

# CLIMATE INVESTMENT FUNDS

CTF-SCF/TFC.10/Inf.3

April 11, 2013

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Joint Meeting of the CTF and SCF Trust Fund Committees

Washington D.C.

April 29-30, 2013

## **PROGRESS REPORT ON THE MEASURES TO IMPROVE THE OPERATIONS OF THE CIF**

## **PROPOSED DECISION**

The joint meeting of the CTF and SCF Trust Fund Committees welcomes the document CTF-SCF/TFC.10/Inf.3, *Progress Report on Measures to Improve the Operations of the CIF*, and notes with appreciation that action has been taken on all the improvement measures agreed in November 2011.

The joint meeting requests the CIF Administrative Unit and the MDBs to continue their efforts to improve the operations of the CIF and to submit quality reports to the joint meeting to allow for the effective oversight of results achieved under the agreed measures.

The joint meeting also requests the CIF Administrative Unit to prepare an overview of CIF reporting requirements and to work with the MDB committee to present recommendations as to how such reporting can be streamlined to increase effectiveness while eliminating redundancy and reducing unnecessary transaction costs.

## I. INTRODUCTION

1. At the joint meeting of the CTF and SCF Trust Fund Committees held on November 3, 2011, the meeting reviewed the documents, *Proposed Measures to Improve the Operations of the Climate Investment Funds* (document CTF-SCF/TFC.7/4) and *Climate Investment Funds: Lessons Learned through Private Sector Interventions through MDB Intermediaries* (document CTF-SCF/TFC.7/Inf.4), and approved the measures and associated follow-up actions to enhance the performance of the CIF. The CIF Administrative Unit was requested to collaborate with the MDB Committee to ensure that the approved measures and actions are carried out.
2. At the subsequent joint meetings of the CTF and SCF Trust Fund Committees held on May 2, 2012, and November 2, 2012, Trust Fund Committee members reviewed progress reports on the implementation of the agreed measures. At both meetings, members welcomed the progress made by the CIF Administrative Unit and MDB Committees in implementing the proposed measures, and requested the Administrative Unit and MDB Committee to continue to work together to ensure that the remaining measures are incorporated into CIF activities.
3. This document, CTF-SCF/TFC.10/Inf.3, *Progress report on the measures to improve the operations of the CIF*, provides a further update on the progress made in implementing the proposed measures. With the submission of this document, responsive actions to enhance the performance of the CIF have been achieved. A summary of completed measures is included as Annex 1.
4. The CIF Administrative Unit and the MDBs will continue to monitor implementation of follow up actions and through the agreed reporting, will provide information to the committees so as to allow continued oversight by the joint meeting of the implementation of the agreed measures.

## Annex 1. Update on Recent Progress in Implementing Measures to Improve the CIF<sup>1</sup>

OBJECTIVES	ACTIVITY	STATUS
Engagement of the Private Sector	<p>In May 2012, the joint meeting reviewed document CTF-SCF/TFC.8/8, <i>Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF</i>, and asked the CIF Administrative Unit and the MDBs to develop specific operational guidelines for financial instruments currently permissible under the CIF to help promote more diversity in instruments used in the CIF portfolio</p> <p>The joint meeting asked that part of the CIF communication strategy <i>should focus on outreach to private sector players with the objective of promoting the CIF instruments</i>, including the development of a tool kit on best practice for engaging the private sector with the objective of assisting the country and MDB teams to develop a private sector deal flow within their CIF programs</p>	<p>The MDB private sector working group has indicated that these tools will not be necessary and that private sector engagement would be enhanced by better promotion of existing policies and programs.</p> <p>As noted above, steps have been taken to enhance the communications strategy with a focus on the private sector. The private sector working group advised that a tool kit would not be an effective tool to enhance results given that such a generic tool would not be adequate to address the constraints of specific investments.</p>
Results	<p>A first version of the web-based monitoring and evaluation platform should be available on the CIF website <b>by the end of calendar year 2011</b> for testing and with the expectation that the platform would be updated continuously.</p>	<p>The first version of the web-based monitoring and evaluation platform was demonstrated at the committee meetings in May 2012. The platform is being updated to reflect the revised CTF, FIP, and PPCR results frameworks, and will be kept continually updated.</p>

<sup>1</sup> Entries in bold indicate progress made at and since the Committee and Sub-Committee meetings in November 2012.

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Engagement of Private Sector	<p>In May 2012, the joint meeting reviewed document CTF-SCF/TFC.8/8, <i>Proposal for Additional Tools and Instruments to Enhance Private Sector Investments in the CIF</i>, and:</p> <p>(a) encouraged countries and the MDBs, in preparing new investment plans or revising/updating existing plans, to allocate an increased share of CIF funding to private sector investments;</p> <p>(b) asked that part of the CIF communication strategy should focus on outreach to private sector players with the objective of promoting the CIF instruments.</p> <p>(c) requested the CIF Administrative Unit and the Trustee, in collaboration with the MDB Committee, to prepare a detailed proposal as to how to facilitate the use of local currencies in CIF-funded projects and programs, where appropriate; and</p> <p>(d) requested the CIF AU and Trustee, in collaboration with the MDB Committee, to prepare a detailed proposal for a financial risk monitoring and management framework for the CTF and the SCF programs.</p>	<p>Private sector reserves were approved for the FIP, PPCR, and SREP programs. Implementation procedures have been approved for all three programs. Concepts are to be submitted by November 2013.</p> <p>A work program on private sector engagement was included in the CIF Communications Strategy, which was approved in May 2012. The program is now under implementation. The Private Sector Forum, held during the Partnership Forum, was part of the outreach strategy to engage more private sector participants in the CIF.</p> <p>Proposal for local currency lending as an interim measure under SCF programs has been developed by Trustee in collaboration with the MDB Committee and approved. An interim proposal for CTF is to be discussed in May 2013.</p> <p>An Enterprise Risk Management (ERM) working group has been established to oversee the elaboration of the CIF Enterprise Risk Management Framework and will report back to the joint meeting in May 2013.</p>
Development Impacts	The joint meeting requested the CIF Administrative Unit to work with the MDB Committee to prepare indicators of development or poverty reduction impacts in the CIF funded activities, and asked that such indicators be included in proposals submitted for CIF funding <i>beginning in FY13</i> .	All proposed projects submitted to the CIF Administrative Unit are now required to include development indicators. A note (CTF-SCF/TFC.9/5, <i>Development impact indicators</i> ) elaborated upon how these requirements will be fulfilled.

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Strengthened Country Ownership	<p>The CIF Administrative Unit and the MDB Committee should revise the templates for reporting on joint missions and for submission of project and program proposals to include the reporting requirements.</p> <p>In May 2012, the joint meeting reviewed document CTF-SCF/TFC.8/5, <i>Enhancing Country Coordination Mechanisms, MDB Collaboration, and Stakeholder Engagement</i>, which discussed (a) the background and rationale for country coordination; (b) establishment and strengthening of country coordination mechanisms; (c) proposals to further strengthen country level partnerships among the MDBs, and improve in-country collaboration amongst stakeholders at the country level; and (d) potential cost implications.</p> <p>The joint meeting welcomed the existing mechanisms established by CIF pilot countries to strengthen country coordination and stakeholder engagement in CIF pilot countries and approved the proposals in the document to enhance country coordination.</p> <p>The joint meeting requested the Administrative Unit and the MDB Committee to provide information on the outputs from country coordination mechanisms and to collaborate with the pilot countries to support the implementation of the agreed activities.</p>	<p>Templates have been revised by the CIF Administrative Unit and MDB Committee.</p> <p>A paper responding to this request, (CTF-SCF/TFC.9/Inf.2, <i>Initial outputs and lessons from country coordination mechanisms in CIF programs</i>) was presented in November 2012.</p>

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Additionality of the CIF to Existing MDB Portfolios	The MDBs presented a document (CTF-SCF/TFC.8/11, <i>Additionality of CIF to Existing MDB Portfolios</i> ) which provided information on the development of a joint methodology to identify mitigation and adaption finance in their regular portfolios for discussion at the joint meeting in May 2012. MDBs are requested to submit further information at the November 2012 meeting.	MDBs will present an information note providing further information at the meeting in May 2013.
Results	<p>The joint meeting reviewed document CTF-SCF/TFC.8/10, <i>Progress Report on Managing for Results</i> and requested the CIF Administrative Unit and the MDBs to submit proposals for simplified results frameworks for consideration at the November 2012 meeting.</p> <p>Clear tools and guidelines as to how the CIF results frameworks cascade to the country investment plan and project level should be available as early as possible, and no later than the end of calendar year 2011</p> <p>The joint meeting of the CTF and SCF Trust Fund Committees approved amendments to the Governance Frameworks and the Rules of Procedure</p>	<p>The SREP simplified results framework was approved by the SCF Trust Fund Committee in May 2012. Revised results frameworks for CTF and PPCR were approved in November 2012. The FIP Sub-Committee agreed to continue working with the approved framework.</p> <p>Guidelines were agreed with MDBs and were shared during the joint meeting of the CTF-SCF Trust Fund Committees in Joint in November 2011.</p> <p>All proposed amendments have been approved</p>
Good Governance and Transparency	<p>The CIF Administrative Unit should take steps to ensure that at the joint meetings of the CTF and SCF Trust Fund Committees there is equal representation by recipient country members and contributor country members.</p> <p>Comments of Committee and Sub-Committee members on proposed investment plans, programs and projects should routinely be made publicly available on the CIF website</p>	<p>Equal representation at joint meetings has been implemented as of the May 2012 meeting.</p> <p>This is current practice.</p>

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	<p>The CIF Administrative Unit shared an information document (CTF-SCF/TFC.8/Inf.5, <i>Progress Report on CIF Compliance with the International Aid Transparency Initiative</i>) which described the process required to achieve compliance.</p>	<p>A status report on progress towards achieving compliance will be presented in May 2013.</p>
Operations	<p>A proposal (document CTF/TFC.9/6, <i>Proposal for Establishing Targets to Monitor Delivery of CTF Projects</i>) establishing targets to monitor the delivery of CTF projects was approved by the joint meeting in May 2012.</p> <p>Monitoring and reporting on this target, including reporting on reasons for any delays, should be achieved through transparent reporting on the pipeline and its management.</p> <p>The May 2012 joint meeting reviewed CTF-SCF/TFC.8/7 <i>The Use of Financing Instruments in CIF Public Sector Investments</i>, which presented information on the broad use of instruments available through the MDBs. The joint meeting recommended that an annual stock-taking of the financial instruments being employed in the CIF.</p>	<p>The proposal has been implemented and will be reflected in all pipeline reports.</p> <p>Pipeline management is now an ongoing activity and the pipeline is presented to Committees every six months for review.</p> <p>A stocktaking of financial instruments will be provided in May 2013.</p>
Gender	<p>Experts with gender expertise should be included in missions and in project preparation to ensure gender considerations are sufficiently incorporated.</p> <p>At least one indicator disaggregated by gender should be included in each project.</p> <p>Requested the CIF to undertake a gender impact assessment review of the CIF, building on the Strategic Environment, Social and Gender Assessment of the CIF prepared in 2010</p>	<p>MDBs are ensuring that experts with gender expertise are included in joint missions.</p> <p>Currently being done where feasible.</p> <p>A gender review (CTF-SCF/TFC.9/6, <i>CIF Gender Review</i>) was presented in November 2012. A final report, taking into account comments, was circulated for approval.</p>



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	<p>Invited the reviewers to develop further the proposal for the recruitment of a gender specialist in the CIF Administrative Unit and to elaborate upon the terms of reference for the position to allow the joint meeting to consider the proposal in May 2013.</p>	<p>Proposed TORs for gender specialist within the CIF Administrative Unit will be presented for consideration at the joint meeting in May 2013.</p>
<p>Partnership on a Global Level.</p>	<p>The joint meeting requested the CIF Administrative Unit to consult with the UNFCCC Secretariat to explore how the CIF may most effectively engage with the UNFCCC to share information on its programs</p>	<p>The CIF Administrative Unit has met with staff of the UNFCCC to discuss areas of engagement, and followed up by participating in the UNFCCC Standing Committee and discussions on long term finance. The CIF AU continues to engage with the UNFCCC and share information informally.</p> <p>The CIF AU also provided inputs to a UNFCCC publication on ways to promote enabling environments and to address barriers to technology development and transfer to the Technology Executive Committee.</p>