

CLIMATE INVESTMENT FUNDS

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Washington, D.C.
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THE ROLE OF THE SCF TFC AND THE SCOPE OF THE STRATEGIC ISSUES IT COULD LOOK TO ADDRESS

(Submitted by the Trust Fund Committee Member from the United Kingdom)

Introduction

1. 2009 is a crucial year for climate change negotiations, culminating in the UNFCCC Conference of Parties in December. As the SCF design document states, recognising that the UNFCCC deliberations on the future of the climate change regime include discussions on a future financial architecture and funding strategy for climate, the CIF will be an interim measure designed for the MDBs to assist in filling immediate financing gaps. The Funds, therefore, include specific sunset clauses linked to the agreement on the future of the climate change regime. The CIFs were designed to generate experience of climate financing to contribute to these negotiations, whilst being careful not to pre-empt or undermine them. The UK has prepared this short paper to prompt discussion within the SCF Trust Fund Committee about what role the SCF could usefully play, given its remit to support and inform the climate negotiations within the UNFCCC. It considers, in particular, the SCF's "Purpose and Objectives" and "Governance and Organisational Structure" and seeks to clarify what they mean in practice.

Summary

2. We would like the SCF Trust Fund Committee to consider whether the SCF should embrace a more strategic and proactive role than it currently has, maximising its design strengths of oversight and lesson learning functions. Whilst exploring the positive opportunities this offers, the UK recognises that the risk of the SCF over-extending its remit needs to be borne in mind - we are clear that the UNFCCC negotiations have primacy. We would like to pose the following questions:

- a. Building on its administrative role, could the SCF be more strategic and proactive by:
 - i) giving existing programmes a steer on aims and objectives as they are developed?
 - ii) identifying possible needs for new programmes or amendments to existing programmes?
- b. How can the SCF ensure that monitoring and evaluation and knowledge management of sub-programmes – and in collaboration with the CTF – is robust and effective?
- c. How can the SCF best promote the lessons learnt from the CIFs, including through developing the Partnership Forum, so that it supports the objectives above?
- d. How can the SCF be guided by the principles of the UNFCCC and support progress towards the future climate change regime?

***a. Building on its administrative role, could the SCF be more strategic and proactive by:
i) giving existing programmes a steer on aims and objectives as they are developed?
ii) identifying possible needs for new programmes or amendments to existing programmes?***

3. The SCF TFC could easily slip into the important but limited role of administrator to the SCF sub-programmes, reviewing reports from the Trustee on the financial status of the SCF and approving allocation of SCF resources for administrative budgets.¹ However, there is scope for the "strategic" element of its name to be enhanced through focusing on its objective to promote and channel new and additional financing for climate change through targeted programmes.² At present

¹ 1 World Bank, CTF-SCF/3/Rev., *Governance Framework for the Strategic Climate Fund*, CTF-SCF/3/Rev., November 13, 2008, Para. 20.d) and i). 2 *Ibid.*, Para. 7.c) 3 *Ibid.*, Para. 7.g) 4 *Ibid.*, Para. 20.a) 5 *Ibid.*, Para. 20.f)

² *Ibid.*, Para. 7.c)

the SCF takes a reactive role in approving new programmes when these are proposed by contributors. It could adopt a more proactive role in two ways.

4. Firstly, the SCF could use its knowledge and expertise to give programmes a strategic steer on aims and objectives as they were being developed. Its current intention to appraise the direction of the Forest Investment Programme (FIP) and Scaling-Up Renewable Energy Programme (SREP) is an excellent early example of the SCF is moving beyond giving approval, in keeping with its objective to analyse the scope, objectives and utility of new programmes.³ The SCF TFC should also get a six monthly report on sub programmes, following the example of the PPCR progress report.

5. Secondly, by taking a high level view of the CIFs in the context of the global climate finance landscape to identify areas which might justify a new funding window, or by reviewing the needs of existing windows where new approaches/emerging issues come to light. Decisions on funding allocations for new/existing windows must be evidence based and the TFC must also be clear about how funding windows complement existing multilateral financial mechanisms, and avoid duplication.⁴ These additional activities constitute additional costs which need to be considered by the TFC.

b. How can the SCF ensure that monitoring and evaluation and knowledge management of the CIFs is efficient and robust?

6. Successful promotion of best practice from the CIFs will rely on high quality monitoring and evaluation of its programmes' effective expenditure and the achievement of their objectives. This issue deserves considerable attention, as its implementation will provide useful "learning by doing" experience for the negotiations around monitoring, evaluation and reporting as required by the UNFCCC.⁵ This could include robust mechanisms for ongoing monitoring, evaluation and reporting within programmes, designed by the country owner, as well as overall evaluation following their completion. The experience of using international public finance to complement and lever domestic and private finance will be particularly valuable.

7. The SCF has a useful perspective across the funds/programmes. It could make sure that monitoring and evaluation and knowledge management follows similar principles across them: regular and ongoing (not just at the end of a programme) but light-touch and flexible, led by recipients and incorporated into country investment plans. The SCF could assess performance across the programmes, making sure that good practice is shared. The lesson learning paper makes further suggestions on ensuring effective monitoring and evaluation and knowledge management. MDBs will use existing processes and systems but should bring them together, ensuring coherence with SCF objectives.

8. The UK would like to suggest that the SCF:
- a. develops a role on reviewing and comparing national plans across the programmes, seeking out best practice examples. In order to do this effectively, the TFC should make links with the governance structures of the other programmes and CTF, bringing in representatives and building relationships to share experience.
 - b. appoints an expert/advisory group on monitoring and evaluation and knowledge management to support the CIF secretariat and the SCF TFC in developing robust M&E frameworks for the CIFs, building on other M&E systems and best practice. These additional activities constitute additional costs which need to be considered by the TFC. The UK has prepared a separate paper on lesson learning, and the SCF's role in this.

³ *Ibid.*, Para. 20.a)

⁴ *Ibid.*, Para. 7.g)

⁵ *Ibid.*, Para. 20.f)

c. calls for an independent evaluation of the performance and a separate independent financial audit of its sub-programmes – as set out in the design documents – after three years and sets the parameters of that evaluation.⁶

c. How can the SCF best promote the lessons learnt from the CIFs, including through developing the Partnership Forum, so that it supports the objectives above?

9. This is an issue which is considered by the lesson learning paper. One of the fundamental aims of the CIFs is generating useful experience which will support and inform future decisions on climate change finance - the SCF has the responsibility to ensure that this is transmitted successfully to the UNFCCC and other relevant bodies.⁷ The joint ownership and programmatic approach which the CIFs are pioneering will surely generate many useful lessons to be disseminated. It may be that some of the findings will be how not to do things as well as how to do them, and these should also be documented and learned from.

10. A useful mechanism for sharing lessons learned already exists in the Partnership Forum, on which the SCF provides guidance⁸. This function as a convener of experts could be developed; for example, representatives from the CTF, PPCR and FIP could be invited to the SCF TFC to contribute their knowledge on issues such as funding allocation, programme decisions, co-benefit generation, integrating knowledge management, monitoring and reporting into National Plans and best practice examples of such Plans and MDB collaboration with countries.

11. The SCF has an important role in designing the Partnership Forum. It could help shape this event through approving agendas or workshops, and possibly co-chairing sessions. In order to make the occasion as effective as possible, it is important to start delivering on this objective within the SCF work-plan now. As a starting point the SCF might want to commission a piece of work from the Secretariat on ideas for the 2009 Partnership Forum to be discussed at our next meeting.

d. How can the SCF be guided by the principles of the UNFCCC and support progress towards the future climate change regime in practice?

12. It has been recognized from the beginning that the CIFs and specifically the SCF need to maintain a close link with the UNFCCC and integrate UNFCCC “principles” into SCF activity.⁹ This paper proposes that in practice this would mean maintaining a close link to the UNFCCC negotiations, not just the Secretariat. This could include inviting a UNFCCC representative to give a presentation to the SCF or at the Partnership Forum and maintaining awareness of UNFCCC pronouncements and research publications. These additional activities constitute additional costs for the Secretariat which need to be considered by the TFC. For members of the SCF, it is of real practical importance that they foster links with their environment counterparts in their domestic governments, to ensure that co-operation on climate change is maintained across finance, development and environment ministries for a successful climate change deal.¹⁰

⁶ *Ibid.*, Para. 20.f)

⁷ *Ibid.*, Para. 7.b) and 20.h)

⁸ *Ibid.*, Para. 20.e) Please see separate paper from Clare Thomas on lesson learning and the role of the Partnership Forum.

⁹ *Ibid.*, Para. 20.b)

¹⁰ *ibid.*, Para. 7.a)