

CLIMATE INVESTMENT FUNDS

JOINT CTF-SCF/TFC.14/5
April 30, 2015

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 FUNDS

(EXECUTIVE SUMMARY)

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 Funds*, agrees 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 CIF purposes.
- ii. Plan and adhere to an effective process of stakeholder engagement. This includes assisting CIF pilot countries to conduct regular stakeholder mapping to identify priority stakeholders to engage, relevant networks and forums, likely issues and the appropriate degree of consultation for the investment plans.
- iii. Address capacity needs and foster stakeholder engagement by creating opportunities for substantive exchange between pilot countries to foster peer-to-peer learning and advice on stakeholder engagement and other issues.
- iv. Address inconsistency in the principles and requirements for stakeholder engagement across CIF programs (CTF, SREP, PPCR and FIP), with due acknowledgment of the differences in the nature and characteristics of the four programs.

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

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 groundbreaking 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)ⁱ 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,**ⁱⁱ 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 more flexible 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.

Recommended Actions	Responsibility
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.

Recommended Actions	Responsibility
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.

Recommended Actions	Responsibility
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 and requirements for minimum standards in multi-stakeholder processes that cut across all CIF programs.

Suggested CIF measures

12. Address inconsistency in the principles and requirements 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.

Recommended Actions	Responsibility
Identify principles and requirements in the CIF governance framework, operational guidelines, and design documents that need to be harmonized to address inconsistency across CIF programs	CIF Administrative Unit

ⁱ 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

ⁱⁱ 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*).