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Local Stakeholder Engagement in The Climate Investment Funds:

EVALUATION REPORT

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Executive Summary

The Climate Investment Funds (CIF) were established in 2008 to provide scaled-up climate finance to developing countries. The CIF supports developing countries to catalyze transformational shifts towards low-carbon, sustainable development. Contributor countries to the CIF have pledged more than USD $8.5 billion to fund preparatory activities and investments in 72 developing countries.[1] The CIF operates in four thematic areas: scaling up low-carbon energy technologies (Clean Technology Fund), expanding access to renewable energy (Scaling Up Renewable Energy program), mainstreaming climate resilience into development plans and investment projects (Pilot Program for Climate Resilience), and supporting sustainable forest conservation and management (Forest Investment Program).[2]

The CIF aims to use stakeholder engagement as a mechanism to enable "trust, ownership, and more effective action on the ground," particularly by adding value to national investment planning and implementation.[3] This evaluation focuses on three learning questions about local stakeholder engagement (LSE):

1. How was LSE envisioned in the CIF's design?
2. How has LSE been implemented in each of these areas of the CIF's work:
    - CIF governance;
    - investment planning;
    - project design and implementation; and
    - program monitoring and evaluation?
3. What lessons can the CIF and other climate investment funds and their stakeholders learn from CIF's experiences with LSE?

To answer the learning questions, the CBI evaluation team developed a CIF LSE theory of change to serve as the framework for the evaluation; analyzed a random sample of 18 CIF Investment Plans and 20 projects across the CIF's four programs using documents and interviews; surveyed and interviewed 42 participants in the CIF's governing Trust Fund Committees and Subcommittees (TFCs/SCs); conducted field visits in Indonesia, Tanzania, and Tonga; and interviewed more than 100 local, national, and international CIF program and project stakeholders.

Following is a summary of the main evaluation findings, along with recommendations for enhancing LSE in the CIF and other climate funds.

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[1] Nineteen countries that received CIF preparatory funds have not received CIF investments.
[2] The two CIF Funds are the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The SCF supports three thematic programs: the Forest Investment Program (FIP), the Pilot Program for Climate Resilience (PPCR), and the Scaling Up Renewable Energy Program (SREP).
[3] CIF Website: https://www.climateinvestmentfunds.org/stakeholder-engagement

How was LSE envisioned in the CIF's design?

The CIF made an early and strong commitment to engaging representatives of local stakeholders in CIF governance. In 2008, CIF wanted to align its governance with international best practices and hence CIF's governing TFCs/SCs approved procedures to include Observers representing civil society, the private sector, Indigenous peoples, and local communities. Representation of women's organizations was not initially an explicit goal (though it became one when the CIF's Gender Action Plan was approved in 2014). Observers were to be self-selected by their constituencies. They were invited to participate "actively" with authority to request the floor, request changes to the agenda, recommend external experts, and provide input on all aspects of the TFC/SC work, including deliberation on individual investment plans and projects.

All four CIF programs envisioned a collaborative process for developing national investment plans that included LSE. They differed in their emphasis on LSE and in their guidance on how LSE should be conducted during investment planning.

Using the CIF's innovative programmatic approach, recipient governments have led CIF national investment planning, supported by two or more MDBs.[4] CIF investment plans aimed to provide a programmatic framework for conceptualizing, designing, and implementing specific projects. National implementing agencies, supported by MDBs, took the lead at the project level. The CIF's TFCs/SCs maintained oversight of investment programs and their projects through periodic monitoring and reporting by national governments and MDBs.

The investment planning process was intended to include relevant non-government and international stakeholders. However, each program treated LSE differently in its design documents:

- **CTF** focused on larger-scale energy sector investments in emerging economies. CTF's design document provided limited guidance on LSE. It did highlight the need to engage with national governments and to incentivize active financial and technical participation by private sector actors involved in public transportation, energy generation, transmission, and end use.
- **SREP** focused on investments to expand access to renewable energy in low-income countries. Its design document provided more explicit guidance on LSE, indicating that Indigenous peoples and local communities who could benefit from the expansion of renewable energy access should participate fully in investment planning.
- Both **PPCR and FIP** anticipated more significant need to involve local stakeholders in planning and implementation than did CTF or SREP, given their focus on sub-national and local capacity building and empowerment. Their design documents therefore had more explicit and detailed guidance on involving local stakeholders in investment planning and

[4] All of the CIF's programs used a "programmatic approach" to investment planning; the programmatic approach is one of the central innovations of the CIF. This approach uses a collaborative process to develop a national investment plan, which serves as the basis for preparation of a set of coordinated and complementary projects. Joint Missions led by a government agency with two or more MDBs, involving consultations with government and non-government stakeholders, followed by joint drafting of an investment plan, have been the primary planning mechanism. The ultimate aim is for CIF-funded investments to support synergistic and transformational change.

implementation.[5]

Given that CIF works exclusively with MDBs as implementing agencies, recipient government and MDB safeguards and procedures were expected to guide LSE in project design and implementation. CIF TFCs/SCs oversaw national investment plan implementation primarily through the CIF's program-level monitoring and reporting process, while the MDBs carried out their own project supervision processes.

How has LSE been implemented in each area of the CIF's work?

CIF governance:

The CIF has provided substantial and innovative opportunities for representatives of local stakeholders to participate in its TFCs/SCs and has strengthened those opportunities through organizational learning. The CIF's approach to stakeholder engagement in governance has been noted as a best practice among major climate finance institutions.[6] Since the first year of its operations, the CIF has engaged a diverse, representative, and active group of Observers through effective procedures for Observer representation and participation in TFCs/SCs. From 2010 through 2014, the CIF TFCs/SCs went through several rounds of policy development, feedback, evaluation, and refinement regarding Observer selection, support, and participation in the work of its TFCs/SCs.

The CIF and Observers also collaborated to create the Stakeholder Advisory Network, a unique forum for current and former Observers from the CIF and other climate funds to share experiences, build networks, and coordinate advocacy. In addition, the CIF Evaluation and Learning Initiative created opportunities for Observers to participate in the CIF's Transformational Change Learning Partnership, and several Observer organizations have undertaken thematic studies to assess the CIF's impacts in areas including gender, leadership, and engagement of Indigenous peoples, among others.

There has been consistent Observer engagement on local stakeholder issues in TFC/SC meetings. The TFC/SC rules of procedure enshrine a substantial role for active Observer participation. In the survey of governance participants, 85% indicated that Observers raised issues related to local stakeholder engagement and benefits in at least half of the CIF TFC/SC meetings reviewing proposed Investment Plans. There was a range of views on the responsiveness of TFCs/SCs, recipient governments, and MDBs to Observer suggestions.[7] Most respondents (61%) indicated that investment plans were changed directly in response to Observer interventions roughly 25% of the time.[8]

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[5] Notably, in addition to its guidance on LSE, FIP created a highly innovative new funding and organizing mechanism led by Indigenous peoples and local communities at the global and national levels: the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities.

[6] Transparency International, *A Tale of Four Funds.* Berlin: Transparency International 2017, p.19.

[7] It is important to note that there are legitimate reasons why TFCs/SCs may not have acted on Observer suggestions regarding LSE in investment plans.

[8] It is important to note that there are legitimate reasons why TFCs/SCs may not have acted on Observer suggestions regarding LSE in investment plans.

More could be done to ensure that Observers are able to sustain engagement with their constituencies. Interviews clarified that Observer selection in the CIF is sound overall and has influenced other funds such as the Green Climate Fund to expand opportunities for active Observer participation in its Board meetings. However, there has been some drop-off in constituency engagement in the CIF Observer selection process, and not all Observers who are selected have strong connections to large networks across their constituencies. There are also ongoing challenges in sustaining engagement between Observers and their large and diverse constituencies, and in ensuring the transfer of knowledge and insight to new Observers.

Recommendations for strengthening LSE in CIF governance:

1. **Review and refresh the process for Observer selection and onboarding.** Observers and CIF AU could undertake more active constituency outreach to encourage applications. Selection processes could prioritize candidates who have strong stakeholder networks. Past and current Observers could provide additional support for incoming Observers. The CIF-supported Stakeholder Advisory Network could help with peer onboarding and ongoing support.
2. **Strengthen CIF AU support for Observers in representing their constituencies in TFC/SC meetings,** by helping Observers refresh and expand their constituency networks, ensuring that they communicate effectively with their networks before and after TFC/SC meetings, and strengthening the opportunity and expectation for Observers to communicate what they have heard from their networks during TFC/SC meetings.

Investment planning:

There was significant variation in effectiveness of LSE during investment planning. Effectiveness was defined as the extent to which:

- relevant stakeholders were identified and their involvement was systematically planned;
- consultation and partnership development provided meaningful opportunities for local stakeholders to understand and influence the development of the investment plan;
- local stakeholders' input was reflected in the content of investment plans; and
- LSE enhanced expected local benefits.

A 4-point scale was used to rate these elements of LSE in the sample of planning processes, using several indicators for each. A rating of "fully" meant that the LSE indicator was demonstrated at a "best practice" level of effectiveness (a very high standard); "substantially" meant that the indicator was effectively demonstrated, though with some constraints; "partially" meant that there was a demonstration of effort but limited accomplishment of the indicator; and "not at all" meant that there was no available evidence of effort or accomplishment of the LSE indicator. Key findings include:

- **Stakeholder mapping at the start of investment planning was substantially effective (in 9) or partially effective (in 6) of the 18 sample countries**. Stakeholder identification was notably effective, while assessment of stakeholder capacities to engage was more limited.

- **The depth of consultation during investment planning was highly variable**. While nearly half of planning processes (8 of 18) substantially succeeded in generating constructive feedback through consultation, there was less demonstrated success (6 partially and 1 substantially effective) in ensuring that relevant but marginalized groups (e.g. women, the poor as residents and consumers, Indigenous peoples) could participate effectively, as explained below.
- **The impact of consultation on investment plans also was variable, and the evidence base was uneven**. While most investment plans (12 of 18) provided at least partial documentation of points raised in the consultation process, only one plan in the sample provided substantial responses to those points.
- **Benefits to local stakeholders were explicitly addressed in nearly all investment plans** (17 of 18), and a majority gave substantial (4) or partial (7) explanations of how LSE had influenced planning for local benefits.
- **There was substantial variation across the four CIF programs in the breadth, depth, and influence of LSE in investment planning**. PPCR investment plans and projects in the sample were most consistently effective in each of these dimensions: the breadth, depth, and influence of LSE. FIP was next in effectiveness, followed by SREP, and then CTF. This is consistent with the finding that the designs of PPCR and FIP gave higher priority to LSE as a way to achieve their objectives (PPCR also allocated substantially more grant funds to the investment planning process than other programs).[9] Having given higher priority, those who led PPCR and FIP investment planning generally also devoted more effort and resources to ensuring the effectiveness of LSE in the planning process.

In addition to the influence of program design and priorities, the following factors help to explain variations in the effectiveness of LSE:

Sectors with stronger existing institutions and norms for LSE in program development had stronger starting points for LSE in investment planning. For example, Chile's prior use of a highly participatory consultative process to develop a national strategy created a helpful context for CTF LSE in investment planning.

Capacity building and stakeholder mobilization efforts could sometimes compensate for initial constraints on LSE in investment planning. PPCR in Tajikistan had significant success in supporting government counterparts with limited LSE experience, and local stakeholders who initially perceived themselves to be marginalized, to undertake a collaborative and effective investment planning process.

Investment planning processes that used or built on effective LSE in related country forums, plans, and programs were more effective. For example, PPCR in Tonga strongly aligned with Tonga's Joint National Action Plan on Climate Change Adaptation and Disaster Risk

[9] The SCF provides Investment Plan Preparation Grants to governments preparing investment plans; the amounts vary by program ($1.5 million for PPCR, $300,000 for SREP, and $250,000 for FIP). The CTF offers the option for governments to request funding for investment planning, but no requests have been received to date (*Evaluation of the CIF's Programmatic Approach: Final Report and Management Response* (CIF 2018) p.6, fn.9).

Management (JNAP), which government, NGOs, and vulnerable communities jointly created and strongly supported.

Higher responsiveness to initial stakeholder suggestions and concerns generally led to more constructive LSE. In the sample, several investment planning processes were initially challenged by local stakeholders concerned about their participation and/or about substantive issues. Prompt and constructive responses, such as the decision by the DRC government and MDBs to organize provincial and local consultations in response to NGO concerns, were often able to create a more positive set of relationships and strengthen LSE in the planning process.

Recommendations for improving LSE in future investment planning:

The CIF's TFCs have already worked to clarify expectations for LSE in investment planning.[10] Noting that the current CIF programs are focused on implementation, lessons from the CIF's investment planning phase will be most relevant to new CIF programs and to other climate funds that are interested in using a programmatic approach with strong commitment to LSE.

1. **Provide procedural guidance, case studies, and peer sharing on LSE to support investment planning.** The CIF's recently published stakeholder mapping guidance[11] is a good example. It could be complemented by guidance on different ways to organize stakeholder consultation, depending on initial government and/or local stakeholder capacity for LSE, the number and diversity of stakeholders, and the depth of stakeholder interest and concern about potential impacts and benefits.
2. **Use Joint Missions and similar mechanisms to assess government LSE capacity at the beginning of the planning process, and where needed, provide dedicated budget and technical assistance to governments and other stakeholders to build their capacity for constructive and sustained engagement.** Early assessment and budgeting for LSE capacity building would reduce the risk of having to backfill during the core investment planning process. Funds could be earmarked within SCF Investment Plan Preparation Grants (IPPGs) and CTF investment planning resources, or added to them.
3. **Strengthen incentives for robust LSE in investment planning, by requiring more explicit and detailed reporting on LSE as part of the presentation of proposed investment plans to TFCs/SCs.** Along with "how to" guidance on LSE, the CIF and other climate funds or programs could require planners to describe how stakeholders were identified, provide LSE plans, and provide detailed summaries of main points of feedback from stakeholders, with detailed responses from the investment planners. This option would also improve documentation of LSE in investment planning, closing a significant gap.

[10] These efforts are reflected in joint decisions of the Trust Fund Committees, including the 2011 decision to strengthen country-level coordination and stakeholder engagement (CTF-SCF/TFC.8/5), and the 2015 decision (in response to the midterm Independent Evaluation of the CIF) to strengthen national-level stakeholder engagement (Joint CTF-SCF/TFC.14/5.)

[11] CIF, *How to Implement Stakeholder Mapping into the Programmatic Approach of the Climate Investment Funds.* Washington DC: CIF 2018.

Project design and implementation:

There are two major areas for LSE in the project cycle: project design and project implementation. As with investment planning, LSE effectiveness in project design and implementation was assessed in terms of systematic planning for LSE, meaningful consultation, responsiveness to stakeholder input, and planning for and realization of benefits for local stakeholders. LSE ratings were generated using the a 4-point scale (fully, substantially, partially, not at all). Again, there are caveats about the availability of information on which the ratings are based. Key findings on LSE in the project cycle include:

- **In the design phase, most projects in the sample (16 of 20) made substantially (11) or partially systematic (5) efforts to involve stakeholders**, and to respond to their interests and concerns expressed during consultations.
- **In project implementation, most projects (14 of 20) created substantially (10) or partially effective (4) mechanisms for ongoing information sharing, consultation, and grievance resolution**.
- **The depth of LSE was variable during project implementation:** 16 of 20 projects had substantially (10) or partially (6) meaningful consultation with stakeholders during implementation. Most projects (14 of 20) demonstrated substantial (9) or partial (5) engagement with marginalized groups. Half of the sample (10 of 20) demonstrated substantially (5) or partially (5) effective grievance mechanisms.

Several factors influenced the effectiveness of LSE in the project cycle.

LSE effectiveness depended significantly on the existing capacity and commitment of government implementing agencies and their MDB partners to undertake robust LSE. Government agencies and MDBs have primary responsibility for design and implementation of CIF-supported projects, including responsibility for LSE.[12] Examples of strong government and MDB capacity and commitment to project-level LSE included FIP in Mexico, where government and MDBs ensured that community representatives had significant influence on financial incentives and technical assistance during project design and implementation. The appropriate use of LSE to implement MDB environmental and social safeguards benefitted residents and communities in the CTF Ho Chi Minh City rail and Chile geothermal projects. In contrast, the CTF Bogota transportation project faced implementation delays related in part to the capacity and willingness of project managers to conduct the needed LSE.

Strong LSE during investment planning has usually laid the groundwork for effective LSE during project design and implementation. This correlation between effective LSE in investment planning and in the project cycle is very much in line with the causal theory of change for LSE. PPCR investment plans in Tajikistan and Zambia both set up multi-stakeholder institutional mechanisms that influenced the design and implementation of projects. In the FIP

[12] As detailed in a recent evaluation of the CIF's programmatic approach, the CIF's role and influence have been significantly higher during investment planning than during project design and implementation. See ICF, *Evaluation of the Climate Investment Funds' Programmatic Approach: Final Report and Management Response*. Washington, DC: CIF and ICF, October 2018.

cases, DRC's strong LSE and Indonesia's contentious LSE in investment planning carried through into the project cycle.

In several projects, investments in capacity building for government and local stakeholders improved their ability to share information, consult, and collaborate in design and implementation. In Tanzania's SREP program, funding was specifically earmarked for building the capacity of the Rural Electrification Agency to work effectively with local stakeholders, particularly at the community level where energy infrastructure projects had previously had negative impacts on local landowners.

NGOs and other non-government actors have contributed to effective LSE as partners in project design and implementation. NGOs, associations, and contracted business partners have played important roles in organizing and supporting LSE during the project cycle, supplementing government agency and MDB capacities. In FIP's DRC project to transform management in the forests supplying Kinshasa's fuelwood, NGOs have been essential partners in strengthening community capacity for integrated land use planning, agroforestry, and inclusion of Indigenous people, women, and youth.[13] There were also some cases where gaps in civil society capacity to support LSE have not been easy to fill, and others where questions were raised about NGOs substituting for local community representation.

Local stakeholders have benefitted from their engagement in CIF-supported projects, through enhanced individual and community capacities, improved livelihoods and market opportunities, reduced climate vulnerability, and greater energy access. The FIP-supported Forests and Climate Change Project in Mexico was notable for the depth of LSE with ejidos involved in forest management. With strong voice and incentives, more than 250,000 ejido members benefitted, and their efforts nearly doubled the area of ejido forest under sustainable management.

One caveat with regard to local stakeholder benefits is that evidence is preliminary. Sixteen of the twenty projects in the sample are still under implementation and documentation of benefits by MDBs, and the CIF is therefore limited. In addition, in some projects where documentation is available, efforts to engage and support women and other marginalized groups (e.g. Indigenous peoples in DRC, non-member residents on ejido land in Mexico) have not met their initial targets for participation or benefits.

Recommendations for improving LSE in project design and implementation

1. **Build on the CIF's recently produced guidance on stakeholder mapping in CIF investment planning by adding guidance on expectations for information sharing, consultation, and partnership in the project cycle.** This guidance could be developed by the CIF AU in consultation with the MDBs. It could acknowledge the leadership role of the MDBs and government counterparts in managing LSE during project design and implementation, while setting CIF expectations that are consistent with MDB good practice.

[13] It is important to note that marginalization is often differentiated and cross-cutting within these categories; for example, Indigenous women in DRC faced more challenges to participation than did Indigenous men.

2. **Ensure meaningful engagement between national coordination bodies and local project stakeholders**. Where there is perceived value in ongoing coordination of CIF-supported projects in pursuit of synergistic impacts, government implementing agencies and MDBs could help to strengthen the engagement of local project stakeholders with national coordinating bodies. This option is consistent with and complementary to the useful findings and recommendations of the Programmatic Approach evaluation, and with CIF management's response to it.[14]

Program monitoring and reporting:

LSE in CIF program monitoring and reporting (M&R) has varied significantly among the CIF's programs and across countries within programs. PPCR and FIP aimed to involve local stakeholders consistently in program M&R. CTF has limited M&R guidance and no explicit expectation for LSE in M&R. SREP has only recently revised its guidance on M&R to include local stakeholder participation. In the PPCR and FIP sample countries, there are several examples where local stakeholders have been directly and meaningfully engaged in reviewing data on project implementation and have contributed to program reporting. In a smaller number of countries, local stakeholders have effectively engaged in standing coordination bodies, such as PPCR Tajikistan. In some FIP and PPCR countries LSE in M&R has been limited.

Recommendations for improving LSE in program M&R

1. **Expand the engagement of local stakeholders in SREP and CTF program M&R.** There is an opportunity for SREP and CTF to learn from and build on good LSE practices in PPCR and FIP M&R, so that local stakeholder representatives are more consistently and directly involved in producing and reviewing information in all CIF national M&R exercises, and in refining investment projects based on learning from M&R. Additions to national M&R budgets may be required to support meaningful participation of local stakeholders.
2. **Integrate program-relevant LSE indicators in SREP and CTF M&R to promote learning.** PPCR and FIP each have several indicators for LSE in the M&R process that are tailored to their program goals and themes. SREP and CTF could consult with the participating MDBs to identify similarly tailored LSE indicators which the MDBs already track, to enable greater within- and cross-program learning about the use and effectiveness of LSE.

Conclusion

The CIF has taken on some of the most challenging issues at the intersection of climate change responses and national development in developing countries. Its commitment to engaging local stakeholders in governance, investment planning, and implementation is notable, and its accomplishments to date are significant. By taking the lessons from the CIF's varied experiences with LSE in different program and national contexts, the CIF and other climate funds can enhance their support for LSE. These lessons can also help local stakeholders and their representatives to engage more effectively with the CIF and other climate funds and initiatives.

[14] ICF, *Evaluation of the Climate Investment Funds' Programmatic Approach.* Op. cit. fn.9.

Management Statement on the Evaluation of Local Stakeholder Engagement in the Climate Investment Funds

The Climate Investment Funds (CIF) is strongly committed to evaluation and learning, both to inform its activities and to provide lessons learned to the global climate finance community. In 2016, the CIF launched an Evaluation and Learning Special Initiative to identify strategic lessons across its portfolio and enable learning that is timely, relevant and applicable to climate programs, projects and strategies. After extensive stakeholder consultations, Local Stakeholder Engagement (LSE) and Benefit emerged as one of four priority learning themes of the Initiative, testament to the significance of LSE for CIF stakeholders which include the multilateral development bank (MDBs) and partner countries. Subsequently, this evaluation was commissioned in 2018 by the Evaluation and Learning Initiative to understand how LSE was envisioned and implemented in the CIF and draw lessons from the CIF's experience that may be relevant to future CIF programming and to other climate funds.

LSE is one of the most important institutional features of the CIF. The CIF is committed to including the participation of non-state actors from civil society, Indigenous Peoples and the private sector in its governance, design, implementation and monitoring of projects. LSE within the CIF is considered one of the core principles to ensure trust, ownership, and more effective action on the ground. Given that CIF works exclusively with MDBs as implementing agencies, recipient government and MDB safeguards and procedures play a critical role and guide LSE in project design and implementation.

As documented in this evaluation, in 2009, shortly after its establishment and in response to a study on best practices, the CIF adopted procedures to include Observers from civil society, Indigenous Peoples, and the private sector in its two Trust Fund Committees and three Sub-Committees (TFC/SC). Since then, CIF has continued to innovate on LSE. Representatives from civil society, Indigenous Peoples and the private sector participate as 'Active Observers' in TFC/SC meetings with ability to request the floor, request changes to the agenda, recommend external experts to address the governing bodies on specific issues, and most importantly participate in all deliberations including approvals of investments plans and projects. Civil society, Indigenous Peoples and private sector Observers are self-selected through selection approaches appropriate to each group. The NGO Observers are, for instance, self-nominated and confirmed through a notably transparent process of online voting. With over 30 Observers serving on its five governing bodies, the CIF aims to practice the highest forms of transparency and accountability in global climate finance.

In this context, it is rewarding to read the evaluation's key conclusion that CIF's commitment to engaging local stakeholders in governance, investment planning, and implementation is notable, and that its accomplishments to date are significant. This evaluation provides an excellent opportunity to learn from an independent analysis of the history, relevance and experience of LSE in the CIF. It comes at an important and opportune time, as CIF has completed ten years of operations and is determining the way forward through soon-to-be-launched new programs and the launch of a selection process for a new set of CIF Observers.

We are encouraged to see findings that reflect our strong commitment to LSE. For example, the evaluation notes that CIF has provided substantial and innovative opportunities for representatives of local stakeholders to participate in its governance and has strengthened those opportunities through organizational learning. It also finds that local stakeholders have benefitted from engagement in CIF-supported projects, through enhanced individual and community capacities, improved livelihoods and market opportunities, reduced climate vulnerability and greater energy access. We fully agree that strong LSE during investment planning often laid the groundwork for effective LSE during project design and implementation, and that non-state actors have contributed to effective LSE as partners in project design and implementation. This was always the intention of our LSE processes and practices, and the evaluation's detailed analysis of the role that non-state actors played is appreciated.

We also acknowledge suggested improvements to these areas, and that more could be done to sustain LSE engagement through project implementation processes and to make it more effective. We take seriously the recommendations provided throughout this evaluation and believe that additional work is required to make the recommendations implementable and practical. Therefore, to examine the recommendations further we are planning a just-in-time analytical activity that will identify and propose specific mechanisms and approaches to take the recommendations forward. This activity will include reviewing the CIF stakeholder engagement business plan and identifying gaps and areas for strengthening in response to the recommendations from this evaluation.

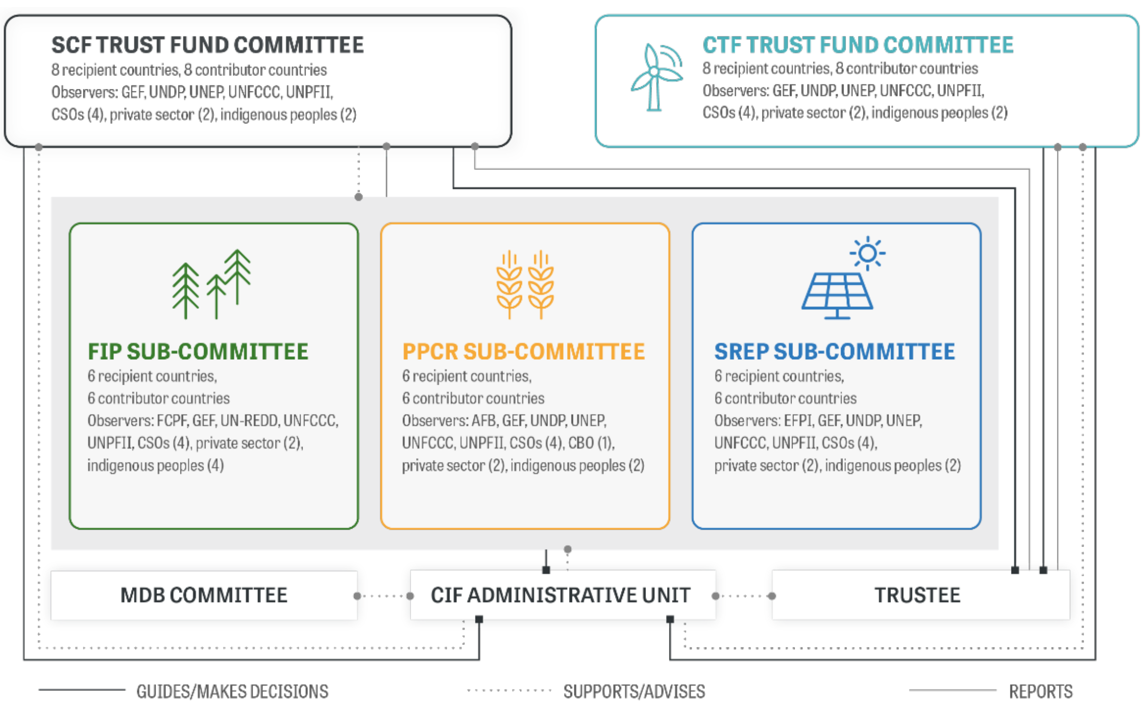
We would like to thank the Consensus Building Institute (CBI) team, the CIF Evaluation and Learning Initiative, and all CIF stakeholders involved in the evaluation for their collective efforts to generate this set of useful insights and lessons learned. This evaluation has proved valuable for CIF, our partner governments and MDBs, and the wider climate and development finance community. We look forward to sharing these lessons more broadly and working on implementing the recommendations.

1. Introduction

The Climate Investment Funds (CIF) were established in 2008 to provide scaled-up climate finance to developing countries. Using scaled-up climate finance, it supports developing countries catalyze transformational shifts towards low-carbon, sustainable development. Contributor countries to the CIF have pledged more than USD $8.5 billion to fund preparatory activities and investments in 72 developing countries. Through two funds and four thematic programs, the CIF invests to scale up low-carbon energy technologies, expand access to renewable energy, mainstream climate resilience in development plans, and support forest conservation and sustainable management.

Institutionally, the CIF is structured as a partnership with shared governance among donor and recipient governments through Trust Fund Committees and Subcommittees (TFCs/SCs). Five multilateral development banks (MDBs) act as implementing agencies and participate in governance (without decision authority). Representatives of non-governmental constituencies participate in governance as TFC/SC Observers. The Clean Technology Fund (CTF) is focused on accelerating transitions to clean energy. The Strategic Climate Fund (SCF) is an umbrella for three investment programs: the Forest Investment Program (FIP), focused on forest conservation sustainable management; the Pilot Program for Climate Resilience (PPCR), focused on integrating climate resilience in planning and investments across sectors and levels of governance; and the Scaling Up Renewable Energy Program (SREP), focused on expanding access to renewable energy in lower income countries. The chart below gives an overview of the CIF's structure and governance.

Figure 1: CIF Structure and Governance



The CIF is strongly committed to evaluation and learning, both to inform CIF activities and to provide lessons to the global climate finance community. In 2016, the CIF launched an Evaluation and Learning (E&L) Special Initiative.[15] Local Stakeholder Engagement (LSE) and Benefit emerged as one of four priority learning themes of the Initiative, as determined through more than 50 stakeholder consultations. This evaluation was commissioned under the CIF E&L initiative to respond to stakeholder questions on how LSE was envisioned and implemented in the CIF.

Defining "local stakeholders": The CIF has not formally defined "local stakeholders." In this evaluation, local stakeholders were defined as a subset of the stakeholder categories specified in the 2015 CIF study "Proposed Measures to Strengthen National-Level Stakeholder Engagement in the Climate Investment Fund."[16] Local stakeholders include

1. national and local organizations representing Indigenous peoples and local communities;
2. civil society organizations (CSOs), including think thanks, research centers, non-governmental organizations (NGOs), trade unions, advocacy groups, women's groups, community-based organizations, and other civil society groups that may or may not be formally registered;
3. private sector actors, including national banks and local financial institutions that provide finance, business associations, chambers of commerce, umbrella groups, and individual firms (excluding individual businesses contracted solely as service providers); and
4. local government units, ranging from village councils to provincial governments, when not under the direct control of national government entities.

The CIF's rationale for stakeholder engagement: The CIF aims to use stakeholder engagement as a mechanism to enable "trust, ownership, and more effective action on the ground," particularly by adding value to national investment planning and implementation.[17] Assessing how the CIF engages local stakeholders; how those efforts influence governance, investment plans, and their implementation; and how engagement affects benefits for local stakeholders were identified as important areas of learning for the overall effectiveness of the CIF and of relevance for the broader climate finance community.

This evaluation presents an opportunity for learning from the CIF's experiences with LSE in governance, country investment planning, and the implementation of investment plans. It focuses on four learning questions:

1. How was LSE initially conceptualized and operationalized in the CIF?
2. How has LSE been working in practice within the CIF?
3. What are the outcomes of CIF LSE processes and mechanisms at three levels: governance, country/program, and project?

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[15] CIF, *Evaluation and Learning Special Initiative: Business Plan,* Joint CTF-SCF/16/4, Washington, DC: CIF, May 24, 2016.
[16] *CIF, Proposed Measures to Strengthen National-Level Stakeholder Engagement in the Climate Investment Fund.* Joint CTF-SCF/TFC.14/5, Washington, DC: CIF, April 30, 2015.
[17] CIF Website: https://www.climateinvestmentfunds.org/stakeholder-engagement

4. What lessons learned can the CIF and other climate finance institutions apply to improve LSE implementation and benefits?

To answer the learning questions, the CBI evaluation team developed a framework for understanding and assessing the contributions of LSE in the work of the CIF. The team then used a combination of desk-based portfolio review, CIF stakeholder interviews and surveys, and field visits to learn about the way that LSE has been conceptualized, how it is working operationally, and how it has influenced outcomes for the CIF and for local stakeholders.

Specifically, the evaluation:

- reviewed CIF documentation on program design and fund governance;
- developed a theory of change, showing how the CIF has aimed to have LSE contribute to governance, investment planning, and CIF-supported projects and programs;
- conducted an in-depth desk review of a random sample of 18 CIF Investment Plans and 20 projects under implementation across the CIF's four programs, supplemented by 35 interviews (see Appendix 1 for an explanation of sampling and portfolio evaluation methods and Appendix 2 for tables showing how components of LSE were assessed in each investment plan and project);
- surveyed and interviewed 42 participants in the CIF's governing TFCs/SCs and observed a two-day meeting of the CIF-convened Stakeholder Advisory Network; and
- conducted field visits in Indonesia, Tanzania, and Tonga; and
- interviewed more than 100 local, national, and international stakeholders to explore in detail how they have experienced LSE in CIF investment planning and implementation.

CBI's work was guided and supported by counterparts from the CIF Administrative Unit's Evaluation and Learning and Stakeholder Engagement teams, and by inputs from a Reference Group including CIF donor, recipient, and NGO stakeholders.

The report is organized as follows:

- Section 2 presents the theory of change for LSE that structured the evaluation;
- Section 3 assesses how the CIF conceptualized LSE in its program designs;
- Section 4 assesses how LSE has been operationalized in the CIF's governance and offers recommendations for further strengthening Observer engagement in governance;
- Section 5 provides a cross-program assessment of LSE in investment planning, with recommendations for strengthening LSE in investment planning;
- Section 6 provides a cross-program assessment of LSE in the project cycle and in program monitoring and evaluation, with recommendations for strengthening LSE in these areas; and
- Section 7 offers final reflections on the CIF's experience with LSE.

2. Conceptualizing the way that LSE contributes to the CIF: a theory of change

To understand how LSE has been operationalized in the CIF, and how it has influenced CIF governance, country programs, and projects, the evaluation developed a "theory of change" for LSE in the CIF. The theory includes both the actions that the CIF expected to be taken to operationalize LSE and the expected results from LSE. This theory of change is meant to reflect the commitments that the CIF has made to LSE as reflected in the design documents for the four CIF programs, and through further guidance provided by the CIF's TFCs/SCs to recipient governments and MDBs as they have developed and implemented investment plans in each program area.

Because the CIF operates with significantly different forms of LSE in governance, investment planning, and the project cycle, and expects different outcomes from LSE at each level, the theory of change specifies expected actions and outcomes at each level. In addition, because there are expected to be meaningful interactions between levels, it specifies several ways in which LSE at each level is expected to influence other levels. The theory of change diagrams are presented on the following pages.

Descriptively, the theory of change is intended to show how the CIF's TFCs, SCs, AU, and MDB partners believe LSE *should be* operationalized in governance, country investment planning, and implementation (including project design and implementation, as well as programmatic reporting and learning). It includes descriptions of the main actions and interactions expected of CIF actors (TFCs/SCs, recipient governments, MDBs), the main actions and interactions expected of local stakeholders, and the main types of result desired from those actions and interactions.

The theory of change assumes variation based on program, country, and project characteristics in a) which local stakeholders would be most engaged, b) the depth of engagement with those stakeholders, and c) the influence of LSE on investment planning and implementation. The theory of change recognizes that it is appropriate to differentiate the depth of stakeholder engagement based on the level of potential impact on particular groups, the intensity of stakeholder interest and/or concern, the stakeholders' own capacity to engage, and resource constraints (time, staff, funding). With allowance for variation, the evaluation team translated the CIF's LSE commitments and aspirations as articulated in this theory of change into an evaluation rubric, allowing assessment of the extent to which LSE was operationalized in particular cases and what results LSE produced.

The theory of change also identifies key assumptions necessary for the effective implementation of LSE by governments, MDBs, and Indigenous peoples and local communities, among other actors. These assumptions focus mainly on government and MDB capacities and procedures for LSE, as well as on local stakeholder capacities to organize representation and to participate effectively. If the assumptions are not met, then LSE actions will be less effective in producing the desired results. Where the assumptions are not met, it is important to examine whether anything could have been done differently to address capacity gaps. If these assumptions are met, then it is expected that the actors will undertake the expected actions. The next step is to assess whether and when those actions produce the desired results.

In short, the theory of change is the framework through which the evaluation has examined the operationalization of LSE; traced whether, when, and how LSE is operationalized in accordance with the CIF's commitments and aspirations; and clarified whether, when, and how LSE contributes to desired results.

Figure 2: CIF LSE Theory of Change and Key Assumptions: CIF Governance

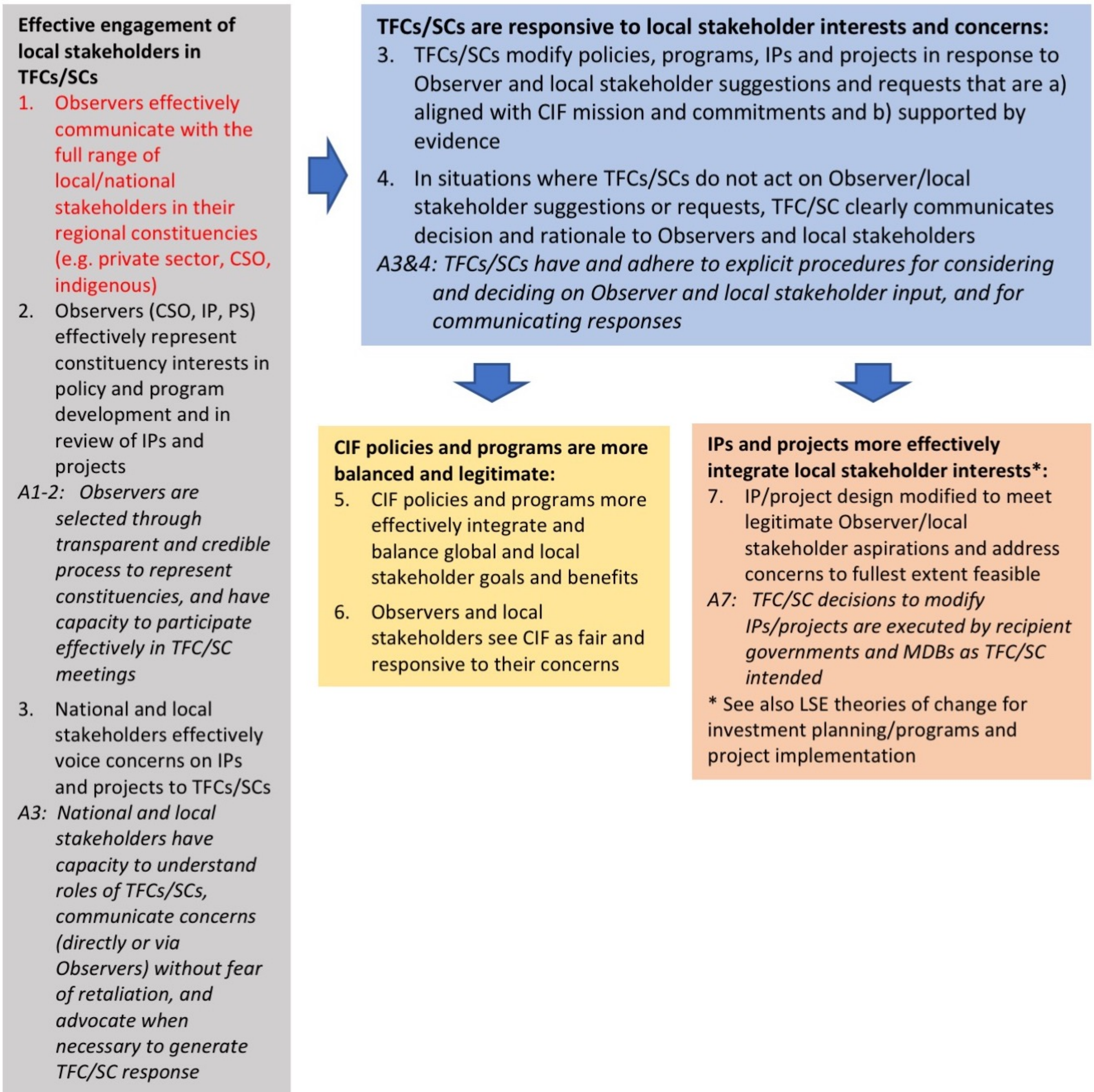

Figure 3: CIF LSE Theory of Change and Key Assumptions: Country Investment Planning (IP)

Effective planning for LSE in IP process:

1. Stakeholder mapping in initial joint mission(s) identifies SHs and existing forums, clarifies substance and process interests, and capacities for engagement

A1: Recipient governments (RGs) and MDBs have agreed procedure for systematic stakeholder mapping, and capacity to implement mapping effectively

2. Stakeholder engagement plan clarifies which engagement modes and forums, for which stakeholders, for what purpose, in what sequence

A2: RGs and MDBs have clear, agreed procedure for systematic stakeholder engagement planning, and capacity to implement the procedure effectively

A2&3: RGs/MDBs have sufficient incentives to implement the stakeholder mapping and engagement planning procedures

Effective implementation of LSE in IP process:

3. Stakeholders are appropriately and effectively represented in IP process

A3.1: Potentially affected stakeholder groups have sufficient information about the IP to determine whether and how to participate

A3.2. Stakeholder groups who participate have capacity to select or confirm representatives, communicate and provide input to representatives throughout IP process

4. IP process makes effective use of existing, relevant forums for stakeholder engagement, and convenes IP-specific forums where needed

A4: Recipient governments (RGs) and MDBs have authority and capacity to integrate IP process into existing forums, and/or (where necessary) to convene IP-specific forums

5. Information shared with stakeholders in the IP process is accessible, timeliness, relevant and substantive

A5.1: RGs and MDBs have clear, agreed procedure for information sharing to ensure accessibility, timeliness, relevance and detail, and capacity to implement the procedure effectively

A5.2: Participating local stakeholders have/build capacity to understand and interpret information provided by RGs and MDBs, and to provide useful information and feedback to RGs and MDBs

6. Consultation and dialogue among RGs, MDBs and local stakeholders is transparent, focused on key issues and concerns, constructive, and relevant to IP decision making

A6.1: RGs and MDBs have clear, agreed procedure for consultation to ensure transparency, focus, and links to decision making, and capacity to implement the procedure effectively

A6.2 Local stakeholders have/build capacity to participate effectively in consultation and dialogue

A5&6: RGs and MDBs have sufficient incentives to implement effective information sharing and consultation in the IP process

IP more likely to meet global and national goals:

7. IPs address local stakeholder concerns effectively while delivering global benefits

Expected stakeholder benefits enhanced:

8. Local stakeholders understand and support IP
9. Stakeholders find desirable roles, actions for themselves in IP

IP sets basis for effective stakeholder engagement in implementation:

10. IP commits RG and MDB(s) to ongoing stakeholder engagement in program monitoring and learning
11. IP commits RG and MDB(s) to ongoing stakeholder engagement in project preparation and implementation

Figure 4: CIF LSE Theory of Change and Key Assumptions: Investment Plan Implementation

Effective LSE in project preparation:

1. RGs, MDBs and local stakeholders follow through on stakeholder engagement plans and commitments during project preparation, including stakeholder mapping, engagement planning, information sharing, and consultation

A1.1. RGs, MDBs, and private sector implementers have agreed procedures, capacity and incentives for project-level stakeholder engagement planning and implementation

A1.2. Potentially affected project-level stakeholders have sufficient information to decide whether and how to participate, and sufficient capacity for effective representation, information sharing and consultation

2. RGs/MDBs transparently share partnership opportunities among all potentially interested and eligible stakeholders, with clear criteria for partner selection

A2. Local stakeholders have capacity to respond to partnership opportunities, including understanding of RG/MDB procedural and operational requirements and capacity to meet those requirements

3. Partnerships established during project preparation set out clear goals, roles, responsibilities and incentives for each partner, and are transparent to all stakeholders

A3. RGs and MDBs have agreed procedures, capacities and incentives for establishing well-designed project partnerships

Effective LSE in project implementation:

4. RGs, MDBs and/or private sector implementers provide transparent, accessible and responsive mechanisms for information sharing, stakeholder consultation and grievance redress

A4. RGs, MDBs and/or private sector implementers have agreed procedures, capacity and incentives to provide project-level information sharing, consultation and grievance redress mechanisms that are transparent, accessible and responsive

5. Project stakeholders use mechanisms to monitor and contribute to implementation, and to raise concerns when necessary

A5.1 Potentially affected project-level stakeholders are informed about information sharing, consultation and grievance redress mechanisms

A5.2 Potentially affected project-level stakeholders have capacity to engage effectively through those mechanisms

Project and program results enhanced:

7. Stakeholder engagement and learning contribute to adaptive project and IP management, improving their effectiveness and sustainability
8. Adverse project impacts are avoided, mitigated or compensated in ways acceptable to local stakeholders
9. Projects and IP as a whole meet local stakeholders' economic, environmental and social objectives while accomplishing global goals

LSE contributes to national program monitoring, reporting and learning

6. CIF program staff, RGs, MDBs, project and program stakeholders engage jointly in contributing to, reviewing and learning from project and program reports

A6.1. CIF, RGs and MDBs have agreed procedures, capacity and incentives to implement local project and program stakeholder engagement in program monitoring, reporting and learning

A6.2. Program and project stakeholders are informed about program monitoring and reporting mechanisms, and have capacity to participate effectively in information sharing and consultation activities

A6.3. CIF TFC/SC Members and Observers are informed about program monitoring and reporting, and can provide recommendations based on reporting for strengthening program and/or project approaches

3. Operationalizing Local Stakeholder Engagement: LSE in the CIF's design

In the field of international development, stakeholder engagement is recognized as valuable in three ways: as a means to generate useful information and perspectives to inform the design of development investments and interventions; a way to address concerns and build support among constituencies that could impede or enhance the chances for the intervention's success; and as an end in itself, the exercise of a right by citizens of a community or country to influence public decisions that may affect them.[18] In the context of the CIF, all three rationales for stakeholder engagement appear to have informed the conceptualization of LSE. That said, the CIF's founding documents do not define local stakeholders or state explicitly the purpose of stakeholder engagement. Instead, the CIF's governing bodies and each of its four programs established procedural guidelines related to LSE. Differences in the procedural approach to LSE across the CIF's programs suggest some differences in underlying rationales for LSE. The procedural differences and their implications are discussed below.

The CIF made early and strong commitments to engaging representatives of local stakeholders in CIF governance: In late 2008, shortly after the CIF's inception, the CIF TFCs commissioned a study on best practices in civil society participation in the governance of multilateral investment initiatives. The study recommended i) separate Observers to represent civil society, the private sector, and Indigenous peoples; ii) empowering Observers to play an active role in TFC/SC meetings; iii) ensuring an effective and transparent self-selection process for Observers; and iv) providing secretariat support to Observers in preparing for participation in TFC/SC meetings and in communicating with their constituencies.[19] The TFCs embraced the main recommendations of the study. They approved procedures to include Observers from civil society, private sector, and Indigenous peoples. Observers were to be self-selected by their constituencies. They were invited to participate as "active" Observers with authority to request the floor, request changes to the agenda, and recommend external experts. The SCs of the SCF adopted similar approaches, though the make-up of the observers in each TFC/SC is slightly different and has evolved over the years.

The CIF's programmatic approach envisioned multi-stakeholder collaboration in investment planning: The concept of a collaborative process to develop a national investment plan, led by the national government and supported by the relevant MDBs, is one of the central innovations of the CIF. Using the programmatic approach, all of the CIF's programs envisioned collaboration between recipient governments, two or more MDBs, and other stakeholders to:

- Use one or more Joint Missions, undertaken by a lead government agency supported by two or more MDBs, to scope investments within the programmatic area, based on an assessment of current challenges and opportunities;

[18] For example, see the discussion of rationales for stakeholder engagement in World Bank Independent Evaluation Group, *Approach Paper: Engaging Citizens for Better Development Results.* Washington, DC: World Bank 2017, pp. 4-5.

[19] IUCN, *Review of practices on NGO/CSO Participation and proposal for the CIF Committees, prepared by the International Union for the Conservation of Nature*. Washington, DC: IUCN, 2009.

- Develop an investment plan with target areas for transformational investment, driven by the transformational investment criteria for the CIF program;
- Within the investment plan, identify and conceptualize projects to be funded and clarify which government agency(ies), MDB(s), and other entities are likely to lead in project design and implementation;
- Provide a resource envelope for those projects, with indications of expected and likely co-funding.

Though all the programs envisioned the planning steps above, they differed substantially in their guidance on LSE in investment planning: The variations in LSE guidance across the four CIF programs reflected: 1) significant differences in the substantive focus of the four programs and 2) different baseline expectations about who would participate in investment planning.

CTF was the first CIF program to launch. It focused on larger-scale energy sector investments in emerging economies and had the largest budget of the CIF programs.[20] Given that CTF was expected to make market- and technology-shifting investments whose impacts and benefits would be national rather than local, CTF investment planning guidance emphasized collaboration with other development partners, national governments, and the private sector to promote co-financing and complementary investments. Beyond general guidance on engaging the public and private sector, the CTF guidance on investment planning mentions only that the MDBs should involve "other stakeholders" in its Joint Missions and should build partnerships with a "wide range of institutions and stakeholders on climate change." The CTF design document included few details on how local stakeholders should be engaged in investment planning.[21]

SREP focused on investments to expand access to renewable energy in lower-income countries.

The SREP design document had somewhat more detail, calling for consultations to include the private sector, local governments, national civil society, Indigenous peoples, and local communities, and it particularly encouraged private sector investment. It also emphasized the importance of timely and inclusive consultations during Joint Missions. Further, SREP's design document stated that SREP should encourage the "transformational potential of the private sector and civil society groups" to achieve its goals and should "be designed and implemented with the full and effective participation and involvement of, and with respect for the rights of, Indigenous peoples and local communities." [22]

PPCR's design document was more explicit, emphasizing the need for broad-based consultations to build country ownership and partnership among governmental and non-state actors. It indicated that a wide range of national and local stakeholders would have to be involved in climate resilience planning and implementation, and its guidance aimed to ensure strong LSE both as a way to inform substantive decisions and as a way to ensure strong local

[20] CTF had $5 billion pledged by donors in 2008, compared to $2 billion for the three SCF programs combined. "CIF, Financial Status as of January 26, 2009." Washington, DC: CIF, January 26, 2009.

[21] World Bank, *The Clean Technology Fund*. Washington, DC: World Bank, June 9, 2008.

[22] CIF, *Design Document For The Program On Scaling-Up Renewable Energy In Low Income Countries (SREP), A Targeted Program Under The Strategic Climate Fund.* Washington, DC: CIF, June 1, 2009.

ownership of strategies and activities. The PPCR's guidance on Joint Missions called for participatory processes to design climate measures and enable ongoing consultation and prioritization during the conceptualization of the strategic program. It specifically called for the inclusion of vulnerable groups, including women, youth, Indigenous peoples, and local communities, and required plans for public dissemination and awareness-raising about climate impacts and PPCR activities.[23]

FIP's design process was significantly influenced by civil society advocacy for the rights of Indigenous peoples, local communities, and women in sustainable forest management. Its design document indicated that forest-dependent communities would need to be directly and substantially engaged in investment planning and implementation and provided extensive guidance on how they should be consulted. It had the most extensive guidance on LSE, particularly with regard to Indigenous peoples and local communities. The design document also included an annex with more detailed guidance on how governments and MDBs preparing FIP investment plans should consult with Indigenous peoples and local communities.[24]

FIP created a highly innovative new funding and organizing mechanism for Indigenous peoples and local communities at the global and national levels: Though not a primary focus of this evaluation, the FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) is a notable special case of partnership in LSE supported by the CIF. The DGM was created through effective advocacy with the CIF SCF TFC and FIP SC by representatives of Indigenous and local communities at the global level. They argued that the CIF should create a funding window directly controlled by Indigenous and local communities to advance their rights and support their sustainable forest management practices.

The DGM has empowered representatives of Indigenous peoples and local communities to create a Global Steering Committee and National Steering Committees, select National Executing Agencies, establish criteria and priorities for grant-making to Indigenous and local communities, and oversee those grants. The World Bank serves as administrator of CIF funds provided to the DGM and provides technical assistance to the DGM at global and national levels. The thirteen DGMs established in FIP countries are at different stages of operationalization, but available evidence indicates that they have been effective in mobilizing and supporting sustained engagement of local stakeholders at both the national and project levels.[25]

By design, CIF TFCs/SCs had primary oversight of LSE in investment planning, and recipient governments and MDBs had primary oversight of LSE in the project cycle: The designs of all of the CIF programs indicated that the relevant TFC/SC would review proposed investment plans; they were not equally explicit about how LSE would be considered in their review process. FIP

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[23] CIF, *The Pilot Program For Climate Resilience Fund Under The Strategic Climate Fund*. Washington, DC: CIF, December 2011.
[24] CIF, *Design Document for the Forest Investment Program, a Targeted Program under the SCF Trust Fund.* Washington, DC: CIF July 7, 2009.
[25] Itad, *A learning review of the Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities (IPLCs) in the Forest Investment Program (FIP) of the Climate Investment Funds (CIF): Final Report*. Washington, DC: CIF, January 2019.

and PPCR provided clearer parameters for review of LSE than did SREP or CTF. As noted above, FIP's design document included specific guidance on consultation with Indigenous peoples and local communities and named "inclusive processes and participation of all important stakeholders, including Indigenous peoples and local communities" as one of twelve criteria for the review of investment programs. PPCR also gave explicit guidance on LSE in the conduct of Joint Missions. CTF and SREP design documents do not include explicit criteria or process steps that could serve as the basis for their reviews of LSE in investment planning.

The CIF's operational structure assigned primary responsibility for LSE in project design and implementation to recipient governments and the MDBs working with them. This structural feature meant that the breadth and depth of LSE during project design and implementation would be primarily driven by the policies and practices of the relevant government agencies, supported by the partner MDB's safeguards policies and engagement procedures and practices. This approach minimized the risk of duplicative oversight of programs and projects. Operationally, the CIF TFCs/SCs have had somewhat less detailed information on LSE in the project cycle because the LSE-related information they received from implementing governments and MDBs in project descriptions and program M&R reports was generally less specific than the LSE information in investment plans. FIP and PPCR provided guidance for local stakeholders to participate in program M&R, and also included some questions relevant to LSE in their templates for M&R. CTF and SREP initially did not but SREP recently added such guidance.

The CIF's TFCs have sought to strengthen guidance and support for LSE both in governance and at the national level during the decade of the CIF's operations. The joint meeting of the TFCs for CTF and SCF (hereafter the JTFC) have strengthened guidance and support for Observer engagement in the TFCs/SCs in response to assessments of the Observer role, and in response to suggestions and concerns raised by Observers. The most significant expansion of guidance and support came in 2014, in response to Observer feedback and requests. The JTFC agreed that the CIF AU should provide an additional training workshop for new and continuing Observers; help Observers plan their engagement in TFC/SC meetings by organizing preparatory telecons in advance of those meetings; provide a day of face-to-face preparation time before the start of TFC/SC meetings; work with MDBs to strengthen outreach to Observer regional constituencies and encourage their engagement with the CIF via their respective Observers; and support an analysis of options for strengthening stakeholder engagement at the national level.[26]

At the national level, the JTFC has provided additional guidance on LSE in investment planning, program coordination, and project activities twice. In late 2011, the JTFC tasked the CIF AU and MDB to strengthen country-level coordination and stakeholder engagement, in response to observations that coordination and engagement were uneven across the CIF's portfolio. In April 2012, the JTFC approved guidance for recipient country governments and their MDB partners to ensure identification, participation, and information sharing with national stakeholders in investment planning and in ongoing program coordination; to strengthen national program

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[26] CIF, *Work Program And Budget For Enhancing Observers' Participation In The Climate Investment Funds.* Washington, DC: CIF, March 5, 2014.

coordination mechanisms; and to share information with the TFCs/SCs regarding stakeholder engagement and involvement at both program and project levels.[27]

The second effort to strengthen guidance on LSE at the national level came in 2014 and 2015, in response to the Independent Evaluation of the CIFs and in response to Observer requests. The Independent Evaluation found continuing unevenness in the engagement of local stakeholders in CIF investment planning and program coordination, particularly with regard to the inclusion of women and Indigenous peoples, and the depth of consultation beyond information-sharing.[28] As noted above, Observers asked for clearer guidance on stakeholder engagement at the national level as part of a package of requests to strengthen their role in the CIF's governance. In response, the JTFC commissioned a study on measures to strengthen national-level stakeholder engagement in the CIF. Among the study recommendations that the JTFC endorsed in April 2015 were assessing and supporting country systems for stakeholder engagement; systematically identifying stakeholders and planning for their engagement; and harmonizing the principles for stakeholder engagement across CIF programs, while acknowledging the unique features of the four programs.[29] The CIF AU has subsequently produced clear guidance on stakeholder mapping in the investment planning process.[30]

At the level of governance, guidance on the role of Observers is clear, but constituency engagement in Observer selection and with Observers could be strengthened further, as could orientation and ongoing support for Observers. Since 2015, harmonization of approaches to LSE has proceeded incrementally across the CIF's programs. Given that the CIF is now primarily focused on the implementation of existing Investment Plans, further harmonization of guidance on LSE in program coordination and M&R could still be useful. Specific recommendations on support for Observers and on LSE in national programs are offered below.

4. LSE in CIF governance

The CIF has provided substantial and innovative opportunities for representatives of local stakeholders to participate in its governance and has strengthened those opportunities through organizational learning. Observers who represent relevant stakeholder constituencies (civil society, private sector, and/or Indigenous peoples) participate in meetings of the two TFCs (CTF and SCF), the three SCF SCs (SREP, PPCR and FIP), and in meetings of pilot countries for each of the CIF's four programs.[31] The CIF and Observers also collaborated to create the Stakeholder Advisory Network, a unique forum for current and former Observers from the CIF

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[27] CIF, *Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement, CTF-SCF/TFC.8/5.* Washington, DC: CIF, April 16, 2012.

[28] ICF International, *Independent Evaluation of the Climate Investment Funds*. Washington, DC: World Bank, 2014, p.60.

[29] CIF, *Proposed Measures to Strengthen National-Level Stakeholder Engagement in the Climate Investment Funds, Joint CTF-SCF/TFC.14/5.* Washington, DC: CIF, April 30, 2015.

[30] CIF, *How to Implement Stakeholder Mapping into the Programmatic Approach of the Climate Investment Funds.* Washington DC: CIF, 2018.

[31] Though pilot country meetings are focused on experience sharing and learning rather than governance, they have also offered opportunities for Observers and other non-governmental stakeholders, both international and national, to engage with TFC/SC members on program-level issues.

and the other funds – Adaptation Fund, Global Environment Facility, Forest Carbon Partnership Facility with planned expansion to the Green Climate Fund to share experiences, build networks, and coordinate advocacy.

In addition, the CIF Evaluation and Learning Initiative created opportunities for Observers to participate in the CIF's Transformational Change Learning Partnership (TCLP). Through the TCLP, they supported an evaluation of how the CIF's investments have contributed to transformational change, and participated in a community of practice that also included government, MDB, and academic stakeholders.[32] Through the Evaluation and Learning Initiative's Call for Proposals, several Observer organizations have undertaken thematic studies to assess the CIF's impacts in areas including gender, leadership, and engagement of Indigenous peoples and other local stakeholders.[33]

The CIF's approach to stakeholder engagement in governance has been noted as a best practice among major climate finance institutions. Since the first year of its operations, the CIF has engaged a diverse, representative, and active group of Observers. It has made substantial investments in constituency representation, using global constituency organizations to organize and manage Observer selection. It also has supported active participation of Observers in meetings of its TFCs/SCs, creating a new precedent which the Green Climate Fund has followed. From 2010 through 2014, the CIF TFCs and SCs went through several rounds of policy development, feedback, evaluation, and refinement regarding Observer participation in governance. As a result, the CIF strengthened procedures for selecting Observers; provided additional information, financial, and technical support for Observers; and refined procedures for Observers' participation in TFC/SC meetings.[34]

By 2017, the CIF's approach to stakeholder engagement in governance was noted as a best practice by Transparency International in a review of several climate finance institutions. The review noted the CIF's strengths in ensuring representation of diverse Observer constituencies and geographies, and in the opportunities for Observers to participate fully and actively in TFC/SC discussions.[35]

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[32] The TCLP-supported evaluation team (Itad with Ross Strategic and ICF) produced the report *Evaluation of Transformational Change in the Climate Investment Funds.* Washington, DC: CIF 2019.

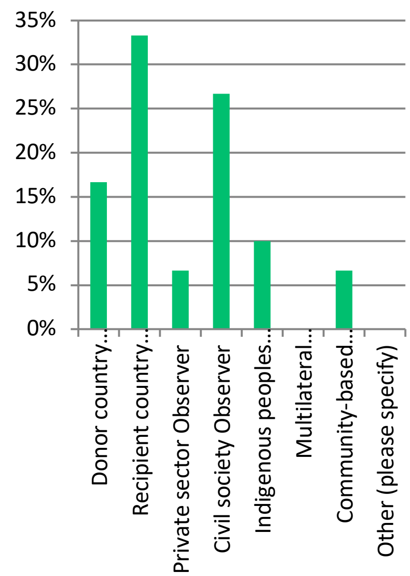
[33] Information about the CIF Evaluation and Learning Initiative, including the list of studies published to date, can be found at https://www.climateinvestmentfunds.org/evaluation-and-learning.

[34] See *An Overview of the CIF: Governance and Programming Information*, CIF, 2015.

[35] Transparency International, *A Tale of Four Funds.* Berlin: Transparency International, 2017, p.19.

Survey and interviews of participants in CIF governance

Figure 5: Survey Respondents



To add to previous assessments of CIF governance, the evaluation surveyed past and current participants in CIF governance (donor and recipient country representatives and Observers). Twenty-eight responses were received. In addition, 14 past and current CIF Observers were interviewed. Slightly over 50% of the survey respondents were Observers (private sector, CSO, or Indigenous peoples), and the rest were donor and recipient country representatives. There was roughly balanced representation among respondents from the five TFCs/SCs, with a slight over-representation among respondents who had participated in the SREP SC and the SCF TFC, and slight under-representation from the PPCR SC.[36] The survey and interviews suggest the following high-level observations.

Sound Observer selection: Generally, survey and interview respondents viewed the Observer self-selection process as legitimate and effective, though Observers indicate that participation in the self-selection process has dropped over time.[37]

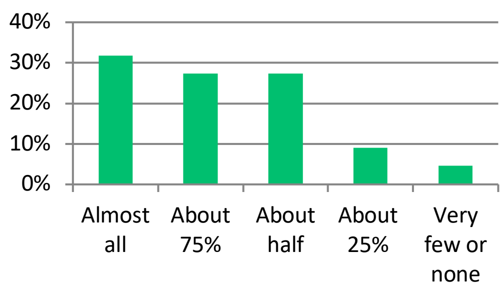
The Observer selection process differs across the three stakeholder constituencies and has been refined over time. All three processes are overseen by an independent and neutral organization and have included Resolve for the CSO process, Business for Social Responsibility for the private sector process, and the United Nations Permanent Forum for Indigenous Issues for the Indigenous peoples' process). The civil society and private sector processes both involve use of an Advisory Committee or Steering Committee and public voting against agreed selection criteria. The Indigenous peoples' selection process allows for procedural variations across regions.

[36] The specific numbers are as follows: 30% of respondents had participated in the CTF TFC; 41% had participated in the SCF TFC; 30% in the FIP SC; 48% in the SREP SC; and 26% in the PPCR SC.
[37] Although the CSO, private sector, and Indigenous peoples Observer selection processes have important differences, the number of survey and interview responses received is insufficient to draw meaningful distinctions among these processes.

Uneven constituency representation: Observers' ability to communicate with and represent the interests of their regional constituencies has been variable, and it has been perceived by some Observers as less effective than they would wish. Observers suggested this could be due to limits on the time and resources the Observers themselves can devote to constituency outreach; the uneven level of local stakeholder awareness about the CIF among constituencies within the countries where CIF invests; and the fact that many national and sub-national organizations have focused their engagement on CIF-supported investment plans and projects. Observers noted that local stakeholders are more likely to be aware of and engage with national government agencies and MDBs involved in CIF-funded programs and projects than to seek to engage directly with the CIF at the governance level.

> *"Observers do not have funding to extensively engage constituencies in face to face process rather online communication or piggyback on other events. Resources need to be provided for better engagement."*
> - *Survey respondent*

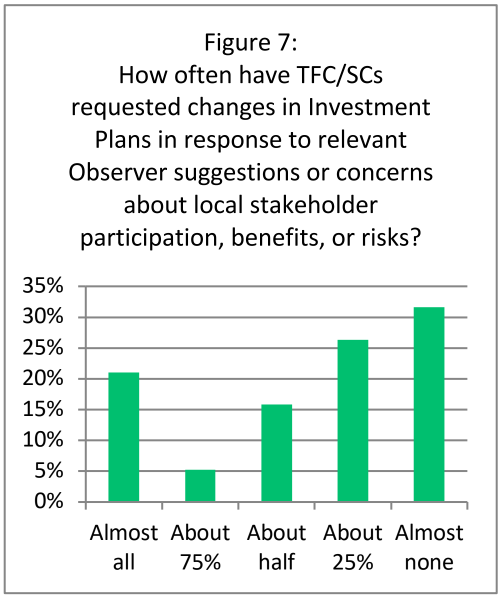
Figure 6:
In TFC/SC meetings you attended where proposed country Investment Plans were discussed, how often have CIF Observers raised suggestions or concerns about local stakeholder participation, benefits, or risks?



Substantial Observer engagement on local stakeholder issues in TFC/SC meetings: The TFC/SC rules of procedure enshrine a substantial role for "active" Observer participation (as detailed above), and this appears to coincide with considerable Observer engagement on issues raised by or concerning local stakeholders. 85% of respondents indicated that Observers raised issues related to local stakeholder engagement and benefits in at least half of the CIF TFC/SC meetings reviewing proposed Investment Plans, and 73% made this same observation with respect to TFC/SC meetings on program-level issues.

> *"The issues to do with local stakeholder engagement and benefits were not an agenda item but the [Observer] representatives would always remind the committees to be alive to the concerns of these groups. Discussions would come up mainly when projects needed approval."*

For example, an Observer noted that representatives of Indigenous people in Ethiopia and Mongolia raised concerns about potential impacts of SREP investments, which the Observer then brought to the attention of the SREP SC. The same Observer noted, however, that often there is not enough information about the impact of projects, particularly the impacts on Indigenous peoples, for the Observer to make a judgment.



Respondents had varied views on the responsiveness of TFC/SC governmental members to relevant Observer concerns and suggestions. A majority (61%) indicated that TFCs/SCs requested changes in investment plans in response to relevant Observer interventions on behalf of stakeholders no more than 25% of the time. In interviews, some Observers provided specific examples of instances where concerns raised at the SREP subcommittee meetings did receive attention and changes were made to the Investment Plan as a result.

By design, direct engagement by local stakeholders occurred primarily at the country level, not the governance level: The CIF facilitates LSE at the governance level through a representative model, which anticipates that local stakeholders will bring concerns to the TFCs/SCs primarily by communicating with the Observers who represent their constituencies. Nonetheless, TFCs/SCs have occasionally received and responded to comments and concerns in writing from local stakeholders, and local stakeholders have sometimes participated in TFC/SC presentations and discussions of investment plans.

Our detailed reviews of individual investment planning processes suggest that most of the engagement with local stakeholders during the preparation of investment plans occurs at the national level. Direct correspondence with the TFCs/SCs generally occurs when local stakeholders (and international NGOs working with them) have serious concerns about potential negative impacts of investment plans, and/or about limited opportunities to participate in the planning process. From a review of direct correspondence between local stakeholders and TFCs/SCs related to investment plans approved by the CIF, the evaluation identified ten instances where local stakeholders' letters were included in the documentation of 100 investment plan reviews available on the CIF website. In five of these instances, there was some documented direct response to the concerns raised.

Recommendations for strengthening LSE in CIF governance

Overall, the CIF's governance architecture, the TFC/SC rules of procedure, and survey/interview responses suggest that the CIF has made substantial commitments to LSE in governance, has operationalized those commitments effectively through the Observer mechanism, and has continued to assess and refine its approach to Observer engagement. Guidance on LSE in CIF governance, particularly via the Observer role, is clear. Going forward, the CIF TFCs/SCs could consider the following options for further strengthening LSE in governance:

1. Review and refresh the process for Observer selection and on-boarding, by:

> *"The idea of having observers elected by their constituencies in a transparent, free and fair manner is excellent. However, Observers represent vast, far flung areas. Usually their constituents are not connected to internet because they live off-grid [and] their phones are not always charged. Consequently, they cannot participate in online meetings. It would be good if CIF would facilitate observers [in convening] a Constituency face-to-face meeting at least once [every] 2 years."*
> - *Survey respondent*

a) making a larger investment in proactively identifying and conducting outreach to constituencies to encourage participation in Observer selection (directly and/or through intermediaries contracted to manage the selection process, and using local languages and interpretation services to be more inclusive), in order to address any drop-off in participation in the self-selection process and better evaluate prospective Observers' capacity to represent constituencies;

b) providing greater clarity and specificity about the criteria for Observers, their specific roles and responsibilities, and the benefits they can receive from participating, in order to help Observers better understand their role from the outset and recruit Observers who can better represent their constituencies;

c) giving more weight to Observers' stakeholder networks during the selection process, in order to identify Observers with greater capacity to represent their constituencies; and

d) providing stronger onboarding for new Observers, including, for example, an orientation telecon between newly selected Observers for a particular TFC/SC and the Observers who will be rotating off, and more "tips and tactics" guidance on how Observers can most effectively prepare for, participate in, and follow up on TFC/SC meetings on behalf of their constituencies.

2. Strengthen support for Observers in representing their constituencies in TFC/SC meetings, by:

a) helping Observers maintain up-to-date email lists and social media networks (e.g., by working with MDBs to ensure that Observers receive new contacts who have participated in country-level investment planning and/or implementation), to aid in circulating and receiving stakeholder feedback on CIF materials; the CIF-supported Stakeholder Advisory Network, which supports dialogue, learning and coordinated advocacy among Observers for the CIF and other climate funds, could also help CIF Observers to share and build networks with other funds' Observers;[38]

[38] The CIF-supported Stakeholder Advisory Network, which supports dialogue and shared learning among Observers for the CIF and other climate funds, could also help CIF Observers to share and build networks with other funds' Observers.

b) providing opportunities and aligning expectations of the government and MDBs to engage with relevant Observers during the investment planning process, so the Observers can get information more directly and help inform and mobilize their constituencies to become involved;

c) ensuring that Observers have the opportunity and the expectation to summarize key points they have heard from their constituencies regarding issues on the TFC/SC agenda at each meeting, for example by making a publicly available summary of suggestions and concerns raised by Observers on behalf of their constituencies and the specific TFC/SC responses; and

d) ensuring that Observers communicate back to their constituencies after each TFC/SC meeting with information on specific responses from recipient country governments and MDBs, and related TFC/SC decisions, to suggestions and concerns raised on behalf of Observer constituencies, for example by providing Observers with a mechanism and template to officially document these communications.

5. LSE in investment planning: process and outcomes

Overview

Moving from LSE in the CIF's governance to its role in the CIF's investments, the evaluation assessed the way that LSE has been carried out in CIF investment planning and the extent to which LSE has enhanced benefits to local stakeholders. As noted above, it did so through a desk review of a random sample of investment plans and projects, remote interviews, and purposively selected country visits, covering 18 investment plans and 20 projects. In combination, this review covered all four of the CIF's programs, with diversity in regions, MDBs, size of investment, dates of investment plan approval, and project effectiveness. Two important methodological caveats are that: 1) documentation on many aspects of LSE is limited, both in investment planning and in project design and implementation, and 2) many projects are still at a relatively early stage in implementation. These caveats introduce a note of caution in the strength of the evaluation's conclusions.

Significant variation in the effectiveness of LSE in investment planning, with some outstanding examples of effective LSE and others where LSE was not as effective: The evidence caveats notwithstanding, the evaluation found wide variation in LSE processes and outcomes across the CIF's four programs and, to a lesser extent, within them. This variation reflects a mix of country-level factors that were largely beyond the control of the CIF; different program objectives and the perceived relevance of local stakeholders for meeting those objectives (explored above in the review of LSE in the CIF's program designs); and decisions and investments made by governments and MDB lead staff and local stakeholders during investment planning and implementation.

Our assessment of effectiveness included indicators of both the *process* of LSE and the *influence* of LSE on the content of investment plans, particularly regarding risks and benefits to local stakeholders. We defined the effectiveness of LSE in terms of several elements: the extent to which relevant stakeholders were identified and their involvement was planned; the extent to which consultation and partnership development provided meaningful opportunities for local stakeholders to understand and influence the development of the investment plan; the extent to which local stakeholders' input was reflected in the content of investment plans; and the extent to which LSE enhanced the expected local benefits from CIF investments.

Within the sample, the evaluation aimed to take LSE in each investment plan on its own merits, looking at the question of whether there was thoughtful planning for LSE, and whether the decisions made about LSE were effectively implemented, not whether every investment plan had the same amount of LSE or whether every process was conducted in accordance with a highly prescriptive procedural standard.

In other words, the evaluation recognized that it is legitimate for those leading an investment planning process to determine that only a limited scope of LSE is needed (in terms of the range of stakeholders involved and the depth of consultation and dialogue needed), and for the investment plan and its constituent projects nevertheless to achieve their main objectives. For example, an investment plan that focused mainly on shifting sector-level policies and investments in the energy sector, with the objective of reducing the carbon intensity of energy and producing net benefits for national energy consumers, might not require extensive engagement with specific energy consumer groups. However, in this example, the evaluation would still look for evidence that representatives of energy producers and consumers had been identified, that an explicit decision had been made about the breadth and depth of LSE needed for this investment plan, and that the LSE that was carried out was effective within its scope. **In sum, the effectiveness ratings are an attempt to provide an "apples-to-apples" assessment of LSE across different CIF programs, allowing for their inherent differences, and across different investment planning and project design/implementation contexts.**

The LSE effectiveness ratings of the sample of 18 investment plans suggest the following conclusions:

- **Stakeholder mapping at the start of investment planning was substantially effective (in 9) or partially effective (in 6) of the 18 sample countries**. Stakeholder identification was notably effective, while assessment of stakeholder capacities to engage was more limited.
- **The depth of consultation during investment planning was highly variable**. While nearly half of planning processes (8 of 18) substantially succeeded in generating constructive feedback through consultation, there was less demonstrated success (6 partially and 1 substantially effective) in ensuring that relevant but marginalized groups (e.g., women, the poor as residents and consumers, Indigenous people) could participate effectively, as explained below.
- **The impact of consultation on investment plans was also variable, and the evidence base was uneven**. While most investment plans (12 of 18) provided at least partial documentation of points raised in the consultation process, only one plan in the sample provided substantial responses to those points.
- **Benefits to local stakeholders were explicitly addressed in nearly all investment plans (17 of 18).** Eleven gave at least a partial explanation of how LSE had influenced planning

for local benefits, and a majority gave substantial (4) or partial (7) explanations of how LSE had influenced planning for local benefits**.**

The following tables summarize the findings on key elements of LSE in sample of 18 plans. The left-hand column indicates the overall element (e.g., Stakeholder Mapping), and the columns to the right provide specific indicators within that category (e.g., Joint Missions systematically identify stakeholder groups).

We assessed each planning process on each indicator using the available documentary evidence from official CIF, MDB, and government documents, and from other sources (academic and NGO reports; news and specialized media coverage; and local stakeholder perspectives documented in letters to the CIF, MDBs and governments, and in Web-based commentaries). We supplemented document review with stakeholder interviews where possible.

We used a 4-point scale to rate each indicator for each plan. A rating of “fully” meant that the LSE indicator was demonstrated at a “best practice” level of effectiveness (a very high standard); “substantially” meant that the indicator was effectively demonstrated, though with some constraints; “partially” meant that there was a demonstration of effort but limited accomplishment of the indicator; and “not at all” meant that there was no available evidence of effort or accomplishment of the LSE indicator.[39] When evidence was limited but suggestive, the evaluation team used professional judgment (based on experience conducting and assessing stakeholder engagement processes in programs and projects, and recognizing contextual factors that were important to the interpretation of the evidence) to determine a score.

To clarify what this approach meant in practice, here is an example of assessing the extent to which a Joint Mission “systematically identified stakeholder groups.” If the evaluation found documentation in a Joint Mission Report (or in an appendix or associated note) that 1) there was an effort by the government and MDBs to identify the full range of relevant stakeholders for dialogue on potential investments in the areas identified through initial scoping; 2) those stakeholder groups were listed at a level of specificity that indicated a clear understanding of who might be engaged (e.g., “NGOs participating in the national climate resilience planning process,” and “businesses with capacity to offer financial risk products to farmers”); and 3) the list of stakeholders appeared to cover all the main categories that would be logical and appropriate based on the combination of CIF program guidance, comparison with good practice within the sample for that program, and context-specific knowledge of the likely investment areas; the indicator was scored as “fully” demonstrated. If it found substantial effort, variable specificity, and a listing of most but not all relevant stakeholder categories, the indicator was scored as “substantially” demonstrated. If the finding was limited effort, low specificity and a partial listing of relevant stakeholders, it was scored as “partially” demonstrated. If the finding was no evidence of systematic effort, no specificity and no comprehensiveness (e.g. no documented identification of local stakeholders, or a very general statement such as “the

[39] Where there was no available evidence to demonstrate any accomplishment of an indicator, and where available evidence on related indicators suggested a low level of effectiveness, the relevant indicator was scored “not at all.”

Mission met with a range of relevant stakeholders in business and civil society" with no other documentation) the indicator was scored as "not at all" demonstrated.

Figure 8: Effectiveness Ratings for LSE in 18 Investment Plans

STAKEHOLDER MAPPING	Joint Missions (JMs) systematically identify stakeholder groups	JMs systematically identify forums for engagement	JMs systematically identify stakeholder interests in substance and process	JMs systematically assess stakeholder capacities to engage	AVERAGE FOR MAPPING
# RATINGS ≥ Partially	17	15	14	12	14.5
# RATINGS ≥ Substantially	12	12	6	5	8.8

PLANNING FOR STAKEHOLDER ENGAGEMENT	Stakeholder Engagement Plan (SEP) systematically clarifies planned modes of engagement for specific stakeholders	SEP systematically clarifies planned forums for engagement	SEP systematically specifies goals of engagement	SEP systematically specifies sequence of engagement	AVERAGE FOR PLANNING
# RATINGS ≥ Partially	12	11	11	9	10.8
# RATINGS ≥ Substantially	6	7	7	5	6.3

DEPTH OF STAKEHOLDER ENGAGEMENT	Stakeholders provide specific, relevant feedback on IP issues through consultation process	Relevant, historically marginalized stakeholder groups contribute effectively to the consultation process	Stakeholders receive technical and/or logistical support from recipient government/ MDB where necessary to enable effective participation	AVERAGE FOR DEPTH
# RATINGS ≥ Partially	10	6	5	7.0
# RATINGS ≥ Substantially	8	1	2	3.7

INFLUENCE OF STAKEHOLDER ENGAGEMENT	Identities of participants and detailed summary of key points raised in consultation process are documented in consultation summaries	Stakeholder, MDB and recipient government feedback indicates that consultation process was focused on key issues	Investment Plan decision process considers key points from consultations, including areas of concern to local stakeholders, and responds to those points	AVERAGE FOR INFLUENCE
# RATINGS ≥ Partially	12	9	6	9.0
# RATINGS ≥ Substantially	3	5	1	3.0

LSE ENHANCES EXPECTED LOCAL STAKEHOLDER BENEFITS	Investment Plan documents expected local benefits	Investment Plan notes modifications made in response to stakeholder concerns	Local benefits identified in IP are consistent with interests expressed by stakeholders during consultation process	AVERAGE FOR LOCAL STAKEHOLDER BENEFITS
# RATINGS ≥ Partially	17	11	7	11.7
# RATINGS ≥ Substantially	12	4	7	7.7

Beyond these descriptive points, the evaluation looked at specific factors that influenced the effectiveness of LSE.

There is substantial variation across the four CIF programs in the breadth, depth, and influence of LSE in investment planning. In the sample, PPCR investment plans and projects were most consistently effective in the breadth, depth, and influence of LSE. FIP was next in effectiveness, followed by SREP, and then CTF. This finding is consistent with the finding that the designs of PPCR and FIP gave higher priority to LSE as a way to achieve their objectives (PPCR also allocated substantially more grant funds to the investment planning process than other programs).[40] Having given LSE higher priority, those who led PPCR and FIP investment planning generally also devoted more effort and resources to ensuring the effectiveness of LSE in their investment planning processes. PPCR is particularly notable for consistent commitment to planning and implementing LSE. That said, the evaluation found examples of effective LSE in all four of the programs (see Box 1 below).

The cross-program findings regarding LSE do not mean that CTF or SREP were less effective in achieving their programmatic goals (on the contrary, evidence from the Transformational Change Evaluation suggests that CTF has been notably successful overall in catalyzing larger-scale changes in energy markets and policies).[41] It does suggest that CTF and SREP found that broad and deep LSE was less relevant to achieving their goals, and placed lower priority on LSE. As a result, their LSE efforts were generally not as fully developed, documented, or implemented as those of PPCR or FIP.

There are several reasons for somewhat less robust LSE in CTF investment planning. The CTF program was the first to launch, and there was an emphasis on gaining strong government buy-in as a priority relative to buy-in from local stakeholders. There also was pressure to move quickly to gain experience, and the projects were most often large energy and transportation infrastructure projects that required heavy national government involvement and had national rather than local-scale benefits. Consultations in CTF investment planning therefore typically were somewhat shorter and involved fewer actors than consultations in other programs. Recognizing that the reduced breadth of LSE was in part by design, the evaluation still found that the five CTF investment planning processes in the sample scored low on most LSE indicators.

Given its focus on energy access and poverty alleviation, SREP investment planning often included a broader group of stakeholders than CTF. In the SREP sample, there was stronger emphasis on LSE in cases where there were both strong support from the MDB and a reasonably well-organized local constituency (e.g., Tanzanian private sector mini-grid developers, financial institutions, and stand-alone solar operators; Armenian business, academic, and NGO stakeholders) who sought a role in defining the criteria and selecting the

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[40] The SCF provides Investment Plan Preparation Grants to governments preparing investment plans; the amounts vary by program ($1.5 million for PPCR, $300,000 for SREP, and $250,000 for FIP). The CTF offers the option for governments to request funding for investment planning, but no requests have been received to date (*Evaluation of the CIF's Programmatic Approach: Final Report and Management Response* (CIF 2018) p.6, fn.9).

[41] Itad with Ross Strategic and ICF, *Evaluation of Transformational Change in the Climate Investment Funds.* Washington, DC: CIF 2019. See esp. Sec. 2.1.

program priorities. Some SREP projects were designed to create an enabling environment for investment by the private sector and did not have site-specific impacts or stakeholders. In addition, SREP investment planning sometimes did not identify specific local-level projects and sites until the project design phase. For that reason, local stakeholders likely to be impacted during implementation could not participate in investment planning.

Box 1. Examples of Effective Stakeholder Engagement in Investment Planning

The core objective of **Zambia's PPCR** is to mainstream climate change into the most economically important and most vulnerable sectors. The planning process ensured broad-based engagement of a wide range of stakeholders. It involved four multi-ministry and multi-stakeholder "platforms," aligned with the SPCR themes (Climate Resilient Agriculture, Climate Resilient Infrastructure, Climate Information, and Climate Financing), which elaborated the design of the Strategic Program for Climate Resilience (SPCR) as the PPCR investment plans are called. The platforms included a wide swath of international and local NGOs, private sector, and academic partners, from Copperbelt University and the Red Cross to the National Council on Construction, the Zambian Bureau of Standards, and the Zambian Youth Climate Change Network. More than 40 agencies, organizations, and institutions contributed to the SPCR. Their participation influenced the SPCR's focus on participatory adaptation, community-based climate resilient initiatives integrated into local area development plans, and private sector support for micro-finance, climate information, and insurance.

In **DRC's FIP** investment planning process, LSE was initially limited to NGOs and private sector actors in the capital, Kinshasa. A well-organized national NGO umbrella group, the National Working Group on Climate and REDD (GTCR), raised concerns about the need for more extensive consultation with provincial and local stakeholders in the areas that were expected to be the primary focus of REDD+ investments. Their advocacy led to a constructive dialogue with government and MDB leads for FIP and to an efficient and effective NGO-led consultation process in the priority provinces for FIP. Local stakeholder input significantly influenced the design of the investment plan, including the provision of technical assistance, attention to tenure issues, and design of incentives and supports for community natural resource planning bodies and small commercial agroforestry growers.

In **Tanzania's SREP** investment planning process, the government and MDBs recognized the need for an expanded effort to engage private sector mini-grid developers. Building on prior effective engagement with developers in the Tanzania Energy Development and Access Program (TEDAP), the planning process included consultations with developers on incentives and regulations for mini-grid development, potential competition with grid expansion, and tariffs and payment structures. Though not all of developers' interests were met in the consultation process, it did inform the design of the investment plan, particularly with regard to the need for timely payments from the government utility to small power producers, the need to streamline the process for project development by the private sector, and the need for more comprehensive data on renewable resources and available financing.

In **Chile's CTF** investment planning process, stakeholder engagement was not extensive, but was well-targeted to stakeholders with an interest in geothermal and other forms of renewable energy. The CTF engagement process built directly on an extensive and in-depth process of stakeholder consultation to develop a long-term national energy strategy (Energia2050). Government and MDB planners identified and consulted geothermal stakeholders including private sector developers and investors, NGOs, and Indigenous communities who had been involved in Energia2050. The consultations helped shape the components of the geothermal risk mitigation program, including dedicated funding to build the capacity of government agencies and the Indigenous communities to engage in effective LSE. The investment plan included training on geothermal energy for Indigenous leaders and local authorities as well as pre-feasibility studies for geothermal heating in Indigenous community schools and other buildings.

For PPCR, the focus on integrating climate resilience planning and programs into sub-national and local development meant that active engagement of local government and community representatives was key to the design of investment plans and throughout the project cycle; the goal was both to learn from and to build the capacity of these subnational and local actors in prioritizing resilience investments and creating partnerships for implementation.

In the sample, there was notable follow-through on that commitment by PPCR investment planners (the lead government agency and supporting MDBs) and local stakeholders in all four countries examined: Tajikistan, Zambia, Dominica, and Tonga (see Box 2 below).

Box 2. Tajikistan PPCR: Building ownership and opening spaces for LSE

The SPCR process in Tajikistan kicked off in 2009 in a difficult environment. Understanding of the plethora of climate risks threatening the country was rudimentary. The First Mission report highlighted the challenge of managing stakeholder expectations, noting a tension between the vast needs for investments in all areas — from data management to institutional frameworks and physical infrastructure — and the imperative that the PPCR be targeted. It urged strong efforts towards building broad ownership within government and beyond, stressing that "transformational adaptation projects must be formulated with community buy-in to genuinely meet the needs of vulnerable populations and sectors in especially sensitive areas of Tajikistan…"

The early stages of SPCR development were led by the Deputy Prime Minister, whose authority and commitment enlisted the cooperation of line ministries, and initial dialogue was largely restricted to government actors and the three supporting MDBs. This led to an open challenge from more than two dozen local NGOs who issued a public complaint bemoaning the limited space for involvement of Tajik organizations and inadequate sharing of information on the process. NGOs offered concrete suggestions for improvements in the draft SPCR, such as: a shift in focus on small hydropower and renewables; the dissemination of climate forecasts to farmers through simple means such as radio broadcasts and mobile phones; the involvement of river basin communities in assessing vulnerability, planning and project implementation; and the creation of education centers in communities. Many of these suggestions ended up being directly incorporated in project execution. The NGOs also underscored their experience working with communities and claimed a stake in program decision making, a demand which was met by including civil society in the PPCR's institutional structures.

In an exemplary response to a significant challenge, the PPCR mainstreamed a deeply participatory approach through a coordination mechanism that facilitated engagement by stakeholders at all levels in a multitude of activities aimed at building climate resilience in critical sectors and geographic areas. Over the years, thousands of people have participated in PPCR-related consultations, trainings, and project activities, from a wide array of national authorities to the private sector, universities, international and local NGOs, rural governments, and community leaders and members, including women and poor farmers. In so doing, the PPCR was groundbreaking both in its substantive focus on community-based adaptation to climate change and in deploying meaningful consultative practices to enhance project results and accountability to the intended beneficiaries. The result is that local stakeholders, including poor farmers and women, in some of Tajikistan's most vulnerable areas, directly participate in the design, maintenance, and monitoring of project interventions.

In each case, PPCR investment planners (in Tajikistan with a strong MDB and civil society initiative, in Zambia, Tonga, and Dominica with joint MDB and government leadership) identified a wide range of local stakeholders who needed to be engaged in the development of the national investment plan (the Strategic Program for Climate Resilience) and strengthened or created forums and modes of engagement.

Similarly, FIP recognized the importance of empowering and building the capacities of forest-dependent communities as forest managers. This meant that FIP would need to engage NGOs and representatives of Indigenous peoples, along with national and subnational governments and larger private sector forest operators, in both investment planning and in implementation. FIP investment planners in Mozambique and DRC built on existing REDD+ mechanisms for stakeholder engagement to ensure that both national and local representatives of Indigenous and forest-dependent communities were meaningfully informed and consulted, and that their views and concerns substantially influenced their respective investment plans.

Efforts to engage stakeholders in investment planning were initially somewhat less proactive and effective in Indonesia, and there were misunderstandings between investment planners and civil society and Indigenous stakeholders, despite the existence of effective forums for LSE in other national REDD+ initiatives. In Mexico, some CSOs challenged a decision to accelerate the FIP consultation process in order to ensure agreement on a major set of World Bank and FIP commitments during the term of the then-current administration. In both countries, further consultations during and after the approval of investment plans were able to address most stakeholder concerns.

Additional factors contributing to effective LSE in investment planning

Beyond the program-level differences, these assessments suggest several other factors that contribute to effective LSE in country investment planning: favorable national context for LSE; designing LSE to maximize local stakeholder capacity to participate; and responding quickly and constructively to local stakeholder concerns about the investment planning process.

Countries where national norms and political economy contexts were favorable to LSE had stronger starting points for LSE in investment planning. In Chile, established norms and processes for Indigenous peoples and local communities to participate in energy sector planning helped ensure that the CTF process was influenced by their views, despite the fact that the CTF investment planning process itself was not highly participatory. In DRC, the existence of a relatively strong national civil society and Indigenous peoples' working group on REDD+, and the engagement of that group in the government-led REDD+ strategy process, ensured that local stakeholder views would have significant influence in the investment planning process. In contrast, Tajikistan's norms and mechanisms for LSE were far less favorable, making its PPCR experience doubly remarkable in its transformation of deeply rooted cultural and political practices (see Box 2 above). In Ukraine, limited government interest in engagement with private sector or civil society groups constrained the LSE process during CTF investment planning.

Investment planning that used or built on effective LSE in related forums, plans, and programs were more effective. We found, not surprisingly, that early, careful, and extensive investment in understanding the range of local stakeholders and the ways in which they were already engaged on issues that were likely to be addressed in the investment plan usually paid off in terms of local stakeholders' active and constructive participation in investment planning.

One form of payoff was the ability of CIF investment planners to "piggyback" their LSE onto effective existing forums and approaches. For example, FIP in the DRC and in Mozambique integrated with existing platforms for national and subnational stakeholder engagement in national REDD+ readiness and strategy development. Mozambique also undertook extensive and well-documented consultations that integrated feedback on the FIP investment plan with feedback on the REDD+ strategy. PPCR in Tonga also strongly aligned with pre-existing national initiatives and platforms for stakeholder engagement in climate adaptation and resilience. More specifically, the PPCR's investment components drew heavily on Tonga's Joint National Action Plan on Climate Change Adaptation and Disaster Risk Management 2010-2015 (JNAP). It was developed using a broadly inclusive process, reaching across the government and beyond to NGOs and vulnerable communities, a fact that contributed to its high profile and strong ownership among stakeholders in Tonga. The PPCR process picked up seamlessly from the JNAP process. This allowed civil society with deep community ties to contribute to the final package of SPCR investments.

LSE in the SREP Tanzania investment planning process was initially relatively limited, in large part because the World Bank was already working closely with stakeholders in the Tanzania Energy Development and Access Program (TEDAP) which shared many of the same goals around promoting solar home systems to improve rural households' quality of life. After a technical mission, the MDB and government leads recognized the need for broader and deeper stakeholder consultations on geothermal energy and rural electrification, identified a broader set of stakeholders to engage by building on the TEDAP's stakeholder work, and created new consultation forums. Armenia's SREP process built directly on effective stakeholder engagement in a prior national renewable energy planning (see Box 3 below).

In contrast, the Indonesia FIP investment planning process initially did not fully recognize the level of concern that NGOs and *adat* (Indigenous) peoples' representatives would bring to dialogue about new multilateral investments in forest management, or their commitment to the existing and generally constructive REDD+ process as the main forum for dialogue on linking the management of climate change and forests. By setting up a parallel consultation process in a context where national and international NGOs and *adat* people's organizations were already engaged in the REDD+ process and were deeply concerned about MDB investments in the forest sector, the FIP investment planners generated resistance to the process. After several months of controversy, the MDBs and their government counterparts worked hard to recover credibility by addressing several NGO concerns about safeguards and the role of the private sector through the multi-stakeholder National Forest Council. After the formal approval of the investment plan, continued engagement generated constructive feedback from civil society and Indigenous people's groups during project design.[42]

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[42] See Asian Development Bank, *Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds: Case Studies From Asia*—second edition. Mandaluyong City, Philippines: Asian Development Bank, 2013, pp.23-34.

Box 3. Armenia SREP: Leveraging prior stakeholder engagement and insight for investment planning

The Armenia SREP investment planning process exemplifies the benefits of building on past and ongoing LSE from related programs and initiatives. The MDBs and Armenian government leveraged the outreach conducted during the development of the 2011 Renewable Energy Roadmap, funded by GEF and the World Bank, to mobilize the relevant stakeholders for SREP investment planning. Armenia is unique among other SREP applicants in that it has achieved nearly 100% access to electricity. Armenia's investment plan focused on using renewable energy to improve energy security and reliability for existing electricity customers, and reducing vulnerability to natural gas price increases, Russia energy blockades, and energy theft. The leadership of R2E2 Fund, a quasi–governmental organization responsible for stakeholder engagement in both the Energy Roadmap and SREP planning and implementation, was another key element of success.

LSE began with an early workshop in June 2012 to introduce SREP investment criteria and solicit input on additional criteria that should guide the investment priorities. Private sector renewable energy companies, banks, independent NGOs, and academia joined the national government agencies and electricity distribution companies in calling for a comprehensive analysis of the country's renewable energy resources and costs to better inform the investment decisions. Local stakeholders also participated in a formal voting process during a later workshop to fine tune the criteria for selecting projects, and the government agreed to provide additional time for further LSE before finalizing the Investment Plan in 2014. The government of Armenia had initially been leaning toward further investment in the wind and hydro sectors because of the established regulatory framework and private sector experience. Local stakeholders, in contrast, saw this as an opportunity to use the grant funding to explore riskier technologies, and in the case of geothermal, technologies that could provide base load power for the country.

The geothermal exploratory drilling project selected for evaluation also stands out for its concerted effort to engage villages nearby the project to ensure that they both understood the potential impacts and benefits and to hear their concerns. Despite the finding in the Environmental Impact Assessment that there were no significant impacts on nearby landowners, R2E2 Fund met with villagers and addressed initial concerns that the project could affect local water supplies and developed a formal grievance process and resettlement framework.

Higher government and MDB responsiveness to initial stakeholder suggestions and concerns about investment planning generally led to more constructive LSE. In several cases, the investment planning process was met with initial concerns, but the leads in MDBs and/or government agencies were able to respond effectively, build trust, and establish constructive working relationships. In Tajikistan, NGOs raised strong concerns about the lack of LSE in the PPCR plan. The leads in MDBs, working with their government counterparts, were able to respond by committing additional resources to design and support a much more robust stakeholder engagement process, in tandem with support to the government to create a national, multi-stakeholder Steering Committee and coordinating Secretariat responsible for aligning new and ongoing climate change adaptation activities in the country. This coordination mechanism was the lynchpin for multi-sectoral and multi-stakeholder (including cross-government) engagement throughout all phases of design and implementation of the different investment components. Figures presented at the 2014 Meeting of PPCR Pilot Countries show a jump in the number of local stakeholders (government institutions as well as CSOs, NGOs, and media) that are engaged in the PPCR from a very low base to approximately 250 by February 2012.

In DRC, a well-established national NGO umbrella body that was working on the REDD+ strategy raised concerns about what appeared to be a very tightly constrained FIP plan for stakeholder engagement, especially at the local level. In response, the MDBs and lead ministry agreed to contract with highly credible NGOs to plan and implement provincial and local stakeholder consultations, within a mutually acceptable timeframe. This approach turned what could have been a confrontation into the basis for partnership that continued into project design and implementation. In Armenia, civil society and private sector participants in the SREP investment planning process questioned the initial proposal to focus on wind and hydropower. They urged a comprehensive assessment of all renewable resources and criteria, and more attention to energy security and resilience. Subsequent joint analysis led to higher priority for solar and geothermal power in the investment plan.

Recommendations for improving LSE in investment planning

At this stage in their life cycles, the CIF programs are focused primarily on the implementation of investment plans, rather than on initiating new plans. That said, there is still potential for the CIF to support new investment plans in the coming years, and other climate finance institutions may find it useful to consider ways to strengthen LSE in their investment planning. We recommend the following options for consideration:

1. **Provide additional procedural guidance, case studies, and peer sharing on LSE to support investment planning.** The CIF AU's recently published stakeholder mapping guidance is a strong start.[43] It could be complemented by additional CIF AU guidance on ways to organize stakeholder consultation in different contexts. As noted in the findings, it is especially important to consider the overall political economy for LSE, the strength of existing forums for LSE, and the capacities of local stakeholders to organize and participate in substantive discussions. Written guidance could be complemented by video case studies including interviews with investment planners and local stakeholders, and by peer exchanges organized through program country networks.
2. **Use Joint Missions and similar mechanisms to assess government LSE capacity at the beginning of the planning process, and where needed, provide dedicated budget and technical assistance to governments and other stakeholders to build their capacity for constructive and sustained engagement.** There are numerous instances in the sample where investment planners needed to play "catch-up" on LSE during investment planning, once they realized that there were limitations in government and local stakeholder capacity for constructive engagement. MDB assessments of government and local stakeholders' capacity for engagement along with initial stakeholder mapping would

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[43] CIF, *How to Implement Stakeholder Mapping into the Programmatic Approach of the Climate Investment Funds.* Washington DC: CIF, 2018.

clarify the resources needed to strengthen capacity and reduce the risk of having to backfill during the core investment planning process.

Assessments of government LSE capacity could ask whether lead agencies have established procedures and capacities for stakeholder identification, outreach, and engagement; what recent LSE experiences they have had with similar planning processes; and what lessons they have learned. Lead MDBs could also request their national counterparts to produce an initial LSE plan for the investment planning process and use it as the starting point for a discussion on the counterpart agency's LSE capacity needs.

For local stakeholders (e.g. relevant NGOs, private sector associations, and subnational governments), the assessment could involve a set of interviews to understand their past experiences participating in national investment planning processes, especially with the relevant counterpart government agency; identify their main interests and concerns regarding both the substantive issues and the opportunities for engagement; and factor the results into LSE planning.

3. **Strengthen incentives for robust LSE in investment planning by requiring more explicit and detailed reporting on LSE as part of the presentation of proposed investment plans to TFCs/SCs.** Along with "how to" guidance on LSE, CIF programs could provide LSE reporting templates MDBs and government agencies leading investment planning. The templates could ask investment planners to describe how stakeholders were identified, and to summarize LSE plans, stakeholder feedback, and MDB/government responses to that feedback. The relevant LSE documentation could be annexed to investment plans. These requirements could be effective both to motivate more effective LSE planning and execution and to demonstrate to local stakeholders who participated that their comments have been heard and that reasoned responses have been provided. This option would also help promote much needed improvement in documentation of LSE in investment planning.

6. LSE in project design and implementation

The evaluation identified two major areas for LSE in the project cycle: i) project design and ii) project implementation. As with investment planning, the evaluation developed indicators for LSE in each of these areas, based on the LSE theory of change. It then rated the 20 projects in the sample on these indicators, using the same 4-point scale as for investment planning.[44] Again, as with investment planning, there are caveats about the availability of documentation on which to base the ratings. The evaluation used multiple sources of evidence, including CIF and MDB documentation, available government and civil society documentation, correspondence and commentary accessible on the Web, and interviews with stakeholders to

[44] As noted above in the investment planning section, a rating of "fully" (F) meant that the LSE indicator was demonstrated at a "best practice" level of effectiveness (a very high standard); "substantially" (S) meant that the indicator was effectively demonstrated, though with some constraints; "partially" (P) meant that there was a demonstration of effort but limited accomplishment of the indicator; and "not at all" (N) meant that there was no available evidence of effort or accomplishment of the LSE indicator.

inform the analysis. Nonetheless, there are several projects in the sample for which evidence of LSE was very limited. Ratings on key indicators are presented in the tables below. Key findings from the ratings include the following:

- **In the design phase, most projects in the sample (16 of 20) made substantially (11) or partially systematic (5) efforts to involve stakeholders**, and to respond to the interests and concerns they expressed during consultations.
- **In project implementation, most projects (14 of 20) created substantially (10) or partially effective (4) mechanisms for ongoing information sharing, consultation, and grievance resolution**.
- **The depth of LSE was variable during project implementation:** 16 of 20 projects had substantially (10) or partially (6) meaningful consultation with stakeholders during implementation. Most projects (14 of 20) demonstrated substantial (9) or partial (5) engagement with marginalized groups. Half of the sample (10 of 20) demonstrated substantially (5) or partially (5) effective grievance mechanisms, though documentation on grievance mechanisms was limited.

Figure 9: Effectiveness Ratings for LSE in Project Design and Implementation

LSE IN PROJECT DESIGN	Project implementers systematically identified stakeholder groups, their interests in substance and process, their influence on the project, and their capacities to engage	Project implementers systematically planned for stakeholder engagement in project design	Stakeholders impacted by and/or with influence on the project participated effectively in the design process	Stakeholders were engaged using appropriate modes	MDB/recipient government made robust efforts to address stakeholder concerns regarding participation	AVERAGE FOR LSE IN PROJECT DESIGN
# RATINGS ≥ Partially	17	18	18	16	12	**16.2**
# RATINGS ≥ Substantially	11	14	11	11	7	**10.8**

LSE MECHANISMS IN PROJECT IMPLEMENTATION	Implementers provide ongoing project information in local language through accessible media	Implementers provide project consultation mechanism(s) with procedures that are agreed with local stakeholders	Implementers provide project grievance mechanisms that are viewed by local stakeholders as accessible, fair and effective	AVERAGE FOR LSE MECHANISMS IN IMPLEMENTATION
# RATINGS ≥ Partially	14	18	14	**15.3**
# RATINGS ≥ Substantially	10	10	10	**10.0**

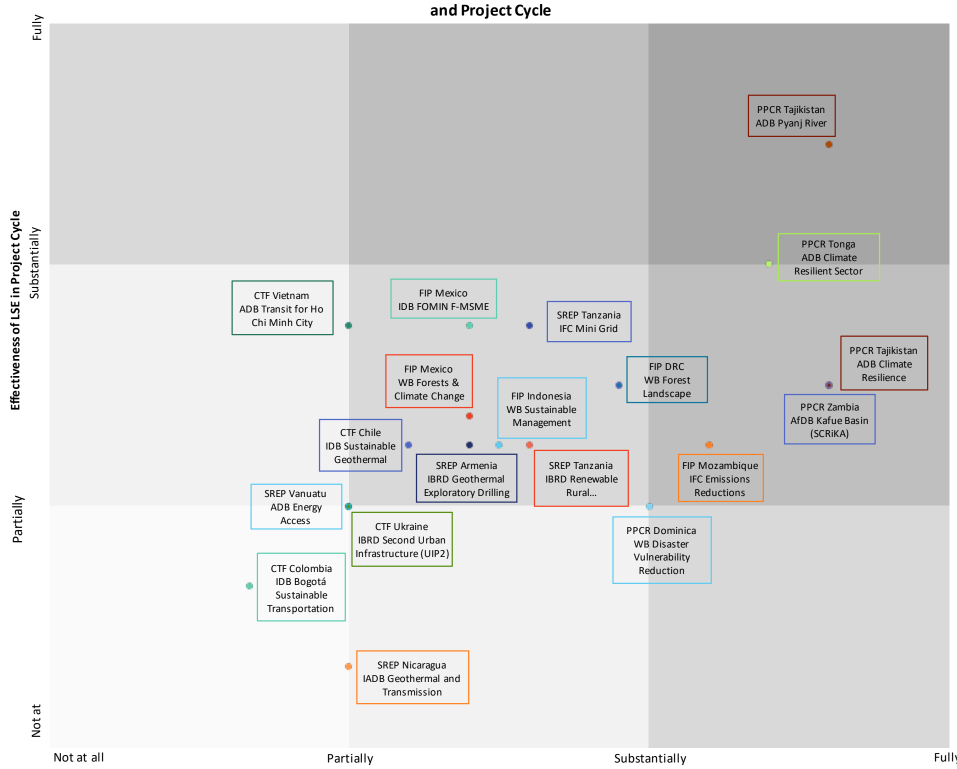
DEPTH OF STAKEHOLDER ENGAGEMENT IN PROJECT IMPLEMENTATION	Stakeholders provide specific, relevant feedback on implementation issues through consultation mechanism	Relevant, historically marginalized stakeholder groups engage in consultation and/or participate in project implementation	Local stakeholders have effective access to redress through grievance mechanism(s)	AVERAGE FOR DEPTH OF STAKEHOLDER ENGAGEMENT IN IMPLEMENTATION
# RATINGS ≥ Partially	15	14	10	**13.0**
# RATINGS ≥ Substantially	10	9	5	**8.0**

The following factors have influenced the effectiveness of LSE in the project cycle:

The effectiveness of LSE in CIF-supported projects depended significantly on the existing capacity and commitment of government implementing agencies and their MDB partners to build robust LSE into project design and implementation. As noted above, the CIF's organizational arrangements give the MDBs and their government counterparts substantial authority to translate investment plans into projects, using their respective procedures for project design and implementation. Though the TFCs/SCs do discuss project issues including LSE issues, the primary authority for project implementation lies with the MDBs and their national implementing agency counterparts.

Strong LSE during investment planning has usually laid the groundwork for effective LSE during project design and implementation. Though the MDBs and their government counterparts take primary responsibility for LSE during the project cycle, the quality of LSE during investment planning generally carries over into that cycle. As shown in Figure 6 below, there is a clear correlation between the effectiveness of LSE in investment planning and in implementation.[45]

Figure 10: Effectiveness of LSE in Country Investment Planning and Project Cycle



The horizontal axis is a scale of LSE effectiveness in investment planning. The vertical axis is a scale of LSE effectiveness in project design and implementation. Each point on the graph

[45] We have omitted the CTF Egypt Investment Plan and associated AfDB Egypt Wind Power Development Project from the chart because the planning process and the documentation were very limited, and the plan did not proceed to implementation.

represents a national investment plan and an associated project that were part of the sample.46 The scaling from “not at all effective” to “fully effective” integrates multiple indicators of LSE effectiveness (see tables above), which are detailed in the CIF LSE theory of change.

This correlation between effective LSE in investment planning and in the project cycle is very much in line with the causal theory of change for LSE. More effort to identify, engage, consult, and respond to local stakeholders in the investment planning phase is likely to lay good groundwork for similarly effective engagement in the implementation phase. PPCR offers the clearest examples: in nearly all of the projects examined, LSE processes established during investment planning carried over into implementation. Tajikistan and Zambia both set up multi-stakeholder institutional mechanisms that influenced the design and implementation of projects.[47] In the FIP cases, DRC’s strong LSE and Indonesia’s contentious LSE in investment planning both carried through more or less predictably into the project cycle. The limited use of LSE in nearly all of the CTF investment planning processes meant that there were fewer stakeholders ready to engage in project-level LSE.

However, there are some interesting variations. In some cases, the effectiveness of LSE improved during investment plan implementation. In the CTF cases, Chile geothermal and Vietnam rail transport had limited LSE in the investment planning process, but LSE deepened during project design, due in large part to MDB safeguards requirements. In Mexico, an abbreviated FIP investment planning process was followed by substantial engagement with forest-dependent communities, especially by the IDB financial services project. Both projects, like most FIP projects, required strong partnerships with forest-dependent communities for success. Our SREP cases were the most varied in the relationship between LSE in investment planning and in the project cycle, due to a range of project-specific factors.

There are also some examples where highly effective LSE in investment planning did not fully translate into implementation, due to large capacity gaps at the project level. Examples include PPCR in Zambia, where innovative approaches to community mobilization, such as crowd-sourcing, were launched during PPCR design but where participatory project implementation in the Kafue Basin was nested within an ongoing, challenging process of decentralizing power to subnational governments. The decentralization process created delays in the project overall, leading to delays in associated LSE despite investments in building the technological and fiduciary capabilities of local stakeholders. In Mozambique, very strong LSE in the FIP investment planning process was not very influential in the private sector project reviewed; that project pre-dated FIP involvement and had its own complex LSE dynamics.

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[46] When there are two projects within the same Investment Plan (FIP Mexico and SREP Tanzania), each project has its own point on the graph, but the horizontal (x-axis) position of the two projects is identical, since they are both associated with the same Investment Plan.

[47] The PPCR exception was Dominica, where resource availability was not sufficiently taken into consideration during investment planning consultations, and a subsequent decision of the World Bank and government to re-prioritize investments was taken with limited additional consultation or communication with stakeholders, which did not set a basis for strong LSE during the project cycle.

As with investment planning, the strength of pre-existing or emerging national and sub-national mechanisms for LSE, and the effective use of those mechanisms by project implementers, have had a significant impact on LSE effectiveness during implementation. As noted above, Mexico's well-established ejido system and existing community forest management programs created a strong basis for LSE during project design and implementation. Moreover, Mexico's FIP projects were embedded within the country's ongoing REDD+ initiative, and FIP-funded projects built on prior, strong LSE with ejido communities.

In Zambia, the PPCR Kafue Basin project, which included capacity building for integrated planning at district and sub-district levels, aimed to build on Zambia's ongoing decentralization drive. Though progress has been slower than targeted, the engagement of local authorities was fostered by embedding project design and implementation in local institutions, complemented by NGOs with local knowledge.

In Chile, the Geothermal Roundtable established to inform the design of the CTF geothermal project drew directly on stakeholders and technical analysis already embedded in the government's long-range energy planning process. In Tanzania, LSE for the SREP rural electrification project was able to build directly on stakeholder engagement mechanisms that had been established for an ongoing World Bank electricity sector project; in parallel, the SREP mini-grids project was able to engage effectively through IFC's outreach to mini-grid developers who were already active in the region. That said, the openness of Tanzania government actors to dialogue with non-government stakeholders on policy and regulatory development is still evolving.

In contrast, FIP projects to support effective LSE by Indonesia's decentralized Forest Management Units have encountered challenges due to a series of legislative and policy changes in the allocation of forest management responsibilities (including responsibilities for community engagement) among national, provincial, and district governments and FMUs. Though new policies and procedures are intended to support strong LSE in community forest management, the reality is that institutional turbulence has constrained the effectiveness of LSE.

In several projects, investments in capacity building for government and local stakeholders improved their ability to consult and collaborate in design and implementation. In the sample, PPCR in Tajikistan provides the strongest example of extensive capacity building for both local stakeholders and government agencies. The Pyanj River Basin resilience project supported local government and nongovernment stakeholders with technical skills. Equally important, it enhanced different constituencies' abilities to meaningfully participate in policy dialogue and program development despite differences in role and status. Notably, women and a range of vulnerable groups that were direct beneficiaries in resilience planning and implementation were the focus of these kinds of empowerment efforts.

In line with the project's core objective of addressing the vulnerabilities of local communities, and especially that of women, a wide-reaching and deep engagement process involving over 1,500 stakeholders informed the selection and design of activities. Each of the Executing Agencies also was explicitly charged with enabling community participation in implementation. By the end of 2017, the project had supported nearly 10,000 women and more than 10,000 people below the national poverty line to cope with the effects of climate change.

In Vietnam, the CTF rail transit project responded to MDB and government requirements for stakeholder engagement in environmental impact assessment and resettlement planning by conducting extensive outreach to local stakeholders potentially affected by a new light rail line in Ho Chi Minh City (see Box 4 below). In Tanzania's SREP program, funding was specifically earmarked for building the capacity of the Rural Electrification Agency to work effectively with local stakeholders, particularly at the community level where energy infrastructure projects had previously had negative impacts on local landowners.

Box 4. Vietnam CTF: Substantial LSE in project impact mitigation

The Vietnam CTF Ho Chi Minh City urban rail project is a strong example of mitigation-focused LSE among the CTF projects reviewed. Vietnam's CTF investment planning process began in 2009, but the investment plan went through a number of revisions in 2011, 2012, and again in 2013.

One project that did move forward was the Ho Chi Minh City urban rail project. LSE began early with structured interviews with potentially displaced people along the proposed line and focus group discussions with women and local leaders in the project area. A Gender Action Plan, a Resettlement Framework, and Resettlement Plans were later developed. A social and environmental analysis used LSE to collect on-the-ground information through community meetings, door-to-door surveys, and an effective grievance process. These analyses played an important role in identifying the disruptive impacts and assistance needed for those living along the route, as well as identifying design features that could enhance access to the project's benefits.

Consultation with the businesses, households, and community leaders continued during implementation of the project. The Resettlement Plan and grievance process were revised as new information was gathered. Roles and responsibilities of all institutions involved in the implementation of the Resettlement Plan were clearly laid out, including monitoring and reporting requirements. An important, still incomplete part of the monitoring process is to follow-up with displaced and affected households and businesses to determine their satisfaction with the compensation and relocation process still underway. The sustained and strong LSE during planning and implementation led to changes in project design and improved outcomes for those adversely affected and those benefitting from the project.

All four FIP countries have invested substantially in capacity building for local stakeholders to participate in land and resource planning at both the local level, and at provincial and/or landscape levels. FIP projects in DRC and Mexico are notable for the extensive use of NGOs to provide technical assistance to local communities for participatory land and resource development planning. As a result, more than 150 communities in DRC's Mai Ndombe province have used local development committees for development planning. In Mexico, the World Bank Forests and Climate Change project supported more than 2,600 ejidos and communities to engage in participatory forest planning and management with assistance from NGOs and technical advisors.

National government lead agencies and MDBs have, in many instances, effectively engaged NGOs and other non-government actors as partners in supporting LSE. NGOs, associations, and contracted business partners have played important roles in organizing and supporting LSE during the project cycle, complementing and supplementing government agency and MDB capacities. In FIP's DRC project to transform management in the forests supplying Kinshasa's fuelwood, NGOs have been essential partners in strengthening community capacity for integrated land use planning, building agroforestry capacity among small commercial farmers, and promoting the inclusion of Indigenous peoples, women, and youth to ensure they have voice in local decision making.

Mexico's FIP project to support the development of credit-worthy ejido forest enterprises combined the expertise of an NGO that supported community enterprise organization and a financial intermediary that strengthened enterprise financial management capacity. In Zambia's PPCR Kafue Basin project, NGOs played a strong role in building community-level resilience planning and project management capacity.

There have been some situations where gaps in capacity to support LSE have not been easy to fill. In Tonga, NGOs have deep ties to local communities but have mixed capacity on climate change and project management. In a country with a strong tradition of centralized governance, project execution became the sole purview of state actors, potentially missing an opportunity to increase NGO skills while taking advantage of their community ties. In the CTF Colombia program, the project to finance clean buses in Bogota and other transportation projects faced implementation delays partly related to the capacity and willingness of the city administrators to conduct the needed LSE and administer the programs. This proved to be a significant problem as project implementation continued, which might have been remedied by earlier engagement with local governments and intentional capacity building in LSE.

Engagement of local stakeholders in national coordinating bodies for CIF investment programs has been uneven. As noted in the evaluation of the CIF's programmatic approach, PPCR and FIP sought to integrate their investment programs into existing national coordinating bodies for climate resilience/adaptation (PPCR) and REDD+ (FIP) and to support LSE in program coordination. CTF and SREP generally did not prioritize ongoing national coordination, though there were some country-specific exceptions.

PPCR is notable for attempting to purposefully promote sustained, national-level involvement in ongoing coordination during program implementation, including representation of local government, civil society, and community groups. In practice, PPCR results have been mixed. In the sample, coordination mechanisms with LSE were strongest in Tajikistan. Zambia has reasonably strong national coordination but faces challenges in sustaining engagement between national and local levels (e.g., NGOs working in communities are different from those participating in national coordination mechanisms). In Tonga, coordination across government and with non-state actors remains a major challenge. Dominica has faced issues in sustaining LSE in coordination in part due to the decision to use the limited financing available in the investment plan primarily for critical infrastructure, and for building government capacity for disaster risk assessment and response. Given this decision, local stakeholders who had proposed a wider range of activities and greater support for non-government actors had less reason to engage in ongoing coordination.

FIP's intention (stated in its design document) was to ensure close alignment of its investment programs with national REDD+ strategies and institutions, both for policy coordination and to promote effective and efficient stakeholder engagement. In the sample, this goal has been partially achieved. FIP in DRC and Mozambique have each made efforts to integrate FIP into national REDD+ coordinating architectures. In DRC, FIP projects appear to be effectively integrated into the national REDD+ Fund, which has a multi-stakeholder Steering Committee. In Mozambique, there is a multi-stakeholder national FIP Steering Committee, which is intended to link both with the Mozambique DGM and with several other REDD+ coordinating structures. Mexico has primarily maintained LSE at the investment plan level as a component of the annual M&R workshop, rather than through Mexico's REDD+ coordinating body. In Indonesia, FIP program-level coordination is largely outside the national REDD+ architecture, and there is very limited engagement of local stakeholders at the national level in program coordination.

Influence of LSE on benefits to local stakeholders

Effective LSE in CIF investment planning and project cycles has enhanced benefits and/or avoided negative impacts for local stakeholders. Benefits to local stakeholders in CIF-supported projects reflect both the work done in the investment planning phase, and the investments and activities subsequently delivered through the project cycle. Investment planning can have significant impact on benefits for local stakeholders by aligning CIF investments with local stakeholders' interests. The documentation regarding realization of benefits comes primarily from project documentation.

In the cases examined, there are several examples where the evidence for LSE enhancing local stakeholder benefits is strong. For example, the PPCR Tajikistan Pyanj River Basin project used intensive LSE to improve health, safety, and livelihoods for 100,000 households by reducing risks and losses from extreme climate events. Participatory risk assessments and extensive local stakeholder consultations in the project design phase anchored project outcomes and approaches in local priorities. Multi-stakeholder dialogue was used to design both infrastructure and indicators to be used in progress monitoring. Field visits were used to obtain feedback from target beneficiary groups and village leaders, and to draw on traditional knowledge. This participatory planning process resulted in a prioritization of vulnerable sub-districts and specific adaptation measures. Communities gained improved drinking water and irrigation systems, flood protection, climate-resilient agricultural practices, financial literacy training and micro-loans for climate change adaptation activities. Online, regularly updated project documentation shows steady progress on the infrastructure and institution-building components as well as the disbursement of more than 1,800 micro-loans.

Mexico's FIP projects were directly influenced by local stakeholder input in ways that supported more effective use of payments for environmental services, as well as technical and financial assistance to community forest enterprises (see Box 5 below).

In Tanzania's SREP mini-grids project, engagement by mini-grid developers has influenced the design and implementation of government regulations and tariffs in ways that strengthen the incentives for mini-grid expansion. In the SREP Vanuatu mini-hydropower project, extensive LSE in the context of resettlement planning identified both impacts to be avoided and benefits of hydropower access that were integrated into project design. In CTF projects, the appropriate use of LSE in the context of environmental and social safeguards has limited negative impacts to residents and communities in the Ho Chi Minh City rail project and Chile geothermal (with notable engagement of Indigenous communities on both potential negative impacts and benefits of participating in geothermal concessions).

Box 5. Mexico FIP: Using LSE to enhance community benefits

Mexico has an unusually strong set of institutions for community-based forest management. Its *ejido* system gives collective land rights to agrarian and Indigenous communities. The system includes thousands of communities who collectively own approximately 70% of Mexico's forested land.

When Mexico's FIP investment plan was being developed in 2011, the National Forest Commission (CONAFOR) worked closely with the World Bank to develop a major Forests and Climate Change Project (FCCP), representing the largest World Bank investment in forests at that time (planned loan of $300 million, ultimately $350 million). The FCCP was intended to consolidate progress made in national policy and programs and support to community forestry over the previous 20 years. A FIP investment of $42.8 million was integrated with the FCCP. Most of FIP funds were targeted to support community forest management in REDD+ Early Action Areas in four states.

From 2013 to 2018, the FCCP achieved impressive results: a doubling of ejido and community forest area under sustainable management by 2,600 ejidos (nearly 10% of all ejidos in Mexico), with corresponding reductions in deforestation, degradation and carbon emissions; forest management payments and capacity building for over 265,000 participating ejido members, landowners, and workers; and associated increases in levels of community social organization and economic development. Starting from a very low base, women who had been marginalized in ejido leadership and employment in forest enterprises made some gains in both participation and benefits. Underlying these results were stronger capacity within CONAFOR to support ejido and community planning and projects; refinements in the incentives and guidelines for CONAFOR community and social forestry programs to strengthen their support for sustainable productive activities; and a dramatic increase in the number of trained and certified technical professionals able to assist community planning and management activities.

With these supports, LSE in the FCCP was generally highly effective. Participating ejidos in the REDD+ Early Action Areas where FIP financing was concentrated were able to achieve higher levels of social organization and community forest enterprise capacity, to participate in inter-municipal initiatives for integrated landscape management, and, in some cases, to participate in state-level CTC-REDD+ bodies that were established with FIP support.

Overall, the FIP's contribution to FCCP illustrates what a well-targeted investment in community-focused LSE and capacity building can achieve, when coupled with strong government commitment to effective engagement and complementary investments in to build up technical assistance capacity for government and private sector counterparts.

With these strong examples come two main caveats. First, in the sample of cases, only four of the 20 sampled projects have completed their implementation and documented in detail the benefits produced (two for FIP Mexico, one for Tajikistan PPCR, and one for Armenia SREP. Tonga has also produced reports and is scheduled to come to completion later in 2019).

Second, for those projects still under implementation, documentation of benefits to local stakeholders is uneven, and in some cases compounded by limited documentation of LSE in the project cycle, making it hard to draw firm conclusions about the links between LSE and benefits to local stakeholders. This documentation is particularly limited for CTF programs and projects, though it also is limited for most SREP countries and projects in the sample.

There are some challenges in ensuring that benefits reach the most marginalized groups. In the sample, there are some instances where ambitions to produce substantial benefits for marginalized local stakeholders have not been fully realized. The reality in a number of national and project contexts is that the economic and social obstacles to full participation and benefit sharing for marginalized groups are substantial and are unlikely to be fully overcome by any one project or program. For example, FIP Mexico had substantial success in providing benefits to forest dependent communities through capacity building and financial incentives for sustainable forest management, but in the otherwise notably successful World Bank project, efforts to promote women's participation and leadership in forest enterprises have improved only modestly on very low initial rates of participation and leadership. Ongoing M&R from FIP DRC also suggest that women and Indigenous peoples have made only modest gains in participation and benefits. These initial gains for marginalized groups may be a significant step in the right direction, but ongoing assessment will be needed to determine whether positive change continues over time.

Recommendations for improving LSE in project design and implementation

1. **Build on the CIF's recently produced guidance on stakeholder mapping in CIF investment planning by adding guidance on expectations for information sharing, consultation, and partnership in the project cycle.** [48] This guidance could be produced by the CIF AU in consultation with MDBs and local stakeholder representatives. It could acknowledge the leadership role of the MDBs and government counterparts in managing LSE during the project cycle, while setting minimum expectations that are consistent with MDB good practice. In the same spirit as the guidance on stakeholder mapping, this guidance could be produced with substantial MDB input and aimed at stating common principles that are consistent with each MDB's approach to LSE in the project cycle. Because there is substantial convergence in LSE guidance across MDBs, creating a common guidance document need not be a particularly challenging task.
2. **Ensure meaningful engagement between national coordination bodies and project stakeholders**. Where there is perceived value in ongoing coordination of CIF-supported projects in pursuit of synergistic impacts, government implementing agencies and MDBs could help to strengthen the engagement of local project stakeholders with national coordinating bodies. Engagement can take a variety of forms, ranging from formal constituency representation (such as the DGM that provides formal representation for Indigenous peoples and local communities on national REDD+ bodies in some FIP countries) to periodic field visits by national coordinating body members, including well-prepared and structured consultation and dialogue with local stakeholders.

[48] CIF, *How to Implement Stakeholder Mapping into the Programmatic Approach of the Climate Investment Funds.* Washington DC: CIF 2018.

7. LSE in national monitoring and reporting

The evaluation reviewed LSE in the process of national monitoring and reporting (M&R) on program and project implementation. CIF M&R is intended to provide national implementing agencies, MDB partners, the relevant CIF TFC/SC, and other stakeholders with periodic assessments of the results that the CIF's investments are producing. Though all CIF programs adopted the programmatic approach to investment planning, they do not have a shared approach to LSE in M&R. The variation in approach reflects differences in programmatic emphasis on LSE, noted above in Ch. 3 (LSE in the CIF's Design).[49]

With the support of the CIF AU, each program has produced and revised a program-specific M&R Toolkit to guide national M&R processes.

- For CTF, country M&R workshops are not required, though the Toolkit indicates that MDBs and national CTF focal points should provide annual project results reports to national stakeholders for review. The only LSE-related CTF indicators focus on local and national beneficiaries. There is a specific indicator for the number of additional passengers using low-carbon transport (for transport projects). There also are suggested indicators for reporting other development co-benefits (energy access, health, employment) for all kinds of CTF projects.[50]
- SREP M&R processes and indicators have been similar to CTF M&R, including annual sharing of project M&R results with national stakeholders. SREP indicators focus on energy production and energy access (the latter with gender disaggregation), with additional co-benefits indicators specific to the project. SREP M&R procedures were updated in 2018 to include program-level M&R workshops at investment plan midterm and completion, and to clarify gender and other co-benefits indicators.[51]
- For PPCR and FIP, M&R processes include annual national stakeholder workshops that integrate project- and program-level reporting. Each program's Toolkit has several program-specific indicators related to LSE, such as stakeholder participation in forest governance and use of resilience-related information and tools by vulnerable stakeholder groups.[52]

Given that LSE in M&R has been a significant focus for PPCR and FIP, the evaluation focused primarily on these two programs; it rated only the 4 PPCR and 4 FIP national M&R processes in the sample. The evidence base included program M&R guidance and stocktaking assessments, all available annual M&R reports for the countries in the sample, mid-term and final project

[49] The CIF provides funding through its Country Programming budget for stakeholder reviews of investment plan implementation, normally $25,000 per review. These reviews may be carried out in tandem with M&R exercises or separately. Practices in linking the reviews to M&R has varied among MDBs and across the CIF's thematic programs. See CIF, *FY18 CIF Business Plan and Budget,* Joint CTF-SCF.17/3 May 23, 2017, pp. 29-31.

[50] *CTF Monitoring and Reporting Toolkit*, v.4.6. Washington, DC: CIF, March 2014.

[51] *SREP Monitoring and Reporting Toolkit*, Washington, DC: CIF, 2018.

[52] *PPCR Monitoring and Reporting Toolkit*, Washington, DC: CIF, 2018; *FIP Monitoring and Reporting Toolkit*, Washington, DC: CIF, 2018.

evaluations where available, and interviews with national and global CIF stakeholders involved in the design and implementation and of national M&R processes and the use of M&R results at national and global levels. The primary findings are:

- There was evidence of substantial diversity of local stakeholder representation in national M&R workshops in 3 of the 8 countries, and partial diversity in 1 country.
- Local stakeholder feedback provided during M&R workshops was substantially evident in 2 countries, and partially evident in 1 country.
- Government and MDBs documented substantial responses to stakeholder input from M&R workshops in 2 countries, and partial responses in 4 countries.

For the PPCR and FIP investment programs in the sample, there are good examples of LSE in national M&R, but that finding is not consistent across all countries. The same PPCR countries that demonstrated meaningful LSE in program coordination also showed it in M&R. Tajikistan and Zambia have consistently held M&R workshops with multi-stakeholder representation and demonstrated responsiveness to stakeholder input. FIP in Mexico has held M&R workshops with high level participation each year, increasing the opportunity for LSE in M&R to influence program-level refinements. FIP in DRC has demonstrated consistent stakeholder engagement in M&R workshops, but responsiveness to that input is not clear. FIP in Indonesia has not consistently involved local stakeholders in M&R.

M&R indicators do capture some aspects of LSE in PPCR and FIP national programs, and, more recently, SREP has enhanced its focus on gender. PPCR LSE-related indicators focus on the uptake of resilience planning tools and activities by local stakeholders and the benefits those stakeholders receive. FIP LSE-related indicators focus on livelihood and tenure security benefits, stakeholder participation in forest governance and FIP projects, and capacity building for stakeholders. After its 2017 M&R stocktaking, SREP has placed greater emphasis on meeting gender equity goals set in investment plans. There has been an effort to disaggregate project-level data in SREP M&R to identify female households that receive energy access, as well as the number of jobs filled by women.

Recommendations for improving LSE in national M&R

1. **Expand the engagement of local stakeholders in SREP and CTF national M&R**. There is an opportunity for SREP and CTF to learn from and build on good LSE practices in PPCR and FIP M&R, so that local stakeholder representatives are more consistently and directly involved in producing and reviewing information in all CIF national M&R exercises, and in refining investment projects based on learning from M&R.

   SREP has already committed to holding stakeholder workshops for mid-term and final program reviews. The PPRC and FIP practices of seeking diverse stakeholder representation and participation, and documenting responses by project managers and program focal points, could be useful for SREP. While acknowledging the different history of CTF with regard to stakeholder engagement in M&R, CTF also could undertake a stocktaking exercise similar to the ones the other three programs have completed. That exercise could consider requiring inclusive M&R workshops at program mid-term and completion. Additions to national M&R budgets may be required to support meaningful participation of local stakeholders.

2. **Integrate program-relevant LSE indicators in SREP and CTF M&R to promote learning.** PPCR and FIP each have several indicators for LSE in the M&R process that are tailored to their program goals and themes. SREP and CTF could consult with the participating MDBs to identify create similarly tailored LSE indicators which the MDBs already track, to enable greater within- and cross-program learning about the use and effectiveness of LSE.

   For example, FIP M&R includes indicators on LSE in forest governance; PPCR M&R includes indicators on vulnerable local stakeholders' uses of climate resilience information and tools. Both CTF and SREP could consider indicators on engagement of relevant stakeholders in energy sector governance, recognizing that transformational change is driven by the interaction of technology, markets, and governance. Indicators on participation in governance may be used, for example, in policy- and institutional capacity building components of CTF and SREP projects. SREP could also consider indicators that give a more detailed understanding of how energy access is benefitting specific stakeholder groups, beyond the gender disaggregation that it has already undertaken.

8. Concluding reflections on the CIF's experience with LSE

In 2008, the CIF embarked on an ambitious and unprecedented effort to use global finance to support developing country action to mitigate and adapt to climate change. The CIF's distinctive approach built on lessons learned and good practice from existing development initiatives and institutions both in its governance and in each of its programs. The CIF's designers conceptualized local LSE both as a means to advance specific programmatic goals, and as an element of good development practice.

The CIF's key accomplishments and areas for continuing improvement

Governance: The commitment to include non-government Observers in each TFC and SC emerged very early in the CIF's operations and became an important and distinctive element of governance. The Observer role has been notable for its relatively transparent and well-organized process of constituency-based selection and for the opportunity for active participation of Observers in TFC/SC discussions. Constituency representation and communication has been an ongoing challenge for Observers and is an area where the CIF could continue to improve its practices.

Investment planning: At the level of investment planning, the CIF's innovative programmatic approach created opportunities for local stakeholders to participate (to an unusual degree in many country contexts) in national priority setting to strengthen policies and institutions, incentivize and leverage private sector investment, and channel public and private resources to specific regions, technologies, and groups. Those opportunities were taken up unevenly across and within the CIF's programs, due to differences in: a) the perceived relevance and centrality of LSE across CIF programs, b) the national and sectoral context for LSE, and c) government and non-government stakeholder capacities for LSE.

In a number of cases, national government agencies and MDBs playing leading roles in investment planning, along with civil society, Indigenous, community, and/or business stakeholders were able to use LSE effectively, starting with effective stakeholder mapping and planning and continuing with meaningful consultation and negotiation. In some instances, MDBs and governments were proactive in committing to and supporting LSE in the planning process; in others, local stakeholders advocated for LSE with greater breadth, depth and influence, and the leads for investment planning responded well. In all of these cases, LSE enhanced the design of investment plans and increased the likelihood that investments would deliver benefits to local stakeholders.

In other cases, the initial conditions were not favorable for LSE. There are notable examples of government and MDBs investing in LSE capacity and activities, in ways that overcame initial obstacles. There are also examples where there was limited effort devoted to overcoming initial challenges, or where there was significant effort, but only partial success in creating mutually beneficial engagement among national investment planners and local stakeholders. In these cases, local stakeholders either did not have the information and capacities needed to engage effectively or tried to engage but found limited responsiveness to their interests and concerns.

Investment plan implementation: In the implementation of investment plans, LSE was strongest where investment planning had laid the groundwork in terms of effective stakeholder mapping and engagement, capacity, and trust building where needed, and where: a) MDBs and government implementing agencies had well-aligned commitments and capacities to use LSE in the project cycle and/or b) project stakeholders had capacity and access to engage effectively with government and MDBs to ensure that their perspectives and concerns were taken into consideration. Within the set of projects that had effective LSE, some offered substantial opportunity for local stakeholders to shape the use of resources at the local level (e.g. through participatory land and resource planning), while others were more focused on ensuring that potential negative environmental and social impacts were minimized and that some form of benefit or compensation was provided.

Benefits to local stakeholders: In more than half of the sample, there was clear evidence of LSE in investment planning constructively influencing benefits to local stakeholders. There were also several well documented examples of LSE in the project cycle providing benefits to local stakeholders. It is equally clear that efforts to reach some marginalized groups, such as women and Indigenous people, have not been fully successful in overcoming deeply entrenched obstacles to their participation and empowerment. These findings should be taken as preliminary, as most projects in the sample are still under implementation, meaning that it is too early to see clearly what benefits they may ultimately deliver.

The way forward: building on the CIF's LSE accomplishments

Based on the findings, the evaluation has offered recommendations for the CIF to strengthen its support for LSE in governance, investment planning, and implementation.

Governance: Overall, the CIF has demonstrated and institutionalized exceptionally active roles for Observers in governance. The CIF AU and MDBs could do more to support Observer engagement with constituencies and could also strengthen their oversight of LSE in investment planning and investment plan implementation.

Investment planning and implementation: Recognizing that the CIF is not currently engaged in investment planning, CIF TFCs/SCs could enhance their oversight of LSE in the project cycle. Perhaps most significantly, given that most of the CIF's investment portfolio is now in implementation, implementing government agencies and MDBs could strengthen LSE in ongoing national program coordination and M&R, enhancing both the insights available to national focal points and project managers as well as the participation and influence of local stakeholders in ensuring that investment programs deliver both global and local benefits.

In conclusion, the CIF has taken on some of the most challenging issues at the intersection of responses to climate change and national development in 72 developing countries. Its commitment to engaging local stakeholders in governance, investment planning, and implementation is well demonstrated by our findings, and its accomplishments to date are significant.

By taking the lessons this evaluation provides on the CIF's varied experiences with LSE in different program and national contexts, the CIF and other climate funds may be able to refine and strengthen their support for effective LSE. If so, they could expand the contributions that engaged local stakeholders make to meeting climate and development goals, as well as the benefits local stakeholders experience through the CIF's investments, all of which can enhance the impact of multilateral climate finance at both global and local levels.

Appendix 1: Portfolio sampling and evaluation methodology

Overview: To assess LSE processes and outcomes in country investment planning and implementation, we:

- Created a stratified random sample of 20 CIF projects and 18 associated country Investment Plans, with 5 projects for each of the CIF's four programs;
- Operationalized the theory of change with a rubric for coding LSE processes and outcomes and assessing whether underlying assumptions were met;
- For each Investment Plan and project, reviewed available (Web-based) CIF, MDB, and recipient government documentation on LSE planning and implementation;
- Assessed that documentation against available (Web-based) CIF stakeholder, journalist and academic observations, comments and concerns about the way LSE was planned or implemented;
- Used professional judgment and knowledge as experienced stakeholder engagement practitioners in the context of development initiatives to assess the appropriateness of LSE in particular cases;
- Used interviews where feasible to supplement information from documents, fill gaps, and address conflicting accounts of LSE processes and outcomes.

On the next page is the table of Investment Plans and projects in the portfolio review sample. Further details on the how the sample was drawn are available on request.

Operationalizing the theory of change: To assess CIF LSE processes and outcomes against the theory of change, the evaluation developed a rubric with indicators for each element of the theory of change for investment planning and implementation. Based on the review of documents, and on interviews when relevant, the evaluation team coded each element for each investment plan and project using a qualitative scale. We noted whether an element was "fully," "substantially," "partially" or "not" demonstrated. A summary version of the rubric with qualitative coding is included at the end of each country/project assessment. An overall summary of rubric and coding results is included with each of the four program summaries.

We also noted the strength of available evidence for each element in the theory of change, as "high," "medium," or "low." In the sample, there are numerous instances where the available documentation simply does not provide sufficient detail to enable assessment. In these cases, the team noted "don't know."[53] A list of documents reviewed is provided at the end of each country/project assessment. The review was limited to documentation available on the Web, and to documents provided in response to evaluation team requests to MDBs, CIF AU, and recipient government agencies. Not all requests were responded to, and in some cases it is clear that the evaluation did not have access to potentially relevant documentation.

[53] The limited and uneven documentation of stakeholder engagement processes, responses to stakeholder comments and concerns, and benefits generated for local stakeholders, is an important issue for the CIF to consider, particularly in the context of M&R.

Sample for Portfolio Review

Program and Investment Plan	Region	Country	Project Title	Public / Private	Lead MDB	Effectiveness FY	Total Financing
CTF	Africa	Egypt	Wind Power Development Project	Public Sector	IBRD	FY12	150,000,000.00
CTF	Asia	Vietnam	Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project	Public Sector	ADB	FY15	50,000,000.00
CTF	Europe and Central Asia	Ukraine	Second Urban Infrastructure Project (UIP-2)	Public Sector	IBRD	FY15	50,000,000.00
CTF	Latin America and Caribbean	Chile	Technical Assistance for Sustainable Geothermal Development Project	Public Sector	IBRD	FY17	3,000,000.00
CTF	Latin America and Caribbean	Colombia	Technological Transformation Program for Bogota's Integrated Public Transport System	Public Sector	IDB	FY15	40,000,000
FIP	Africa	DRC	Improved Forested Landscape Management Project (IFLMP)	Public Sector	IBRD	FY15	38,975,000.00
FIP	Africa	Mozambique	Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors	Private Sector	IFC	FY18	2,000,000.00
FIP	Asia	Indonesia	Promoting Sustainable Community-Based Natural Resource Management and Institutional Development	Public Sector	IBRD	FY17	18,827,000.00
FIP	Latin America and Caribbean	Mexico	Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos	Private Sector	IDB	FY14	3,385,997.00
FIP	Latin America and Caribbean	Mexico	Forests and Climate Change Project	Public Sector	IBRD	FY13	42,840,000.00
PPCR	Africa	Zambia	Strengthening Climate Resilience in the Kafue Sub-Basin	Public Sector	AFDB	FY15	39,780,000.00
PPCR	Asia	Tonga	Climate Resilience Sector Project	Public Sector	ADB	FY14	20,398,750.00
PPCR	Europe and Central Asia	Tajikistan	Building Capacity for Climate Resilience	Public Sector	ADB	FY13	6,700,000.00
PPCR	Europe and Central Asia	Tajikistan	Building Climate Resilience in the Pyanj River Basin Project	Public Sector	ADB	FY14	22,700,000.00
PPCR	Latin America and Caribbean	Dominica	Disaster Vulnerability Reduction Project (DVRP)	Public Sector	IBRD	FY15	21,725,000.00
SREP	Africa	Tanzania	Renewable Energy for Rural Electrification	Public Sector	IBRD	FY17	10,228,000.00
SREP	Africa	Tanzania	Mini-Grids Project	Private Sector	IFC	FY15	4,950,000.00
SREP	Asia	Vanuatu	Energy Access Project (Small Hydropower Project)	Public Sector	ADB	FY18	7,430,000.00
SREP	Europe and Central Asia	Armenia	Geothermal Exploratory Drilling Project (GEDP)	Public Sector	IBRD	FY16	9,270,000.00
SREP	Latin America and Caribbean	Nicaragua	Nicaragua Geothermal Exploration and Transmission Improvement Program under the PINIC	Public Sector	IDB	FY17	7,714,000.00

In some cases, there was conflicting evidence in CIF and external documents, generally when an external statement or assessment (NGO, academic or journalist) raised concerns about elements of LSE (such as stakeholder representation, influence of stakeholder feedback on plans and projects, etc.) that were not noted in government, MDB, or CIF accounts. When further review of additional documents did not resolve the discrepancy, the evaluation noted that the evidence was "conflicting."

LSE evaluation products: Each country in the sample had an investment plan and one or two projects. We produced a separate assessment for each country investment plan-project combination. There are 18 assessments in all. Fifteen of these assess LSE for an investment plan and an associated project. Three assessments include an investment plan and two associated projects: Mexico FIP, PPCR Tajikistan, and SREP Tanzania. In addition to the 18 country-project assessments, the evaluation produced four program-level summary and synthesis documents, which aimed to draw lessons at the program level.

This final report summarizes and synthesizes the evidence from the portfolio review, the three country field visits, and the governance survey to respond to the four learning questions, provide recommendations for enhancing LSE in the CIF, and provide lessons that may be relevant to other climate finance institutions and initiatives.

Appendix 2: LSE assessment tables for investment planning and implementation

The following tables present summary results (by program) of LSE assessments for each of the 18 investment planning processes and 20 project cycles that were reviewed. The full investment plan/project studies and detailed assessment rubrics are available on request.

The tables below present aggregated results from several indicators. For example, the ratings for "effective planning for LSE" in investment planning aggregate indicators on Joint Mission efforts to identify and map stakeholders and begin planning for LSE, and indicators related to the creation of a stakeholder engagement plan (or equivalent document) during the investment planning process. The ratings for each element in the table below are the average of the ratings for individual indicators that constituted the element.

As noted in the body of the report, the evaluation assessed each planning process on each indicator using the available documentary evidence from official CIF, MDB, and government documents, and from other sources (academic and NGO reports; news and specialized media coverage; and local stakeholder perspectives documented in letters to the CIF, MDBs, and governments, and in Web-based commentaries). We supplemented document review with stakeholder interviews where possible.

We used a 4-point scale to rate each indicator for each plan. A rating of "fully" (F) meant that the LSE indicator was demonstrated at a "best practice" level of effectiveness (a very high standard); "substantially" (S) meant that the indicator was effectively demonstrated, though with some constraints; "partially" (P) meant that there was a demonstration of effort but limited accomplishment of the indicator; and "not at all" (N) meant that there was no available evidence of effort or accomplishment of the LSE indicator.[54] When evidence was limited but suggestive, the team used professional judgment (based on experience conducting and assessing stakeholder engagement processes in programs and projects, and recognizing contextual factors that were important to the interpretation of the evidence) to determine a score.

As noted repeatedly in the report, the evidence base for assessing LSE using the theory of change and indicators was variable across investment plans and projects. Instances where the evaluation could find no evidence are noted in the tables below. However, in most cases, where there was no direct evidence available on a particular indicator of LSE, other evidence regarding the investment plan or project suggested that the level of effectiveness on that indicator was likely to be low.

[54] Where there was no available evidence to demonstrate any accomplishment of an indicator, and where available evidence on related indicators suggested a low level of effectiveness, the relevant indicator was scored "not at all."

Summary of CTF LSE Assessments

Key:

F=Fully, S=Substantially, P= Partially, N=Not at all

Investment Planning					
	Effective planning for local stakeholder engagement	Effective implementation of LSE	Investment Plan meets local stakeholder concerns	Expected benefits for local stakeholders enhanced	Investment Plan sets basis for effective stakeholder engagement in implementation
Chile	P	S	P	P	P
Colombia	P	P	N	N	N
Egypt	N	P	N	N	N
Ukraine	N	P	N	N	S
Vietnam	P	P	N	P	P

Investment Plan Implementation				
Project	Effective local stakeholder engagement in project design	Effective local stakeholder engagement in project implementation	Project and program results enhanced	Local stakeholder engagement contributes to national program monitoring, reporting and learning
Chile IBRD Technical Assistance for Sustainable Geothermal Project	S	P/S	P/S	N
Colombia IDB Bogotá Sustainable Transportation Project	P	P	N	N
Egypt AfDB Wind Power Development Project	N	NA (project cancelled)	NA	NA
Ukraine IBRD Second Urban Infrastructure Project (UIP2)	P	S	P	N
Vietnam ADB Transit Project for Ho Chi Minh City	S	S	S	P

Summary of FIP LSE Assessments

<u>Key:</u>
F=Fully, S=Substantially, P= Partially, N=Not at all

Investment Planning					
	Effective planning for local stakeholder engagement	Effective implementation of LSE	Investment Plan meets local stakeholder concerns	Expected benefits for local stakeholders enhanced	Investment Plan sets basis for effective stakeholder engagement in implementation
DRC	P/S	S	S	S	S
Indonesia	P	P/S	S	P	S
Mexico	P	P	S	P	S
Mozambique	F	S	S	S	S

Investment Plan Implementation				
	Effective local stakeholder engagement in project design	Effective local stakeholder engagement in project implementation	Project and program results enhanced	Local stakeholder engagement contributes to national program monitoring, reporting and learning
DRC World Bank Integrated Forest Landscape Management Project	S	P	S	P
Indonesia World Bank Promoting Sustainable Community Based Natural Resource Management and Institutional Development Project	S	S	P	N
Mexico World Bank Forests and Climate Change Project	P	S	S/P	P
Mexico IDB FOMIN F-MSME Project	S	S	S	P
Mozambique IFC Emissions Reductions in the Forest Sector through Planted Forests with Major Investors	S/P	N	N	P

Summary of PPCR LSE Assessments

Key:
F=Fully, S=Substantially, P= Partially, N=Not at all

Investment Planning					
	Effective planning for local stakeholder engagement	Effective implementation of LSE	Investment Plan meets local stakeholder concerns	Expected benefits for local stakeholders enhanced	Investment Plan sets basis for effective stakeholder engagement in implementation
Tajikistan	P	F	F	F	F
Zambia	S	F	S	F	F
Dominica	P	S	F	S	S
Tonga	S	F	F	S	S

Investment Plan Implementation				
	Effective local stakeholder engagement in project design	Effective local stakeholder engagement in project implementation	Project and program results enhanced	Local stakeholder engagement contributes to national program monitoring, reporting and learning
Tajikistan ADB Building Climate Resilience in the Pyanj River	F	F	F	P
Tajikistan ADB Building Capacity for Climate Resilience	S	S	P	P
Zambia AfDB Strengthening Climate Resilience in the Kafue Basin (SCRiKA)	S	N	N	P
Dominica World Bank Disaster Vulnerability Reduction Project	P	N	N	P
Tonga ADB Climate Resilient Sector Project	S	F	F	N

Summary of SREP LSE Assessments

Key:

F=Fully, S=Substantially, P= Partially, N=Not at all

Investment Planning					
	Effective planning for local stakeholder engagement	Effective implementation of LSE	Investment Plan meets local stakeholder concerns	Expected benefits for local stakeholders enhanced	Investment Plan sets basis for effective stakeholder engagement in implementation
Armenia	**P/S**	**S**	**P**	**P/S**	**P**
Nicaragua	P	P	N	N	P
Tanzania	P/S	**S**	**P**	**P/S**	**S**
Vanuatu	P	**P**	**N**	**N**	**P**

Investment Plan Implementation				
Project	Effective local stakeholder engagement in project design	Effective local stakeholder engagement in project implementation	Project and program results enhanced	Local stakeholder engagement contributes to national program monitoring, reporting and learning
Armenia IBRD Geothermal Exploratory Drilling Project	**S**	**S**	**P**	**N**
Nicaragua IDB Geothermal Exploration and Transmission Improvement Program	N	P	N	N
Tanzania IBRD Renewable Energy for Rural Electrification	P	**S**	**P**	**P**
Tanzania IFC Mini Grid Program	**S**	**S**	**S**	**P**
Vanuatu ADB Energy Access Project	S	**N**	**N**	**N**