

CLIMATE INVESTMENT FUNDS

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Washington D.C.
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**INTERIM EVALUATION REPORT: COMMENTS FROM THE CIF ADMINISTRATIVE UNIT AND THE
MULTILATERAL DEVELOPMENT BANKS**

I. INTRODUCTION

1. The MDBs and CIF AU welcome the Final Interim Report of the Independent Evaluation of the CIF and present their joint response here below. The responses have been clustered into the following categories:

- a) comments on methodology and process
- b) major achievements of the CIF partnership
- c) clarifications and areas of improvements

II. COMMENTS ON METHODOLOGY AND PROCESS

2. The MDBs and CIF Administrative Unit would have appreciated an opportunity to receive an agency review draft of the *Interim Report of the Independent Evaluation of the CIF* so as to correct facts and clarify technical issues before the publication of the report.

3. We hope that moving forward, evaluation best practice will be followed. The MDBs and the Administrative Unit would like to recommend that the following be taken into account when finalizing the independent evaluation of the CIF.

- a) An agency review draft of the independent evaluation of the CIF should be shared with the MDBs and the Administrative Unit for correction of facts, clarification of technical issues and comments at least 8 weeks before its publication.
- b) We would suggest that the final report include a methodological annex, including explanations on quality assurance processes and how the feedback from a wide range of stakeholders had been collected and verified (triangulated).
- c) We would also recommend that the final report be concise (not exceeding 50 pages) and contain an executive summary that highlights finding and recommendations.

III. MAJOR ACHIEVEMENTS OF THE CIF PARTNERSHIP

4. While the interim report presents some of the achievements of the CIF partnership, MDBs and Administrative Unit wish to highlight some major achievements, which have not received the attention they deserve.

5. The CIF benefit from US\$ 7.6 billion of pledged donor funding. These resources have been recognized as *significantly scaled-up climate finance* compared to other multilateral channels of climate finance.

6. The CIF represent a *unique partnership* between contributing and recipient countries, the MDBs, civil society and the private sector, which has been instrumental in global efforts to effectively address climate change.

7. The CIF *programmatic approach*, in particular in PPCR, FIP and SREP, has significantly enhanced national efforts to address climate change. Recipient countries have managed to align CIF investment plans with their national development strategies and establish functioning country coordination mechanisms, which in turn have strengthened country ownership of CIF interventions. CIF investments are helping to significantly scale up national undertakings, for example by doubling, tripling, or increasing ten(plus)-fold the currently installed renewable energy capacity, or, as in the case of PPCR, by significantly enhancing climate resilience in key sectors of the economy.

8. The CIF have facilitated an *unprecedented collaboration among MDBs*. This has not only resulted in well coordinated assistance to CIF recipients countries, but has also created a forum for addressing and harmonizing broader climate finance and climate policy issues. The report fails to capture this important fact. Facilitated by the CIF, the MDBs have collaborated on a variety of issues, such as harmonization of GHG accounting methodologies, accounting of climate finance, sharing of lessons learnt and developing global knowledge products, and the use of a variety of financial instruments in different country and sectoral circumstances. It would be worth looking at the cooperation between the MDBs that goes beyond the role of the MDB committee and participation in joint missions.

IV. CLARIFICATIONS AND AREAS OF IMPROVEMENTS

Transformative impacts of CIF programs and projects

9. The final interim report notes correctly that transformation is an important long term goal of the CIF design. It needs to be kept in mind, however, that it is one of several overarching goals, and the report seems to place an undue emphasis on this one aspiration of the CIF. Expectations as to the transformational change that could realistically be achieved in the time since the design of the CIF in 2008 should take into account the amount of available funding, the time horizon and different country circumstances.

10. We note that the report struggles with evaluating "transformational change". CIF documents do not provide a strict definition of transformation. Rather, transformation is considered within the context of country circumstances. Transformative impacts vary in different contexts and circumstances. A transformational activity in a least developed country might not be so in a middle income country. In some countries, transformation has meant penetration of new technologies, a new business model or the use of new financial instruments, whilst in other countries transformation was more about scaling up already proven technologies or models.

11. The experience accumulated in the CIF can serve to further enhance our understanding of efforts to achieve transformative impacts. It would be useful if the evaluators would clarify how they are interpreting "transformation" in their assessment of the CIF investment plans.

Transformative impacts will vary depending upon the size of CIF funding going into a country compared to the overall climate and development finance or related funding flows.

12. For PPCR, the interim report introduces a definition of transformation based on two clusters of "transformational indicators" on which the rating of each SPCR is based. Introducing a new set of transformational indicators as part of independent evaluation is inappropriate. The evaluation should be based on the criteria identified at the PPCR design stage. For PPCR the process of engaging multiple stakeholders, including the government, non-governmental groups, private sector, etc. and creating the "institutional space" to develop a climate resilience program with a common vision has been an important feature of the program, and as such, part of an important transformational process that have taken place in the pilot countries.

13. Based on desk reviews only, the interim report presents far-reaching conclusions on the transformative impacts of CIF projects and programs. We recommend that these issues should be explored more in-depth during country visits and interviews, so that every statement is grounded in evidence. Furthermore, we recommend that transformation should be placed in context of CIF multiple goals and of each country's circumstances and needs.

14. *Monitoring and Reporting:* The interim report does not adequately capture the significant progress made in monitoring and reporting within the CIF programs, in particular, the PPCR. There are important lessons to be learned from this process, especially in the multi-sectorial area of adaptation to climate change and those could be more strongly reflected in Chapters 3 or 8. The evaluation report could benefit from a more detailed analysis of how the overall results frameworks and requirements for annual reporting are connected.

15. *Cost effectiveness:* The interim report puts into question the cost effectiveness of CIF interventions. MDBs have provided detailed information on the cost effectiveness of CTF programs and projects. There are inherent challenges in measuring and comparing cost-effectiveness among CTF projects when defined as CTF investment per ton of CO₂-equivalent reduced. The wide range of dollar per ton estimates can be attributed to a number of factors: (a) technologies deployed, (b) intervention strategies, (c) level of co-financing, and (d) methods used to estimate GHG emissions reduction.

16. *Learning:* In the report, learning is mainly defined in the context of investment plans, projects and programs and monitoring and evaluation. It is worth noting that the learning agenda of the CIF, including its Global Support Program, goes well beyond what is reported and includes a wide array of knowledge products and facilitated opportunities for knowledge and South-South exchanges.

17. The interim report notes that lessons learnt from CIF project implementation may be too late to influence the design of the Green Climate Fund (GCF). Nevertheless, lessons learned in the evolution of the CIF institutional structure and operational procedures could be useful for the design of the GCF. This includes the use of programmatic approaches, results framework, pilot country selection processes, pipeline management systems, financing tools, and the emerging enterprise risk management system. Furthermore, measures employed by the CIF to mobilize private sector investment through a variety of financial instruments, local currency financing,

private sector set-asides and dedicated private sector programs could indeed provide valuable lessons for the design of the GCF.

18. *Technical and quality reviews:* The CTF and SCF Governing Frameworks as well as the design documents of the SCF targeted programs clearly state that at the project and program level, the MDB policies and procedures should be applied, including with respect to quality reviews. The investment plans are reviewed and commented on in-country. The CTF Trust Fund Committee and the SCF Sub-Committees also review the investment plans and projects against the CIF program-specific criteria and objectives. Procedures for the preparation of independent technical reviews of SCF investment plans have been followed, and Trust Fund Committee members have found the reviews useful in improving the quality of these investment plans. The report proposes to enhance the CIF Administrative Unit's role in conducting technical reviews of the projects and providing recommendations to the Trust Fund Committee. This would fundamentally change the nature of the CIF from a network organization that builds upon the policies and processes of the implementing agencies and does not duplicate their efforts, thereby promoting faster and more streamlined processing, to a fund with a secretariat with vastly enhanced technical capacity.

19. *Governance and Management:* The interim report proposes a number of institutional changes which are in our view are not necessary, including a fully inclusive governing body to enhance the legitimacy of the CIF, a regional representative Board membership and a GEF-Assembly like supra body. The CIF organizes a Partnership Forum every eighteen months, which serves as a useful platform to bring together key stakeholders of all CIF programs. In many ways, the Partnership Forum has the same mandate as the GEF Assembly. All MDB-member governments are invited to participate in the Partnership Forum. The CIF Committees and Sub-Committees were intentionally designed to be more business-like to enhance efficient decision making, recognizing that all CIF-funded programs and projects are approved by an MDB Board. The interim report also puts into question the role of MDBs in development of CIF policy and strategy documents. We strongly underline the importance and usefulness of the close collaboration between the CIF Administrative Unit and the MDB committee in the preparation of policy and operational documents.

20. *Resource and Risk Management:* The report highlights slow disbursements, but significant progress has been made in increasing disbursements. The CTF have achieved a significant increase in disbursement in the past year. Disbursements in FY13 reached \$322 million compared to annual disbursements in FY12 of \$85 million. The disbursement profile of the CIF is very similar to the disbursement profile of other projects of the MDBs. The report also highlights "delays in project approval" as another bottleneck. It is worth noting that steps have recently been approved to improve the effectiveness of the CIF pipeline management and a new enterprise risk management system for managing financial, operational and strategic risks is being put in place. In addition, the CIF Administrative Unit has hired additional staff to implement these systems.