

CLIMATE INVESTMENT FUNDS

SCF/TFC.10/3/Rev.1
April 22, 2013

Meeting of the SCF Trust Fund Committee
Washington, D.C.
April 30, 2013

Agenda Item 4

PROGRESS REPORT ON SCF TARGETED PROGRAMS

PROPOSED DECISION

The SCF Trust Fund Committee reviewed document, SCF/TFC.10/3/Rev.1, *Progress Report on the SCF Targeted Programs*, and welcomes the progress achieved in the three targeted programs: FIP, PPCR and SREP.

I. INTRODUCTION

1. This progress report provides an overall summary of the progress of the SCF programs, the Forest Investment Program (FIP), the Pilot Program for Climate Resilience (PPCR) and the Scaling-Up Renewable Energy Program in Low Income Countries (SREP), since the last report in May 2012. During the reporting period, significant progress has been made in the three SCF programs in terms of launching and/or completing the country programming process.
2. The FIP, PPCR and SREP Sub-Committees will each review a semi-annual operational report¹. These reports document the progress in the operations of each SCF program as of March 15, 2013, and information on the expected delivery of planned activities.
3. There has been a notable increase in the number of projects and programs for which SCF funding has been approved across the SCF targeted programs, signaling a clear shift from strategic programming to preparation and implementation of projects and programs, although challenges have also emerged.
4. The FIP pipeline shows that the majority of the projects and programs are expected to meet the agreed milestones for funding approval and there is a high level of confidence that the projects and programs can be delivered in the agreed time frame.
5. For PPCR, approximately half of the projects and programs in the pipeline are moving forward as planned although the other half has been in the pipeline for more than 18 months. At least six investment plans now require an update or a revision given that not all projects were put forward by the MDBs within 2 years of the SPCR endorsement. Another seven will reach that benchmark over the next 6 months.
6. Delivery of SREP projects for funding approval during FY13 was considerably less than the submission forecast by the MDBs. The remaining projects have been rescheduled for delivery in FY14. Forecast for FY14 indicates a total of 14 projects for USD 128 million to be submitted for funding approval. Political events (in Mali) and complications in project design, siting, and selection of consultancies have contributed to the delayed delivery of some projects.
7. The SCF Trust Fund Committee is invited to provide its views and guidance to the Sub-Committees on the progress being made in each SCF targeted program.

II. FOREST INVESTMENT PROGRAM (FIP)

FIP Pilot Country Programming and Endorsement of Investment Plans

8. As of September 2012, seven of eight FIP pilot countries finalized their country programming process and had their investment plans endorsed: Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, and Mexico. Twenty projects and

¹ FIP/SC.9/3, Semi-Annual Report on FIP Operations, PPCR/SC.11/3 Semi-Annual Report on PPCR Operations and SREP/SC.8/3, Semi-Annual Report on SREP Operations.

programs are currently being developed or implemented under these plans (FIP/SC.10/3, *FIP Semi-Annual Operational Report*).

9. Peru is expected to finalize its investment plan by the end of 2013. Hence, by the end of 2013, all eight FIP pilot countries will have completed their country programming process.

10. Some strategic lessons are emerging from the experience gained so far in preparing and implementing the FIP country programs:

- a) link between REDD+ readiness and implementation: The FIP programming process has enhanced the importance of the REDD+ agenda in all pilot countries, linking relevant initiatives together and providing additional motivation for a comprehensive engagement and dialogue across multiple stakeholder groups. The FIP process has also added a concrete and practical dimension to the complexity of readiness processes. There is a strong correlation between the level of readiness and the identification and implementation of results-oriented REDD+ relevant activities such as supported by the FIP;
- b) challenges and opportunities with developing investment plans: Various factors impact the development of investment plans - country circumstances, stakeholder involvement, consultation approaches, and the progress in implementation of other REDD+ readiness activities. The CIF will be developing a knowledge product on lessons learned and experiences from the country programming process in the FIP pilot countries.

11. working document “*Approaches to Measuring and Reporting Results in endorsed FIP Investment Plans*”² will be shared with the FIP Sub-Committee. The paper suggests that there is a great diversity in approaches to monitoring and reporting results across the seven FIP pilot countries with endorsed investment plans and that limited information has been provided in the investment plans on the qualitative or quantitative methods or approaches to gather data and report against the identified specific numbers, metrics or indicators in the investment plan results framework.

12. The FIP Sub-Committee will discuss the findings and be invited to decide whether there is potential to:

- a) simplify the current FIP results-framework to include a set of agreed project-level core indicators mapped against the elements of REDD+ (i.e. deforestation, forest degradation, sustainable forest management and enhancement of forest carbon stocks);
- b) develop core indicator guidance sheets and performance monitoring tables and scorecards to provide guidance for implementation; and

² FIP/SC.10/5

- c) propose a timeline for the preparation of pilot country work plans for monitoring and reporting against the agreed core indicators.

13. The CIF Administrative Unit will report to the next meeting of the Sub-Committee on progress achieved. In addition, the CIF Administrative Unit, in collaboration with the MDBs, will be requested to provide support to the FIP pilot countries in their efforts to measure and report on FIP results by creating opportunities to share emerging lessons and discuss challenges, and by making available necessary methodological and knowledge management tools.

14. A new report³ and four accompanying videos in the CIF Learning series, FIP: REDD+ Stakeholder Collaboration⁴ has been published, identifying common challenges encountered by different stakeholder groups who are engaged in REDD+ processes in four FIP pilot countries. The report further explains how collaboration can be further enhanced at the country-level as FIP investments are developed and implemented.

Approvals

15. As of March 15, 2012, the Sub-Committee approved funding for three projects totaling USD 60 million in FIP resources (USD 32.16 million in grant resources, and USD 27.84 million in near-zero interest credits). These resources are expected to leverage a total of USD 706 million in co-financing (ratio 1: 11.8). It is expected that by June 2013, a further 3 projects and programs will be submitted to the FIP Sub-Committee for review and approval.

16. Since September 15, 2012, the FIP Sub-Committee has approved, at the time of the endorsement of the investment plans, 8 project preparation grants totaling USD 4.3 million:

- a) Burkina Faso: Decentralized Forest and Woodland Management (PGDDF), USD 1.50 million;
- b) Burkina Faso: Participatory Management of State Forests (PGPFD), USD 0.50 million;
- c) Ghana: Engaging Local Communities in REDD+/Enhancing Carbon Stocks, USD 0.25 million;
- d) Ghana: Engaging the Private Sector in REDD+, USD 0.25 million;
- e) Ghana: Reducing Pressure on Natural Forests Through an Integrated Landscape Approach, USD 0.50 million;
- f) Indonesia: Strengthening Forest Enterprises to Mitigate Carbon Emissions, USD 0.30 million;

³ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Learning_Product_REDD+_Stakeholder_Collaboration.pdf

⁴ <https://www.climateinvestmentfunds.org/cif/content/cif-learning-exploring-redd-stakeholder-collaboration>

- g) Indonesia: Promoting Sustainable Community-Based Natural Resource Management and Institutional Development, USD 0.50 million; and
- h) Indonesia: Community-Focused Investments to Address Deforestation and Forest Degradation (CFI-ADD+), USD 0.50 million.

17. In total, as of March 15, 2013, USD 7.62 million in FIP funding has been approved by the FIP Sub-Committee for project preparation.

Implementation of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM)

18. The development of the implementation framework for the DGM is well underway. Meetings are being held in FIP pilot countries to launch the DGM process and introduce the DGM at the country level. The intention is to inform a wide group of indigenous peoples groups and local community stakeholders about the DGM design principles and objectives. Such meetings have already been held in Ghana, Indonesia, and Lao PDR.

19. A transitional committee composed of representatives from indigenous peoples groups and local communities met on November 2, 2012, established a common framework and agreed on operational guidelines allowing the DGM activities in the eight FIP pilot countries to move forward.

Private Sector Set-Aside

20. The procedures for allocating FIP resources on a competitive basis from a set-aside to enhance private sector engagement in the FIP were approved in February 2013. MDBs are working with prospective clients to prepare project and program proposals. Nominations of experts are currently being submitted by FIP contributor and recipient countries. The expert group will review all submitted concept notes in September 2013 to prepare a priority list of concepts recommended for funding for review by the FIP Sub-Committee.

III. PILOT PROGRAM ON CLIMATE RESILIENCE (PPCR)

PPCR Pilot Country and regional Programming and Endorsement of SPCRs

21. As of March 15, 2013, all nine single country PPCR pilots (Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan, Yemen, and Zambia) have completed their strategic programming of CIF resources, and their strategic investment programs (SPCR) have been endorsed by the PPCR Sub-Committee. The SPCRs have also been endorsed for eight of the nine countries participating in the Caribbean and Pacific regional pilot programs (Dominica, Grenada, Jamaica, Papua New Guinea, St. Lucia, St. Vincent and the Grenadines, Tonga, and Samoa). During the last meeting of the PPCR Sub-Committee meeting in November 2012, an additional USD 88 million in grant resources was added to the indicative allocations of the PPCR pilot countries.

22. Haiti, the last remaining pilot country, has submitted its SPCR to the PPCR Sub-Committee for review and approval during the May 2013 meeting. With the endorsement of the Haiti investment plan, all PPCR pilot countries will have had their SPCRs endorsed.

23. The semi-annual report on PPCR operations (PPCR/SC.12/3) covers the period from September 15, 2012, to March 15, 2013. It highlights three strategic lessons that are emerging from the PPCR, including:

- a) *the important role of PPCR investments to improve climate data and hydrometeorological (hydromet) information services*: all endorsed SPCRs include investments to strengthen climate data and hydromet services either as stand-alone projects or as components of technical assistance or investment projects or programs, and all MDBs are supporting one or more of these projects.
- b) *a slowdown in the submission of PPCR projects and programs to the PPCR Sub-Committee for funding approval*: 92% of the projects and programs still in preparation have fallen behind schedule, suggesting that a significant portion of the remaining projects and programs in the PPCR pipeline are facing challenges in project preparation. Consistent with the agreed pipeline management approach for the SCF, if PPCR funding approval for all projects and programs is not complete within 24 months of the SPCR endorsement date, the country and MDBs should provide an update or revise the SPCR; and
- c) *the challenges and opportunities related to results monitoring in the PPCR*: MDBs have identified a range of challenges regarding the feasibility of meeting the agreed deadlines for the PPCR monitoring and reporting program.

Approvals

24. As of March 15, 2013, the PPCR Sub-Committee has approved funding for 26 projects and programs totaling USD 415 million in PPCR resources (USD 270 million in grant resources and USD 145 million in near-zero interest credits). These resources are expected to leverage a total of USD 512 million in co-financing (1:1.23 ratio).

25. In total, as of March 15, 2013, USD 16.38 million in PPCR funding has been approved by the PPCR Sub-Committee for project preparation. Since September 15, 2012, the PPCR Sub-Committee has approved, at the time of the SPCR endorsement, 3 project preparation grants totaling USD 1.39 million:

- a) Caribbean-Dominica: Disaster Vulnerability Reduction Project, USD 0.24 million;
- b) South Pacific- Papua New Guinea: Building Climate Resilient Communities/Infrastructure; Addressing Change Risks to Food Security, USD 0.75 million; and

- c) Yemen: Pilot Scheme to Improve the Resilience of Rural Communities to Climate Change in Yemen, USD 0.40 million

Private Sector Set-Aside

26. The procedures for allocating PPCR resources on a competitive basis from a set-aside to enhance private sector engagement in the PPCR were approved in February 2013. MDBs are working with prospective clients to prepare project and program proposals. Nominations of experts are currently being submitted by PPCR contributor and recipient countries. The expert group will review all submitted concept notes in September 2013 to prepare a priority list of concepts recommended for review by the PPCR Sub-Committee.

IV. SCALING-UP RENEWABLE ENERGY PROGRAM IN LOW INCOME COUNTRIES (SREP)

SREP Pilot Country Programming and Endorsement of Investment Plans

27. With the acceptance of Liberia as the newest pilot country in February 2013, SREP now has eight pilot countries. To date, six pilot country investment plans (Ethiopia, Honduras, Kenya, Maldives, Mali, and Nepal) have been endorsed by the Sub-Committee, with a total allocation of USD 240 million in SREP funding. The most recent one – the Investment Plan for Maldives – was endorsed at the last Sub-Committee meeting in October 2012. Four of the plans (Honduras, Kenya, Mali, and Nepal) endorsed in 2011 will be due for an update or revision, if funding for all proposed projects is not approved within two years of the endorsement date.

28. Programming activities in Tanzania and Liberia are well under way. A technical mission to Tanzania was undertaken by the MDBs on January 14-23, 2013, and a joint mission was also carried out on March 18-22, 2013. According to the completion reports of the missions, agreement has been reached on the priority sectors for SREP support, including geothermal energy development and rural electrification. Tanzania plans to submit its investment plan to the Sub-Committee for endorsement by mail in June 2013.

29. A technical mission to Liberia by AfDB and the World Bank Group took place on February 4-15, 2013, and a joint mission has been scheduled for May 2013. Liberia expects to submit its investment plan to the Sub-Committee for endorsement at its meeting in November 2013.

Approvals

Projects

30. As of March 15, 2013, the SREP Sub-Committee has approved funding for four projects and programs totaling USD 45.9 million in SREP resources (USD 26.5 million in grant resources and USD 19.4 million in near-zero interest credits). These resources are expected to leverage a total of USD 580 million in co-financing (1: 10 ratio).

Project Preparation Grants

31. In total, as of March 15, 2013, USD 9.7 million in SREP funding has been approved by the Sub-Committee for project preparation. Since October 2012, the SREP Sub-Committee has approved three project preparation grants totaling USD 1.82 million:

- a) Nepal: Waste to Energy Project, USD 0.12 million;
- b) Maldives: Accelerated Sustainable Private Investments in RE Program (ASPIRE), USD 1.00 million; and
- c) Maldives: Preparing Outer Islands for Sustainable Energy Development Program (POISED), USD 0.70 million.

Investment Plan Preparation Grants

32. As of March 15, 2013, a total of USD 2.37 million in SREP funding has been approved by the MDB Committee to support countries to prepare investment plans in eight SREP pilot and reserve countries.

V. SCF APPROVALS SUMMARY

33. The table below shows the rate of project approvals and funding for each SCF targeted program.

APPROVALS- Number of Projects/Funding Based on Endorsed SPCRs-IPs(as of 15 Mar 2013, in \$ million)

Program	No. of Projects	Approved projects	% Project Approval	SPCRs/IPs Endorsed	Approved Allocations^{1/}	% Funding Approval
PPCR	62	26	41.94%	935.0	415.1	44.4%
FIP	20	3	15.00%	370.0	67.5	18.2%
SREP	23	4	17.39%	241.1	57.9	24.0%
TOTAL SCF	105	33	31.43%	1,546.1	540.5	35.0%

1/ Includes project preparation grant and investment plan preparation grant(SREP).

VI. GLOBAL SUPPORT PROGRAM (GSP)

Knowledge Management in the SCF

34. In March 15 2013 a report and series of videos on the theme of REDD+ collaboration in FIP pilot countries were published and disseminated to CIF stakeholders and external partners. Looking forward, the CIF Administrative Unit, working with the MDBs, has identified strategic learning priorities for each of the SCF programs in the coming fiscal year. These priorities will

be pursued collaboratively through the pilot country meetings, and through the expansion of online events, including webinars. Meetings of the PPCR and SREP pilot countries will be held in early May and late May 2013, respectively, and a thematic meeting on hydromet services for PPCR countries and regions is being planned for August 2013. A FIP pilot country meeting is provisionally scheduled for October 2013.