



Emerging Perspective and Lessons Learned from the CTF Country Investment Plans Programming

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My name is Joumana Asso. I am the Private Sector Development Specialist for the CIF and I have assumed the coordination of the Clean Technology Fund for a year and a half before Zhihong joined the team, in a phase where we got endorsement of 10 of the 14 investment plans. So I will be sharing some lessons learned from the early phase of design of the CTF Investment Plans.

Overview of the CTF Mission



- The CTF offers countries incentives to invest in demonstration, deployment, transfer, and replication of low carbon technologies, aims at transforming markets and accelerating low-carbon growth without sacrificing economic progress
- Country leadership is paramount to the design of the CTF Investment Plans, which reflect national priorities
- Programmatic approach and a model of partnership maximise the comparative advantages of MDBs and development partners, eliminate duplication, and capitalise on previous experience

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Programmatic approach and cross-sectoral approach to low carbon growth seeks to maximize the comparative advantages of development partners, eliminate duplication, and capitalize on the strengths of earlier initiatives.

Bilateral development agencies and UN development institutions are engaged at the country level and may provide co-financing or parallel financing for complementary projects and technical assistance.

Scaling up climate finance, adapting and replicating clean technology models, and designing and implementing investments are at the heart of the CTF mission.

Snapshot of the CTF Progress Today



- 14 endorsed investment plans – 17 countries, for \$4.35 billion
- The \$4.35 billion CTF funds is projected to leverage about \$35 billion of co-financing from the MDBs own sources, bilaterals, national governments and the private sector (a leverage ratio of 1 to 8)
- 22 projects approved for a total CTF funding of \$1.5 billion

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- Including Nigeria for which funding is contingent upon availability of future funds.
- The Private sector is projected to co-finance about \$12.5 billion, a leverage ration corresponding to \$1 CTF to \$3 private sector.
- projects in renewables, energy efficiency, district heating, waste management.

Key Lessons



Five lessons are highlighted on key themes

- Country Leadership
- Transformational Change
- Unique Partnership
- Leveraging
- Private Sector

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I will highlight five key themes that are relevant to all of the CTF in general.

Country Leadership, Transformational Change, Unique Partnerships, Leveraging, and the Private Sector.

There are by no means an exhaustive list of lessons from the CTF countries.

Lessons Learned: *Country Leadership*



Aligning investment plans with national strategies can strengthen country ownership and maximize the effectiveness of MDB interventions.

CTF's potential to bring a rapid deployment of low carbon technologies can only be realized when countries are in the driver's seat

- Government's commitment to CTF is enhanced when investment plans are aligned with broader national strategies
- Country's leadership is most effective and efficient when exercised by the Ministry of Finance in tandem with the Ministry of Planning with input from ministries of environment, transport and energy

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Countries with low carbon

National strategies provide the framework for introducing specific renewable energy, energy efficiency, and clean transport technologies. Because

For example, Mexico's investment plan builds on the strong, analytical framework of its 2009 Climate Change Program, appropriate activities were identified quickly and have strong government support growth plans or climate change mitigation programs often have ongoing clean energy projects.

Lesson Learned: *Transformational Change*



By tackling regulatory and financing barriers to market transformation, the investment plans contribute towards transformation

By targeting priority sectors and niche markets with high potential, CTF investment plans create momentum to catalyze greater investment and help catalyse the kind of planning that can lead to market transformations

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CTF's programmatic approach is designed to support the capacity building, policy reform, and investments

- Mainstreaming climate change mitigation through national agenda supported by tailored investment plans
- Elimination of major barriers to market transformation includes: demonstrating the technical and financial viability of low carbon technologies, reducing their costs, increasing national capacity for deployment, and enhancing the policy and regulatory frameworks to enable expanded use. To this end, the CTF investment plans identify general sector-wide barriers
- Investing in niche technologies, technology transfer, and underdeveloped but promising markets, can significantly increase low baseline investments and lay the groundwork for transformational change, even with limited CTF resources

In Mexico, the CTF is accelerating the development of Mexico's private wind market by targeting the untapped wind power potential in the state of Oaxaca.

Concentrated solar power is a niche technology that has attracted minimal investment in developing countries. The CTF investment in the MENA regional project is expected to support the deployment of about one gigawatt of CSP generation capacity, almost tripling current global levels. These advances are expected to transform the regional market for large-scale solar technology.

CTF funds support technology transfer as well as the scaling up of viable technology options that are already being deployed. While facilitating technology transfer remains a challenge and the mechanisms to encourage technology transfer are still being worked out, the CTF promotes the adoption of readily deployable technologies within the context of each partner country. Investments in energy efficiency, for example, do not always require the transfer of new technologies. Retrofitting a production facility, developing creative business models, and providing technical assistance can also be used to achieve low carbon growth.

Lesson Learned: *Unique Partnerships*



Coordinated action and collaboration by governments, MDBs, bilateral agencies, and other development partners is crucial to building synergies, eliminating duplication, and avoiding inefficiencies

CTF's programmatic approach is designed to support the capacity building, policy reform, and investments that are necessary for successful replication. MDB country assistance mechanisms, such as Development Policy Loans, can complement CTF investments

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The next lesson from the PPCR programming phase has to do with Unique Partnerships.

The PPCR has pioneered a unique partnership model and demonstrated that collaboration on building resiliency is possible.

- *The MDBs are integral to the unique CTF partnership*
- *This partnership builds on each organization's strengths in terms of regional and industry experience*
- *The MDBs can facilitate a strategic dialogue if there are gaps in donor assistance coordination*
- *MDB support needs to reflect the extent and complexity of their engagement with country institutions*

The MDBs are integral to the unique CTF partnership.

Even though the MDBs do not have a long history of working together, they have developed solid partnerships to support country-led CTF investment programs.

These relationships build on each organization's relative strengths and are growing as the CTF evolves.

This has stimulated increased collaboration and consensus on the most advantageous country investment strategies. Joint programming initiatives promote MDB capacity building, better communication and relations between professional staffs, as well as more strategic MDB joint assistance programs.

Lesson Learned: *Leveraging*



The CTF's projected 1:8 leveraging potential reflects the attractiveness of innovative CTF investment and business opportunities, the effectiveness of the MDB partnership model, and the fact that large-scale CTF funding is available for technologies that reduce greenhouse gas emissions

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On average, every \$1 from CTF is expected to leverage \$8 from other sources (MDBs, national governments, bilaterals, and the private sector), including \$3 coming from the private sector.

For one of Mexico's wind projects, the \$15 million CTF funding is leveraging about \$46 million from IFC and IDB, and an additional \$134 million from other agencies and the private sector.

Lesson Learned: *Private Sector*



Scaling up clean technology and achieving transformational change in a country or region can only happen when the private sector is engaged and committed. To date, the private sector response to the CTF has been positive but limited

The challenge is to fully engage the private sector from the initial investment planning phase through full project implementation

- More concerted effort is needed to engage the private sector in the design phase of the investment plans
- The private sector is a critical partner in developing long-term, low carbon solutions, through technological innovation, efficient operations and innovative financial structures
- Private sector engagement is key to completing the financial gap in CTF projects

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The private sector will contribute about \$12.5 billion to the CTF projects in aggregate.

It is projected that for private sector projects, every CTF \$1 will leverage \$7.4 from private sector sources. While in average for all CTF projects (public and private), it's expected that every CTF \$1 will mobilise \$3 from the private sector

Going forward



- The CTF has been able to move ahead relatively quickly due to the parameters already established in middle-income countries
- The emphasis has been on country leadership and building around partnerships and leveraging synergies with other partners and stakeholders
- The replication of CTF investments by the private sector will be an important indicator of whether CTF funds have been used successfully to catalyze market transformation
- Moving towards implementation, new and more in-depth lessons that are tailored to country contexts will emerge

Thank you !

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