder engagement, as well as transparency, is a distinguishing feature of the CIF, a global partnership established in 2008 to scale up climate-resilient and low carbon development in developing countries. Stakeholders in the CIF comprise government agencies, five multilateral development banks (MDBs)<sup>3</sup>, and non-state actors, including civil society and private sector organizations, indigenous peoples, and local communities.

15. The CIF's pioneering programmatic approach to climate finance is encapsulated in the way investment plans are designed. A country's investment plan aligns with its national development goals and reflects the input of national stakeholders. As well as helping to optimize investment plan design, stakeholder engagement generates support for CIF investment plans, and encourages stakeholder buy-in to aid plan implementation. Stakeholder engagement promotes sound and sustainable decision making, transparency, country ownership, efficient use of resources, and the scaling up of climate action.

**Box 1. Who are CIF stakeholders?**

- National governments of CIF countries, including a lead ministry or department and other ministries
- Five multilateral development banks (MDBs) that support the design and implementation of CIF investments plans and through which CIF financing flows
- Bilateral agencies and other development partners, including UN agencies that may provide co-financing or assist with program implementation
- Private sector actors, including national banks and local financial institutions that provide finance, firms contracted and financed for implementing activities, business associations, chambers of commerce, umbrella groups, and individual firms
- Local government units ranging from small local councils to large sub-national governments
- Civil society organizations (CSOs), including think tanks, research centers, service delivery non-governmental organizations (NGOs), trade unions, advocacy groups, women's groups, community-based organizations, and other civil society groups that may or may not be formally registered
- National and local organizations representing indigenous peoples and local communities

16. The following are the main types of national-level stakeholder engagement in the CIF:

- a) Providing information to stakeholders, including the general public, to elicit feedback, build understanding and support, and avoid disruptive misinformation
- b) Facilitating stakeholder consultation to improve the design of programs and policies, introduce innovations, ensure that local concerns are appreciated and addressed, and build the foundations for effective partnerships

- c) Engaging stakeholders in partnerships to harness skills, perspectives, and reach into important constituencies that can strengthen operations

17. The Independent Evaluation of the CIF (2014) states that the CIF is making progress toward its goal of transformational change by drawing legitimacy from governance principles of equal representation, consensus decision making, transparency, and the inclusion of Observers (representing civil society, indigenous peoples, and the private sectors from CIF countries) who have greater voice in CIF governance than in other, similar funds. Similarly, a 2014 assessment of the CIF by Transparency International cites the CIF's transparency as a best practice, especially in regard to publishing annually project information with the International Aid Transparency Initiative and making all official documents available on the CIF website.

18. While the principles of stakeholder engagement are embedded in the CIF governance system and specified in the CIF design documents, practice on the ground varies. In some countries, stakeholder engagement under the CIF is robust and has led to groundbreaking cooperation. In others, there is a room for improvement. Variations stem from the heterogeneous nature of the CIF portfolio, countries' different traditions and capacities for stakeholder engagement, and differing priorities and resources accorded to stakeholder engagement by the national governments and MDBs overseeing CIF investments.

19. This paper commissioned by the CIF Administration Unit at the request of the CIF governing bodies acknowledges this critique and offers suggestions on how stakeholder engagement in the CIF at the national level could be strengthened. It provides a range of pragmatic and cost-effective options that can be tailored to suit country and project contexts. These are built on a number of good practice examples from the CIF; the policies, guidelines, and best practice of the multilateral development banks (MDBs) that implement the CIF; and the advice and experience of many people interviewed for this paper.

**Box 2. Benefits of well-planned and sustained stakeholder engagement in CIF countries**

- Creates trust among different actors and serves as a mechanism for providing mutually acceptable solutions to development challenges
- Promotes a greater sense of ownership over outcomes, and consequently, strengthens sustainability
- Can lead to the identification of non-state actors who can contribute needed knowledge, skills, and experience to complement government efforts
- May help identify potential problems or pitfalls in investment design early on, reducing uncertainty and possible need for subsequent revision
- Can help instill broad public understanding and support
- Contributes to balancing global climate objectives with local development needs
- Reflects the goal of the CIF in advancing the climate change agenda in an open, transparent, and sustainable manner
- Can help maintain accountability. In the case of publicly funded projects, it provides an opportunity to hold policy makers to account.

## **Stakeholder engagement in the CIF governance and operational framework**

20. The CIF governance framework, operational guidelines, and design documents all emphasize stakeholder engagement but vary considerably in detail. In the Clean Technology Fund (CTF) founding document describing its operations,<sup>4</sup> the MDBs are encouraged “to build partnerships with each other and a wide range of institutions and stakeholders on climate change, including the private sector” and to involve development partners, UN and other multilateral agencies, investment agencies, private industry and “other stakeholders” in the design of investment plans.

21. The three programs comprising the Strategic Climate Fund (SCF) all require broader stakeholder engagement and their operational guidelines provide more detail on what this entails. The design document of Scaling-Up Renewable Energy in Low Income Countries Program (SREP) states that joint mission “should engage appropriate UN agencies and other development partners, private sector, local governments, national civil society, indigenous peoples and local communities.” The Pilot Program for Climate Resilience (PPCR) design document is similar, yet does not refer specifically to local governments or indigenous people.

22. The Forest Investment Program (FIP) design document is the most explicit in requiring the investment plan design process “be inclusive, transparent, and participatory, involving: sectoral ministries; provincial, state or local authorities; development partners working in the country, including UN and bilateral development agencies; representative NGOs, indigenous peoples organizations, women’s groups and local communities; private sector; and other stakeholders.” It also requires that investment plan drafts be made publicly available for comment on a government website at least two weeks prior to submission to the CIF governing bodies. Similarly, only the FIP requires the government to establish a “multi-stakeholder national level steering committee to assist in program planning, implementation, monitoring, and evaluation, which should include representatives of provincial, state and local authorities, indigenous peoples and local communities, NGOs, private sector, and other members of civil society.”

### **MDB approaches to stakeholder engagement**

23. Five MDBs channel CIF funding to countries and support them in developing and implementing CIF investment plans: the African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB), and the World Bank Group (including the International Finance Corporation, IFC). Each employs its own policies and guidelines when implementing project financing but follows CIF requirements and guidelines when helping governments to design and implement investment plans.

24. The MDBs have all developed policies and guidelines regarding disclosure, consultation and dialogue, and partnerships, which have a strong bearing on the MDBs’ approaches to stakeholder engagement in the CIF. A review of these approaches reveals broad similarities in MDB policies and guidelines regarding stakeholder engagement.

25. MDB policies all emphasize the importance of transparency regarding their operations and a presumption in favor of disclosure. Hence, all MDBs make public a broadly similar range of documents. Their guidelines go further to encourage staff and clients to provide

information in local languages and consider sharing certain draft documents with targeted stakeholders to invite their comments prior to finalizing. The latter may apply where either specialist stakeholders or constituencies with a direct interest in the program in question may have insights that should be considered early on.

26. The MDBs encourage clients and staff to consult stakeholders as good practice whenever stakeholders may have a particular interest or relevant expertise. All MDBs provide guidelines to their staff on good consultation practice or refer to guidelines provided by other official bodies. Such guidelines cover stakeholder consultations regarding country strategies and sectoral and institutional policies.

27. The MDBs also stress the importance of using existing country systems for stakeholder engagement as much as possible. These are the country's own laws, rules and policies, and the institutions and capacities for implementing them.<sup>5</sup>

### **III. CHALLENGES OF NATIONAL-LEVEL STAKEHOLDER ENGAGEMENT IN THE CIF**

28. While national-level stakeholder engagement is important to the CIF, and although MDB policies and guidelines provide common standards, the potential for stakeholder engagement is not always realized. There is variability in the quantity, quality, relevance, and timeliness of information shared during the consultation process. Attention to issues of diversity and the purpose of consultations also varies. In some cases, limits are placed on the effectiveness of consultations; if enabling services like, technology, translation, and continuous dialogue are not provided the credibility of consultations may be negatively affected. Experience to date indicates that there are a number of factors that determine the extent and effectiveness of stakeholder engagement.

#### **Varying emphasis on stakeholder engagement**

29. Differences in the breadth, depth, and quality of stakeholder engagement can sometimes be attributed to the nature of the investments. Highly technical programs, such as the development of concentrated solar power arrays or special financing mechanisms to encourage private investment in renewable energy schemes, may not elicit considerable interest in some stakeholder groups. Other times, however, there is significant interest in a proposed investment for which there has been little or no consultation or information sharing in the design stage. The varying emphasis on stakeholder engagement can result in varying levels of public support and "ownership" of CIF investment plans. However, it would be a mistake to overlook the substantial local impacts of highly technical programs such as CTF and SREP projects; although stakeholders differ in number and type across programs, a concerted effort must be made to identify stakeholders where they exist, and to achieve substantive stakeholder buy-in into a pilot country's investment plan.

#### **Lack of consistency in CIF operational guidelines**

30. The operational guidelines for the CTF are much less prescriptive than those for the three SCF programs. This was in part due to the fact that the CTF was the first CIF program to become operational. At that time, there was a desire to move swiftly and demonstrate impact on the ground as quickly as possible. Consequently, the initial CTF design documents paid much less attention to stakeholder engagement than the equivalent documents for the

three programs under the SCF, which started later. A similar lack of consistency exists among SCF programs.

### **Disparities in stakeholder capacity**

31. The success of stakeholder engagement is also greatly dependent on the strength of civil society and the private sectors in the country and their capacity to engage with governments and MDBs. The degree to which the MDB encourages stakeholder engagement in terms of staff resources and procedures also plays a role. On the government's side, the existence of national structures that can be used as platforms for stakeholder engagement, including the availability of resources for consultation and partnership, is crucial but not always clear-cut.

## **IV. MEASURES FOR STRENGTHENING NATIONAL-LEVEL STAKEHOLDER ENGAGEMENT IN THE CIF**

32. The CIF must be attentive to pilot countries' local priorities without losing sight of its primary and urgent global aim of contributing to tackle climate change. Increased attention to stakeholder engagement during the design and implementation of CIF investment plans could result in greater efficiency and public support for climate action; however, the process of stakeholder engagement can be time-consuming and costly. Given the heterogeneity of the CIF portfolio, approaches to designing and implementing stakeholder engagement strategies must be flexible, pragmatic, cost effective, and uphold certain universal standards exemplified by good practices from the CIF and elsewhere.

33. Building on five underlying principles (see Box 3), as well as review of CIF experience conducted for this paper which closely parallels the experience recorded by MDBs more broadly, measures to strengthen national-level stakeholder engagement in the CIF support three main areas of action:

- a) Foster the use of country systems for stakeholder engagement for both government and non-state stakeholders to ensure efficiency and contribute to country ownership
- b) Plan and adhere to an effective process of stakeholder engagement to ensure the timeliness of consultations, the selection of stakeholders to engage, and the preparation and follow-up of key meetings
- c) Address capacity needs and foster commitment to ensure the engagement process is professionally managed, government organizers are well placed to learn from the process, and non-state stakeholders are able to contribute

### **Box 3. Principles for enhanced national-level stakeholder engagement**

**1. Draw on the existing body of stakeholder engagement policies and guidelines rather than create new frameworks and tools for the CIF.** The MDBs have policies, guidelines and reports describing good practice that are broadly adequate for the CIF. In addition,

governments, international organizations, donors, and many NGOs have a great deal of experience regarding stakeholder engagement in development projects and plans.

**2. Learn from and draw on the participatory practice of stakeholder engagement in the design of MDBs' country strategies,**<sup>6</sup> which closely parallel the broad scope of CIF investment plans.

**3. Uphold certain universal standards but tailor stakeholder engagement strategies to specific CIF programs and country contexts.**

**4. Embrace a differentiated approach based on the different characteristics of the CIF programs and country circumstances.** The CIF portfolio is highly heterogeneous and the pilot countries are diverse; the engagement strategy should be tailored to the context.

**5. Seek to employ or strengthen existing country systems and strategies as much as possible.**

**6. Develop measures that can be applied swiftly and easily** to avoid possible delays inherent to complex instruments like the CIF with multiple inter-governmental governing bodies and implementing agencies.

### **Foster the use of existing country systems for stakeholder engagement**

34. The use of country systems for stakeholder engagement (i.e., a country's regulations, policies, and practice and its implementing institutions, including forums for stakeholder consultation) has been recognized by governments, MDBs and non-state actors as a relevant instrument for countries whose systems for stakeholder engagement are well developed and working. The use of country systems could increase country ownership of CIF investment plans and projects, and enhance efficiency in the development and implementation of programs.

35. Some CIF countries have successfully used existing stakeholder engagement systems, such as multi-stakeholder processes used in formulating national development plans or environmental programs. In some FIP countries, national government focal points and the MDBs consult with the multi-stakeholder REDD+ steering committees. In other CIF countries, existing forums have been extended to serve as multi-stakeholder steering groups to inform the CIF investment planning process. At the time of writing this paper, an interested multi-stakeholder group in Rwanda was being consulted to support the design and development of Rwanda's SREP investment plan. Such approaches allow stakeholder engagement to be continuous rather than one-off, enriching CIF investment design and potential impacts and enhancing country ownership and support for the investments plan.

36. Country systems vary considerably by country, especially government policies and practices regarding information disclosure, stakeholder consultation, developing operational partnerships, and permitting (or encouraging) non-state actors to play a role in monitoring and oversight, including helping affected parties express their concerns or press for compensation. MDBs already possess information and experience on the use of country

systems for safeguard policies, procurement, and consultation. MDBs also provide support for strengthening country systems where there appear to be gaps or weaknesses.

### Suggested CIF measures

37. Identify CIF countries where their consultation polices and infrastructure are assessed as being equivalent to the MDBs’ systems.

<b>Recommended Actions</b>	<b>Responsibility</b>
Identify CIF countries that have MDBs equivalent systems to address stakeholder engagement (the information will be collected from MDBs policies and guidelines)	CIF Administrative Unit with support from MDBs
Collect MDBs existing information and experience on the UCS and post on the CIF website	CIF Administrative Unit with support from MDBs
Identify best practices and facilitate experience-sharing among CIF countries on the use of country systems and country coordination	CIF Administrative Unit with support from MDBs

### Plan and adhere to an effective process of stakeholder engagement

38. If adequate systems are in place, the second priority is to ensure that effective processes are implemented for stakeholder selection and engagement planning and follow-up. Successful engagement strategies are tailored to fit the needs of a specific context and prioritize participation of stakeholders who have the most legitimate interest in CIF investments or who may have most to offer in terms of experience and expertise. While some of these stakeholders will be immediately obvious, others (particularly local stakeholders) may not be. An important starting point is to undertake careful and objective stakeholder mapping. This will also help identify the likely concerns and viewpoints of particular constituencies, their most informed spokespeople, and their existing forums or networks, such as civil society, business or local authority networks, or indigenous peoples’ structures.<sup>7</sup>

#### **Box 4. Mapping PPCR stakeholders in Tajikistan**

The Tajikistan PPCR experience illustrates the value of thorough and early stakeholder mapping. Initially only a few stakeholders were consulted on the investment plan, and these were mostly in the capital Dushanbe. Local and international NGOs, flagged this concern, and subsequent consultations were expanded, revealing important issues that had been overlooked. Commitment was made to a broad, nine-month consultation process throughout the country to identify PPCR priorities consistent with national action plans. International NGOs, including Oxfam, and the Tajikistan NGOs’ Climate Change Network helped identify

local organizations to consult. The process led to a thorough revision of the investment plan, giving greater priority to concerns of gender and small food producers. The government's PPCR Secretariat has sustained the engagement by forming a Steering Group comprising NGOs, research institutes, the media, and local and national government, among others. Civil society is now an active participant in the implementation of many program components, and the PPCR is widely supported nationwide.

39. Where there is less widespread or more specialized stakeholder interest, particularly where investment plans do not entail major local impacts, a more simplified strategy may be warranted. This could be achieved by engaging relevant stakeholders bilaterally or in small multi-stakeholder meetings rather than focus groups and large forums; email or web-based consultation may be more appropriate than physical meetings under these circumstances.

#### **Box 5. Overcoming inadequate CTF consultation in the Philippines**

In the Philippines, planning of the CTF investment plan started with an effort for stakeholder consultation, albeit neither thorough nor well documented. An initial investment concept—to feed small-scale renewable electricity generation into the national grid—was very popular with those consulted, but it became apparent that the project would not proceed because the power utility refused to raise the tariff to a level that would make solar electricity production viable. At this point, the government switched focus to different priority: the promotion of electric vehicles to replace three-wheeler taxis in major cities. Many private sector and CSO stakeholders expressed shock by the abrupt change about which they had no opportunity to contribute. Many felt that their voice had been ignored, and the concerns of the urban sector had trumped rural priorities. Controversy ensued and the investment plan was suspended pending an urgent renewed effort of stakeholder engagement.

This time, stakeholder engagement was carefully planned and well-documented, resulting in the continuation of the electric vehicle project as the investment plan's lead element, with the addition of a mix of smaller programs for renewable energy and energy efficiency. In the end, not all parties were satisfied and the investment plan was delayed, but the process to find compromise helped repair relationships and rebuild trust.

40. Stakeholders should have a clear understanding of how their contributions will be used and the degree of influence their input will have in the development and implementation of the investment plan. Adherence to an effective plan of stakeholder engagement would enable appropriate management of stakeholder expectations.

#### **Box 6. Managing expectations and building consensus for the FIP in Brazil**

The initial deliberations for Brazil's FIP investment plan were purely intra-governmental, establishing the broad parameters of the program. Notably, the plan springs from the existing National Development Plan (for which there had been extensive consultation) and targets the

Cerrado region (since other internationally supported programs overwhelmingly focus on the Amazon), with the goal of returning 30 percent of Cerrado land to forest cover. These guiding parameters helped set realistic stakeholder expectations as engagement expanded to non-state actors.

Consultation with local stakeholders proved invaluable and led to negotiations regarding the land to be developed, exclusions for most small land-owners, and appropriate processes of compensation. For a program focusing on an issue as sensitive as land tenure, and affecting a great many indigenous peoples, the Brazil FIP experience has been a model of consensus-building. This stakeholder engagement has continued into implementation, in particular with multi-stakeholder contributions in coordination and monitoring.

41. Finally, proactive information dissemination is key to effective stakeholder engagement. It goes beyond formal disclosure regulations to find ways of sharing current thinking on CIF investment plans, such as sharing draft documents or “public information” versions of those documents with stakeholders prior to consultation events. Information sharing shows stakeholders that they are valued and helps to make consultations more productive. However, there are risks to information sharing; for commercial or other reasons, material may be too sensitive to share.

42. Where there are diverse stakeholders, and national interest in the investment plan is likely to be intense, an external specialist may facilitate event planning, documentation, and follow-up.

**Suggested CIF measures**

43. Assist pilot countries to conduct stakeholder mapping to identify priority stakeholders to engage, relevant networks and fora, likely issues that will surface, and the appropriate degree of consultation for the investment plan and country in question. The mapping should be updated periodically as the investment plan evolves.

<b>Recommended Actions</b>	<b>Responsibility</b>
Prepare best practice guide on mapping based on existing practices within the CIF and beyond (covering stakeholder identification, analysis, relationship visualization, and prioritizations)	CIF Administrative Unit

**Address capacity needs and foster commitment for stakeholder engagement**

44. Underpinning the systems, processes, capacities, and resources for stakeholder engagement demonstrates a strong commitment to engagement. To foster commitment and work effectively, systems and processes for stakeholder engagement must be adequately funded and manned. Good quality consultation and responsible follow-up need not be expensive, but it is a false economy to underfund stakeholder engagement as it could jeopardize quality or lead to expensive delays, redesign, and other disruptions.

45. While the appropriate mode of engagement could be costly for a few high-profile investment plans, elsewhere costs may be modest. Even where existing forums for stakeholder engagement can be used or a CIF investment plan involves prior-agreed national priorities, there may still be a strong case for additional consultations to involve stakeholders who have not taken part in stakeholder engagement processes to date. These can be seen as relevant costs of project and program preparation that the CIF could bear.

#### **Box 7. Building capacities of community-based organizations in Cambodia PPCR**

In Cambodia, the NGO sector is strong but rural community-based organizations (CBOs) are largely weak having not recovered from the era of conflict. As Cambodia entered into the PPCR and prepared to develop its strategic program for climate resilience, the government asked NGOs to help build the capacity of CBOs to participate in the PPCR process. The NGO Dialogue Forum was established to help dispel common fears about displacement, raise awareness on climate change, and build CBO experience and confidence in expressing their views. Also, \$2 million of a \$7 million capacity building budget was set aside for grants to be provided via NGOs to help communities articulate their priorities and “to capture lessons learned from community-based initiatives.” The government asked the Asian Development Bank to select the NGOs that would receive these grants.

46. Fostering commitment requires leadership, openness, and appropriate reward systems that encourage stakeholder engagement and make it meaningful. Consultations that are simply used by governments to brief stakeholders on their intentions or that involve one-off events will not be seen as serious efforts to engage and can even be counterproductive. Conversely, processes will be more widely respected if information on government plans is shared freely and in advance of engagement events, effort is made to foster on-going engagement, and the government is open to suggestions from the stakeholders and is careful to explain why certain ideas presented are not adopted. This is likely to result in broader support for eventual projects and programs and in the potential for rich partnerships.

47. Both government and non-state stakeholders in Peru demonstrated this level of commitment to stakeholder engagement resulting in a more legitimate and technically strong FIP investment plan that enjoys broad support (see Box 8). Moreover, high-level government participation and support lent validity to the stakeholder engagement process.

#### **Box 8. Deepening commitment to FIP stakeholder engagement in Peru**

In Peru, original stakeholder consultation on its FIP investment plan was swift and narrowly focused. Strong differences of views regarding the proposed approach, coupled with concerns expressed by forest-dwelling indigenous people, who thought that the investment plan was biased towards commercial loggers and palm oil plantations, led to controversy and to a formal complaint. Over a series of 20 meetings conducted in multiple languages, national government and MDB representatives, together with a wide range of stakeholders, reworked the investment plan and established a FIP Steering Committee, including representatives of indigenous peoples, civil society, and the private sector.

It was a costly and time-intensive process that the IDB and World Bank largely agreed to finance. Stakeholders concur it was worth the expense to expand understanding of the core issues and to share perspectives. Some of the funding was channeled to indigenous peoples' networks to deepen their participation. The process led to an investment plan that was significantly modified but more widely accepted, and a government commitment to conduct up-front consultation with affected stakeholders' in future environmental programs.

48. As with other areas of reform, advice and encouragement on stakeholder engagement might be more pertinent and more persuasive if it comes from other governments facing similar challenges. The African Peer Review Mechanism (APRM) illustrates this potential.

**Box 9. African Peer Review Mechanism: A model for peer learning and support**

In the African Peer Review Mechanism, a government invites an eminent panel of African specialists and former government leaders to review its national strategy and comment on its merits and deficiencies. The government then drafts a program of action describing how they intend to respond to the review findings, and presents it to the high-level APRM Forum. Countries that have gone through this process have found it very valuable and a wide array of measures has been triggered as a result, including reforms in governance, democracy, economic management, corporate law, and social development.

The APRM is very much concerned with peer-to-peer support as well as peer pressure. When a government agrees to adopt measures recommended by the review, it is incumbent upon its peers to provide whatever technical and other assistance they can, and to urge donors to help. If a government is hesitant to follow the recommended measures, its peers will first seek to explain the advantages of those measures by sharing their experiences rather than apply political pressure.<sup>8</sup>

**Suggested CIF measures**

49. Create opportunities for substantive exchange between pilot countries to foster peer-to-peer support and advice on stakeholder engagement and other issues. To some extent this already happens in the CIF pilot country meetings, but this could be expanded. The CIF could send experienced CIF country focal points to other CIF countries to offer on-the-ground assessment and insight in areas of expertise. Country focal points of the most effective CIF investment plans could be invited to review early drafts of investment plans from other countries where the intended programs are similar. The CIF could find other finding opportunities for pioneers of best practice to give in-depth accounts of their innovations (including in regional forums).

<b>Recommended Actions</b>	<b>Responsibility</b>
Foster peer-to-peer support and advice among countries on stakeholder engagement through expanded experience-sharing mechanisms	CIF Administrative Unit with support from MDBs

## **Harmonize principles for stakeholder engagement in the CIF governance documents and operational guidelines**

50. The effective implementation of CIF programs (CTF, SREP, PPCR and FIP) entails substantial levels of stakeholder engagement; however, the methods of stakeholder engagement utilized, as well as the specific stakeholders targeted, may vary by program. It is recognized that these variations may be significant when formulating plans to increase the scope and efficiency of CIF-wide stakeholder engagement.

51. The CIF governance framework, operational guidelines, and design documents all emphasize stakeholder engagement but vary in the breadth, depth and quality of stakeholder engagement. While it is important to embrace a differentiated approach to stakeholder engagement based on the nature and characteristics of the CIF programs, there are principles in multi-stakeholder processes that cut across all CIF programs.

### **Suggested CIF measures**

52. Ensure harmonization in the principles for stakeholder engagement across CIF programs. In the CIF, a mix of approaches and flexibility are required and there should be no blueprints on how in practice stakeholder engagement is strengthened at country level.

<b>Recommended Actions</b>	<b>Responsibility</b>
Identify principles in the CIF governance framework, operational guidelines, and design documents that need to be harmonized across CIF programs	CIF Administrative Unit

## V. ENDNOTES

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<sup>1</sup> The CIF is implemented by five MDBs: African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation

<sup>2</sup> For instance, the World Bank has extensive experience regarding stakeholder consultations in their Country Assistance Strategies (CAS). Stakeholder consultation in World Bank CASs started with Uganda in 1996 and by 2005, 29 of the 35 CASs prepared that year included stakeholder consultation. Bank management noted the important contribution of such engagement. Furthermore a Bank-wide review cited wide stakeholder participation as responsible for the strongly results-focused Morocco CAS of 2005 which targeted four broad national priorities: sustainable economic growth, poverty reduction, development of human capital, and sustainable water management (World Bank (OPCS), 2005, *Results Focus in CASs: A Stocktaking*). By 2010, the Bank Procedures for preparing CASs had been modified to expect staff to consult a wide spectrum of stakeholders in preparing, implementing and monitoring the CAS.

Similarly, the Asian Development Bank emphasizes a participatory approach to developing its Country Partnership Strategies, for which staff guidelines state they “will fully involve government and nongovernment stakeholders to ensure broad commitment and ownership of the CPS.” (ADB, 2012, *Strengthening participation for development results*).

<sup>3</sup> The CIF is implemented by five MDBs: African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and the World Bank Group including the International Finance Corporation

<sup>4</sup> *The Clean Technology Fund*, June 9, 2008

<sup>5</sup> Even where the impacts of investments may trigger MDBs’ safeguard policy requirements, some MDBs are starting to consider allowing governments to follow their own approach rather than those set down by the MDB’s legally binding policies if the MDB is assured that the outcome would be equivalent. See: *Use of Country Systems for Environmental Safeguards*, World Bank, 2010

<sup>6</sup> For instance, the World Bank has extensive experience regarding stakeholder consultations in their Country Assistance Strategies (CAS). Stakeholder consultation in World Bank CASs started with Uganda in 1996 and by 2005, 29 of the 35 CASs prepared that year included stakeholder consultation. Bank management noted the important contribution of such engagement. Furthermore a Bank-wide review cited wide stakeholder participation as responsible for the strongly results-focused Morocco CAS of 2005 which targeted four broad national priorities: sustainable economic growth, poverty reduction, development of human capital, and sustainable water management (World Bank (OPCS), 2005, *Results Focus in CASs: A Stocktaking*). By 2010, the Bank Procedures for preparing CASs had been modified to expect staff to consult a wide spectrum of stakeholders in preparing, implementing and monitoring the CAS.

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<sup>7</sup> There are many resources on this, such as ADB’s *Strengthening participation for development results (2012)*.

<sup>8</sup> *The African Peer Review Process in Nigeria*, Adele Jinadu, AfriMAP, August 2008