CIF PARTNERSHIP FORUM • 2010

A COLLECTIVE DIALOGUE FOR CLIMATE ACTION

Proceedings

March 18-19, 2010

Manila Philippines

Asian Development Bank Headquarters

Climate Investment Funds

ADB Asian Development Bank

European Bank for Reconstruction and Development

IDB Inter-American Development Bank

WORLD BANK GROUP

Proceedings of the Climate Investment Funds 2010 Partnership Forum

March 18-19, 2010

Manila, Philippines

Asian Development Bank Headquarters

CONTENTS

LIST OF ABBREVIATIONS 4
INTRODUCTION 5
OPENING PLENARY 7
VOICES OF STAKEHOLDERS: Looking Ahead for Lessons Learned in the Climate Investment Funds: Emerging Themes for Learning 9
VOICES OF STAKEHOLDERS: Panel Discussion of CIF Stakeholders 10
VOICES OF STAKEHOLDERS: Plenary Discussion 12
Session Outcomes 14
CIF PROGRAM SESSIONS 16
CLEAN TECHNOLOGY FUND: Enabling Environment: Incentives, Consistency and Transparency 16
Session Outcomes 20
FOREST INVESTMENT PROGRAM: Institutional Collaboration for REDD+ at the Country Level 21
FIP and Scaling-up Activities for REDD+ at the Country Level 24
Session Outcomes 26
IMPLEMENTING THE PILOT PROGRAM FOR CLIMATE RESILIENCE: Building Alliances for Climate Resilience 27
Session Outcomes 31
SCALING UP RENEWABLE ENERGY PROGRAM IN LOW INCOME COUNTRIES: Overcoming barriers for renewable energy deployment and attracting finance for investments in low income countries 32
Understanding the Challenges Facing Renewable Energy Scale-Up in Low Income Countries 33
Addressing Renewable Energy Financing: New Opportunities and Success Stories 36
Session Outcomes 40
SYMPOSIUM ON CLIMATE SCIENCE AND TECHNOLOGY 40
Energy Technology Roadmaps: Charting a Course for a Low Carbon Future 41
Carbon Benefits of Sustainable Land Management – science, technology and economics of modeling, measurement and monitoring 42
CLOSING PLENARY 44
Annex 1: Attendance 47
Annex 2: Survey Responses 49

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
CCS	Carbon capture and storage
CDM	Clean Development Mechanism
CIF	Climate Investment Funds
CSO	Civil Society Organization
CTF	Clean Technology Fund
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
GEF	Global Environment Facility
LULUCF	Land use, land-use change and forestry
MDBs	Multilateral Development Banks
MRV	Measurable, Reliable, and Verifiable
NGO	Non-Governmental Organization
PPCR	Pilot Program for Climate Resilience
R&D	Research and Development
REDD	Reducing Emissions from Deforestation and Degradation
REDD+	Expanding the scope of REDD to include forest restoration, rehabilitation, sustainable management and/or afforestation and reforestation
SCF	Strategic Climate Fund
SREP	Scaling Up Renewable Energy Program in Low Income Countries
UK	United Kingdom
UN	United Nations
UN-REDD	UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
UNDP	UN Development Programme
UNEP	UN Environment Programme
WRI	World Resources Institute

INTRODUCTION

The second Climate Investment Funds (CIF) Partnership Forum took place at the Headquarters of the Asian Development Bank (ADB) in Manila, Philippines, on March 18–19, 2010. The objective of the 2010 Partnership Forum was to share lessons learned from the CIF design process and from early implementation of CIF-funded programs.

The Forum was hosted by the ADB in cooperation with other multilateral development banks (MDBs). Over the two days approximately 400 participants gathered at the Forum including representatives of the CIF stakeholder groups, which are: country governments, MDBs, United Nations (UN), Global Environment Facility (GEF), UN Framework Convention on Climate Change (UNFCCC), Adaptation Fund, bilateral development agencies, civil society, indigenous peoples, private sector entities, and scientific and technical experts.

The Forum aimed to provide an open, transparent and constructive platform for dialogue on knowledge gained to date and to extract practical lessons learned by which to inform further implementation of the CIF. In particular, the Partnership Forum aimed to provide an opportunity to share early implementation lessons drawn from country-level activities of the Clean Technology Fund (CTF) and programs under the Strategic Climate Fund (SCF), particularly the Pilot Program on Climate Resilience (PPCR), the first SCF program to advance to implementation stage.

Below is the agenda of the 2010 CIF partnership Forum. The proceedings provide highlights of the presentations and discussions for each session.

THURSDAY, MARCH 18, 2010		
8:30-9:30am	**Opening Plenary**	
9:30am -1:00pm	**Plenary presentation: "Looking Ahead for Lessons Learned in the Climate Investment Funds: Emerging Themes for Learning"** Professor James Radner, University of Toronto	
	Voices of Stakeholders Dialogue – Reflections on Lessons Learned Plenary-level dialogue with stakeholder groups: NGOs, Private Sector, Indigenous Peoples, Governments, UN and other groups	
1:00-2:00pm	**Lunch**	
2:00-5:30pm	**CIF Program Sessions**	
	Clean Technology Fund Clean Technology Investment: Creating an Enabling Environment and Ensuring Access to Financing	**Forest Investment Program** Collaborating for REDD+: The Forest Investment Program and its Partners at the Country Level
5:30pm	**Partnership Forum Reception** Hosted by the Asian Development Bank	

FRIDAY, MARCH 19, 2010		
9:00am-12:45pm	**CIF Program Sessions**	
	Pilot Program for Climate Resilience Building Alliances for Climate Resilience: Implementing the Pilot Program for Climate Resilience	**Program for Scaling Up Renewable Energy in Low Income Countries**
12:45-2:00pm	**Lunch**	
2:00-4:30pm	**Climate Science and Technology Update** Symposium organized by UN Environment Programme (UNEP)	
4:30-5:45pm	**Reports from Voices of Stakeholders and CIF Program Sessions** Presentation by Rapporteurs of results from Voices of Stakeholder session and four program sessions (CTF, PPCR, FIP, SREP)	
5:45-6:00pm	**Closing Plenary**	

OPENING PLENARY

The Opening Plenary, moderated by CIF Partnership Forum Co-Chair Katherine Sierra, World Bank Vice President for Sustainable Development, was addressed by Haruhiko Kuroda, President of the ADB, Heherson T. Alvarez, Commissioner and Vice President of the Philippine National Climate Change Commission, and Preety Bandari, speaking on behalf of the UN Framework Convention on Climate Change (UNFCCC) Secretariat.

Haruhiko Kuroda welcomed participants to Manila and the ADB. Noting the common concern of climate change, he said climate change will have impacts on the achievement of the Millennium Development Goals (MDGs). He commented that the climate challenge will require responses that are bold and carefully crafted, innovative, but acceptable and understood by those who will implement them. He further stressed that responses need to be technically sound but break knowledge barriers, and that they require strong wide-ranging and creative partnerships. He said the CIF Partnership Forum presents a vision how the work can embrace low carbon development paths around the world, stressing that Asia and the world have an opportunity to fundamentally restructure financial flows to development. He underscored the CIF's unique features, in particular that the investment plans are led by the recipient countries and tied directly to national strategies. He said the CIF are an important piece of the finance puzzle, but only a single piece, and hopefully progress will be made in fundraising and the development of a global architecture on climate finance, among other issues on the road to Mexico.

Heherson T. Alvarez welcomed participants to Manila. He said it was inspiring that public financing institutions are dealing with the issues of climate change. He noted that the Philippines was the recipient of US$400 million CTF funding and the country was in the process of preparing a framework for confronting climate change that would instruct national responses to climate change. He said the magnitude of the problem presents a challenge to public finance institutions and welcomed the Partnership Forum as a transformational undertaking pursued by the ADB and the other MDBs. In conclusion he expressed hope for greater and more fruitful partnerships in the future.

Preety Bandari welcomed the Partnership Forum as one of the first gatherings to address the finance discussion since Copenhagen. She noted that while Copenhagen responded only partially to the high expectations, it was a crucial event because it raised climate policy to the highest level, where it belongs, it advanced the negotiation on infrastructure for wellfunctioning climate cooperation, and it narrowed options and clarified choices on key issues in the negotiations. She said the Copenhagen Accord was a clear letter of political intention to constrain carbon and deal with climate change and also includes pledges for short-term and long-term finance. She noted that in order for Parties to conclude with agreement in Mexico the expectations and objectives need to be realistic and take into account political realities, and should focus on: clarifying the future of the Kyoto Protocol; encouraging clear leadership by industrialized countries; and endorsing a fully operational architecture that makes it possible for developing countries to act on climate change. She stressed the need for decisions that could set in place a fully operational architecture to deliver on adaptation, mitigation, capacity building and technology transfer. She further stressed the need for coherence and coordination among the multiple climate finance mechanisms.

Katherine Sierra outlined the various elements of the CIF. She underscored that the CIF were designed to demonstrate how to build responses to climate change by helping countries initiate transformation towards low carbon and climate resilient development. She noted that the Partnership Forum is a crucial element in making this a reality. She said the CIF were conceived as a unique mechanism, being a partnership among the MDBs. She stressed that in the conceptualization of the CIF, it had been very clear that making them effective would require a balanced and broad engagement across a range of stakeholders, with both the CTF and SCF having equal representation from developed and developing countries, and other non-governmental bodies being represented as observers via a unique self-selection process.

Noting that the CIF were entering the second year of work, Sierra commented that the endorsement of four new CTF investment plans, bringing the total to thirteen, has achieved a critical mass in the CTF for low carbon growth. In terms of the PPCR, she said nine countries and two regions are moving ahead to build climate resilience in their own development plans. Under the Forest Investment Program (FIP), she noted that five pilot countries have been endorsed and a process has been approved for design of a special grant mechanism for indigenous peoples and local communities. She said progress is being made on making the Program for Scaling Up Renewable Energy in Low Income Countries (SREP) fully operational, with financial modalities and operational guidelines being developed. She highlighted the need to get the balance right between engaging the concerns of all stakeholders, capturing knowledge, and embedding these lessons in project action. She stressed the importance of sharing lessons with other countries on how to make climate resilient and low carbon development a reality. She concluded by saying that the Partnership Forum is a keystone in the quest for balance and scaling-up of knowledge, and the role of participants was to listen and to learn from each other, share learning and identify the next steps. She finally noted that the outcomes of the Forum would be taken up by the various CIF governing bodies.

VOICES OF STAKEHOLDERS: Looking Ahead for Lessons Learned in the Climate Investment Funds: Emerging Themes for Learning

The objective of the session was to share perspectives and experience about CIF design and early operationalization, and to exchange ideas on how to use stakeholder experience in further advancing the work of the CIF. The session consisted of three components. First, a presentation was made by James Radner, University of Toronto, Canada, in which he outlined a summary of a study he undertook on the lessons learned from CIF design and early activities. This was followed by a panel discussion, which was guided by short discussion inputs from representatives from the Governments of the United Kingdom (UK) and South Africa and other stakeholders to reflect and discuss the key lessons from CIF design and early implementation. This was then followed by an open discussion with stakeholders present at the Forum. Ann Quon, Principal Director, ADB Department of External Relations, moderated the session.

In his presentation, Radner outlined the nature and purpose of the CIF, specifically, that they are based on the recognition that climate change is also a development issue and aim to build on the advantages of MDBs working with countries for investment in development. He explained that the CIF serve as an interim measure to plug an immediate financing gap and also display what can be achieved through scaled up financing. The CIF also provide an opportunity for low carbon technology to be showcased and provide climate resilience. Radner detailed how the CIF emerged via a multi-stakeholder dialogue process and were approved on July 1, 2008.

The presentation moved on to describe the basic functions of each of the funds and programs. The CTF's purpose is the demonstration, deployment and transfer of low carbon technology through a multilateral financing mechanism which can attract private investment. The SCF encompasses three separate programs: 1) the PPCR, designed to build climate resilience into development planning; 2) the FIP, designed to reduce emissions from forest degradation and deforestation; and 3) the SREP, designed to demonstrate viability of low carbon development pathways and increased energy access through renewable energy use in low-income countries.

Radner went on to detail the background of the CIF's governance approach. The decision-making bodies are built around equal representation of contributor and developing countries.

The work is based on consensus-building and there is a self-selection process for observer representative seats on the governance bodies.

Radner talked about his learning experience and the goals he set himself in undertaking his study. His main aim was not to evaluate but to inquire, explore, create dialogue and learn lessons from the CIF to date that can be used in the area of climate finance. His goal in this process was to report back to stakeholders in order for them to build on what he has learned. The process is a cycle of feedback, interviews, meetings and discussion papers, which feeds back into itself.

The two main messages that Radner wanted to relay to the audience were: 'We are all in this together as partners'; and 'connect to the global via the local'. He stressed that it is important to engage with others to explore common concerns and different perspectives and to try to harmonize those views. He also highlighted the importance of making progress through joint discovery and connecting with people in the CIF network who have relevant knowledge. In terms of connecting to the global via the local he explained that the first step is to scope the global territory and understand a range of views, then look for clues on the ground as to what the reality is and bring the results to the regional and global forums.

VOICES OF STAKEHOLDERS: Panel Discussion of CIF Stakeholders

Following Radner's presentation, Zaheer Fakir, South Africa, welcomed the 2010 CIF Partnership Forum as contributing to clarification of the notion that the CIF are a donor driven process. He said their uniqueness is based on the balanced governance structures and the consensus-based decision-making processes. However, he noted that the challenge of consensus is ensuring a process that would manage to provide CIF funding in a manner in which all countries feel as if they have the largest slice of the cake. He said one of the main issues is addressing concerns regarding loans and grants under the CIF. In terms of South Africa's CIF process, he said it was used as a vehicle to go beyond investment, not just in clean technology but in stimulating downstream investments, green jobs and green growth in small-scale businesses.

Bhola Bhattarai, Federation of Community Forestry Users (FECOFUN), Nepal, expressed doubts regarding the CIF's support to civil society and communities and noted that there was still a lack of clarity regarding the role of non-governmental organizations (NGOs) in the CIF programs. He welcomed the process to discuss the establishment of a special grant mechanism under the FIP, and expressed hope that this will be a move ahead in favor of supporting local communities. He further noted that the CIF should focus on the most vulnerable countries and ensure that the funds are distributed equally.

Juan Carlos Jintiach, Coordinating Body for the Indigenous Organizations of the Amazon Basin (COICA), said the UN Declaration on the Rights of Indigenous Peoples should provide the basis for engagement, particularly with regard to prior informed consent and consultation. He called for more opportunities for indigenous communities to interact with MDBs. He stressed the importance of recognizing indigenous peoples as part of the traditional forest management system, and underscored the importance of indigenous peoples' participation at all levels.

Vicky Seymour, UK Department for International Development (DFID), underscored the need to focus on continuous learning and said that the CIF can only be judged to have been successful if they have a record of work on the ground, as well as being able to show what works and what does not work. She said the Partnership Forum is not a means to an end, but a continuous process, and it is important that the Trust Fund Committees listen to the Forum and take the views expressed by participants forward. She stressed that lessons learned must go beyond the CIF, and should be replicated in any future climate financial architecture. She stressed the need to ensure wider stakeholder engagement in country and real-time feedback.

Barbara Black, World Business Council for Sustainable Development (WBCSD), noted the importance of engaging the private sector in developing countries in the CIF process and stressed the need for the consistency of this engagement particularly in the country investment plans. She suggested a discussion on a precise definition of what it means to be an 'active observer' on the CIF Trust Fund Committees. She said there was a growing interest from the private sector, but said there were large knowledge gaps that disable their full engagement. On knowledge management and learning, she noted that the private sector has lots of experiences that can be brought into the process.

Smita Nakhooda, World Resources Institute, underscored the need for an honest conversation and dialogue on the CIF in order to find solutions, based on the provision of transparency and inclusiveness. She stressed that the CIF are setting a precedent on the link between climate change and development and that the lessons learned are important for both climate and development finance. She also stressed the need for an ambitious interpretation of the Trust Fund policies.

Warren Evans, Director, Environment Program, World Bank, stressed that the CIF have approached climate change as a development issue with the aim of ensuring co-benefits for the development process. He suggested that the CIF address their engagement with the UNFCCC processes, particularly in relation to reach a final agreement on the post-2012 financial architecture. He suggested that the fast track money pledged under the Copenhagen Accord could benefit from the lessons of the CIF process, and similarly these lessons could inform the design of the Copenhagen Green Climate Fund. He also stressed the importance of learning lessons from the process to engage indigenous peoples in the CIF decision-making process. He said the climate agenda has brought the MDBs together to work as a more effective collective.

VOICES OF STAKEHOLDERS: Plenary Discussion

In response to Radner's presentation and the panel discussion, the following key points were made in the plenary by participating stakeholders.

Regarding the balance between mitigation and adaptation, concerns were raised about the CIF focus on mitigation rather than adaptation, where it was suggested that larger and more urgent investment was needed. It was noted that the issue of adaptation requires more engagement and it was suggested that the CIF could come up with early learning experiences, particularly from the PPCR which is targeting ways of mainstreaming climate resilience into national development plans. It was noted that the challenge of including climate resilience in development is not just an adaptation issue *per se*. Governments would need to make investments in terms of the known impacts of climate change. In this regard the approach to development projects needs to be transformed in order to take climate change into account. It was further noted that since knowledge about how to respond to climate change impacts is less advanced than mitigation knowledge, it is necessary to quickly understand what actions governments want to take. In this regard, the PPCR is working with governments and vulnerable countries to build climate change considerations into the development process and assess how much money is needed to adapt.

The role of enabling relationships between the CIF, civil society organizations (CSOs) and other stakeholders was also addressed. Concerns were raised about the need for a clear system to ensure community-level and national-level engagement in the design of CIF projects in each recipient country. The need to ensure that the CIF interventions lead to changes in people and community behavioral patterns, particularly in relation to consumption and production, was also raised. It was suggested that in order for this to happen, CIF investments need to be grounded at the local level and ensure maximum participation, ownership and active involvement. It was noted that the current experience relates to country-by-country examples, but that in future more dialogue could take place at the regional level between governments and CSOs, and that such forums could also be an opportunity for CIF countries to share their experiences with other countries. Discussions also focused on the need for communities to be able to access the CIF, which would require a policy to ensure the equitable flow of funds to the local level. A point was raised about the need for clarity about which organizations would be able to access CIF funding, with some suggesting that regional bodies and trans-boundary organizations should also have access. It was also noted that a means to ensure full country ownership rather than specific ministry ownership was missing from the CIF process, and that there was also a need for a real conversation among governments and non-governmental bodies.

Regarding the relationship between the CIF and the GEF as the operating entity of the UNFCCC financial mechanism, it was suggested that the CIF be guided by the principles of the Convention, namely that funding would be grants and concessional loans, which is an option under the CIF. It was further noted that grant finance is seen more through a development lens, and that CIF debates should reflect the UNFCCC Party-based discussions regarding climate finance. Concerns were also raised regarding the low level of ambition of the current emission reduction pledges by developed countries under the Copenhagen Accord. The lack of focus on issues of climate justice, including the need to protect indigenous peoples, was seen as a missing question in the debate.

Questions were also raised regarding the World Bank's role in climate finance. It was noted that the World Bank was trying to solve problems it helped create, particularly when it came to finance and policy related to the forestry sector and indigenous peoples' livelihoods. It was stressed that CIF interventions were not being undone by the lack of coherence between the CIF and the policies of the MDBs. In this regard, it was noted that the MDBs see the sustainable development and climate change agendas as the driving force for related financial investments. It was noted that in the past energy investments were driven by the need to increase access and reliability at the lowest cost and as a consequence many of these investments did not adequately take into account different technologies, particularly low carbon options. However, the current CIF investment plans aim to consider how to meet the access and reliability issues in the most efficient and clean manner, which is notable by the MDBs' increased spending on renewable energy and energy efficiency.

On the choice of technologies, it was noted that many developing countries are still uncomfortable with addressing access and reliability issues using new technologies. It was suggested that the CIF governing bodies and technical committees discuss how to address more controversial technologies such as geo-engineering and ocean fertilization. The need to address the impact on indigenous peoples of reducing emissions from deforestation and forest degradation (REDD) and REDD+ (expanding the scope of REDD to include forest restoration, rehabilitation, sustainable management and/or afforestation and reforestation) was highlighted. Issues related to the lack of capacity in developing countries were also raised. It was also noted that the CIF process could draw on the upcoming UN Conference on Sustainable Development, the so-called Rio+20 meeting, in particular by highlighting lessons learned in relation to the theme of the green economy.

Concern was raised that a number of low income countries could be left out of the CIF because of the eligibility criteria, particularly with the CTF's focus on middle income countries. It was therefore suggested that the CIF focus on how to ensure that finance flows to low income countries, particularly in relation to cleaner and low carbon technologies. It was noted, however, that in the design of the CTF it was decided to focus on specific countries rather than a broader spread, and similarly to do a smaller number of high impact projects rather than many projects with limited impacts. It was generally agreed that the future climate finance architecture would need to ensure a balance between middle and low income countries and their needs.

Session Outcomes

In the closing plenary on Friday, March, 19, Patricia Bliss-Guest, Program Manager, CIF Administrative Unit, presented the following summary outcomes of the Voices of Stakeholders Dialogue which can fell into five key areas: climate change as a development issue; governance and inclusion; financing; CIF on the ground; and learning and capacity development.

There was widespread recognition that climate change is a development issue for low income countries, particularly for countries such as the Small Island Developing States (SIDS), and responding to climate change is an issue of survival as well as of justice and equity. It was noted as critically important that the CIF keep high standards in order to show what is possible. The session also recommended that the MDBs strive for coherence within their programs. It was suggested that if the MDBs truly learn the lessons generated through the CIF, those lessons should inform and change the MDBs' regular portfolios.

In relation to the issues of governance and inclusion, which had prompted a great deal of discussion and different perspectives from the diverse group of stakeholders, the CIF's balanced governance structures and consensus-based decision-making processes were welcomed, and participants stressed that consensus requires compromise and cooperation. While civil society representatives recognized the opportunity to express their voice in the deliberations, it was noted that there was still a great deal of uncertainty as to what being an 'active observer' means in practice. The session also highlighted the need to ensure that gender dimensions and issues be incorporated into the CIF governance and operations. Representatives of indigenous peoples' organizations welcomed CIF efforts to provide opportunities for transparent and real partnerships, which they stressed would require respect for the rights, cultural diversity and traditions of indigenous peoples. The session also highlighted the need to ensure that the private sector is more engaged in design and implementation. It was suggested that potential tools to facilitate their involvement included increased formal consultations, meetings on specific themes, and engagement of the private sector in country missions.

On the issue of financing, stakeholders had identified two major themes in the discussions. First, the current funds alone would not provide sufficient funding to achieve what was necessary. Second, the session identified the need to re-examine the use of loans in climate financing, particularly as many developing countries feel that climate financing should only be in the form of grants. It was also noted that the goal of scaling-up in a limited number of pilot countries has led to gaps in the number and type of countries covered by CIF programs.

With regard to the topic of the CIF on the ground, which generated a lot of conversation, many stakeholders expressed the need to develop trust so that CSOs and local communities are able to benefit from the CIF funding as key stakeholders. They stressed that learning was best done through active participation and ownership, hence the need to engage CSOs and local communities. In that respect, there was also the need to build the capacity of local communities to address climate change.

In reference to the topic of learning, stakeholders underscored the necessity for continuous learning throughout the process based on feedback and ideas from a broad range of stakeholders, such as those gathered at the Forum and the CIF governing bodies, who should ensure that problems within the system were identified, shared and resolved. It was again stressed that on-the-ground activities provide invaluable insight into the learning process and the CIF should seek to find the right incentives to promote stakeholder engagement, knowledge generation and learning on-the-ground. Stakeholders had also stressed the necessity for more effective and accessible communications, which should also enable country-to-country exchanges and region-to-region communications. The session suggested that CIF lessons need to feed into UN processes, including UNFCCC and the 2012 review of Agenda 21 and "green economy" planning. Finally, it was recommended that learning inform the design of any future climate financial architecture.

CIF PROGRAM SESSIONS

CLEAN TECHNOLOGY FUND: Enabling Environment: Incentives, Consistency and Transparency

The CIF Program Session on "Building Effective Private Sector Engagement in Clean Technology Investments: Creating an Enabling Environment and Ensuring Access to Financing," took place in the afternoon on Thursday, March 18, 2010.

The first session consisted of a panel presentation on the theme "Enabling Environment: Incentives, Consistency and Transparency." Panelists included: Frank Fass-Metz, Head of Division, Environment and Sustainable Use of Natural Resources, Federal Ministry of Economic Cooperation and Development, Germany; Jean-Pascal Tranié, Co-Founder, Aloé Private Equity Fund, France; Marcondes Moreira de Araujo, Ministry of Science and Technology, Brazil; and Gary Pienaar, Senior researcher, IDASA, South Africa. The panel discussion focused on: the types of incentives governments could provide in terms of regulations, fiscal incentives, financial incentives such as tariff structure, decoupling volume from price, technology requirements, feed-in-tariffs, and dispatching order; the consistency of government support in terms of clear rules, a coherent regulatory structure aligned with a low carbon strategy, consistency and durability; and dealing with transparency issues in a sector that is not fully regulated and is moving dynamically in technological innovations and financial products in terms of securing permits, bidding processes for developers/sponsors, transparent creation or change of rules.

Frank Fass-Metz outlined the key dimensions to ensure the participation of the private sector. He said that that while governments can provide certain amounts of public resources to move forward with clean technologies through development cooperation, in the end solutions will need the major participation of the private sector. He stressed the need to engage with the private sector in investing in developing countries. He said the CTF could support the mobilization of private capital by addressing the overall regulatory environment, developing sectoral policies, and developing a framework for long-term stability to international and national investors. He stressed the CTF's role in raising awareness among investors, as well as showcasing opportunities, and supporting the private sector to overcome knowledge barriers related to investing in developing countries.

Marcondes Moreira de Araújo provided an overview of Brazil's climate change and renewable energy and science and technology policies. He said there was a large opportunity for clean technologies, renewable energies in a climate change framework that relates to social inclusion and poverty eradication. He said there was room for the private sector to engage in the process via national business associations and federations.

Jean-Pascal Tranié identified a number of urgent matters that need to be addressed in terms of stimulating growth in the private sector, such as those related to human, regulatory and technical challenges. He said the sector is not growing fast enough and called for increased efforts to stimulate growth. He also indicated that quality management and good technologies are primary criteria for success in clean technology investments.

Gary Pienaar outlined a national process to map the electricity sector in South Africa. He stressed that policy and regulatory features provide an enabling environment for meaningful stakeholder engagement for shared learning and decision-making and a profitable investment environment. He identified the need for a clear policy environment, and said policy inconsistency was not conducive for long-term capital investments.

During the discussion, participants highlighted the following key issues:

- Concerns regarding attracting investors into emerging areas, particularly issues related to the scale of investments needed to move to low carbon pathways;
- Capacity among investors to identify investment opportunities in emerging markets;
- Having policy stability that sets market conditions, particularly related to regulatory conditions and their enforcement;

- Having the necessary regulatory processes to support low carbon technologies, particularly in countries that are predominantly reliant on fossil fuels;
- Assessing the costs of low carbon technologies, particularly related to deployment, the high level of tariffs, subsidies, externalities, regulator dilemmas, and ensuring that the costs are reflected for the consumer;
- Addressing the scale of low carbon technologies, in terms of on-grid or off-grid approaches, particularly as it relates to rural and decentralized options;
- Clarifying the role of the MDBs in relation to working with local banks and micro-finance organizations to identify local investment opportunities, particularly in relation to emerging opportunities in the renewable energy sector. It was noted that the MDBs have substantial experience with local banking sectors, as well as micro-loans targeted at local homeowners, but that it takes a while to develop these relationships and approaches. In this regard it was important to understand how local banks could get involved in order to develop a range of sustainable products;
- Addressing long term sustainability of investments and projects, with the goal of ensuring that the end user benefits from investments, particularly in relation to localized societal benefits;
- Ensuring that investments lead to the transformation of consumption and production patterns at all levels, in particular at the level of the private sector;
- Addressing behavioral changes by educating consumers to identify and recognize choices regarding low carbon technologies, noting the important role of small scale business;
- Being realistic regarding the different role of the public and private sectors. It was noted that the private sector role is not to focus on providing access in developing countries - where public sector finance will play a bigger role - but rather that the focus would be on middle income households rather than the more vulnerable sectors of society;
- Ensuring the value of country ownership in plans supported by the MDBs. Observations were made that some of the CIF-related investment plans are owned by only some parts of government, not the entire State and other stakeholders in civil society, and often discussions do not go beyond the focal ministries involved in securing investments;
- Addressing the urgent need to create more sustainable energy markets in Africa, particularly in the absence of technical and regulatory capacity.

The second session consisted of a panel discussion on the theme "Access to Financing: Creating Financially Sustainable Models." Panelists included: Masatsugu Asakawa, Deputy Vice Minister for International Affairs, Japan; Ozgur Pehlivan, Deputy Director General, General Directorate of

Foreign Economic Relations, Under Secretary of Treasury, Turkey; Jean-Pascal Tranié, Co-founder, Aloé Private Equity Fund, France; and Michael Gurin, CEO of Sol Xorce LLC, USA. Panelists discussed the role of concessional finance in addressing barriers and issues of real risks and perceived risks, high cost for early entry, high cost financing associated with innovative technologies. Panelists also addressed the role of the CTF country investment plans in effectively integrating financial mechanisms used in developed countries and elsewhere in the world in building growing clean technology investments. They also addressed the role of CTF financing in addressing these market failures.

Masatsugu Asakawa emphasized the importance of mobilizing private finance to popularize low carbon technologies. He said there was a need to establish a solid framework for public finance to play a catalytic role in developing sustainable economies. He said public finance can improve the returns on the basis of concessional financing and thereby reduce the risks. In sum, if return is a problem, concessional or grant money or risk sharing facilities might be a solution. He welcomed the role of the CTF in filling the gap, leveraging public funding and mobilizing financing from private sector and other sources.

Ozgur Pehlivan identified several market barriers for clean technologies and renewable energies, such as lack of finance and proper knowledge of the technologies, limited technical capacity to identify and process projects, and high preparation costs. He said banks and investors often under-appreciate the benefits and over-estimate the risks. He said the CTF should provide an incentive for the first movers, combined with a concessional track of finance needed to overcome the market barriers.

Michael Gurin said the private sector would only finance viable technologies with a long track record. He said private sector finance requires regulatory incentives, and stressed the need to look at barriers from technical and financial viewpoints. He noted that his company has concentrated on solar thermal, which he stressed is more scalable and cost-effective.

Jean-Pascal Tranié emphasized that most development projects have been successful without strong regulation, but stressed the importance of having some kind of protection for the first movers and the importance of positioning the technology within an appropriate market context.

During the discussion, participants highlighted the following key issues:

- Ensuring the discussions present an opportunity for recipient countries and MDBs to share reflections on the process of designing the country investment plans and of addressing barriers;
- Reflecting country diversity and financial conditions in the CTF process, particularly in relation to the country investment plans;
- Ensuring that country investment plans are country-owned and based on existing national development plans;
- De-linking the economics of proposed projects from the regulatory environment;
- Addressing concerns that carbon credit/market mechanisms are not sufficient to cover the gap in the transition from traditional fuels to low carbon technologies;
- Ensuring more effective technology transfer to recipient countries, particularly in relation to the distinct role of public and private finance, as well as addressing local availability of resources;
- Using concessional financing as an instrument to provide incentives for start-ups and early market investors;
- Addressing concerns that CTF investments do not create an enabling environment or provide sufficient access to finance;
- Addressing the need for secure and binding commitments to public finance, rather than being reliant on the private sector;
- Understanding that while the regulatory environment is important, it should not be the primary requirement for all low carbon technologies to attract private sector investment and participation;
- Developing differentiated methodologies to ensure technological interdependence locally and nationally.

Session Outcomes

In the closing plenary on Friday, March 19, Claudio Alatorre, Inter-American Development Bank (IDB), presented the following summary outcomes of the CTF session on 'Enabling Environment: Incentives, Consistency and Transparency'.

In relation to the need for a stable, predictable, enabling environment, he highlighted the following recommendations: an adequate country-specific regulatory framework; strong regulations for planning long-term investments; transparency in regulatory procedures; a clear mandate and division of responsibilities; and adequate enforcement. With regard to the need for multi-stakeholder buy-in for successful program design, he highlighted the following recommendations: private sector viewpoints and limitations need to be considered; government buy-in; involvement of all relevant agencies/ministries; civil society organizations should participate; and public engagement needed for behavioral change. In relation to knowledge and capacity building, he highlighted the following recommendations: building the capacity across all stakeholders (including ministries, technicians, financial institutions, industries, consumers); and making room for knowledge dissemination and sharing, especially to private sector about opportunities and incentives. On the use of country-appropriate technologies, he highlighted the need to develop domestic research and development (R&D) capacities and build up local supply chains, and training and domestic procurement.

In relation to ensuring financial sustainability, he identified the need to kick-off interventions that remove entry barriers and suggested that when there are long-term additional costs (e.g. renewable energy for electricity) the cost could be borne from: consumers (social impacts in low-income areas); government subsidies; development assistance grants; and carbon credits. The stakeholder discussion had stressed that consumers in low income countries should not be made to bear the extra costs for renewable energy supplies. Finally, on the CTF architecture, he stressed that risk mitigation through CTF finance can overcome private sector investment barriers and stressed that links to UNFCCC could enhance government buy-in.

FOREST INVESTMENT PROGRAM: Institutional Collaboration for REDD+ at the Country Level

The CIF Program Session on 'Institutional Collaboration for REDD+ at the Country Level' took place on Thursday afternoon, March 18. Panelists included Werner Kornexl, FCPF World Bank, Kaveh Zahedi, UN Environment Programme (UNEP), Gustavo Fonseco, GEF, Juan Carlos Jintiach, COICA, Hadi Pasaribu, Indonesia, and Andreas Dahl-Jørgensen, Norway. The session sought to discuss two key areas: the challenges and opportunities for FIP to implement REDD+ at the country level; and the need to allow space for an exchange of ideas on FIP collaboration for scaled up REDD+ initiatives.

Andrea Kutter, CIF Administrative Unit, presented an introduction to the Forest Investment Program. The session was moderated by Hosny El-Lakany, University of British Columbia. He stressed that REDD+ was gaining much international attention from governments and NGOs, and the coordination and collaboration across forest financing mechanisms would require an inclusive approach across all stakeholder groups. He asked participating stakeholders to tackle the question of how FIP activities might complement other REDD+ efforts at the country level while maximizing partnerships and collaboration among all the various stakeholder groups.

The session went on to introduce comments from Werner Kornexl, World Bank, who drew attention to the fact that the FIP has a lot of synergy and coherence with the Forest Carbon Partnership Facility (FCPF) in contributing to readiness, capacity building and providing enhanced carbon payments. As a multi-million dollar platform, the FCPF aims to identify opportunities to reduce emissions and build institutional capacity and frameworks. The FCPF monitors the readiness phase via a series of interrelated steps but overall looking at the possibilities of opportunities to reduce emissions under REDD+, and to build trust and confidence that is required to move forward. Thirty-seven countries are preparing themselves in this context, which is similar to the requirements for funding under the FIP. He cited an example from Indonesia where the readiness grant is already providing funds to help forest reserves. He noted that it would be important for the FCPF and the FIP to learn from one another wherever possible.

Kaveh Zahedi provided an overview of the UN-REDD Programme, which is a collaborative program between the Food and Agriculture Organization (FAO), the UN Development Programme (UNDP) and UNEP and was established two years ago after the Bali negotiations. He noted that there are now readiness programs in nine pilot countries. The three major donors are Spain, Norway and Denmark. He went on to outline four key points relevant to the FIP investments and REDD+. First, comprehensive national strategies need to be formulated which are nationally owned and devised through an inclusive and open process. Second, it is critical that REDD+ is seen in a broader context and must include issues around development, biodiversity and climate change. This will require strong and mandated national bodies in order to ensure the highest level of political support. Third, large scale investments will only be successful if the relevant groundwork has already been put in place. Finally, Zahedi noted that FIP investments are a natural second phase in the process, but will only be successful if pre-investment requirements, such as the removal of barriers to effectively address REDD+, are fully met.

Gustavo Fonseco outlined that the GEF would be launching a new funding cycle in July 2010 to bring robust support for REDD in order to respond to the real threats to global forests. He noted that there were already a number of forest programs underway, such as in Brazil, where a more robust regulatory framework was now under consideration. He went on to outline a number of areas whereby the FIP can provide insight. First, increased financial investments mean that conservation efforts can be scaled-up across the entire forest sector and thus encourage a wider integration into national sustainable development programs. Second, it should be recognized that in many parts of the world governance structures are weak and fragile, and the implementation stage will require time and capacity building. He also stressed that the public sector should not carry the financial burden alone, and wherever possible, the private sector needs to be enabled and incentivized. In conclusion, he noted that he would like to see strong links develop between the GEF and the FIP to reap multiple benefits for the forests and livelihoods.

Juan Carlos Jintiach reiterated that REDD+ offers significant opportunities for collaboration with indigenous peoples. He noted that there needs to be an enhanced understanding and recognition of indigenous peoples' rights, roles and knowledge, as they are the groups who have traditionally cared for forests as a natural resource. As such, the respect, recognition and utilization of indigenous peoples is more important than money alone. He praised indigenous peoples for their knowledge-sharing efforts and suggested that their traditional knowledge base may provide the key for preserving forests in the future.

Hadi Pasaribu addressed the session by describing some of the lessons that he had learned from the Indonesian experiences in sustainable management of forests including the need for delivery on education, conservation and forest carbon stocks. He noted that for those countries where forest management systems have already been in place, the FIP can help to fill the gaps and support activities that are effective on the ground, but noted that a key challenge was creation of channels by which available REDD+ funding could be effectively absorbed and utilized. He stressed that the Indonesian experience has demonstrated the importance of coordination among government bodies and with all relevant stakeholder groups and he hoped that the lessons learned so far could inform other countries' efforts.

A legitimate and transparent process was called for by Andreas Dahl-Jørgensen, Norway. He stressed that this process must include interested countries, civil society and indigenous peoples.

The session then split up into breakout sessions and outlined a number of key challenges and opportunities for implementing REDD+ at a country level:

- Recognizing the instrumental role that local communities and indigenous peoples should have in all stages of the design and drafting of national FIP strategies;

- Calling for a holistic and integrated REDD+ approach, and a clear understanding of REDD+ which integrates all forest functions including water, biodiversity and land-use;
- Requiring the need for greater levels of coordination and collaboration within countries, particularly in reference to different government ministries working together;
- Noting the need for transparency in financing and sharing benefits from REDD+, particularly among marginalized and indigenous communities who may have less access to information;
- Noting the need for sub-national coordination;
- Recognizing the need for increased monitoring, tracking and leveraging private investments;
- Requiring greater facilitation between the private sector and other stakeholder groups, particularly indigenous peoples and local community groups;
- Supporting forest-based economic activities and integrating smaller projects into a wider policy and implementation framework;
- Recognizing the use of the FIP as a coherent national coordinating mechanism across the different financing initiatives such as the UN-REDD Programme and FCPF.

FIP and Scaling-up Activities for REDD+ at the Country Level

The second session focused on scaling up activities for REDD+ at the national level. Panelists included Bhola Bhattarai, FECOFUN, Donald Kanak, World Wildlife Fund (WWF), Thaís Linhares Juvenal, Brazil and Marco Antonio Fujihara, Key Associados. Moderator El-Lakany requested that all participants discuss the ways by which FIP can leverage its efforts to promote additional activities from other sources for scaled-up impact at the national level.

Bhola Bhattarai, FECOFUN, opened the discussion by outlining his experiences of creating a multi-stakeholder forum on REDD+ in Nepal which had brought together representatives from the private sector, government and civil society. He noted that his organization had needed to develop sufficient capacity to ensure collaboration and trust between different institutions and stakeholders, and to support indigenous peoples in organizing themselves so that they are better equipped to participate in the FIP process. He also stressed that the most important aspect of implementing a REDD+ initiative in the context of a country such as Nepal was to ensure that the community forest managers, who are the carers and the protectors of forests, can better understand the conversations being held at the global level on how to preserve their own resource base.

Donald Kanak, WWF, outlined that the FIP mechanism should be seen in transformational and holistic terms. It will involve social, political, economic and environmental change. In order to affect the scale of change we are going to require more reliable and scaled up financing. He noted that they have already seen an appetite among private sector investors for forest investment; however, since there is also hesitation due to the complexity of the issues and the existing mechanisms, efforts are required to ensure collaboration among the different mechanisms, harmonize REDD+ readiness approaches, and match country needs with appropriate funding initiatives. He stressed that institutional investors require certainty in demand; however, in this period that still involves uncertainty, there are alternative structures to encourage private sector investments such as loan guarantees and insurance mechanisms that should be considered.

Thaís Linhares Juvenal, Brazil, reminded stakeholders that REDD+ aims to support sustainable forest management, reduce deforestation, conserve forests and enhance carbon stocks, all of which involve different objectives and will require different financial schemes. Brazil has had some recent success in reducing deforestation but is only now developing a REDD+ strategy that aims to bring together the national and sub-national approaches, improve monitoring and measuring mechanisms, and consolidate forest management approaches. Finally, she noted that achieving the varied objectives of REDD+ will require different forms of funds and financial instruments.

Marco Antonio Fujihara, Key Associados, outlined a number of challenges for leveraging private sector investments, including the lack of rules and regulations for REDD+ investments at both the national and international levels; the lack of protocols for monitoring and measuring forest cover; and the difficulties associated with public-private-partnerships particularly with the many risks involved in forest investment.

In response to the panel discussions, a number of points were raised by participating stakeholders referring to the challenges and opportunities for scaling up REDD+. The UN-REDD Programme asked how to ensure that major investments from the FIP would not crowd out the private sector or subsidize investments that would have taken place regardless. On this point, Juvenal stated that the crowding out of the private sector was not an issue in Brazil due to the lack of private sector involvement in its native forests. One participant raised the question as to whether Nepal had integrated climate change concerns into community forestry and included monitoring indicators for these projects. In response, it was noted that the aim of implementing

REDD+ into community forestry issues was to enhance forests, but also to help local communities develop and generate their own democratic institutions. A further question was raised from the floor to determine how REDD+ would be implemented in forest land that was already considerably degraded given that it was much less likely that the private sector would be willing to invest in such areas. In response, it was stressed that such scenarios were already in existence and it was critical that we identify new methodologies and techniques to ensure that degraded forests are also attractive for investments, which will require the active involvement of communities and indigenous peoples. Panelist Juvenal commented that although conversion projects are attractive to investment, the opportunity costs of conversion should also be considered. She also suggested that payments should be made for units of carbon stocks instead of units of emission reductions. A representative from Haiti raised the issue that small island countries, which often have a very high forest cover, are struggling to generate investments to preserve their natural resources.

Session Outcomes

On Friday, March 19, David McCauley, ADB, presented the key points to have emerged from the sessions on the FIP, which he noted had produced a very lively discussion among all participating stakeholders and had gathered momentum due to the FIP Sub-Committee having approved the process for moving forward with five countries and a further six reserve countries (still to be identified).

First, the discussions had demonstrated the critical need for collaboration at the national level. REDD+ was seen as a source of collaboration and inclusiveness which would help to fit each country's existing policy structures, plans and institutional arrangements. Stakeholders had also highlighted the comparative advantages of learning from partners who are already active on the ground. In reference to the five countries that have now been selected for support under the FIP, it was stressed that a cohesive, country-owned planning process was necessary. This may take some time, as few expect the FIP to move forward as swiftly as the CTF. The particular role of indigenous peoples was recognized at several points and there was a call for the FIP to create a conflict resolution mechanism to ensure that all voices are heard and grievances can be brought to light. In reference to the role of partnerships, it was stressed that the FCPF, the UN-REDD Programme, bilateral and multilateral donors and work under the voluntary carbon market will all need to be brought together to exchange information. Finally, the need for enhanced levels of south-south cooperation and communication were noted.

The second key area raised by stakeholders was the area of resources and financing. Stakeholders noted the need for strengthening the links between forest issues and climate politics, especially with regard to newer issues such as land-use change. Stakeholders also emphasized that there is need for greater clarity and less complexity regarding the role of the private sector in order to attract financing. Participants acknowledged that the private sector already engages in forest investments and there are a number of ways in which they can be further incentivized to bring new resources to the table, either through equity investments or through providing direct financing in public-private partnerships. Finally, it was reiterated that the private sector still required greater stability and clarity in terms of the rules, which are still being developed under the UNFCCC process.

IMPLEMENTING THE PILOT PROGRAM FOR CLIMATE RESILIENCE: Building Alliances for Climate Resilience

This session took place on Friday morning, March 19, with the objectives of exchanging ideas on building partnerships and alliances for climate resilient activities and discussing issues on mainstreaming climate resilience in national development strategies. The session, moderated by Habiba Gitay, World Bank Institute, consisted of an introduction to the PPCR, a panel discussion on building alliances for climate resilience, an audience dialogue, group discussions on integrating climate resilience in national development strategies, and a summary and wrap-up session. Panelists included Daniele Ponzi, ADB, Neranda Maurice, St. Lucia, Ilhomjon Rajabov, Tajikistan Climate Change Centre, Essam Nada, Arab Network for Environment and Development, Joyce Yu, UNDP, and Ancha Srinivasan, ADB. The panel discussion on 'Building Alliances for Climate Resilience' focused on four key questions: How can different stakeholders engage in the PPCR process? What are the opportunities and challenges? Is the PPCR different to other processes dealing with climate resilience or adaptation? Should it be different? Following the panel discussion, participants broke into smaller groups of 10 and engaged in focused discussions on issues raised by the panelists.

Daniele Ponzi, ADB, noted the emerging viewpoint that climate adaptation strategies are often multi-sectoral and that inter-ministerial coordination is necessary to ensure comprehensive adaptation strategies. He stressed the importance of building on and reinforcing existing institutions and processes such as National Adaptation Programs of Action (NAPAs), and the involvement of finance and planning ministries to support effective mainstreaming. He stressed the importance of ensuring the integration of PPCR with Disaster Risk Management and welcomed the involvement and engagement of CSOs as a positive movement for the PPCR process. He underscored the need to increase engagement with women and other vulnerable groups as well as private sector. He stressed the need for better donor coordination on climate change adaptation in the PPCR to avoid government fatigue. He said the level of transformation achieved would be a measure of success.

Neranda Maurice, St. Lucia, outlined the process undertaken to consult stakeholders on the PPCR country investment strategy. She said the process was multi-sectoral and carried out under the auspices of the national climate change committee. She noted that the process allowed St. Lucia to influence the global climate challenge with local concerns felt by people on the ground. She said they aimed to ensure that their climate response was nationally owned and addressed the needs of the vulnerable, such as women, youth and the poor. She stressed that the process provided an opportunity to identify priority projects and address critical issues of PPCR pilot countries, as well as the needs of the region. In this regard, she highlighted the importance of hydrological monitoring, community level water monitoring, coastal zone issues, forestry and deforestation, and health and disease monitoring systems. She underscored the need to align the PPCR with other priorities and programs on the ground and ensure linkages rather than disjointed parallel programs. In relation to challenges of implementing a regional project, she noted that countries have different levels of preparedness and capacity and stressed the need to get to an equal baseline. She voiced concern regarding the PPCR concessional loan modality, saying that it raises issues with the UNFCCC process.

Ilhomjon Rajabov, Tajikistan Climate Change Centre, welcomed the opportunity provided by the PPCR platform to share challenges and concerns regarding climate change adaptation. He outlined the process to develop Tajikistan's investment strategy. He emphasized the need for participative and inclusive processes and noted that the PPCR is about applying a climate lens to what we are doing in our countries, with the aim of understanding in-country vulnerability. He stressed the important role of scientists and national experts in order to provide the science basis on which decisions need to be made. He further noted the role of the MDBs in providing help to access and leverage funds and stressed the role of stakeholders work together in partnership to address priority needs and program priorities. He emphasized following a "learning-by-doing" approach and said it was crucial to overcome institutional barriers that may hinder successful adaptation.

Essam Nada, Arab Network for Environment and Development, provided an overview of work done by the Network to build alliances and partnerships and stressed their convening power to bring stakeholders together. Michael Schwarz, Swiss Re, provided an overview of public sector risk transfer solutions and application of a systematic risk management approach. He noted the need to identify and assess risks, followed up by systematic risk mapping and the design of prevention, mitigation and adaptation strategies. He said that that public-private partnerships (PPPs) in risk management can provide innovative instruments to better absorb the financial risk.

Kenzo Ikeda, Japan International Cooperation Agency (JICA), provided an overview of JICA's bilateral experience in the Philippines. He stressed the importance of donors providing vulnerability assistance and mainstreaming climate into development strategies. He said JICA was working to complement other donor and national stakeholders at the national level on climate adaptation.

Joyce Yu, UNDP, outlined UNDP's work at the country level, coming together as country teams and conducting stock-taking exercises drawing on the UN's in-country assistance framework (UN Development Assistance Framework (UNDAF)). She said the UN system was involved in adaptation before the creation of the PPCR, and concluded that the PPCR should therefore draw upon the UN system's adaptation work and lessons learned from the development process under the UN. She stressed the need for deeper, longer-term consultation and bringing stakeholders in as part of the design of the country strategies. She suggested the creation of consultative markers for the PPCR as a more formalized manner for addressing stakeholder consultation. She said it would be useful to use national MDG targets to inform the MRV for the PPCR. She highlighted the need to ensure sustainability, which she said related directly to the adaptive capacity of institutions across the board, and stressed the need to build economies beyond subsistence. She expressed hope that the PPCR could also be an institutional strengthening mechanism.

Ancha Srinivasan, ADB, said the PPCR would bring many opportunities but these would only be realized if these activities build on strengthened institutions. He said the MDBs' relationship with finance ministries would be an important catalyst for climate and development, and underscored the important role of the PPCR in bringing the private sector into a more effective adaptation role. He said the PPCR and CIF provide a good model for cooperation in any new financial mechanisms under the UNFCCC and would help enable more effective global learning and networking.

Following the break-out session, several groups were asked to report on the deliberations. The first group reported that the focus of their discussions was on how to engage youth in the CIF processes. Their discussions stressed the need for youth to be active participants in the PPCR and identified the youth sector as one of the major stakeholders. They expressed concern that the youth voice and role had been missing in the Partnership Forum deliberations. The group underscored the importance of using existing youth networks to broaden the consultation process around the country and regional investment plans. They also stressed the need to engage youth representatives from beyond the education system, as well as incorporating climate change and adaptation response into school curricula. The group further urged creating spaces for young people in decision-making, and noted that this should move beyond a symbolic arrangement to ensure a clear and real role for youth and children.

The second group reported that the focus of their discussion was on coordinating mechanisms and creating alliances, in particular creating partnerships and overcoming barriers in relation to climate resilient development. They stressed the need to create national alliances with the involvement of grassroots actors, as well as addressing the role of women and youth in building climate resilience. They further stressed that funding should be considered for these national alliances. They noted the importance of strengthening existing institutions in order to ensure that the PPCR can work in synergy to build resilience. Finally, they suggested further discussions on the need to further define climate resilience.

The third group reported that their deliberations focused on bringing existing institutions together. They underscored the importance of building trust with the community and ensuring their sustainable engagement in the process. They suggested that local action plans would be a useful start or basis to scale-up the mainstreaming of local community participation. They also identified the need to ensure the involvement of high-level leadership such as ministerial bodies.

The fourth group said their deliberations focused on how to engage the private sector and create more awareness around the PPCR. It was noted that the private sector often speaks a different language to other stakeholders and that this should be reflected in efforts to improve the PPCR's relationship with the private sector. The group noted their discussion relating to regulatory interventions and asked whether climate change legislation would help the private sector engage in climate finance discussion and investments. They also noted the need to address climate related insurance issues.

The final group reported on the discussion related to engaging NGOs in the PPCR. They highlighted the importance of early engagement as well as engagement at the highest level, such as participation on national climate change committees. They noted the need to address issues of selection and legitimacy and stressed the importance of national NGO coordination. Finally, they questioned whether issues of engagement would be better dealt with at the local authority or national level.

Session Outcomes

In the closing plenary on Friday, March 19, Joyce Thomas-Peters, Grenada, presented the following summary outcomes of the PPCR session that focused on 'Building Alliances for Climate Resilience'.

Regarding financing issues, the session highlighted concerns related to finance being provided as loans rather than grants, with participants expressing concern regarding loans being used as the basis of finance adaptation and climate resilience. The session also underscored the need for certainty in relation to the allocation of resources for pilot countries, particularly in relation to the need for planning. In relation to regional allocations, the session identified the need to clarify how the allocation between countries and regions was being managed. It was suggested that guidance and clarity on this issue was needed. On access to PPCR funding by local governments and communities, the session identified the need for a better understanding of how financing could flow to the national and sub-national levels. Finally, in relation to effective communication of PPCR, the session highlighted the need for the MDBs and donors to improve their communication related to the PPCR's objectives and activities, particularly to governments and other stakeholders.

In relation to the overarching theme of national level issues, the session identified three key issues: data collection for baseline; institutional strengthening; and clearer understanding of climate resilient development. On data collection, the session noted that since reliable data is often lacking, this component needs to be part of the PPCR process. On institutional strengthening, it was suggested that climate relevant issues should be part of the school and other educational institutions' curriculum. In relation to gaining a clearer understanding of climate resilient development, the session suggested further discussions and a deeper understanding of what climate resilient development means for an economy.

On the overarching theme of how to build alliances, the session identified six key issues: engaging various stakeholders early in the process and in decision making; using existing networks and plans and creating a platform for ongoing engagement; providing incentives and facilitating key networks to work together; re-establishing or developing trust and respect for active engagement; recognizing that governments have a major role to play; and building several alliances rather than one big alliance. In relation to using existing networks and plans and creating a platform for ongoing engagement, the session stressed the need to engage with community-based organizations, the private sector, schools, youth and social networks. On re-establishing or developing trust and respect for active engagement, the session identified the need to share and accept the specific terms, values, languages and approaches of different stakeholders, particularly if there was to be a shared and common understanding. Finally, the session underscored the major role governments have to play in terms of actively engaging different stakeholders in the agenda setting process, as well as facilitating dialogue and understating more fully the roles of different stakeholders.

SCALING UP RENEWABLE ENERGY PROGRAM IN LOW INCOME COUNTRIES: Overcoming barriers for renewable energy deployment and attracting finance for investments in low income countries

The CIF Program Session 'Overcoming barriers for renewable energy deployment and attracting finance for investments in low income countries' took place on Friday morning, March 19. It sought to identify and understand the challenges facing large scale deployment of renewable energy technologies at the country level and to identify success stories and new opportunities for addressing renewable energy financing. Panelists included Anthony K. Ng'engo, Winafrique Technologies Limited, Naceur Hammanmi, Rwanda, Elsia Paz, Honduras, Jesus T. Tamung, the Philippines and Takao Shiraishi, Newjec Inc. The session was moderated by Bart Edes, ADB who asked that panelists describe their experiences, and any challenges or obstacles encountered, in promoting renewable energy on the national level.

Brigitte Cuendet, SREP Sub-Committee member and Co-Chair from Switzerland, provided an overview of the SREP. She noted that when we think of climate change we too often think of developed countries and large emitters and of preparing vulnerable communities for the effects of climate change. She indicated that we require a shift in thinking so that we can also focus on the energy requirements of developing and low income countries who need to raise their energy output to meet the demands of their growing populations. She noted a number of common stumbling blocks, including weak enabling environments, a lack of capital, and the need to engage the public and the private sectors. She noted that the purpose of the SREP was to help address and partially overcome these challenges by creating new economic opportunities and provide reliability. Institutionally, the SREP is committed to taking a country-centric approach to be integrated into national development plans and target proven technologies such as wind, solar, small hydro, biomass, and geothermal. She also stressed that community services such health, education and communication will also be significant. The SREP will aim to build on the experiences from pilot countries and was currently reviewing others for the programme.

Understanding the Challenges Facing Renewable Energy Scale-Up in Low Income Countries

Anthony K. Ng'eno, Winafrique Technologies Limited, provided an overview of some of the challenges for the role of the private sector in scaling up renewable energy supplies in low income countries. He pointed to a lack of skills and awareness among key practitioners, such as engineers, who are more accustomed to dealing with traditional technology. He also noted that designing systems based on cost is a challenge, as if you compromise on a single component you risk compromising the entire system.

Naceur Hammami, Rwanda, identified several elements needed for successfully scaling up renewable energy, including a regulatory framework that supports development and investment, incentivizing the private sector and availability of sufficient levels of financing.

Elsia Paz, Honduras, pointed out that civil society can help to remove some of the major barriers and obstacles to renewable technologies. She noted that the demand for energy in low income countries is so great that it was natural for the market to seek to meet that demand with short term but high yield fossil fuels. Furthermore, in some regions, such as South America, renewable technologies have a poor reputation due to examples whereby projects have not been fully or correctly implemented, thus leaving local communities with irregular and inadequate energy supplies. Paz noted that South America had witnessed a growth and a diversification of energy supplies into wind, solar and biomass, but it is not living up to the potential that it has as a region. This can partly be attributed to governance problems and corruption, and as such, the MDBs could potentially play an important role in providing seed money and helping to put in place appropriate financial mechanisms.

Jesus T. Tamang, the Philippines, discussed the fact that moving away from a dependence on oil was one of the top priorities for the Department of Energy in the Philippines and they are now the world's second largest consumer of geothermal energy. A number of lessons can be drawn from their experiences, including, among other things, the involvement of local communities in the maintenance, ownership, and operation of energy facilities, the need for capacity building among local stakeholders, the need for strong legal frameworks, the necessity of feed in tariffs, the importance of incentives for private sector investment, and the role that households and companies could play in developing renewable energy supplies. He underlined the point that electricity must remain affordable. He also noted that financing remains a critical concern for all organizations, companies, institutions and CSOs.

Takao Shiraishi, Newjec Inc., briefly outlined his experiences working with a member company of the E8, an NGO working with energy companies developing renewable energy supplies. He noted that it was not sustainable to rely only on the skills and expertise of technicians from abroad. He stressed the importance of capacity building in developing countries, pointing out that indigenous communities and local communities often lack the skills to maintain the technology and do not have the channels to acquire the necessary skills. Local NGOs should provide a key role in the capacity development of communities and local populations. He went on to stress that another of his major concerns regarded the price of energy in low income countries, particularly in rural areas. Finally, he noted that as renewable energy technology becomes more widely available, it is likely that it will become more affordable. He cited the example of Japan, where construction costs of solar energy have decreased to US$4,000 per kilowatt of capacity.

In response to a question by the World Harmony Foundation about the impact of tropical storms on the development of renewable energy in the Philippines, Tamang noted that natural hazards can prove very damaging, and tropical storms appear to have risen in number and intensity. He explained that the Philippines now has wind farms in place but storms could also disrupt these energy supplies. He also noted that they are currently drawing up two service contracts for ocean power, but exactly how the technology will function is still uncertain. Such factors impinge on the nation's ability to develop renewable energy supplies. UNEP asked the panel if they believed the SREP can be used for demonstrations to attract private sector investments, particularly in reference to the need to remove barriers and create an enabling environment. Ng'engo noted that in Kenya demonstrations of new technology are key to encouraging investments. Paz stressed that existing models should be recognized and governments should not waste time reinventing successful green technology projects that already exist in the region. She cited Costa Rica as a good example of a country that has invested in renewable sources of energy and today 90% of their supplies come from hydropower. Such examples should provide a useful model for the region. Tamang noted that between 2008 and 2028 the Philippines will be attempting to double its renewable energy production capacity from 5,300 to 10,600 megawatts.

The representative from Nicaragua asked the panelists what kind of financial sources they had in mind when discussing financial barriers. He mentioned that Nicaragua has not been able to generate funding from the international community to develop green technologies because of the many conditions attached. He asked the panelists how we might be able to move from loans to grants for poorer nations. Shiraishi responded that, in his belief, the answer will lie in large scale private sector investments by a single company that covers both rural and urban areas. Ng'engo noted that in the case of his company in Kenya they had had some success in attracting private sector investments. Paz argued that the public sector will need to play a bigger role than private companies in countries like Nicaragua if they are to progress due to the fact that the private sector is primarily motivated by profit. She suggested that governments backed by grants from international institutions may provide the way forward.

The representative from Tanzania asked the panelists if the cost of renewables should be considered a barrier in light of the fact that the environmental costs of fossil fuels are so much greater. In response, Ng'engo conceded that we have yet to have achieved a level playing field in terms of renewable technologies. Policy development should try to take into consideration the 'internalization of externalities', meaning that the economics of supplying energy do not yet take into consideration environmental damage, climate change and health impacts. Paz noted that in Latin America they have begun to take into consideration the environmental impacts in the decision-making process. Tamang explained that in the Philippines they have a one-grid one-price policy so energy from renewable sources is the same price as energy from traditional sources. They have also implemented a priority dispatch system whereby energy is drawn from the renewable sources wherever available. Shiraishi responded with the comment that the Clean Development Mechanism (CDM) is a good mechanism to encourage private sector investment in renewable energy projects but it can depend on size, and that smaller projects can prove difficult to make commercially viable. He noted that feed-in tariffs are very useful but that their effectiveness can differ between developed and developing countries. In particular, in developing countries it is critical to ensure that the tariffs are priced correctly.

Addressing Renewable Energy Financing: New Opportunities and Success Stories

The next session focused on renewable energy and financing. Panelists included Georg Grüner, KfW Banking Group, Govind Raj Pokharel, SNV Netherlands Development Organization, Donald Morales, Nicaragua, and Ambachew Fekadeneh Admassie , Ethan Biofuels and Carbon Finance Working Group. Bart Edes, moderator for the session, invited panelists to comment on how the SREP can be used to leverage additional co-financing.

Georg Grüner, KfW Banking Group, noted the key challenge was to move from testing pilots to a systematic approach towards implementation. He described how the KfW Banking Group could provide some positive experiences from their projects in Germany where they have been financing renewable energy projects for almost two decades. In less developed countries they have also been looking at off-grid renewable energy sources as access to clean energy technology is so critical. Grüner asserted that it requires innovative institutional frameworks and not just innovative technology to deliver renewable energy solutions. He went on to stress that, in particular, rural areas require huge investments in infrastructure development and distribution channels in order to make investments more attractive to private investors. He highlighted the possibility of setting up viable business models for the private sector and aggregating demand to allow for private sector investors.

Govind Raj Pokharel, SNV Netherlands Development Organization, addressed decentralized and small-scale renewable energy solutions. He noted that financing does not just mean funds for technology but it also means resources for capacity building, developing policy frameworks in low income countries, stimulating local markets and promoting end-user access to technologies. He noted that the financing of technology development required partnerships across the public and private sectors. He noted that governments need to be sensitized to the issues and convinced of the merit of providing some contribution. For example, in Nepal the government is subsidizing 14% of the financial investments required for solar energy systems. He stressed that it was also important to provide incentives to commercial banks to reduce interest rates. Finally, he emphasized the importance of capacity building among both the private sector and civil society. He cited the example of Pakistan, which now has the potential to supply 5 million homes with biogas, but is struggling to convince the public of its benefits. Thus, investment in longer term capacity building is essential to ensuring sustainable patterns of energy supply and demand.

The next question was directed at Donald Morales, Nicaragua, regarding the approaches Nicaragua had adopted in order to deploy renewable energies. Morales explained that the country was undergoing a transition because until 2007 the government had shown little interest in renewable energy sources, and the population had become accustomed to blackouts and energy rationing as the government and the private sector so rarely invested in energy plants. The national development plan had now diversified and included investments in renewable energy supplies. Nicaragua has the potential to produce 2000 megawatts of hydropower energy even though they are currently only using 100 megawatts. He noted that the chief concerns were to ensure that the population had reliable access to energy, and also to change the balance of the energy matrix so that they could become less dependent on oil. He stressed that energy efficiency can also help a nation and its businesses become more financially competitive.

Another question, directed to Ambacheew Fekandeneh Admassie, queried what measures Ethiopia had adopted to help leverage private sector investment and what kind of incentives and motivations were required to boost investment. Admassie responded by saying that the most important factor, as with any investment, is to ensure an enabling environment which would always be specific to any given country. He stressed that 'no-one-size-fits-all', thus programs under the SREP will need to be custom made to address very specific scenarios. He also mentioned that the financial instruments available under the SREP should be made available for public and private ventures without discrimination. The use of other funds or programs to address renewable energy issues, such as using the PPCR to address both energy access and climate resilience, was also suggested.

The next question, directed to George Grüner, regarded the role that concessional financing from bilateral and multilateral development agencies should play. Grüner provided an example of a program in Nepal which aimed to provide biogas plants in rural areas designed specifically for households. With the assistance of KfW's additional investment to cover the upfront subsidies, the program was scaled up. Such grants can help make a transition from public subsidy to private finance.

Moderator Edes then opened up the floor to discussion. In the subsequent discussions, the Pro-Environment Consortium argued that the funding provided by the MDBs is, in many cases, channeled through local agencies, such as banks, which then pass it on to investors at much higher costs and with less favorable conditions. UNEP was keen to find out which were the most appropriate financial mechanisms for funding developing nations, such as concessional loans or guarantee structures, particularly in view that for many MDBs anything short of grants would not be considered feasible. The World Resources Institute (WRI) raised the issue that many low income countries faced when trying to simultaneously combat climate change and address energy access, stressing that the SREP was in a strong position to try and combat some of these issues. It was also emphasized that there are a number of community-based energy projects already in existence from which lessons could be learned. In response, the panelist Pokharel pointed to the ADB 'energy for all' initiative which is aiming to provide clean energy to an additional 100 million by 2015. The initiative aims to provide a soft credit mechanism with a capacity building fund. He went on to describe how it was the role of CSOs to generate the demand and make users aware of quality issues in order to ensure that the private sector delivers a good quality service. In response to the question related to community based projects, Pokharel remarked that the response would depend on the technology in use. For example, micro-hydropower programs have been shown to be very effective on the community level, while a number of biogas projects have failed at the local level. Panelist Admassie picked up on the issue of the duel challenge of combating climate change while addressing energy access in low income countries by pointing out that climate change needed to be seen as an opportunity as well as a problem because it can prompt countries to skip the traditional energy phase and instead to invest in green energy technology. Investing in a green development pathway would allow low income countries to use their lower emissions to leverage finance from higher emitter countries, and would provide another stream of revenue via carbon offsets.

Moderator Edes asked the panelists how the recent economic downturn had affected financing and new approaches in renewable energy. Panelist Pokharel explained that the crisis was being felt and it was more challenging to generate funds from donors. At a micro level, interest rates have risen which is in turn impacting end-users and reducing demand. The point was also taken up by the National Council of Climate Change, Indonesia, who noted that loans to small scale project developers are often channeled thorough commercial banks and need to be personalized. Panelist Gruner noted that it was a challenge to introduce tailored investment loans for renewable energy projects. He noted that the loans are set at variable rates which are set at levels they believe necessary to make the project a success. He went on to explain that he was not a supporter of grants because they do not necessarily provide the incentives for the end-consumer if the company or the government were to receive the technology for free.

The Pro Environment Consortium raised the concern that seed finance mechanisms are often not supported by commercial banks or development banks, which represents a significant barrier because the pre-development costs for any project, such as the writing of technical, financial and legal papers, can be costly. Grüner agreed that there was a lack of seed funding and risk-guarantee funds. He noted that the KfW were in the process of setting up a guarantee fund for geothermal energy projects in Indonesia and Kenya. In the case of the Olkaria geo-thermal power plant the first two blocks of funding were provided by soft loans, the third by a private sector loan on commercial terms, and the fourth was to be provided almost entirely by the private sector on commercial terms. Such a model could provide an example for involving the private sector.

Another participant from the floor asked how the SREP might work for small scale projects that had the potential to be replicated. Panelist Admassie explained that in order for a project to be funded by the SREP it must be included in the country development plan. He noted concern that the organizing government agencies might only approve public sector projects, thus the SREP will need to ensure more diversity in the national development plans. Japan added to this point by noting that if the MDBs were included in the formulation process for the country development plan, it is more likely that private sector projects would also be selected.

The IDB went on to comment that an important part of the CTF is the support between the public and private sectors in terms of how they complement and leverage each other and share knowledge. It is also important to ensure that the private sector can feed back to the policy-makers to help them create an enabling environment. In the case of the SREP it will be vital that the country development plans include both public and private investment activities.

In the closing statements for the session, Georg Grüner underlined the importance of establishing viable business models for the private sector. Govind Raj Pokharel noted that there are already numerous good examples in countries that should be collected and replicated wherein governments, stakeholders, the private sector and NGOs have all been involved. Donald Morales agreed with the previous points and noted that a strong link between the public and private sectors is required to move investment plans forward. Ambachew Fekadeneh Admassie commented that the SREP should strive to link into leveraging existing climate change instruments, such as the UNFCCC.

Session Outcomes

In the closing plenary on Friday, 19 March, Jiwan Acharya, ADB, commended the level of dialogue held during the SREP discussions. He noted how the session had focused on the main barriers to scaling up renewable energy and the ways in which these relate to institutional and technical capacity, regulatory frameworks and financial issues. He presented the following summary outcomes of the SREP session.

In order to achieve the overarching objectives of the SREP it was clear that successful experiences of renewable energy development and implementation should be identified as potential models in order to build national capacity. Such examples should also help to locate further partnerships with the private sector, other development partners and civil society, and should be replicated at the local, national, regional and indeed global levels. It was further stressed that governments play an integral part in facilitating private sector involvement through the introduction of positive incentive structures and innovative financial instruments. The private sector also plays a critical role as partner in creating markets and providing sustained investments in renewable energy projects. It was also noted that establishing financial intermediaries can be an effective tool to manage and leverage resources, and grant money should be used to catalyze renewable energy interventions.

SYMPOSIUM ON CLIMATE SCIENCE AND TECHNOLOGY

The Symposium on Climate Science and Technology, organized by UNEP, aimed to promote learning and knowledge sharing on cutting-edge climate change science and technology. The session consisted of: welcoming remarks from Kaveh Zahedi and Gemma Shepherd, UNEP; objectives and structure of the Symposium; a discussion on Energy Technology Roadmaps: Charting a Course for a Low Carbon Future with a presentation from Thomas Kerr, International Energy Agency (IEA) and response from Amal-Lee Amin, IDB; and discussion on Carbon Benefits of Sustainable Land Management, with a presentation from David Skole, Michigan State University, and a response from Reiner Wassman, , International Rice Research Institute, Philippines. Kaveh Zahedi chaired the session.

Energy Technology Roadmaps: Charting a Course for a Low Carbon Future

Thomas Kerr, Senior Energy Analyst, IEA Office of Sustainable Policy and Technology, presented on Energy Technology Roadmaps: Charting a Course for a Low Carbon Future. In identifying the priority near term actions, Kerr highlighted the importance of technology incentives, technology specific barrier identification and removal, R&D funding, including private and public sectors and technology diffusion trends. He said the IEA's work on roadmaps has focused on the need to identify technology opportunities for countries and sectors with the aim of identifying what is needed from 2010-2020 and upwards to 2050. Kerr stressed the usefulness of technology roadmaps in relation to: identifying and addressing technology-specific barriers; highlighting necessary deployment policies and incentives; directing increased R&D funding for new technologies; and supporting technology diffusion and knowledge sharing among countries. He then outlined the steps in IEA's roadmap approach, which generally included the following steps: engaging cross-section of stakeholders; identifying a baseline; using ETP BLUE Map results for deployment pathway to 2050; identifying barriers such as technical, regulatory, policy, financial, public acceptance; and developing implementation action items for stakeholders. He noted the status of completed and upcoming roadmaps: 2009- carbon capture and storage, electric vehicles, cement sector, wind energy; 2010- solar photovoltaic (PV) and Concentrating Solar Power, nuclear power, energy efficient buildings: heating and cooling, smart grids, biofuels, vehicle efficiency, and geothermal power; and 2011- iron & steel sector, hydrogen & fuel cells; clean/high-efficiency coal; energy efficiency in buildings: design & operation; biomass combustion for heat and power. On the next steps he said the IEA would continue with the development of roadmaps; ensure a linkage between IEA roadmaps and UNFCCC Technology Mechanism; ensure the use of roadmaps at international, regional, sectoral and domestic levels; and identify and document best practice energy technology policy.

In response to Kerr, Amal-Lee Amin said the challenge of climate change is urgent and requires a transformation of the energy system at all levels, combined with a continuum of actions required to bring new technologies to market. She identified two main challenges at the international level: rapidly scaling up and accelerating in existing low carbon commercial or near commercial demonstration; and institutional capacity development and skills development at the national and local level. She noted that the Copenhagen Accord called for the establishment of a technology mechanism and underscored the importance of an early discussion on what such a mechanism could achieve and how it could enable greater technological cooperation.

Some participants said it would be useful for some of the roadmaps to feed into the country investment plans. In response to issues raised regarding sustainable transport measures, Kerr said the IEA used electric vehicles and biofuels as a starting point, but stressed the importance of mobility shifts and the need for a sustainable transport approach that looks at all urban transport systems, including non-technology transport solutions. Several participants expressed concern regard the use of the 450 parts per million option used in the scenarios, and noted their preference for a 350 parts per million scenario in which we see temperate increases limited to below 1.5 degrees Celsius. In response to questions on how to reduce the cost of solar energy in order to make it affordable to the rural poor, Kerr recognized this as a critical future challenge, but said they have not focused on traditional development challenges of the solar sector. Other participants highlighted the importance of bringing renewable energy technologies to communities without access to modern energy services, and stressed the need to address affordability and the ability of engaging women and children. Some participants expressed concern about inclusion of carbon capture and storage (CCS) in the technology roadmap and stressed that money spent on CCS would be better spent on renewable energy. Kerr noted the high costs of CCS, but stressed that over time costs would decrease and that it would not be possible to reduce emissions with CCS technologies. In relation to the UNFCCC process, participants noted the need for coherence between the CIF and the proposed technology mechanism under the Copenhagen Accord, as well as coordination among existing technology processes and mechanisms.

Carbon Benefits of Sustainable Land Management – science, technology and economics of modeling, measurement and monitoring

In his address, David Skole, Professor of Global Change Science, Department of Forestry, Michigan State University, outlined approaches for measurable, reportable and verifiable (MRV) carbon benefits in agriculture and forestry. He identified three MRV opportunities. Emission reductions through conservation of existing carbon stocks; for example, avoidance of deforestation or improved forest management, including alternative harvest practices such as reduced-impact logging or fire and pest control; carbon sequestration by the increase of carbon stocks: for example, afforestation, reforestation, agro-forestry, enhanced natural regeneration, re-vegetation of degraded lands, reduced soil tillage and other agricultural practices to increase soil carbon or extend lifetimes of wood products; and carbon substitution; for example, the use of sustainably grown biofuels to replace fossil fuels or biomass to replace energy-intensive materials such as bricks, cement, steel and plastic. He said there were three core applications, namely: carbon accounting for land use, land use change and forestry (LULUCF); carbon monitoring and evaluation and carbon risk assessment; and tropical forest monitoring. Among the key measurement elements he identified the following: ground measurements provide calibration and detailed sample frame analysis; remote sensing takes the ground samples to extrapolate spatially to the landscape; GIS provides the data base framework for organizing spatial data; carbon models provide ex ante calculations and detailed accounting; web-enabled geospatial information systems to provide local and global access; and C2M Agro-forestry model adds a "green carbon" value chain to provide livelihood co-benefits.

In response, Reiner Wassman, Coordinator, Rice and Climate Change Consortium, International Rice Research Institute, Philippines, said there was a need to look at the issue more from the viewpoint of agriculture rather than just forestry. He also questioned the focus on carbon sequestration and highlighted the need to look at non-carbon sources, such as methane and nitrous oxide.

In the discussion, participants agreed that there should be a process to learn more about the carbon and nitrogen cycles. Participants noted the discussion held at Forest Day in Copenhagen, and stressed the possibilities of involving communities as forest stewards. Many said that REDD+ provides an important opportunity to ensure the involvement of local communities in MRV, as well as channeling finance. In this regard, they underscored the importance of making the mechanism a bottom-up process, as well ensuring that the mechanism included both carbon enhancement and livelihood issues. Furthermore, participants noted the growth of new technologies, in particular low-cost small-scale satellites that could assist community-based MRV. In relation to the use of Jatropha being encouraged rather than growing food crops, it was suggested that communities remain with traditional agriculture but look to augment this with options to enhance carbon stocks, as well as options for harnessing renewable energy, such as agricultural residues.

CLOSING PLENARY

The closing plenary, which took place in the afternoon on March 19, was chaired by Katherine Sierra, World Bank and Naderev Sano, the Philippines. The panel included Patricia Bliss-Guest, CIF Administrative Unit; Claudio Alatorre, IDB; David McCauley, ADB; Joyce Thomas Peters, Grenada; and Jiwan Acharya, ADB. Each panelist was invited to present a summary of the discussions from the CIF program sessions.

Patricia Bliss-Guest presented the report from the 'Voices of Stakeholders Session'. She noted that the discussions fell into five key themes which included climate as a development issue, governance and inclusion, financing, CIF on the ground and learning. A summary of the key points follows:

- Agreeing that the climate change challenge risked undermining the gains that have already been made in development, and should be seen as an equity and justice issue.
- Welcoming the balanced governance infrastructure and consensus based decision making process that has been adopted by the CIF, but also recognizing that consensus requires compromise and cooperation.
- Noting the opportunities for stakeholders to participate in the CIF decision making process and urging all decision makers to respect the rights and cultures of indigenous peoples.
- Emphasizing that increased funds are required in order to combat the challenge ahead of us, and stressing that the use of loans should be re-examined.
- Noting the importance of linking the CIF to actions on the ground, which requires active participation, capacity building and building trust with local CSOs and communities.
- Underscoring the need for continuous learning throughout the process based on the feedback from all stakeholders at all levels, and the need for more effective and accessible communications strategies to enable country-to-country and region-to-region exchanges.

Claudio Alatorre, IDB, presented the report from the CTF session. A summary of the key points follows:

- Noting that to encourage private sector investment it was critical to generate stable and predictable environments, adequate regulatory frameworks, strong and transparent regulations for institutions, and adequate division of responsibilities.

- In reference to the program design stage, stakeholders underlined the need to involve stakeholders at all levels and also to encourage a cross-department approach from governments.
- Recognizing the need for country-specific technologies by increasing R&D capacity through the development of local supply chains and industrial development.
- In reference to the need for financial sustainability, recognizing the need for targeted interventions that can remove entry barriers and open the door to more sustainable mechanisms in the future and also valuing and internalizing externalities such as environmental damage.
- Underlining the fact that consumers in low income countries should not be the ones to bear the extra costs to transfer to more renewable energy sources.

David McCauley, ADB, presented the report from the FIP sessions. A summary of the key points follows:

- Valuing the role of REDD+ as a source of collaboration which would help to fit into the individual needs of a country's existing policy structures, plans and institutional arrangements.
- Calling for a cohesive, country owned planning process in which the role of stakeholders, and in particular indigenous peoples, are recognized.
- Recognizing the need for collaboration between bilateral and multilateral donors, and also the need for south-south cooperation.
- In reference to leveraging resources, recognizing the need for private sector investment which will require stable and enabling environments, and also additional clarity on the institutional arrangements and financing structures already in use.
- Emphasizing that the approach must be country-specific.

Joyce Thomas Peters, Grenada, presented the report from the CIF program session on the PPCR. A summary of the key points follows:

- Underlining the issue of loans versus grants for investment in climate resilience.
- Underscoring the need for certainty in relation to the allocation of resources for pilot countries, particularly in relation to the need for planning.
- On access to PPCR funding by local governments and communities, the session identified the need for a better understanding of how financing could flow to the national and sub-national levels.
- Suggesting that climate relevant issues should be introduced into the curriculum of schools and educational institutions in order to strengthen their responses.

- Recognizing the role of ongoing and continuous engagement with community organizations, the private sector, schools, youth and social networks, and the importance of building on existing networks rather than trying to create new ones.

Jiwan Acharya, ADB, presented the report from the SREP session. A summary of the key points follows:

- Recognizing the need to identify potential models and experiences on the ground for renewable energy development and implementation.
- Realizing the importance of strong partnerships between the private sector, other development partners and civil society.
- Underscoring the role that the government can play in providing sufficient incentives for private sector involvement.
- Recognizing the role of financial intermediaries as a tool to manage and leverage resources.

Naderev Saño, the Philippines, went on to outline how the level of engagement and dialogue witnessed during the Partnership Forum is unprecedented, and called on participants to remain critical and constructive as well as realistic and optimistic. He said the continued participation of all stakeholders would lead to transformational change both on the ground and within institutions. He expressed the wish that the collective dialogue will be translated into robust solutions and actions that can permeate into all levels of society.

Katherine Sierra, World Bank, noted that when the World Bank Group set out to design the CIF they wanted to demonstrate action on the ground. She said they wanted to move and move big. With the knowledge that there would be mistakes made and lessons learned, she stressed the need to identify emerging problems, re-group, change and reflect on what is most effective in different situations. She noted that the Partnership Forum provides an opportunity for the World Bank Group to listen to the voices of those involved in implementing projects.

In her closing address, Ursula Schäfer-Preuss, Vice-President, Knowledge Management and Sustainable Development, ADB, said the Partnership Forum was a dynamic and inspiring process and had generated many critical inputs and dialogue. She thanked all participants for their feedback and contributions. In particular she welcomed the participation of indigenous peoples' organizations and said the MDBs will build on the many suggestions and proposals in their future work with the CIF, and expressed hope that the international community can come to a good agreement in Mexico and beyond.

Annex 1: Attendance

The following governments were represented at the Partnership Forum: Armenia; Australia; Azerbaijan; Bangladesh; Benin; Bolivia (Plurinational State of); Brazil; Cambodia; Cameroon; Canada; Chad; China; Colombia; Côte D'Ivoire; Democratic Republic Congo; Denmark; Dominica; Ecuador; Egypt; France; Georgia; Germany; Ghana; Grenada; Guyana; Haiti; Honduras; India; Indonesia; Jamaica; Japan; Jordan; Kenya; Kosovo; Kyrgyz Republic; Maldives; Mali; Mauritania; Mexico; Morocco; Mozambique; Nepal; Netherlands; Nicaragua; Niger; Nigeria; Norway; Palau; Papua New Guinea; Philippines; Romania; Rwanda; Samoa; Senegal; South Africa; St. Lucia; St. Vincent And The Grenadines; Sweden; Switzerland; Tajikistan; Tanzania; Thailand; Timor Leste; Togo; Tonga; Tunisia; Turkey; United Kingdom; United Republic of Tanzania; United States; Vietnam; Yemen, Republic of; and Zambia.

The following United Nations (UN) bodies, programmes and funds were represented at the Partnership Forum: United Nations Convention to Combat Desertification; United Nations Development Programme; United Nations Environment Programme; United Nations Framework Convention on Climate Change; United Nations Children's Fund; United Nations Program on Reduced Emissions from Deforestation and Forest Degradation (UN REDD); and the World Health Organization.

The following multilateral development banks were represented at the Partnership Forum: African Development Bank; Asian Development Bank; European Bank for Reconstruction and Development; Inter-American Development Bank; International Bank for Reconstruction and Development; International Finance Corporation; Forest Carbon Partnership Fund; and the Global Environment Facility.

The following non-governmental and civil society organizations were represented at the Partnership Forum: Save the Humanity; Society for the Empowerment of the People; FECOFUN Nepal; PRODENA; Nile Basin Discourse Forum in Rwanda; Greenpeace; IIRR; Spire; International Cameroon; Action en Faveur de l'Homme et de la Nature (AFHON); NGO Forum on the ADB; IBON Foundation; EMI; NESDA-CA, Cameroon; Halcrow Group Ltd; Transparency and Economic Development Initiatives; Transparency International; Insituto Natura; Plan International; APREC Coastal Ecosystems; Planète Urgence; Catholic Bishops' Conference of the Philippines Caritas, Philippines; Khazer Ecological and Cultural NGO; World Resources Institute; Dhaka Ahsania Mission; International Copper Association; Ashoka Trust for Research in Ecology and the Environment; Gram Bharati Samiti (GBS); World Agroforestry Centre (ICRAF); KEHATI Indonesia Biodiversity Foundation; Care Nepal, Nepal; Association for Countrywide Afforestation (ACA); Freedom from Debt Coalition (FDC); Resource Conflict Institute (RECONCILE); Grace Peter Charitable Trust; AHPPER; CBNet Business Consultancy Services; KFI; OXFAM Philippines; Projonma Academy; Asian Women's Network on Gender and Development (AWNGAD); Global Forum on Women and the Environment; Save the Earth Cambodia; GGS Institute of Information Communication Technology India; Action Aid; The Nature Conservancy, North Asia Region; Asia NGO Coalition for Agrarian Reform; Philippine Movement for Climate Justice ; Environment Protection for Rural Development Organization (EPRUDO); International Alliance of Indigenous and Tribal Peoples of the Tropical Forests; Ole Siosiomaga Society Incorporated (OLSSI); International Alliance of Indigenous Peoples and Tribal of Tropical Forests; International Economic Cooperation and Self-Development with Identity of COICA; Indigenous Information Network (IIN); International Alliance of Indigenous and Tribal People of the Tropical Forest (IAITPTF), West African focal region / Ethnic Minority and Indigenous Right of Africa (EMIROAF); Organizacion De Los Pueblos Indigenas De La Amazonia; Gayatra Store Enterprises; Ethan Bio-Fuels Ltd, Carbon Finance Working Group ;World Business Council for Sustainable Development; Enecore Carbon; Uganda Carbon Bureau; Paulista ; Sol Xorce, LLC; PricewaterhouseCoopers; Timber Research and Development Association (TRADA);World Harmony; BEA International; Institute for International Development (IID); Harewelle International; Climate Business Network; G Spiller Associates; International Copper Association Southeast Asia; Frontier Finance International Inc; Debub University; and Michigan State University.

Annex 2: Survey Responses

A survey was distributed to all participants at the end of the 2010 Partnership Forum in order to generate responses on the level of satisfaction with the format and content of the two days.

The following provide a summary of the responses.

Figure 1: Respondents to have completed the survey

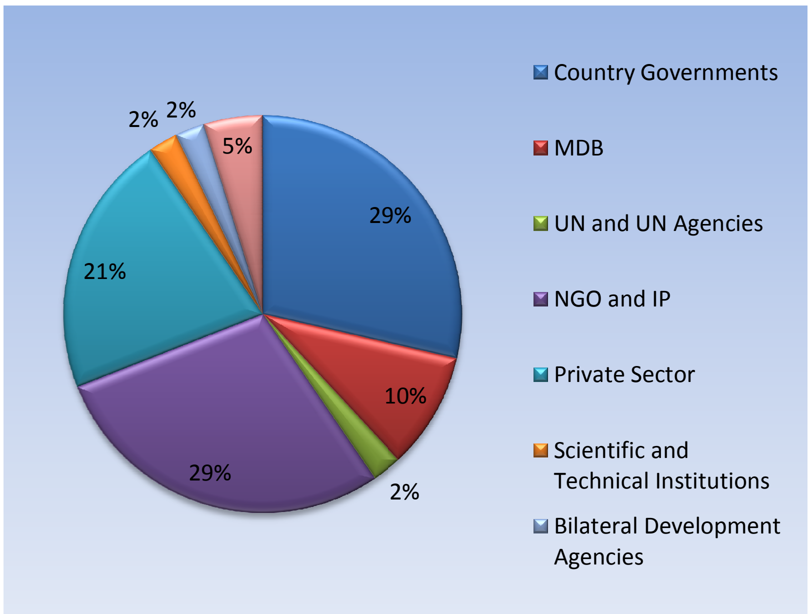

Figure 2: Respondents were asked to rate their overall experience of the 2010 Partnership Forum.

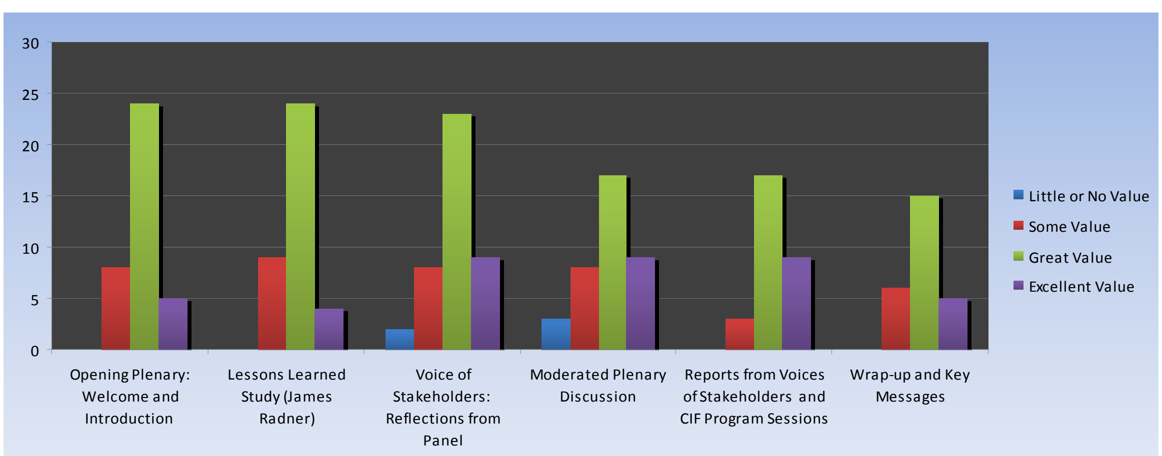

Figure 3: Respondents were asked to rate their experience of the 2010 Partnership Forum special sessions