



Stakeholder Engagement in Preparing Investments Plans for the Climate Investment Funds

Case Studies from Asia

SECOND EDITION



ADB



CLIMATE
INVESTMENT
FUNDS

Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

Case Studies from Asia

SECOND EDITION



© 2013 Asian Development Bank

All rights reserved. Published in 2013.
Printed in the Philippines.

ISBN 978-92-9254-208-5 (Print), 978-92-9254-209-2 (PDF)
Publication Stock No. RPT135712-3

Cataloging-In-Publication Data

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.

1. Climate Investment Funds.
 2. Climate change financing in Asia.
 3. Stakeholder engagement.
- I. Asian Development Bank.

The views expressed in this publication are those of the authors and do not necessarily reflect the views and policies of the Asian Development Bank (ADB) or its Board of Governors or the governments they represent.

ADB does not guarantee the accuracy of the data included in this publication and accepts no responsibility for any consequence of their use.

By making any designation of or reference to a particular territory or geographic area, or by using the term “country” in this document, ADB does not intend to make any judgments as to the legal or other status of any territory or area.

ADB encourages printing or copying information exclusively for personal and noncommercial use with proper acknowledgment of ADB. Users are restricted from reselling, redistributing, or creating derivative works for commercial purposes without the express, written consent of ADB.

Note:

In this publication, “\$” refers to US dollars.

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444
www.adb.org

For orders, please contact:
Department of External Relations
Fax +63 2 636 2648
adbpub@adb.org

Contents

Illustrations and Boxes	iv
Acknowledgments	v
Abbreviations	vi
Executive Summary	viii
Introduction	1
Background of the Study	1
Methodology	2
Policies and Guidance on Stakeholder Engagement	2
Case Study Findings	7
Pilot Program for Climate Resilience in Cambodia: A Case Study	7
Clean Technology Fund and Forest Investment Program in Indonesia: A Case Study	15
Pilot Program for Climate Resilience and Scaling Up Renewable Energy Program in Nepal: A Case Study	34
Clean Technology Fund in the Philippines: A Case Study	46
Recommendations	57
General Recommendations	57
Recommendations for Improving Current ADB Guidance on Participation	58
Appendixes	
1 Terms of Reference for the Study	61
2 Persons Consulted during the Study	63
3 Checklist of Key Issues and Research Questions	68
4 Information on Stakeholder Observers for Climate Investment Funds Trust Fund Committees	70
5 Consultations on the Investment Plan for the Clean Technology Fund and on the E-trikes Project in the Philippines, May 2012	73

Illustrations and Boxes

Figure

Summary of the Pilot Program for Climate Resilience and Strategic Program for Climate Resilience in Cambodia	7
--	---

Tables

1 Chronology of Main Consultation Events for the Preparation of the Pilot Program for Climate Resilience and Strategic Program for Climate Resilience in Cambodia	9
2 Updated Indonesia Clean Technology Fund Financing Plan, 2013	16
3 Chronology of Main Consultation Events for the Preparation of the Clean Technology Fund Investment Plan in Indonesia	18
4 Chronology of Main Consultation Events for the Preparation of the Forest Investment Program Plan in Indonesia	25
5 Chronology of Main Consultation Events for the Preparation of the Pilot Program for Climate Resilience and Strategic Program for Climate Resilience in Nepal	37
6 Chronology of Main Consultation Events for the Preparation of the Scaling Up Renewable Energy Program in Nepal	43
7 Indicative Financing Plan for the Clean Technology Fund in the Philippines, after Reallocation	47
8 Chronology of Main Consultation Events for the Preparation of the Clean Technology Fund Investment Plan in the Philippines	49

Boxes

1 Steps Commonly Taken in ADB Policy or Strategy Review that Constitute a Serious Consultative Approach	6
2 Requests and Concerns of Nongovernment Organizations Related to the Forest Investment Program Planning Process	29

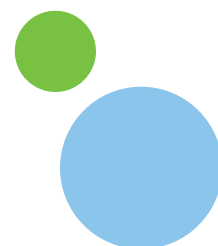
Acknowledgments

This report was prepared by Paul Wooster. Guidance and support was provided by the ADB Climate Change Coordination Unit, and Jivan Acharya, senior climate change specialist in the Regional and Sustainable Development Department. Cindy Malvicini, senior water resources specialist, South Asia Department, assisted in identifying and organizing interviews in Nepal; her assistance is much appreciated. The study also could not have been completed without the support of ADB resident mission staff, particularly Chanthou Hem, senior project officer in Cambodia; Malika K. C. Thapa, administrative assistant in Nepal; and Ummu Latifa Chasan, mission secretary in Indonesia. Thanks to Elaine Thomas, social development specialist (civil society and participation), Southeast Asia Department, for her valuable contributions to the Philippine case study and for the many helpful discussions on this study.

Abbreviations

ADB	Asian Development Bank
AEPC	Alternative Energy Promotion Centre
BAPPENAS	Badan Perencanaan Pembangunan Nasional (Ministry of Planning [Indonesia])
CCC	Climate Change Commission (Philippines)
CCCA	Cambodia Climate Change Alliance
CCNN	Climate Change Network Nepal
CIF	Climate Investment Funds
CSO	civil society organization
CTF	Clean Technology Fund
DAP	Development Academy of the Philippines
DFID	Department for International Development (United Kingdom)
DKN	Dewan Kehutanan Nasional (National Forest Council [Indonesia])
DOE	Department of Energy, Philippines
DOTC	Department of Transportation and Communications (Philippines)
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
GHG	greenhouse gas
IFC	International Finance Corporation
INGO	international non-government organization
IRO	industry representative organization
LGU	local government unit
MDB	multilateral development bank
MOE	Ministry of Environment (Cambodia, Nepal)
MOF	Ministry of Finance (Indonesia, Nepal)
MOFor	Ministry of Forestry (Indonesia)
NAPA	National Adaptation Programme of Action (Cambodia, Nepal)
NEDA	National and Economic Development Authority (Philippines)
NGO	nongovernment organization
NPC	National Planning Commission (Nepal)
PCP	Public Communications Policy (ADB)
PPCR	Pilot Program for Climate Resilience

REDD	Reducing Emissions from Deforestation and Forest Degradation
RREP	Rural and Renewable Energy Program (Nepal)
RSDD	Regional and Sustainable Development Department (ADB)
SARD	South Asia Department (ADB)
SCF	Strategic Climate Fund
SERD	Southeast Asia Department (ADB)
SOE	state-owned enterprise
SPCR	Strategic Program for Climate Resilience
SREP	Scaling Up Renewable Energy Program
SSTA	short-term technical assistance
TA	technical assistance
TFC	Trust Fund Committee
TWG	thematic working group
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WWF	World Wildlife Fund



Executive Summary

In 2008 the multilateral development banks (MDBs) and a group of donor countries developed the concept of climate investment funds (CIF) providing support to developing countries to initiate transformational change toward low-carbon and climate-resilient development. The focus of the funding is on investment with the opportunity to blend resources from the CIF, MDBs, government, and the private sector. The first step in gaining access to funding is the preparation of a country investment plan. The investment plan, developed under the leadership of the government and with support from the MDBs, is a multiyear proposal identifying how CIF resources, together with cofinancing, will support the country's existing development strategies.

Since the inception of the CIF, the Asian Development Bank (ADB) has participated in the preparation of 15 investment plans covering the two main CIF funds, the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The SCF comprises three separate programs—the Pilot Program for Climate Resilience (PPCR), the Scaling Up Renewable Energy Program (SREP), and the Forest Investment Program (FIP). This study, which is part of a wider review of CIF experiences in ADB, uses a case-study approach to examine how stakeholder engagement was carried out in the preparation of investment plans in Cambodia, Indonesia, Nepal, and the Philippines, with reference to the guidance provided by ADB and CIF in stakeholder participation.

Pilot Program for Climate Resilience in Cambodia: A Case Study

In Cambodia consultations for the PPCR were carried out in the spirit of CIF and ADB guidance and had a positive impact on climate change awareness and government leadership in the process. The unanticipated withdrawal of the World Bank from leadership of the process had some negative consequences for communications, but ultimately consultations resulted in a strong Strategic Program for Climate Resilience (SPCR), with some innovative components. The consultations revealed some of the limitations of the mission-based approach, which tended to reinforce the perception that processes were MDB driven. A more strategic approach to communications and continuity of information flows would have enhanced the consultation process.

In-depth engagement with civil society and the inclusion of dedicated funding for civil society were innovative aspects of these consultations, which supported the management of expectations and created strong country ownership of the final program. Further consultation remains necessary to ensure that the work envisaged under civil society organization (CSO) funding directly supports the activities of the proposed SPCR. The failure to forge a closer integration with a parallel donor program, the Cambodia Climate Change Alliance, was a missed opportunity because of inflexibilities within the MDB system and external government relationships.

Clean Technology Fund in Indonesia: A Case Study

The enabling policy environment for renewable energy and energy efficiency in Indonesia remains difficult, and this was reflected both in the consultations and in the delays experienced in the preparation of the Indonesia CTF. Although consultation during the initial preparation of the investment plan was limited, a robust document, which required only minimal adjustment when the changing context necessitated an updated plan in 2013, was prepared. The update consultations were wider and reflected some of the lessons learned in effective consultation with CSOs during investment fund planning, both in Indonesia and elsewhere. The consultations also demonstrated how wider consultation with trade associations and nongovernment organizations (NGOs) can enhance the identification of potential clean energy projects and raise government awareness of the impact of policies on investment.

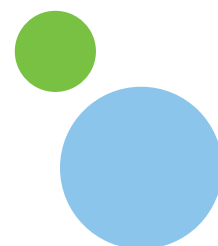
Forest Investment Program in Indonesia: A Case Study

Overall, the consultation process had the appropriate elements, but implementation was not always coherent or responsive. The emergence of a civil society campaign critical of the preparation process ultimately contributed to a postponement of submission in March 2012, pending further dialogue with concerned NGOs. Given the time frame and the stakeholder diversity, working with the National Forest Council (DKN) was the only practical approach to accomplishing these national-level consultations, but too much reliance was placed on this organization, given its capacity limitations and poor relations with some NGO groups. The later engagement of DKN in the process demonstrated the importance of better management, a clearer mandate, and adequate resources. The consultations carried out at the subnational level were fairly limited in scope and would have been more effective if extended to include further visits at a later stage of FIP development or linked more directly to the DKN community chamber discussions.

Government ownership of the process was solid and overall stakeholder participation across all groups was reasonable and could have been improved if more effective use of the DKN structure had been feasible. Tensions between government agencies and between the NGO coalition and some government agencies and the MDBs made for a more fragile process, at some points requiring informal consultations and diplomatic troubleshooting by ADB and various stakeholders to keep on track. The high-profile civil society campaign brought considered ideas and valid questions into the FIP consultation arena and their intervention raised consultation standards toward the end of the process and ultimately improved the FIP plan. On the other hand, some criticisms from the NGO coalition, based on misunderstanding of the process and occasionally charged with nonnegotiable positions that made open dialogue more difficult, were misplaced.

Pilot Program for Climate Resilience in Nepal: A Case Study

Stakeholder engagement and consultation was central to the preparation of the PPCR and SPCR in Nepal, and it led to a reasonably inclusive process and a high-quality, evidence-based SPCR with good country ownership. The process built effectively on the ongoing preparation of the National Adaptation Programme of Action (NAPA) and added an innovative private sector working group



x Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

to the consultation process, which was crucial in convincing government of the relevance and importance of the private sector as a stakeholder in the process. The parallel development of the NAPA and the PPCR and SPCR did raise concerns over duplication that might have been avoided if the consultation strategy had been strengthened through more intensive dialogue on this issue.

The mission-based approach engendered tangential consultations in government and the private sector, which improved the continuity of the process. A strong consultative relationship between ADB and the World Bank, and between government, MDBs, and development partners, was also a significant factor in the effectiveness of the process. The emergence of a controversy regarding the taking of loans as part of the PPCR funding had both positive and negative aspects. While it led to a short-term deterioration of relationships with civil society (possibly rooted in their weak engagement early in the process), and was initially managed reactively rather than through proactive consultation, it did lead eventually to strong and effective outreach by government and responsible engagement by CSOs.

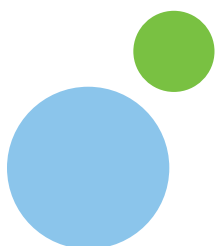
Scaling Up Renewable Energy Program in Nepal: A Case Study

The SREP investment plan for Nepal was prepared speedily and was uncontroversial. The process built strongly on existing structures and knowledge accumulated through NAPA and PPCR preparation. The consultations put in place were appropriate and adequate for the purpose, although an opportunity to gauge the awareness, feelings, and concerns of consumers or potential consumers related to developments in clean technology may have been missed. The mission-based approach also tended to reinforce the view of many stakeholders that the process was pushed by the MDBs, but overall leadership of the government in this process was good. The consultations were crucial and effective in identifying and elaborating the relationship between SREP and the National Rural and Renewable Energy Programme, developing practical and supportive links between the two initiatives.

Clean Technology Fund in the Philippines: A Case Study

A proposed revision in the already approved investment plan led to criticism from civil society groups regarding the inadequacy of consultation and the design of a planned new project. Leaving broad consultations on the investment plan and its revision until pressed to engage in them was a serious deficiency of the process, which was compounded by the limited consultation between government agencies over changes in the investment plan. However, the CIF did not provide specific guidance on consultation requirements and initially project details in the investment plan were technical, not detailed, and uncontroversial. The good consultation practice advocated by ADB guidance would have been a suitable model to apply in the development of the investment plan and might have avoided some of the issues of mistrust that later dominated the process.

The circumstances surrounding the preparation of the eventual consultation process—a fragile steering group, time pressures to meet various deadlines, and limited leadership from the government—resulted in a process that failed to deliver a synthesis and consensus for full endorsement of the revised investment plan. ADB played a crucial role in establishing and persevering with the consultation process, and effectively took up the organization of the consultation on short notice, but stronger



internal cooperation between the project team and the consultation team could have improved relationships with civil society critics. Despite the difficulties, stakeholder participation during the consultations was strong and effective in bringing new information and new ideas into consideration of the investment plan, and establishing new relationships and working groups for taking the work forward. However, it is clear that further project-level consultations will be necessary to reach consensus on the final project content of the investment plan.

General Recommendations

The general recommendations are as follows:

- The mission approach to preparing CIF investment plans should include more effective use of consultation plans and communication strategies, in line with MDB good practice.
- The roles of MDBs and government should be clarified and shared with stakeholders early in the process, and strategies for addressing barriers to government leadership developed.
- Consultation preparation must include a comprehensive stakeholder analysis and engagement with stakeholder groups in planning the process. Activities should ensure that stakeholders understand the context and purpose of the consultations and their role in the process.
- The expected or required minimum level of consultation for the preparation of investment plans should be clearly stated in the relevant CIF documents or a separate specific guidance document on consultation should be prepared for CIF investment plans.
- Consultation processes at the subnational level should be developed together with representatives of national stakeholders and be resource efficient, innovative, and effective.
- Stakeholder analysis and consultation planning should aim to establish the effective and productive involvement of civil society in investment plan preparation from the start.
- A small subgroup of the preparation team should be responsible for supervising and monitoring the overall consultation process and report regularly on progress.

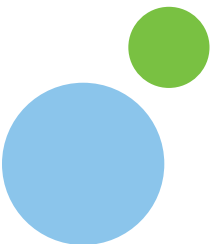
Recommendations for Improving Current ADB Guidance on Participation

The recommendations in this regard are as follows:

- Additional advice on how to support government-led consultations and ADB's responsibility in promoting good participation practice in developing member countries should be provided.
- Advice on how to engage with government in order to promote government leadership of consultation processes and support interagency consultation within government could be provided.
- Additional advice on maximizing the effectiveness of private sector engagement, particularly in strategy development, could be provided.
- Given the body of experience in relation to climate change that now exists, it is recommended that this topic be included in section 4 of the ADB Guide (Participation in ADB Operations: Experiences and Resources).

xii Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

- ADB guidance could give more emphasis to building on existing consultation processes of national or sector strategies and linking investment plan consultations with project-level consultations to ensure continuity and effectiveness
- Guidance on how effective use can be made of ADB's corporate relationships with civil society, in order to understand issues around strategy and project development and to leverage wider support from civil society, should be provided.
- Current advice could be enhanced by including guidance on developing communication strategies for higher-level planning activities such as investment planning, country partnership strategy development, and policy development.



Introduction

Background of the Study

In 2008 the multilateral development banks (MDBs)¹ and a group of donor countries developed the concept of climate investment funds (CIF), which would provide support to developing countries to initiate transformational change toward low-carbon and climate-resilient development. The focus of the funding is on investment and the funds provide a unique opportunity to blend resources from CIF, MDBs, government, and the private sector to address climate change issues. The CIF mandates investment in two important ways: first, to achieve a substantial shift toward green policies, institutions, technologies, and markets; and second, to build and leverage knowledge and learning. Total funding contributions to the CIF amount to \$6.5 billion, divided between two trust funds—the Clean Technology Fund (CTF), \$4.5 billion; and the Strategic Climate Fund (SCF), \$2.0 billion. Support is currently being provided to 46 developing countries, including 15 countries in the Asia and Pacific region.²

The CTF is aimed at financing the scaled-up demonstration, deployment, and transfer of low-carbon technologies. These technologies include renewable energy as well as other efficient technologies to reduce carbon intensity in the transport sector and to improve energy efficiency in buildings, industry, and agriculture. The SCF is aimed at financing targeted programs in developing countries to pilot-test approaches to adaptation and mitigation with the potential for scaling up. The SCF comprises three targeted programs with dedicated funding: (i) the Pilot Program for Climate Resilience (PPCR), to mainstream climate resilience into national planning and budgeting; (ii) the Scaling Up Renewable Energy Program (SREP), to demonstrate the viability of low-carbon development in the energy sector; and (iii) the Forest Investment Program (FIP), to support the efforts of developing countries to reduce emissions from deforestation and forest degradation.

Access to CIF funding depends on a country's eligibility for official development assistance, according to the guidelines of the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee, and the presence of an active MDB country program. For both the CTF and the SCF, the first step in gaining access to funding is the preparation of a country investment plan. The investment plan is developed under the leadership of the government and comprises a clearly articulated multiyear proposal identifying how CIF resources together with additional cofinancing will support the country's existing development strategies. The investment plan is agreed on, and owned by, the government and the MDBs. After completion, the investment plan is submitted to the relevant trust fund committee or subcommittee for funding approval.

¹ African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and World Bank.

² Bangladesh, Cambodia, India, Indonesia, Kazakhstan, the Lao People's Democratic Republic, Maldives, Nepal, Papua New Guinea, the Philippines, Samoa, Tajikistan, Thailand, Tonga, and Viet Nam.

2 Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

While government leads the preparation of the investment plan in collaboration with the MDBs, it is expected that these partners will also engage with all stakeholder groups relevant to the development and implementation of the plan, including non-MDB development partners, civil society, and the private sector, as well as government line agencies and semiautonomous government bodies. This stakeholder engagement is crucial in establishing country ownership of the investment plan, ensuring complementarity with ongoing or planned interventions, obtaining feedback and input from interested parties, and raising awareness among key players about climate change issues.

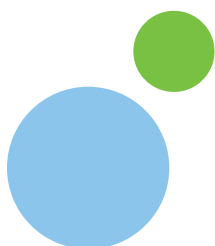
Since the inception of the CIF, the Asian Development Bank (ADB) has participated in the preparation of 15 investment plans covering both CTF and SCF in a wide range of economic and geographic contexts. This study, which is part of a wider review of CIF experiences in ADB, examines how stakeholder engagement was carried out in the preparation of CIF investment plans in Cambodia, Indonesia, Nepal, and the Philippines, with reference to ADB and CIF guidance on stakeholder participation and consultation. The study aims to identify possible improvements in the current guidance provided. Appendix I gives the full terms of reference for the study.

Methodology

Given the limited time available for collecting data for this study and the multifaceted nature of stakeholder engagement, a case-study approach was adopted. Six case studies were undertaken in two stages: (i) PPCR Cambodia, PPCR Nepal, SREP Nepal, and CTF Philippines in June 2012; and (ii) CTF and FIP Indonesia in January and February 2013. Data for the case studies were taken from secondary data and from semistructured interviews with relevant informants. The secondary data were taken from documents available on the CIF and ADB websites,³ as well as from documentation obtained from interviewees and web searches. Those interviewed were ADB staff (at headquarters and resident missions), government officials, staff of the World Bank and the International Finance Corporation (IFC), representatives of key stakeholder groups for each of the investment plans, and consultants engaged in investment plan preparation. A list of those consulted is provided in Appendix 2.

The study focused on five main aspects of engagement: (i) the institutional factors that frame stakeholder engagement in the preparation of investment plans, (ii) the processes adopted in stakeholder consultation, (iii) the extent and quality of participation by key stakeholders, (iv) the information available to stakeholders and the transparency of the investment plan preparation process, and (v) the impact of stakeholder engagement on the design of investment plans. The research questions for each of these aspects are summarized in Appendix 3. To support analysis, the context of stakeholder engagement in each of the countries, including the knowledge and capacity of key stakeholders, key governance issues, and related ongoing or planned initiatives, was also reviewed. The findings of the research were analyzed on the basis of guidance provided by ADB and CIF in respect of stakeholder engagement and consultation.

³ www.climateinvestmentfunds.org and www.adb.org



Policies and Guidance on Stakeholder Engagement

Climate Investment Funds

The policies and framework documents covering the design, governance, and operation of the CIF trust funds indicate an expectation of broad-based stakeholder engagement in investment plan preparation focused on MDB joint-missions, but do not provide specific guidance on how this engagement should be put into practice. The development of the CIF trust funds entailed consideration of the following principles, among others:⁴

- Activities financed by the funds should be based on a country-led approach and should be integrated into country-owned development strategies, consistent with the Paris Declaration.
- In collaboration with other development partners, the MDBs should assist developing countries in building country-level knowledge, capacity, and development-project experience.
- It is appropriate for the MDBs to build partnerships for climate change among themselves and with a wide range of institutions and stakeholders, including the private sector.

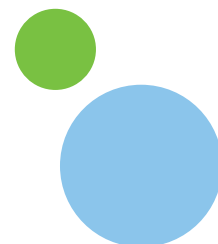
There is clear CIF guidance regarding the disclosure of information on CIF investment plans, strategies, and projects to be financed by the CIF.⁵ Investment plans are subject to public disclosure at the time the proposal is submitted to the trust fund committee (or subcommittee),⁶ which should be after the proposal has been disclosed in country and at least 3 weeks before the scheduled deliberation or endorsement date. For projects and programs under the investment plan, similar arrangements apply, but the deadline is 2 weeks before deliberation and there are separate requirements regarding documentation for private sector projects. Exceptions to these disclosure arrangements are possible, particularly for private sector projects containing commercially sensitive information, on application to the relevant trust fund committee.

At the decision-making level, CIF governance provides for the representation of stakeholders as “active observers” on trust fund committees and subcommittees. Relevant constituencies are invited to select representatives of civil society organizations (CSOs), indigenous people, and the private sector who will sit on the committees. The role of these representatives is to consult with other stakeholders in their constituency, represent the interests of their constituency in committee meetings, and comply with agreed consultation guidelines and standards developed by a group representing their constituency. As observers, these representatives may request the floor to make verbal interventions, request co-chairs to add items to the agenda, and recommend experts to speak on specific agenda items. A summary of guidance on stakeholder representation on trust fund committees is given in Appendix 4.

⁴ The guiding principles for the CIF are available at <http://www.climateinvestmentfunds.org/cif/MDB-Role>

⁵ Climate Investment Funds. 2009. Note on Disclosure of Documents Prepared for Purposes of Climate Investment Funds. Washington, DC.

⁶ Each CIF fund has a trust fund committee and each program of the SCF has a trust fund subcommittee. These are the decision-making bodies for investment plan approval.



Clean Technology Fund

The proposal for the CTF⁷ and the guidance provided on the preparation of CTF investment plans⁸ highlight the expectation that the preparation of the investment plan will be expedited through joint-missions involving MDBs, government, relevant development partners, private industry, and other stakeholders. Notably the CTF documents specifically mention the inclusion of United Nations agencies and investment agencies, but do not directly refer to civil society stakeholders. The CTF proposal also states that the organization of the CTF will “ensure full transparency and openness in governance, oversight and evaluation processes” and notes that the design and implementation of activities financed with CTF resources will be carried out in accordance with MDB policies and procedures for environmental and social safeguards.

Strategic Climate Fund

For the SCF, the guiding documents for all three programs (PPCR, SREP, and FIP) contain explicit requirements for consultation and engagement with stakeholders, e.g.:

- “Led by the government, the mission will consult widely with key stakeholders on the process to develop the Strategic Program so as to collect a range of views on important elements, analytical work, and further consultations. It should be emphasized that the purpose of these consultations is to help the pilot country set in place a process to further consult, analyze and prioritize the Strategic Program.” (PPCR Guidelines for Joint-missions)⁹
- “During the joint-mission, consultations should be held with key stakeholders in the country, including other development partners, non-governmental organizations, indigenous peoples groups, local communities, and the private sector. The mission should include consultative workshops, meetings and appropriate field trips.” (SREP Design Document)¹⁰
- “Consistent with relevant international instruments, obligations and domestic laws, FIP investment strategies, programs and projects at the country or regional level should be designed and implemented under a process of public consultation, with full and effective participation of all relevant stakeholders on matters that affect their distinctive rights, including in particular groups that historically have tended to be marginalized such as indigenous peoples, local communities and women.” (FIP Criteria for FIP Investment Strategies, Programs and Projects)¹¹

Asian Development Bank

ADB has a number of policies and guidelines that are relevant to stakeholder engagement in the development of strategies, programs, and projects. The Staff Guide to Consultation and Participation¹² provides advice to staff and consultants on what constitutes “adequate consultation” and how staff should use consultative and participatory techniques in ADB-assisted activities. Since the preparation

⁷ Climate Investment Funds. 2008. *The Clean Technology Fund*. Washington, DC.

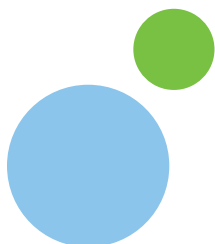
⁸ Climate Investment Funds. 2009. *The Clean Technology Fund: Guidelines for Investment Plans*. Washington, DC

⁹ Climate Investment Funds. 2009. *Guidelines for Joint-missions to Design PPCR Pilot Programs (Phase I)*. Washington, DC.

¹⁰ Climate Investment Funds. 2009. *Design Document for the Program on the Scaling Up Renewable Energy in Low-Income Countries (SREP), a Targeted Program under the Strategic Climate Fund*. Washington, DC.

¹¹ Climate Investment Funds. 2009. *Design Document for the Forest Investment Program, a Targeted Program under the SCF Trust Fund*. Washington, DC.

¹² Asian Development Bank. 2006. *Strengthening Participation for Development Results*. Manila.



of the CIF investment plans, this guide has been expanded and updated.¹³ The Safeguard Policy Statement¹⁴ describes common objectives of ADB's social and environmental safeguards, lays out policy principles, and outlines the delivery process, including requirements for meaningful consultation, when appropriate. The Public Communications Policy¹⁵ guides ADB's efforts to be transparent and accountable to the people it serves, and covers both information disclosure and external relations.

Guidance on Consultation and Participation

The ADB staff guide proposes some key elements for effective consultation, including the following:

- Comprehensive stakeholder analysis to identify the main stakeholders and understand their interests in respect of any strategy development or proposed intervention;
- A consultation and participation plan, including the modality and methods of consultation according to the country context and objectives of the strategy, program, or project, and identifying any time and resource constraints;
- Consultations (workshops, meetings, surveys, interviews, etc.) using capable and independent facilitators, as appropriate, careful documentation of the output, and consideration of the output in relevant decision-making processes; and
- Feedback to stakeholders, including explanations, where necessary, for the nonincorporation of comments and feedback, and translation of the final documents into the local language.

This approach is recommended both for the development of country partnership strategies and for project preparation. Further guidance is provided on how stakeholder consultation can support project implementation, monitoring, and evaluation. In addition to providing tools for consultation, the guide includes extensive tips on making consultations more effective and on managing the associated risks. The guide also proposes a consultation approach for the review of ADB policies and strategies that has considerable relevance to the process of preparing CIF investment plans (Box I).

Safeguard Policy

The ADB Safeguard Policy Statement sets out the policy objectives, principles, scope, and triggers for three key safeguard areas: (i) environmental safeguards, (ii) involuntary resettlement safeguards, and (iii) indigenous peoples safeguards. Consultation and participation are central to the achievement of safeguard policy objectives, and the requirements for meaningful consultation are triggered in the following circumstances:

- If a project is likely to have potential environmental risks and impact;
- If a project will result in the physical or economic displacement of people; or
- If a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of indigenous peoples or their territories, or natural or cultural resources.

Projects are categorized according to the extent of the risks and impact, and consultations should be commensurate with this categorization. Where the impact or risk is anticipated to be minimal or

¹³ Asian Development Bank. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.

¹⁴ Asian Development Bank. 2009. *Safeguard Policy Statement*. Manila.

¹⁵ Asian Development Bank. 2005. *Public Communications Policy*. Manila.

Box I Steps Commonly Taken in ADB Policy or Strategy Review that Constitute a Serious Consultative Approach

- Conduct stakeholder analysis to identify participants and their interests.
- Hold dialogue with relevant external groups on the goals and process of the consultation.
- Develop a website for the review process and publicize the ways in which interested persons can participate.
- Make at least two drafts of the policy strategy available for public comment during the process.
- Actively publicize through various channels the periods available for comment.
- Organize several face-to-face consultations at the subregional level, where appropriate.
- Develop invitation lists for consultations together with government, the resident mission, and the ADB Nongovernment Organization (NGO) and Civil Society Center.
- Make drafts of the review or strategy available to participants in the local language, well before the consultation.
- Carry out website, e-mail, and mail consultations in parallel with consultation workshops.
- Post stakeholder comments on the website, explaining how these have been taken into consideration.
- Promptly report changes made in the review process on the website.

Source: Summarized from Asian Development Bank. 2006. *Strengthening Participation for Development Results: A Staff Guide to Consultation and Participation*. Manila.

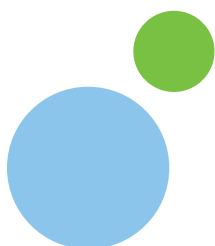
nonexistent, consultation is not required under the policy but is still advisable, according to the Staff Guide to Consultation and Participation (2006).

Public Communications Policy

The most relevant aspects of ADB's Public Communications Policy (PCP) relate to the disclosure of information on projects and programs. This applies to ADB projects prepared under a CIF investment plan. The investment plan itself is not covered by the PCP as this is a government strategy that does not require ADB Board approval. The main channel for the disclosure of information on project development is the project data sheet posted on the ADB website at concept approval and updated at least twice each year.

To facilitate dialogue with people affected by or interested in the project, the policy requires that information be made available to them in a manner, form, and language understandable to them and in an accessible place. This is achieved through the project communications strategy, the participation plan, and the administration manual, which will specify the types of information to be disclosed, the mechanisms for public notice, and the responsibility for implementing and monitoring disclosure and dissemination. For projects that trigger environmental or social safeguard requirements, the PCP specifies disclosure arrangements for environmental assessments and corrective plans, resettlement plans, and indigenous peoples plans. Since the preparation of the investment plans covered in this study, the PCP has been revised.¹⁶ The main elements described above have been retained.

¹⁶ Asian Development Bank. 2011. *Public Communications Policy: Disclosure and Exchange of Information*. Manila.



Case Study Findings

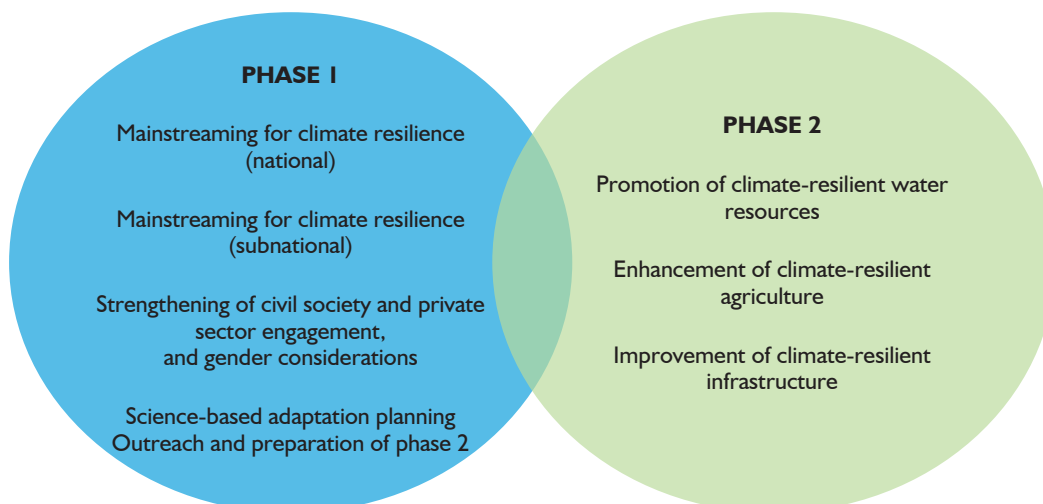
Pilot Program for Climate Resilience in Cambodia: A Case Study

Overview of the Country Investment Plan

In 2009 the Government of Cambodia submitted an expression of interest in participating in the PPCR under the SCF, and was selected as one of nine pilot countries to receive funding. Cambodia is particularly vulnerable to the potential impact of climate change, given its susceptibility to extreme weather events, particularly tropical cyclones and monsoon rains that lead to annual flooding, as well as periodic periods of drought. This vulnerability is compounded by the fact that a large portion of the population depends on livelihoods derived from natural resources, which are severely affected by such weather hazards.

In accordance with the CIF guidelines, the preparation of the PPCR and the related strategy document, the Strategic Program for Climate Resilience (SPCR), was led by the government, in collaboration with the World Bank, ADB, and IFC. The process had two phases. Phase 1 (\$1.5 million grant) comprised five components (see figure) and was aimed at putting in place the appropriate enabling framework to manage climate risks and prepare the SPCR. Phase 2 (\$50 million grant, \$55 million loan requested) focused on the implementation of the SPCR, encompassing adaptation investments in the most vulnerable sectors, including water resources, agriculture, and infrastructure (see figure). The preparation of the PCPR began in October 2009 and the SPCR was finalized in May 2011. Phase 1 was still being implemented at the time of this study and phase 2 (the SPCR) is just starting.

Summary of the Pilot Program for Climate Resilience and Strategic Program for Climate Resilience in Cambodia



Country Context of Stakeholder Engagement and Consultation

The CIF guidelines emphasize that PPCR preparation should set in place a consultation process to support the preparation of the SPCR. Specifically, consultations should be aimed at building country ownership of the PPCR through participation, identifying priority public and private sectors and potential actions, and enhancing the enabling environment to address vulnerabilities to climate variability and change.¹⁷ The guidelines notably state that “it is crucial that relevant national civil society and the private sector are engaged throughout the PPCR process at country level.” Accordingly, the preparation of the Cambodia PPCR included a broad range of stakeholder consultations, which took place in an environment of high expectation, low awareness of climate change issues among many stakeholders, and evolving coordination activities.



The selection of Cambodia to receive Climate Investment Funds, and specifically PPCR funding, raised significant expectations in the development community and government. In particular, international and national nongovernment organizations (NGOs), as well as development partners, perceived the PPCR as the beginning of major flows of funds for climate change interventions into the country. As a result, organizations endeavored to position themselves for implementation, and international NGOs (INGOs) in particular made strong requests for funding to be channeled through their programs.

Awareness and understanding of climate change issues varied among key stakeholders at the start of PPCR preparation. Development partners and leading INGOs were mostly aware of key climate change issues in the country, and many were already involved in program mainstreaming of climate change or in the implementation of climate-related initiatives. Within the government, although a National Adaptation Programme of Action (NAPA) had been developed in 2006 and the Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) was being prepared, only limited attention had been given to climate risk concerns in national and sector policy, and in planning and budgetary processes. Climate change was not at the forefront of thinking within leading ministries such as the Ministry of Economy and Finance or the Ministry of Planning. Within the Ministry of Environment (MOE), the lead ministry for climate change, the National Committee on Climate Change had been established, together with a climate change unit, which had very limited resources.

Across national civil society, awareness and understanding was also limited and varying, although national NGO networking activities related to climate change were emerging. For organizations at the local and community level, awareness and understanding of climate change was even more limited, the lack of relevant information in the Khmer language and weak links between national and local civil society being significant barriers. Within the private sector, climate change issues were not

¹⁷ Climate Investment Funds. 2009. *Guidelines for Joint-missions to Design PPCR Pilot Programs (Phase I)*. Washington, DC.

high on the corporate agenda, and the idea that companies may need to consider the likely effects of climate change in their risk planning was not widely accepted.

The coordination of development activities on climate change was most advanced among development partners. High-level joint technical working groups (development partners and government) for each of the main sectors were established, and there were monthly informal cooperation meetings of development partners on climate change hosted by the United Nations Development Programme (UNDP). Within government, while cooperation with development partners on specific climate interventions was strong, cross-agency technical coordination on climate change was and remains very limited, and the structure and processes for decentralization that might facilitate awareness and understanding at the subnational level are still in their infancy. Coordination and cooperation between government and civil society varied, with good and even strong relationships existing between government and international and national NGOs in the development sphere, while government relationships with organizations focused on advocacy were more complex and dependent on the political climate.

Consultation Framework and Timeline

Consultation with stakeholders took place throughout PPCR and SPCR preparation and continued to be a key tool in phase I activities. Consultations were anchored in the MDB joint-missions and technical missions, with discrete processes emerging for each of the main stakeholder groups according to their needs and anticipated roles in the PPCR. Consultation approaches involved both one-to-one consultations, and formal and informal meetings and workshops. In addition, there were milestone consultation events encompassing all stakeholder groups, such as the Phase I Inception Workshop and the consultation workshop on the draft SPCR. A chronology of key consultation events is provided in Table I.

Table I Chronology of Main Consultation Events for the Preparation of the Pilot Program for Climate Resilience and the Strategic Program for Climate Resilience in Cambodia

Date	Event/Activity	Consultation Summary
Jun 2009	PPCR scoping mission	Objectives: Inform stakeholders of the framework for the upcoming PPCR and receive feedback. Mission meetings with key government agencies and development partners; roundtable discussions with government, development partners, and civil society.
Oct 2009	First joint-mission	Objectives: Update stakeholders on PPCR preparation; discuss climate risks, vulnerabilities, and current climate resilience activities; discuss sector priorities. Mission meetings with representatives of government, development partners, private sector, and civil society; meetings with provincial and commune officials in Siem Reap.
Nov 2009 to Mar 2010	Internal government consultations	Objectives: Establish a platform for technical coordination and internal dialogue; raise awareness of climate change issues; explore adaptation issues by sector. Formation of a focal point network and ministry climate change teams to set the scene for development of the PPCR; working sessions within key ministries and the National Committee on Climate Change to develop priority actions for phase I of the PPCR.

continued on next page

10 Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

Table 1 *continued*

Date	Event/Activity	Consultation Summary
Nov 2009 to Jan 2010	Civil society consultations	Objective: Identify a mechanism for engaging CSOs in the SPCR. Brainstorming and semistructured interviews with international and national CSOs on engagement in climate change.
Jan to Feb 2010	Private sector consultations	Objectives: Enhance private sector input in the design of phase 1 and identify economic opportunities in the climate change adaptation arena. In-depth interviews with representatives of private companies and chambers of commerce.
Apr 2010	Joint technical mission	Objectives: Finalize the proposal for phase 1 of the PPCR and agree with government on the submission of the proposal to the PPCR subcommittee. Mission meetings with government, development partners, civil society, and the private sector.
Aug to Sep 2010	Study on civil society engagement in the PPCR	Objectives: Build consensus on civil society engagement; identify support for CSOs in phase 1; design a civil society facility for phase 2. In-depth interviews with CSOs, development partners, and staff of relevant development programs; workshop with CSOs to raise awareness and provide an opportunity for input on civil society engagement and design of the proposed facility.
Feb to Mar 2011	Joint technical mission	Objective: Consult with stakeholders on development of the SPCR. Consultation with development partners on PPCR progress and potential links with ongoing donor initiatives; consultation with CSOs on PPCR implementation progress and sharing of preliminary ideas on development of the SPCR; phase 1 inception workshop with representatives of all stakeholder groups to review phase 1 progress and challenges, identify collaboration with other donor initiatives, and share ideas on next steps for the SPCR.
Mar 2011	Government consultations	Objectives: Schedule milestones for the preparation of the SPCR and identify line agency priorities for investment. Internal line agency consultation workshops organized by focal points.
May 2011	Second joint-mission	Objective: Consult with stakeholders on the finalization of the draft SPCR. Mission meetings with key government ministries (Ministry of Economy and Finance, Ministry of Environment) and development partners (UNDP, FAO); national workshop on SPCR proposal including representatives of all stakeholder groups, to seek feedback on SPCR proposal.
Mar 2012 to present	Phase 1 study on the strengthening of CSO engagement in the PPCR	Objective: Develop a framework for CSO engagement and gender considerations in phase 2 of PPCR. In-depth interviews with CSOs, government, development partners, and academe; consultative workshop on CSO engagement in the PPCR including government (climate change technical team members), CSOs, development partners, and the private sector.
Mar 2012 to present	Phase 1 study on private sector scoping	Objective: Examine opportunities for and feasibility of private sector engagement in climate change adaptation. In-depth interviews with representatives of companies, government, development partners, and CSOs.

CSO = civil society organization, FAO = Food and Agriculture Organization, PPCR = Pilot Program for Climate Resilience, SPCR = Strategic Program for Climate Resilience, UNDP = United Nations Development Programme.

Consultation Process

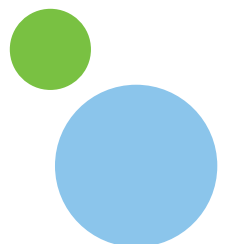
In accordance with the CIF guidelines, the preparation of the Cambodia PPCR and SPCR involved broad-based consultations including all the major stakeholder groups. This consultation is continuing with the ongoing implementation of phase 1. While no overall stakeholder analysis or consultation plan was evident, the process approach adopted for identifying relevant stakeholders and steering the consultation process was appropriate and mostly adequate, although consultations at the subnational level and the inclusion of subnational entities in the process were limited. As the NAPA was completed in 2006 and wholly managed by the Ministry of Agriculture, there was little opportunity to build on this experience. However, effective use was made of the existing sector technical working groups (development partners and government) in establishing the climate change focal point network among government agencies.

The use and mix of one-to-one consultations and stakeholder workshops was appropriate, and the separate consultation processes that evolved for each of the main stakeholder groups became important not only in generating ideas and feedback on PPCR and SPCR development but also in raising awareness of climate change issues and managing the high expectations of stakeholders about PPCR funding. The facilitation of consultation workshops appears to have been good, although some stakeholders observed that as consultations moved from phase 1 to phase 2 there was a shift in quality from a consultative to an information-sharing approach, which provided less opportunity for the consideration of input from stakeholders.

The preparation of the Cambodia PPCR and SPCR was protracted. For internal reasons, the World Bank suspended its engagement in the process for some time in 2010, and the resulting handover of the leading MDB role to ADB led to separate oversight of phase 1 (World Bank) and phase 2 (ADB) of the PPCR and the SPCR. There was also a long delay in the procurement of consultants for phase 1. The delay reduced the effectiveness of the consultation process in a number of ways. First, poor communication on PPCR development for part of 2010 reduced the momentum of the process and led to concerns among stakeholders over the transparency and seriousness of the process. Second, the approach adopted in phase 2 of climate proofing existing ADB pipeline projects led some civil society stakeholders to feel that the previous consultation process had been somewhat sidelined. Third, because of the separate oversight arrangements (World Bank, ADB), there remained some disconnect between consultations under phase 1 and the development of phase 2, although this situation is improving fast.

Participation

The high expectations generated by the PPCR resulted in a strong commitment to, and participation in, the consultation process by all stakeholder groups including ADB. Government participation built government ownership of the PPCR, the participation of civil society led to in-depth exploration of the potential for civil society contribution to the PPCR, and development partner participation became an important arena for discussing collaboration with the Cambodia Climate Change Alliance (CCCA), a key donor-funded initiative developing in parallel with the PPCR and the SPCR. Private



12 Stakeholder Engagement in Preparing Investment Plans for the Climate Investment Funds

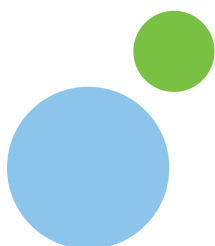
sector participation was a significant feature of the early stages of the consultation, but was more reactive in nature and dwindled during the preparation of the PPCR and the SPCR. It has since been revived during the implementation of phase I. Participation by subnational players, either from the government or from civil society, in the mainstream consultation process was low.

The CIF guidelines require PPCR programs to be country led and country driven; therefore, government participation in and ownership of the consultation process was crucial. From the start, the relatively small size and influence of the MOE presented a challenge to establishing a strong cross-agency consultation process involving much larger agencies. This issue was addressed both through internal support from the Ministry of Economy and Finance, which worked closely with the MOE to achieve engagement and coordination with line agencies, and through external support from UNDP and the World Bank, which facilitated the establishment of the focal point network that served as the main mechanism for technical coordination and consultation. As a result of these efforts, the participation of key line agencies in the consultation process and the development of the PPCR was effective.

The extent of government leadership of the PPCR preparation and consultation process was sometimes questioned by both development partner and civil society observers, who felt that the MDBs were pushing, if not sometimes dominating, the process. Given the limited size and capacity of the MOE, especially at the start of PPCR preparation, as well as the significant workload of other climate change projects (particularly for the CCCA), a “hand-holding” approach involving strong MDB support was certainly evident. Government leadership was demonstrated through continued strong commitment to the PPCR preparation process, and all decision making was in government hands. It is also clear that government leadership and ownership of the process strengthened as the process progressed.

The high expectations of CSOs regarding their potential participation in PPCR preparation resulted in very strong engagement in the consultation, initially led by INGOs, but also including national and local organizations. Early government concerns about civil society engagement were allayed through the consultation process and strategic approaches to their participation in the PPCR became a core theme of PPCR preparation. Recognition that local civil society did not yet have sufficient capacity to engage effectively in climate change adaptation, plus the need to elaborate how it could engage in the PPCR and SPCR preparation resulted in the emergence of a tangential consultation process, including a study, and the inclusion of a subcomponent to strengthen civil society engagement in climate change adaptation under phase I of the PPCR. The latter called for the establishment of dialogue platforms and dedicated funding for civil society to support CSO strengthening.

The change in MDB engagement in 2010 resulted in a stronger engagement with national CSOs and networks following the selection of the Cambodia NGO Forum to support the consultation process, but subnational representation continued to be weak as a result of the tenuous link between national and grassroots organizations. Some CSO participants, particularly INGOs, felt that recent consultations had lost momentum and were moving toward an informative, rather than a consultative, approach. Some INGOs felt that there was now a purely “technical assistance”



approach to the strengthening of CSOs and that the government and the MDBs had missed an opportunity to move the SPCR away from “business as usual” through the consultation process.

The engagement of development partners in the early stages of the consultation process was significant and focused on ensuring that the development of the PPCR and the CCCA, an initiative funded by bilateral and multilateral donors,¹⁸ was coordinated and complementary. Strong efforts were made through consultation to bring the two initiatives together, focusing on the facilitation of the UNDP. A combination of circumstances—the MDBs’ reluctance to participate in the trust fund approach of the CCCA, the temporary disengagement of the World Bank from the PPCR process, a change in CCCA management, and management rivalries within the MOE—unfortunately resulted in a divergence, rather than a convergence, of the two initiatives. Some development partners felt that access to information and contact on the PPCR process was patchy and that the failure of the PPCR to join the CCCA was, to some extent, a lost opportunity.

An initial consultation exercise with the private sector, organized in 2010 by the government and the IFC, involved the banking, insurance, agriculture, and infrastructure sectors, as well as local chambers of commerce. It served to identify key areas of potential engagement in the PPCR and gauge the level of awareness of climate change issues. This early momentum was not sustained, however, partly because of the disengagement of the World Bank and IFC and also because of the delayed hiring of consultants for the private sector engagement subcomponent under phase I. The private sector was not strongly represented in the PPCR-wide consultation meetings on the inception of phase I and the finalization of the SPCR. Under the implementation of phase I, more intensive consultations with the private sector, including consultations with subnational entities, have resumed, but the consultations still require stronger links with the projects anticipated under the SPCR.

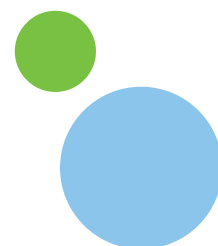
Transparency and Information

Although consultations for the preparation of the Cambodia PPCR and SPCR have been intensive and participatory, a number of issues related to transparency and information sharing were raised during this study. Some CSOs and development partners felt that information sharing, especially early on, was not effective. Meetings were called on short notice, information provision was sometimes patchy, and consultation meetings were not always long enough to achieve an appropriate level of understanding or consensus. The disengagement of the World Bank in 2010 certainly contributed to the ineffectiveness of the information sharing. Some observers felt that the joint-mission approach to the development of the PPCR worsened matters and that ADB with its dedicated focal person for the PPCR provided a better model. On the other hand, some pointed out that the decision making on the selection of ADB projects for inclusion was not transparent. No clear communication strategy was adopted for PPCR development and no website was developed as a focus for information sharing. Whether or not there was public disclosure of the SPCR ahead of its submission to the CIF is unclear.

Outcomes

The consultation process has contributed to the development of the PPCR and the SPCR, with notable outcomes including: (i) a study on civil society engagement; (ii) the identification of private sector issues; (iii) phase I components aimed at civil society strengthening, private sector engagement,

¹⁸ The main CCCA donors are the UNDP, the European Union, the Department for International Development of the United Kingdom, the Danish International Development Agency, and the Swedish International Development Agency.

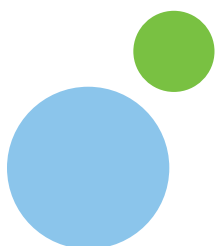


and gender considerations; and (iv) dedicated funding for civil society. While consultations notably failed to forge stronger complementarity and coordination between the PPCR and the CCCA, efforts to improve this situation are under way. Stakeholders involved in this study felt that overall the consultation process was genuine and positive, although some had concerns that more recent activities were less consultative. The consultation process has also played an important role in raising awareness of climate change issues in Cambodia among all stakeholder groups, managing the expectations of the different stakeholders, and establishing government ownership and leadership of the SPCR.

Conclusions

The consultations for the Cambodia PPCR and SPCR were carried out in the spirit of the CIF and ADB guidance, and had a positive impact on climate change awareness and government leadership of the process. The unanticipated withdrawal of the World Bank from leadership of the PPCR and SPCR process had some negative consequences for communications, but consultations ultimately resulted in a strong SPCR with some innovative components. The consultations revealed some of the limitations of the mission-based approach, which tended to reinforce the perception that the processes were MDB driven and often left stakeholders unclear about the current status of investment plan development and subject to consultation requests on short notice. When the World Bank withdrew from engagement for some time, this weakness in the process was compounded and left some stakeholders concerned about the transparency of the process. A stronger approach to communications and continuity of information flows, using strategies and a website, would have enhanced the consultation process.

The in-depth engagement with civil society from the start was an innovative aspect of the consultations. It played an important part in managing expectations and creating the potential to establish strong country ownership of the SPCR. The temporary disengagement of the World Bank and the change in leadership of PPCR and SPCR preparation reduced the momentum and potential of that engagement somewhat, but the funding for civil society remains an important focus in developing civil society engagement in climate change. Further consultation is necessary to ensure that the work envisaged under this funding directly supports the SPCR activities. The failure to forge closer integration with the CCCA was a missed opportunity that resulted not from inadequate stakeholder engagement but rather from inflexibilities within the MDB system and external government relationships. Further stakeholder engagement and consultation will be required to ensure that the complementarity of the two initiatives continues.



Clean Technology Fund and Forest Investment Program in Indonesia: A Case Study

Addressing Climate Change in Indonesia

Indonesia, as a tropical island nation, is highly vulnerable to climate change, particularly a rise in sea level, uncertain weather patterns, and extreme weather events. The reduction of agricultural productivity and the deterioration of important ecosystems in the productive and populated coastal zones could significantly affect food security, livelihoods, and economic development. Indonesia is among the top-10 greenhouse gas-emitting countries worldwide, with emissions amounting to 1.79 billion tons of carbon dioxide emissions in 2005.¹⁹ More than 60% of these emissions are the result of land-use change, especially deforestation and the burning of peat lands, while energy production, waste, agriculture, and industry account for the rest. As a major national economic asset, and a globally significant natural resource, Indonesia's forests are a major focus of climate change concern.

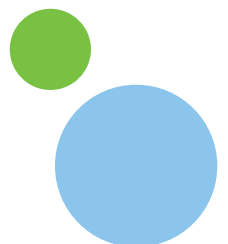
Since it hosted the 13th UNFCCC conference of the parties in Bali in 2007, Indonesia has shown a strong and growing commitment to addressing climate change. At the Bali conference the government published its first national action plan addressing climate change²⁰ and this was followed by the formation in 2008 of the National Council on Climate Change to formulate and coordinate policies and programs for climate change and carbon trading. At the 2009 G20 summit the government announced further groundbreaking commitments including a target reduction of 26% in greenhouse-gas (GHG) emissions (compared with "business as usual") by 2020 and a further reduction of up to 41% with international support. In the same year the government set up the Indonesian Climate Change Trust Fund to develop innovative ways of linking international finance sources with national investment strategies. Indonesia is now in the process of establishing a comprehensive framework of national and subnational strategies to achieve its GHG emission targets and address climate change including the National Action Plan for Reducing GHG Emissions, the Local Action Plan for Reducing GHG Emissions, the Indonesia Climate Change Sectoral Roadmap, the Climate Change Action Plan, the National Reducing Emissions from Deforestation and Forest Degradation (REDD)+²¹ Strategy, and the National Action Plan on Climate Change Adaptation.



¹⁹ Ministry of Environment, Republic of Indonesia. 2010. *Indonesia Second National Communication under the United Nations Framework Convention on Climate Change*. Jakarta.

²⁰ Ministry of Environment, Republic of Indonesia. 2007. *National Action Plan Addressing Climate Change*. Jakarta

²¹ "REDD+" also includes conservation, sustainable forest management, and forest carbon stocking. (Source: UN-REDD Programme website www.un-redd.org)



Overall Assessment of the Clean Technology Fund Investment Plan in Indonesia

Overview of the Country Investment Plan

In July 2009 Indonesia expressed interest in gaining access to CTF funding. This request was supported by both the CTF Trust Fund Committee (TFC) and the MDBs, and a joint-mission for developing the CTF investment plan took place in November 2009. The CTF TFC approved the plan for funding in April 2010 and proposed financing of \$400 million to support Indonesia's goals of increasing renewable energy use and improving energy efficiency. Specifically, the investment plan included CTF financing for two programmatic areas; (i) the scaling up of large-scale geothermal power (up to 800 megawatts [MW]), led by the public sector with prospects for some private sector investments; and (ii) the acceleration of initiatives to promote energy efficiency and renewable energy (especially biomass). It was expected that the investments would mobilize financing of up to \$2.7 billion from multilateral finance sources, state-owned enterprises (SOEs), and the private sector.

The first public sector project in the plan was approved in December 2010,²² but evolving national policies and priorities, as well as adjustments in the energy regulatory framework and tariff structure, necessitated a revision of the remaining part of the plan. This revision took place in early 2013. The revised plan, currently pending submission to the CIF, proposes a reallocation of some funds from public to nonsovereign and private sector investments in geothermal energy development, and moves some resources from private sector financial intermediation to private sector geothermal projects. The two-track strategy of the original plan, i.e., geothermal power, and energy efficiency and renewable energy development, is retained, but the proposed revisions place private sector-led projects at the forefront, with a broader array of financing instruments made available to a larger population of candidate geothermal projects. The revision also more than doubled the amount of leveraged cofinancing from non-MDB sources. The indicative updated financing plan is summarized in Table 2.

Table 2 Updated Indonesia Clean Technology Fund Financing Plan, 2013 (\$ million)

MDB/Program	Total	CTF	MDB	Other Cofinancing
IBRD Geothermal Clean Energy Project	575	125	175	275
ADB Private Sector Geothermal Program	2,625	150	375	2,100
IFC Geothermal Program (Investment and Advisory)	1,760	40–50	120	1,600
IFC Energy Efficiency and Renewable Energy	260	25–35	125	100
ADB Energy Efficiency and Renewable Energy	250	50	50	150
Total	5,470	400	845	4,225

ADB = Asian Development Bank, IBRD = International Bank for Reconstruction and Development, IFC = International Finance Corporation, MDB = multilateral development bank.
Source: ADB.

²² Geothermal Clean Energy Investment Project (International Bank for Reconstruction and Development).

Context of Consultations

Indonesia's strong growth and development in recent years has led to ever-increasing demand for energy. As domestic oil reserves have declined, Indonesia has become a net oil importer, placing considerable strain on the economy and driving a shift from oil to coal and natural gas for power generation. The increased use of coal raises particular concerns with respect to GHG emissions. The government is committed to achieving energy security through supply diversification and energy conservation, and there is a strong legislative and energy policy framework in place to support both renewable energy and energy efficiency. An update of the National Energy Policy in 2011 calls for an increase in the penetration of clean energy to 25% of the generation mix by 2025 and stronger gains from conservation and efficiency initiatives, i.e., a 15.6% reduction in energy demand by 2025, compared with "business as usual." The Ministry of Energy and Mineral Resources (MEMR) is responsible for implementing the policy through a National Energy Master Plan and a National Energy Conservation Master Plan.



Despite the strong legal and policy framework for energy, stakeholders are still concerned about progress in the sector, for several reasons. First, the continuing provision of fuel subsidies inevitably distorts the energy market, reducing incentives for change in energy use and discouraging both private and donor investment. Second, while recent changes in the feed-in tariff for renewable energy have been positive and have been welcomed by sector stakeholders, many feel that the tariff is still too low and that its flat rate structure continues to deter private sector investors and particularly banks. Third, while renewable-energy policy and implementation are moving forward, progress on energy efficiency has been weaker, with ineffectively arranged and inadequate incentives, or incomplete implementing standards and regulations in place.

Clean-technology approaches have been a significant focus of donors (including MDBs) in Indonesia for some time and there is strong awareness, experience, and knowledge of clean-energy issues among these stakeholders. The portfolio of donor-funded energy programs covers mostly renewable energy and there is very limited engagement in energy efficiency. Programs include loan and grant support for the geothermal sector (France, Germany, Japan) and support for small-scale renewable-energy initiatives including biomass and hydropower, especially for off-grid solutions (France, US). Capacity development at all levels is a strong feature of donor-funded programs in the energy sector. But while there are strong links between some development partners working in the energy sector, there is no formal or informal process of regular coordination.

Civil society, including both NGOs and industry representative organizations (IROs), is increasingly active in the energy sector. Most NGOs in the sector are research oriented²³ and are involved in critique of government policy including transparency; in advocacy campaigns on issues such as energy efficiency, mining, oil and gas exploration, and nuclear energy; and in public awareness

²³ M. Caballero-Anthony, Youngho Chang, and Nur Azha Putra, eds. 2012. *Rethinking Energy Security in Asia: A Non-Traditional View of Human Security*. USA: Springer.

raising on energy efficiency and the rationale of some aspects of energy policy. The NGOs are growing in capacity but are much stronger in energy efficiency than in renewable energy. Effective engagement with government is still a challenge for these groups, as is the lack of a comprehensive NGO agenda on energy policy. Many NGOs are based in Jakarta and, in such a large and disparate country, reaching out to, and representing, energy consumers is difficult. The IROs are most active in consulting and lobbying with government for a more favorable regulatory environment. However, coordination among these groups is weak and informal. Most NGOs and IROs do not have a strong understanding of climate change financing or of MDB financing operations.

Consultation Framework and Timeline

Stakeholder consultations for the CTF took place predominantly within the programs of joint-missions in November 2009 and January 2013. There were no formal consultations on the investment plan between the approval of the original plan in April 2010 and a scoping mission for the plan update in October 2012. The October 2012 consultations did not cover the World Bank Geothermal Clean Energy Investment Project, which was approved by the CTF TFC in December 2010. They focused only on the updating of other aspects of the investment plan. Both joint-missions included consultations with representatives of the main stakeholder groups, but because of the low participation of CSOs in the preparation of the original investment plan an additional preparatory meeting with NGOs was held in January 2013 to ensure greater and more effective NGO participation in the second joint-mission. A chronology of key consultation events is provided in Table 3.

Table 3 Chronology of Main Consultation Events for the Preparation of the Clean Technology Fund Investment Plan in Indonesia

Date	Event/Activity	Consultation Summary
Aug 2009	Donor coordination meeting	Objective: Exchange information and coordinate donor activities. Presentation of an overview of the CTF to donors and government representatives.
Nov 2009	First joint-mission	Objectives: Agree on a broad strategy for CTF investment; agree on the types of priority projects to be included; agree on the roles, responsibilities, and timeline for preparation of the investment plan. Consultation meetings with government, development partners, CSOs, and banks. One-on one meetings with government agencies and SOEs.
Oct 2012	Scoping mission for IP update	Objectives: Explain the investment plan update process to government; reconfirm the strategic priorities for CTF cofinancing with government; develop a tentative schedule, roles, and responsibilities for preparing the plan update. Meetings with key government agencies (MOF and BAPPENAS) and private sector geothermal developers.
Jan 2013	Preparation meeting with NGOs	Objectives: Identify stakeholder participants and develop an outline process for a CSO workshop to consider the CTF revision. Meeting with CSO representatives.

continued on next page

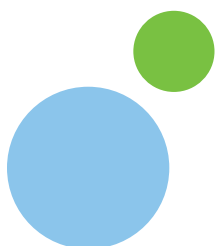


Table 3 continued

Date	Event/Activity	Consultation Summary
Jan 2013	Second joint-mission (update)	<p>Objectives: Review the implementation status of the original plan; assess the rationale for revising the plan; discuss the possible reallocation of CTF resources and assess the impact of such changes; consult with government and other key stakeholders on the proposed changes.</p> <p>Consultation meetings with government, development partners, CSOs, and banks; one-on-one meetings with government agencies, private sector, and SOEs.</p>

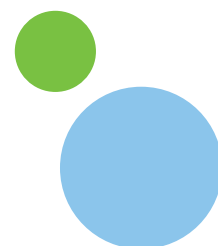
BAPPENAS = Badan Perencanaan Pembangunan Nasional (Ministry of Planning), CSO = civil society organization, CTF = Clean Technology Fund, MOF = Ministry of Finance, SOE = state-owned enterprise.

Consultation Process

There were two discrete phases of consultation during CTF preparation: (i) a joint-mission to prepare the original investment plan, and (ii) the updating and further development of the investment plan. Consultations for the original plan were limited. The approach was to prepare a transformation strategy within a limited time frame, predominantly based on already identified pipeline projects. There was no explicit process of stakeholder identification and analysis, and most consultations involved the sharing of information on the plan content or discussions with government and project proponents on issues of project identification, design, financing, and scaling up for transformational impact. Consultations involved kickoff and wrap-up meetings with relevant government agencies, one-on-one meetings with government agencies and SOEs in the sector, and meetings with development partners and CSOs. The IFC also met with representatives of banks and with private sector renewable-energy developers. A consultation meeting with CSOs was organized with support from the Indonesian Institute of Energy Economics but evidence indicates it was poorly attended and no record of the meeting is available.

When the MDBs realized that the investment plan would have to be updated, a scoping mission was carried out in October 2012, followed by a second joint-mission in January 2013. The second joint-mission had the same format as the first joint-mission but notably included consultation with “government and all stakeholders” as an explicit objective. Greater emphasis was given to consultation with CSOs, including a preparatory meeting with selected NGOs before the mission to identify relevant stakeholders and develop a process for the CSO consultation. The joint-mission included a half-day consultation meeting with CSOs hosted by the Ministry of Finance (MOF), which was attended by both NGOs and IROs. The meeting was independently facilitated and featured presentations on the CTF plan, a moderated discussion session on input to the investment plan, and a discussion on mechanisms for future coordination with the CSOs. Facilitation was adequate, but considerable time was spent clarifying the CTF approach. Stronger facilitation could have amplified stakeholder contributions and provided time to gain consensus on the details of further CSO engagement.

The consultation process for the Indonesia CTF reflects a positive trend in the quality of stakeholder engagement. Consultation for the original plan was minimal and not fully in line with ADB best practice. Many stakeholder observers commented that consultation at this stage was limited, not always meaningful, and not sustained beyond the joint-mission process except with some specific project proponents. Consultations before and during the second mission, on the other hand,



were more comprehensive and indicated that wider lessons had been learned from consultation experiences in Indonesia and elsewhere. However, the continuing low level of awareness and understanding of the CTF among some stakeholders revealed in consultation meetings limited their opportunity to make more valuable contributions. As noted by the World Resources Institute,²⁴ the process called for little involvement from the public and consumers. This may be appropriate if their engagement at the project design stage is sought. But given the number of issues raised about local government in stakeholder discussions, provincial and local government stakeholders should have been engaged more strongly in the process.

Participation

Shortly before the original investment plan was prepared, the President of Indonesia announced national GHG emission reduction targets and said that the government was keen to step up investment in renewable energy, particularly in geothermal energy. The MOF was the lead agency for the preparation of the CTF investment plan, and all relevant government agencies participated in the joint-mission meetings. However, despite the momentum provided by the President's announcement, government ownership of investment plan development was not strong and the process was predominantly driven by the MDBs. A number of factors appear to have contributed to this: (i) the very short time frame proposed for the development of the plan (3 months); (ii) the priority given by the MOF to the preparation of a green paper on climate change and to the finalization of the draft annual budget; and (iii) poor coordination among relevant government agencies.



Much greater government ownership and leadership of the process was evident in the preparation of the updated investment plan, and this was generally acknowledged by all the main stakeholder groups. In particular, the MOF remained strongly engaged in the joint-mission and took leadership of mission meetings, particularly the CSO consultation meeting, and was active in moving the plan revision forward. A strong factor was the assignment of responsibility for the CTF to a new fiscal policy agency of the MOF with clearer and more specific roles in climate financing. The Ministry of Planning (BAPPENAS) and directly involved SOEs were also engaged in the revision of the investment plan, but government understanding and ownership of the plan beyond such agencies as the MEMR, the Ministry of Environment, and the Climate Change Council remained low, again mainly because of limited interagency coordination and cooperation.

Civil society participation in the preparation of the original investment plan was weak and not sustained, but strengthened later on in the revision process. During the first joint-mission 30 CSOs were invited to a stakeholder consultation meeting, but only 6 turned up and no significant input from the meeting was recorded. The main reasons put forward by stakeholders for this limited engagement were the short notice provided

²⁴ Climate Investment Funds. 2010. *Comments from the World Resources Institute on Investment Plans: Colombia, Indonesia, Kazakhstan*. Clean Technology Fund Trust Fund Committee. Washington, DC: World Bank.

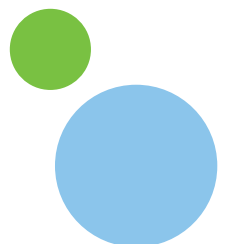
to invitees, the limited information on the CIF and the CTF provided to prospective participants, and the lack of clarity about the way CSOs could contribute to the CTF. In the revision of the investment plan there was a clear strategy for improving CSO participation. Twenty-five organizations were invited to the joint-mission consultation meeting and 15 attended. The attendees were industry associations, development-oriented NGOs involved in small-scale renewable energy and energy efficiency projects, and lobbyist and activist NGOs working in the energy sector. Participation in the discussions, especially from industry associations, was good and the meeting demonstrated the strong capacity and knowledge of CSOs in the renewable energy and energy efficiency sectors.

Development partners were involved in CTF planning primarily through briefing meetings during each joint-mission, held to provide information on the investment plan, elicit views on its content, and identify potential opportunities or overlaps in bilateral programs. Donors consulted for this study during the update mission were aware of the CTF, supportive of the approach, and satisfied with the level of consultation. However, the extent of discussions on achievements and experiences in the sector at the development partners meeting during the second joint-mission indicated that donor cooperation and coordination in the sector could be more effective. Given that development partners in the energy sector have portfolios that are similar or complementary in content to that of the CTF and the majority are also CTF donors, an opportunity to integrate more closely donor efforts in clean technology development through the CTF (especially renewable energy) may have been missed.

The CTF plan includes substantial support for private sector initiatives in renewable energy and energy efficiency, and relevant stakeholders, including commercial banks, investors, technology providers, and independent power developers, as well as SOEs, were engaged in the process from the start. The level of consultation was appropriate, as was the approach to private sector consultation, but structured engagement was not sustained between the joint-missions. Participation was accomplished through one-on-one meetings and consultation meetings with commercial banks during both joint-missions. Private sector representative organizations also participated significantly through the CSO consultation meeting mentioned earlier. The meetings with banks were particularly valuable in elaborating barriers to commercial investment in renewable energy and energy efficiency projects, notably the inadequate understanding of climate change mitigation approaches among banks, their limited capacity for risk assessment of projects, and the competition for loans from lower-risk and more familiar investments.

Transparency and Information

Transparency was not raised as a strong concern by stakeholders during this study, but the lack of awareness and understanding of the CTF among nondonor stakeholders indicated that communication of information on the CTF was limited, particularly early on in the process. The original investment plan was prepared in a short time by a relatively small group comprising MDBs, government officials, and consultants, and little documentation on the process exists in the public domain. The original investment plan accorded with CIF disclosure policy, but there is no evidence



that disclosure was publicized in Bahasa Indonesia among a broader range of stakeholders, or that opportunity for comment was provided. Although there were ongoing project-level consultations between MDBs, government, and project proponents, little information on overall CTF development was provided in the public domain between the submission of the investment plan and the revision process. In preparation for the plan update, therefore, the CTF team prioritized transparency and communication of information. CSOs were provided with summary information on the CTF in Bahasa Indonesia 7 days before the consultation meeting, and the minutes of the CSO workshop and the revised plan were sent directly to stakeholder representatives and posted on the MOF website for comment in March 2013 before they were submitted to the CIF.

Outcomes

The initial consultation process for the revision of the investment plan in 2012–2013 moved project identification forward. Changes in the financial structure of the plan were proposed and approaches to funding small-scale energy efficiency and renewable energy projects were identified. Stakeholder awareness of the CTF also improved as a result and further consultations were envisioned. The main proposed changes in the plan were:

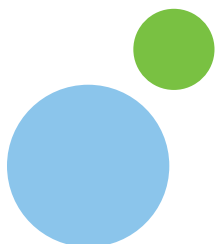
- Replacement of ADB's public sector geothermal project (\$125 million) with a private sector loan (\$150 million) for a program of projects under Pertamina Geothermal Energy;
- Development of a geothermal exploration facility by IFC (\$40–\$50 million) under its investment and advisory geothermal program;
- Reduction in IFC funding for small-scale energy efficiency and renewable energy projects in the private sector to \$25–\$35 million;
- Increase in non-MDB cofinancing from \$1135 million to \$4225 million; and
- Use of a limited amount of CTF grant funds to assist government in measuring and monitoring GHG levels more efficiently.

Consultations with banks revealed limited interest in financing small-scale renewable energy and energy efficiency projects but ultimately led to the development of both “learning by doing” and technical assistance approaches by ADB and IFC to build capacity and increase bank investment in the sector. MDBs and government became more aware of the capacity and knowledge within the CSO sector and relations between these stakeholder groups improved. Further consultations were proposed. These included further CSO consultation meetings, possibly among working groups, consultations between government and CSOs, and project-level consultations as part of the standard policies and procedures of MDBs.

Conclusions

The reduction of GHG emissions through renewable energy and energy efficiency strategies is a major component of Indonesia's national plan for reducing emissions, and the improved government ownership of the CTF investment plan reflects the growing impetus for climate change as the planning, financing, and administrative structures are put in place. However, the policy environment for renewable energy and energy efficiency still discourages investment, as both the consultations and the delays in the preparation of the Indonesia CTF revealed.

Despite the limited consultation during the initial preparation of the plan, a robust document that required only minimal updating was prepared. The consultations that preceded the updating of the plan were wider and well managed, and reflected some of the lessons learned about effective CSO



consultation in investment fund planning, both in Indonesia and elsewhere. The consultations also demonstrated how wider consultation with IROs and NGOs can help in identifying potential energy efficiency and renewable energy projects and raise government awareness of the impact of policies on investment. But much more needs to be done to enable stakeholders to understand the CIF, CTF, and MDB financing approaches better ahead of consultation processes.

Overall Assessment of the Forest Investment Program in Indonesia

Overview of Plan

Indonesia was selected as an FIP pilot country in March 2010 and its FIP plan was approved for CIF funding in November 2012. The requested funding amounts to \$70 million (\$37.5 million in grants and \$32.5 million in concessional loans). The development objective of the plan is to reduce barriers to subnational REDD+ implementation and to increase provincial and local government capacity for REDD+, and particularly for sustainable forest management. Activities will focus on the following three interrelated thematic areas:

- Institutional development for sustainable forest and natural resource management;
- Investments in forest enterprises and community-based forest management; and
- Community capacity building and livelihood development.

Funding will cover three projects: (i) Community-Focused Investments to Address Deforestation and Forest Degradation (ADB); (ii) Strengthening of Forest Enterprises to Mitigate Carbon Emissions (IFC); and (iii) Promoting Sustainable Community Based Natural Resource Management and Institutional Development (World Bank). The FIP plan is in line with the national action plan for GHG mitigation and the emerging REDD+ national strategy. Its primary focus is subnational implementation, which involves strengthening community-based approaches and linking these with emerging national and international REDD+ institutions.

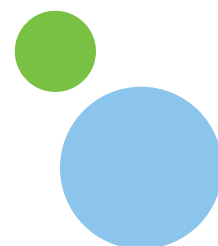
Context of Consultations

Indonesia has the third-largest area of tropical forest in the world.²⁵ This globally significant resource is critical not only to the livelihoods of local people and the country's economic development, but also to the global ecosystem. The Food and Agriculture Organization of the United Nations (FAO)²⁶ says that forest cover in Indonesia has declined by more than 20% since 1990 and tropical peat lands, an equally important carbon-rich ecological resource, are also under threat and in decline. Land use, land-use change, and forestry and peat-land degradation are the most significant contributors to GHG emissions in Indonesia and therefore present key opportunities for GHG reduction. The main perceived sources of deforestation and degradation, according to a recent study by the government,²⁷ are: (i) weak governance, (ii) a poor legal framework and weak law enforcement, (iii) poor spatial planning, (iv) tenurial issues, and (v) ineffective forest management units.

²⁵ See UN-REDD Programme: Indonesia. <http://www.un-redd.org/UNREDDProgramme/CountryActions/Indonesia/tabid/987/language/en-US/Default.aspx>

²⁶ Food and Agriculture Organization. 2010. *Global Forest Resources Assessment 2010*. Rome. <http://www.fao.org/docrep/013/i1757e/i1757e.pdf>

²⁷ BAPPENAS regional consultation, 2010, cited in the National REDD+ Strategy.



Government management and policy development in the forestry sector is multifaceted and often contentious, both within and outside the government. The Ministry of Forestry (MOFor) is mandated to manage and protect the country's forests, including logging concessions and forest ecology. In the past, lack of transparency in the granting of concessions and their management led to public perceptions of corruption in the MOFor, affecting its relationships with both civil society and donors, especially in policy development. Moreover, the legitimate, and sometimes competing, interests of other government departments and agencies in forestry policy (e.g., finance, planning, agriculture, environment, and energy and mineral resources) created a challenging political environment for consultation. In 2009 the MOFor set up the National Forestry Council (DKN²⁸), a multi-stakeholder advisory body, to promote good governance, effective policy development, and conflict resolution in the sector. DKN has gained increasing respect from stakeholders and experience in organizing and facilitating consultations on forest issues. While considerable progress has been made in advancing forestry policy, provincial and local governments, forest management units, and communities still lack awareness of forestry issues and the capacity to deal with those issues at the local level.

Indonesia's forestry policy has evolved considerably in recent years. The Forestry Long Term Development Plan²⁹ published by the MOFor in 2006 centered on institutional strengthening, sustainable resource use, and stronger engagement of communities in forest management. It did not include approaches to climate change mitigation, such as REDD, that were emerging from the UNFCCC discussions. Indonesia was a leading and progressive participant in those discussions, and as the concepts and structures took shape REDD increasingly became the primary focus of forestry policy development. MOFor led the preparation of the country's REDD architecture and strategies with support from the Indonesia Forest Climate Alliance, a stakeholder forum comprising government, donors, and research institutions. An MOFor working group later took responsibility for this work in coordination with the UN-REDD Programme and BAPPENAS. In a major development, the governments of Indonesia and Norway signed a letter of intent in 2010 in which Norway agreed in principle to provide \$1 billion in support of Indonesia's REDD+ activities. The funding would go to the finalization of the national REDD+ strategy and the development of an institutional framework for a measurement, reporting, and verification agency under a REDD+ task force reporting directly to the President. The formation of the task force was an opportunity to accelerate readiness for REDD+ but it also reduced MOFor's supervisory control over the process.

Indonesia has a vibrant and politically active civil society, which is active in advocacy work for the protection of forest communities as well as in national and international policy dialogue on Indonesia's forests. At the national level, the government is increasingly recognizing and making use of the considerable capacity and knowledge of NGOs in dealing with forest issues. At the local level, however, NGO capacity is more variable and often weak, and accountability links are not well established. NGOs have long been critical of the government's forest policy, particularly what they believe to be mismanagement of the forests by MOFor, inaction over tenure issues, inadequate legal framework and law enforcement, and neglect of the rights of indigenous people. A number of NGOs are also strongly opposed to the involvement of MDBs in the forest sector, both on the grounds of their perceived role in deforestation through previous investments and from an "antidebt" standpoint. The usefulness of the consultation approach in the development of forestry policy and strategy is actively debated among NGOs, some of whom were critical of the approach in the early stages of REDD+ planning, but later engaged effectively in strategy consultations.

²⁸ Dewan Kehutanan Nasional.

²⁹ Ministry of Forestry, Republic of Indonesia. 2006. *Indonesia's Forestry Long Term Development Plan 2006–2025*. Jakarta.

It is important to note that FIP plan preparation and consultation took place in the considerably dynamic political and policy development environment that followed the signing of the Norway–Indonesia letter of intent. The subsequent moratorium on forestry concessions and the establishment of a Presidential task force to finalize REDD+ preparedness had both positive and negative effects on the planning environment. On the positive side, the prospects for effective interventions in the forestry sector greatly improved. There was heightened awareness of key issues among all stakeholders. Moreover, with the REDD+ strategy already complete, the FIP plan would bring in appropriate investments in mitigation at the right time. On the negative side, the developments introduced a certain amount of uncertainty regarding institutional roles and responsibilities and a certain level of discontinuity in forest policy development between the REDD+ task force and the MOFor.

Consultation Framework and Timeline

The preparation of the FIP plan was protracted, taking more than 2 years from the first scoping mission in August 2010 to final endorsement of the plan by CIF in November 2012. An awareness-raising campaign among FIP stakeholders, both through specific FIP information meetings and as part of other events organized by stakeholders and DKN, began in the first quarter of 2011. During the first joint-mission in July 2011, the mission team met with the major stakeholder groups, went on field visits to three provinces, and organized a national stakeholder workshop. A broad-based consultation meeting in December 2011 under the auspices of the DKN Forum on Climate Change and REDD+ drew participants from government, the private sector, civil society, academe, and the forest communities. The second joint-mission, formed to develop the final content of the plan in consultation with stakeholders, immediately followed. Growing concerns among a coalition of advocacy NGOs about the process of the consultations as well as aspects of the draft plan ultimately led to a postponement of the March 2012 submission to CIF. After an additional process of engagement with NGOs and dialogue in September 2012 between the FIP team and NGOs, the plan was submitted for CIF consideration in October 2012. A chronology of key consultation events is given in Table 4.

Table 4 Chronology of Main Consultation Events for the Preparation of the Forest Investment Program Plan in Indonesia

Date	Event/Activity	Consultation Summary
Aug 2010	Scoping mission	Objective: Identify the information-gathering and other measures needed for the joint-mission to prepare the FIP plan. Mission meetings with key government agencies, development partners, and some civil society representatives.
Feb 2011	REDD safeguards workshop	Objectives: Explore donor coordination on REDD safeguard standards and practices, and get an overview of FCPF and FIP. Workshop organized by Ford Foundation and Bank Information Centre with NGOs, MDBs, and other donors.
Mar 2011	Information meeting with civil society	Objectives: Share current information on planning for FIP with CSOs. Presentation to, and feedback from, CSO representatives.

continued on next page

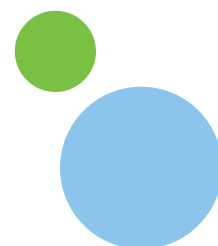


Table 4 *continued*

Date	Event/Activity	Consultation Summary
Apr 2011	Information meeting with development partners	Objective: Provide an overview of FIP to development partners involved in REDD and FCPF. Presentation to, and feedback from, development-partner representatives.
Apr 2011	TA inception/FIP update workshop	Objective: Review progress in planning for FIP preparation and TA activities. (Information on process and participants not available)
Jun/Jul 2011	DKN meetings in Java, Kalimantan, and Jambi	Objectives: Discuss safeguards issues with respect to FCPF and FIP, and review the strategic environmental and social assessment approach. Workshop meetings with local and national CSOs.
Jun/Jul 2011	Information sessions on the FIP	Objective: Provide background information on FIP preparation in Indonesia. Presentations at meetings with private sector and forest management unit coordination meeting; posting of information on DKN and CIF websites.
Jul 2011	First joint-mission to Jakarta	Objectives: Review progress of stakeholder engagement in the FIP; undertake field visits for stakeholder discussions; discuss the FIP with stakeholders; review REDD+ preparedness; identify the next steps in stakeholder consultation on the FIP. Mission meetings with government, CSOs, private sector, and development partners; meetings with provincial and local government and communities in three provinces; national stakeholder workshop.
Jul to Nov 2011	DKN stakeholder meetings on the FIP	Objective: Provide background information on the FIP preparation and get feedback from stakeholders. Discussions on the FIP with DKN representatives from government, private sector, civil society, academe, and forest communities. (No information available on process, agenda, or outcomes)
Nov 2011	5th Indonesian Forestry Congress	Objective: Provide background information on FIP preparation in Indonesia. Presentation to participants at the congress (representatives from government, private sector, civil society, academe, and forest communities)
Dec 2011	DKN Forum on Climate Change and REDD+	Objectives: Clarify FIP objectives and position of main stakeholders; receive further input to the draft plan from stakeholders; share information on financing and consultation issues. DKN-facilitated workshop including representatives of the five DKN chambers (communities, private sector, government, CSOs, and academe).
Dec 2011	Second joint-mission	Objectives: Synthesize the information collected and feedback received from various stakeholders; prepare a draft plan for government review. Mission meetings with government, CSOs, private sector, and development partners; national stakeholder workshop.

continued on next page

Table 4 *continued*

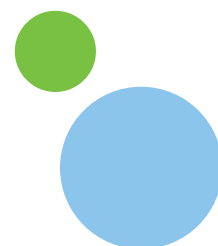
Date	Event/Activity	Consultation Summary
Jan 2012	ADB and government field visit to West Kalimantan	Objectives: Provide information on the FIP to subnational stakeholders; receive feedback and input to the draft plan from stakeholders; review the progress of the provincial REDD+ strategy. Meetings with provincial and local government and forest management unit communities.
Aug 2012	DKN-facilitated meeting with signatories	Objectives: Discuss and elaborate the main concerns of the NGOs that were presented to the FIP; prepare for the FIP dialogue. Discussion meeting.
Sep 2012	DKN-facilitated dialogue on NGO concerns	Objectives: Review the concerns of the NGOs and DKN Presidium on the substance and process of the FIP and identify the changes to be made. Dialogue and workshop between NGO signatories, MOFor, MDBs, and DKN.

CIF = Climate Investment Funds, CSO = civil society organization, DKN = Dewan Kehutanan Nasional (National Forest Council), FCPF = Forest Carbon Partnership Facility, FIP = Forest Investment Program, MDB = multilateral development bank, MOFor = Ministry of Forestry, NGO = nongovernment organization, REDD = Reducing Emissions from Deforestation and Forest Degradation (a UN program), TA = technical assistance.

Consultation Process

The design document of the FIP requires the design and implementation of strategies, programs, and projects to go through a process of public consultation, with the full and effective participation of all relevant stakeholders, particularly communities, indigenous peoples, and women. The consultation process adopted for the preparation of the FIP plan—involving stakeholder survey and analysis, early information meetings, consultation meetings with stakeholder groups (within and outside the joint-missions), and consultations at the subnational level—was appropriate and had the main elements needed to comply with both FIP and ADB guidelines. The choice of DKN as the main facilitator and organizer of the consultations was practical, since the DKN's five chambers (private sector, academe, government, NGOs, and communities) could theoretically deliver an efficient process in a very diverse sector. The consultations with representatives from all the stakeholder groups identified eight core issues and worked these into the final plan content. Despite this, the process did not achieve consensus across all stakeholder groups. A coalition of national and international NGOs remained strongly critical of the FIP throughout the preparation of the plan and forced a postponement of its consideration by CIF and an extension of the consultation process. Part of the failure to reach consensus can be attributed to aspects of the consultation process, notably its early management and facilitation, and the inadequacy of the subnational consultations.

The early stages of consultation are probably the most crucial, both in establishing understanding and in building alliances among stakeholders to reach consensus. Unfortunately, the short-term technical assistance (SSTA) provided to support the preparation of the FIP plan neither delivered an adequate strategy nor carried out meaningful consultations with important advocacy NGOs in the forestry



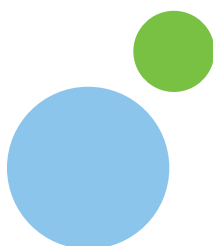
sector early in the process. The stakeholder analysis,³⁰ although comprehensive, did not examine the interests, expectations, and relationships of stakeholders in a way that might have identified potential supporters or detractors of the FIP plan to guide early engagement with these organizations. The study found no evidence that the SSTA team worked with key NGOs or other stakeholders on the design of the consultation process early on; instead, this collaborative role was handed to DKN as the most appropriate body, at the request of the government. Many observers felt that the consultation process did not give stakeholders an adequate understanding of FIP, especially at the early stages. Some invitees to early information meetings noted that the information was sometimes unclear, and not accessible to all participants.

The organization and facilitation of the consultations by DKN, while practical and potentially efficient, was not wholly effective and would have benefited from better guidance and closer monitoring. Other factors that contributed to low effectiveness were the DKN's limited capacity to lead the national FIP consultation in a complex political environment, and the mistrust that existed at the time between some advocacy NGOs and the DKN. Although participating in the DKN NGO chamber, many of these organizations did not regard DKN as a fully impartial facilitator and continued to feel uncomfortable about its closeness to MOFoR. Indeed, many NGOs were not happy with the use of DKN meetings for FIP consultations, and their unease had a significant impact on consultations before the second joint-mission, limiting the extent of consultations on the plan at the 5th National Congress and prompting NGOs to withhold their final input to the FIP plan at the December 2011 consultation meeting organized with the support of the DKN Forum on Climate Change and REDD+, pending further outreach and discussion.

After a change in management at the end of 2011 and following the difficulties experienced in reaching consensus on the FIP process, the DKN decided to review its involvement in FIP planning. The FIP experience also prompted an initiative within DKN to develop a much more transparent protocol for consultation approved by all five chambers, focusing initially on consultations for the Forest Carbon Partnership Facility (FCPF), a DKN priority. In March 2012, the NGO coalition wrote publicly to the FIP team complaining about the process and content of the FIP plan and requesting further consultation (Box 2). This request was supported by the head of the REDD+ task force and the submission of the FIP plan was postponed pending further consultation. At this point the MOFor requested DKN to reengage with the FIP process. With a clearer perspective on the FIP process achieved and its protocol under way, DKN took charge of the FIP engagement with the NGO coalition and was effective in defusing the situation, engaging the NGOs in working out and refining their concerns (Box 2), and finally organizing a dialogue between NGOs and the FIP team in September 2012. While this process did not yield the desired consensus, these later contributions of DKN to the FIP process were particularly valuable and were recognized by all stakeholders interviewed for this study.

The inclusivity and meaningfulness of consultations with indigenous forest communities, women, and marginalized groups was a major concern of the NGO critics. The process included two key opportunities for engagement—first through the DKN community chamber and then through field visits during the first joint-mission and in early 2012. No information was available to this study on the details of community input through the DKN process. However, substantial responses would have been confined to the main consultation workshop in December 2011, which was valuable in

³⁰ ADB. 2011. *Aide-Mémoire: First Joint-mission, Indonesia Forest Investment Program*. Brief on Role of Stakeholders in REDD+ in Indonesia (Annex 4). Manila.



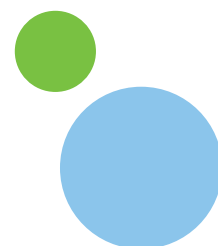
Box 2 Requests and Concerns of Nongovernment Organizations Related to the Forest Investment Program Planning Process

Requests ^a	Concerns ^b
<p>The FIP plan should be translated immediately into Bahasa Indonesia and the local languages in the proposed project sites.</p> <p>The deadline for the public to comment on the draft should be extended from the time the draft in Bahasa Indonesia and local languages is made available for public distribution, taking into consideration the necessary involvement of indigenous and local communities.</p> <p>Local communities and indigenous peoples should be given space to participate fully in discussions on the draft plan. The principle of “free, prior, and informed consent” should be applied.</p> <p>The plan should not merely be provided on a website, but also actively invite local community participation through various participation channels, taking into account the special needs of vulnerable groups, such as women, children, and the elderly.</p> <p>The results of wide and genuine consultation should be a main reference in the entire FIP planning process, including the drafting of the investment plan.</p> <p>Since the FIP plan is meant to be a national document, the draft should state clearly how the plan relates to the national strategy being formulated by the REDD+ task force.</p>	<p>The plan does not adequately cover drivers of deforestation, e.g., weaknesses and abuse of the SVLK system, policies that permit rights abuses, corruption and timber trafficking, recent revisions in the law, some MDB projects.</p> <p>The forest management units (KPH) do not have the authority or the capacity to undertake the strategic roles in forestry outlined in the FIP plan.</p> <p>The status of the FIP plan as a legal document is not clear and implementation will require mainstreaming efforts among stakeholders to achieve implementation.</p> <p>There is no clear perspective on the handling of forest tenure and recognition of the rights of marginalized people and women to land and natural resources.</p> <p>The safeguards approach in the FIP plan is not integrated with national safeguards and it is not clear which safeguards policies will be applied.</p> <p>The FIP plan does not provide for adequate assessments to support good understanding of the problems and improve the design of program activities.</p> <p>The FIP plan does not acknowledge women as important forestry stakeholders, and does not recognize the impact of forest degradation on women or protect their rights.</p> <p>There is no clear framework or direction in the plan for the management of ecosystem restoration.</p>

DKN = Dewan Kehutanan Nasional (National Forest Council), FIP = Forest Investment Program, KPH = Kesatuan Pemangkuan Hutan (forest management unit), NGO = nongovernment organization, REDD = Reducing Emissions from Deforestation and Forest Degradation (a UN program), SVLK = Sistem Verifikasi Legalitas Kayu (timber legality verification system).

^a Made to the FIP team in correspondence, March/April 2012. Source: <http://www.redd-monitor.org/2012/04/06/ngos-demand-that-forest-investment-program-in-indonesia-is-postponed-until-demands-are-met/>

^b About the content of the FIP plan being developed with DKN. Source: Translated and summarized from the DKN Report on FIP Dialogue.



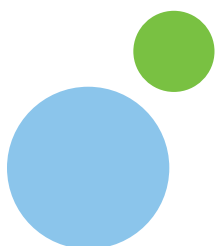
gaining feedback from community representatives but gave them little opportunity to reach out to, or consult in an iterative way with, their constituencies. The three field trips to Jambi, West Kalimantan, and Central Java during the first joint-mission included meetings with local government, local civil society, and community groups. Discussions with local groups were carried out in the local language but limited information was provided to these groups before the visits or as feedback afterward. The contributions of the communities were not recognized separately in the field reports. Since FIP content had not yet taken shape, discussions at the first joint-mission field visits appropriately focused on problems and possible solutions rather than presentations and consensus on the FIP.

Some criticisms leveled at ADB with respect to the consultations arose from misconceptions about the nature and level of the investment plan. The FIP plan is a government strategy document and not an ADB project or program document and therefore does not fall directly under ADB's Safeguard Policy Statement or Public Communications Policy when it comes to safeguards and disclosure. However, it was important that consultation should accord with ADB best practice and FIP guidelines. Regarding ADB best practice (see page 6), prior discussions on the field consultations with relevant stakeholders and the provision of accessible information to those consulted in the field, both before and after the field visits, would have been helpful. Although the CIF guidelines strongly emphasize consultation with indigenous and marginalized groups, they do not provide any guidance on how that might be approached at the strategy level if the impact on communities is still unclear or the project sites have not yet been chosen and the risk of raising expectations is high. As regards the FIP guidelines, the field consultations at the community level would have been more effective if the process had been more iterative at the community level, the information more accessible to communities, and participation at the community level more inclusive.

Participation

The political and economic importance of Indonesia's forests to the country and the government's involvement in international climate change forums (including representation on the CIF FIP Subcommittee) resulted in strong government engagement in FIP preparation. At the start of the process, the MOF designated MOFor as the lead agency, given its clear mandate for managing Indonesia's forest resources and implementing forestry programs. Not making the REDD+ task force directly responsible for managing the preparation of the FIP plan presented an opportunity to improve coordination and collaboration between MOFor and the task force, but also risked worsening the competition between the two agencies. Although it took some time for MOFor to understand the framework and process for the preparation of FIP and related projects, its ownership of the process was good. According to MDB partners, MOFor was focused and engaged throughout the process and had clear priorities, which it saw through. ADB and other MDBs stepped in occasionally to fill capacity gaps when requested but were careful not to dominate the process. Records of joint-mission meetings show strong participation by government both as attendee and as chair of stakeholder meetings and national workshops. The government was also active in troubleshooting, stepping in on a number of occasions to talk directly to NGOs that were critical of the process.

As in most other countries, coordination between government agencies in Indonesia is not easy. To facilitate coordination, the MOFor directed additional resources and capacity for outreach and engagement with government partners in FIP plan preparation. The documentation and reports from stakeholders indicate strong collaboration between MOFor, MOF, and BAPPENAS, which was crucial in supporting the consultation and facilitating the passage of the FIP through administrative processes. The participation of the REDD+ task force was essential, given the role and objectives



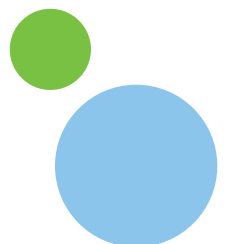
of the FIP, but here coordinating relationships between the main agencies were more fragile and less effective. Ultimately the task force asserted its concerns over FIP and REDD+ coordination through its strong backing for the NGO critics of the FIP plan and recommended a later submission date, after March 2012. ADB, other MDBs, and development partners provided strong support to bridge the gap in coordination and strengthen connections between the REDD+ strategy and institutions, on the one hand, and FIP development and final content, on the other. Coordination between the MOFor and the task force did improve slightly as a result of the overall process and has been institutionalized through the representation of the task force on the FIP steering committee.

Given the extensive and positive engagement of Indonesian civil society in forestry issues at all levels, its participation in the joint-mission consultations was poor. More significant and ultimately effective civil society participation was channeled through a public campaign critical of the FIP, which was pursued by a coalition of advocacy NGOs (and INGOs). This choice of action allowed them to stand apart from what they regarded as a flawed consultation process, especially at a time when NGOs were engaged in a wider debate around the meaning of consultation and safeguards with respect to forest interventions. It also provided a more effective platform to voice their views on the government's failure to advance policies on forest tenure for indigenous people and more effective community-based forest management. However, it may have overshadowed the contributions of quieter and more supportive groups. The coalition had considerable expertise in forest issues, produced some good ideas, and eventually provided considered contributions to the FIP plan.³¹ Following the postponement of the FIP submission in March 2012, the coalition worked effectively with DKN to refine and clarify their contributions and participated in a dialogue on these with the FIP team. Although consensus on the inclusion of their proposals was not complete, the campaign did lead to some changes in the FIP plan (see the "Outcomes" section below) and dialogue is expected to continue as FIP project preparation begins.

The participation of the private sector in the FIP consultation meetings was good and mostly supportive. The participants were upstream and downstream forestry companies and concessionaires, industry associations, INGOs working on private sector-sponsored projects, management consultants with sector expertise, and local banks with natural resource investments. Understanding of FIP and MDB financing among these stakeholders was low, although many were aware of the REDD mechanism and its potential for engaging private sector in solutions to GHG emissions (possibly as a result of REDD+ strategy consultations). Discussion often focused on clarifying access to the funding and the nature and likely terms of the financing, rather than contributions to the program, but meetings were valuable in highlighting the problems faced by small and medium businesses at the community level, such as the low involvement of banks, the lack of business capacity and services, and the overlapping licensing and regulatory responsibilities between ministries, and between ministries and local government. Some observers noted that promoting more strategic participation from the private sector in transformational developments remains difficult and that identifying industry champions would be a helpful approach.

Development partners, particularly those with bilateral programs related to REDD+ (Australia, Japan, Norway, and the US), were supportive of FIP development and engaged throughout

³¹ HuMa, BIC, debtWatch Indonesia, ELAW Indonesia, AMAN, Solidaritas Perempuan, KPSHK, Forest Peoples Programme, IESR, Greenpeace, Walhi, AKSI, Ulu Foundation, and Sawit Watch. 2012. *Comments and Recommendations on the Forestry Investment Program/Plan Document*. 21 September. <http://www.bicusa.org/wp-content/uploads/2013/01/FIP+Commentary+and+Recommendation+Sept+2012-+english.pdf>



the FIP preparation process. Common objectives of their engagement were to ensure effective integration and linkage between FIP, the REDD+ strategy, and REDD+ bilateral programs and to leverage transformation through carefully focused FIP activities. In support of these aims, as well as their participation in joint-mission consultation meetings, the development partners were active in background coordination efforts with government agencies, MDBs, and other stakeholders. Development partners also supported the wider consultation process, commending DKN efforts but noting that after the December workshop and the second joint-mission considerably more consultation would be needed to address the wide-ranging issues raised.

Transparency and Information

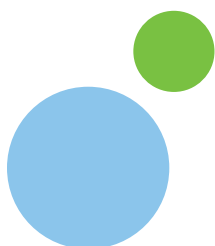
From the beginning, efforts were made to publicize and disseminate information on the FIP and the plan preparation process, including the information meetings (DKN and FIP), the posting of FIP documents on the internet, and the mailing of briefings to relevant stakeholders. However, the failures of the SSTA and a lack of active monitoring of and support for DKN in delivering information activities meant that communications at the start of the process were patchy and not strategic (see the “Consultation Process” section above). Representatives of all stakeholder groups interviewed for this study felt there was some confusion and limited understanding among stakeholders of the purpose and context of the FIP from the start. This had the knock-on effect of diminishing the quality of engagement and feedback from stakeholders and impairing relationships with civil society stakeholders. Moreover, it is clear from the nature of later criticisms from NGOs that some of these misunderstandings (e.g., over MDB processes and financing, MDB safeguards, and project-level consultations) persisted throughout the consultation process.

The absence of a strategic communications approach meant that leadership of the FIP was often reactive rather than proactive, with implications for the transparency of the process. While strong efforts were made to publicize and translate information and proceedings, such as FIP briefs and the reports of joint-missions, the process was not always consistent and the language of these documents was not fully accessible to stakeholders at all levels. The lack of an accurately translated Indonesian version of the FIP plan for consultation was a legitimate request of the NGO coalition that should have been anticipated by the FIP team. With respect to stakeholder input to the plan, another major concern of the NGO coalition, the comments matrix appended to the FIP document does accord with ADB best practice of “explaining how these [comments] have been taken into consideration,” but the responses are sometimes unclear about whether the points have been adopted. An additional barrier to transparency was ADB’s management of the process from headquarters in Manila (except during joint-missions) rather than from Jakarta. This often delayed decision making and led to time gaps in the provision of information, with resulting impact on the perceived transparency of the process.

Outcomes

The first joint-mission consultations contributed substantially to the development of the eight themes that guided the evolution of the FIP plan. Input from later consultations, including the key concerns of the NGO coalition, also helped improve the plan (although not to the coalition’s complete satisfaction). The main improvements made were:

- Stronger alignment and coordination links with the REDD+ strategy and evolving REDD+ institutions;



- Greater clarity on tenure issues in relation to the FIP and strengthened support for ongoing tenure reforms;
- The inclusion of baseline assessments for each of the component activities;
- Clearer links between the FIP plan and implementation processes;
- The elaboration of an institutional development approach to support the forest management units;
- Greater clarity on government ownership and liabilities with respect to loans; and
- The inclusion of a summary of the consultation process, stakeholder input, and responses.

The consultation also resulted in some indirect outcomes, such as prompting the DKN to take a much more considered and structured approach to its role in the consultation activities. Experiences from the FIP preparation also informed the development of the FCPF consultation protocol, and to some extent the ongoing wider discussions on safeguard and consultation approaches for REDD+. The strong attention that will now be given by NGO critics to the project development process is expected to have a positive effect on the quality of project-level consultations.

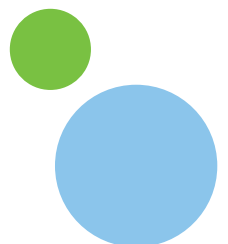
Conclusions

National consultations on forest issues in Indonesia are very challenging. Apart from accommodating the geographic size and cultural diversity of the country, the management of the country's forests, from policy level down to local management, is complex, involves many competing stakeholder interests, and is highly politicized. In addition, at the time of FIP plan preparation, consultation methodologies and the integration of safeguards into REDD+ activities were high on the agenda of civil society. In the early stages of FIP preparation, these aspects of the context were not fully recognized; consequently, a strategic communications approach to the consultation and the required level of management was not in place when it was most needed. This resulted in a difficult and sometimes inconsistent process, as well as misunderstandings and poor relationships between FIP proponents and some civil society stakeholders.

Overall, the consultation process that was adopted had the appropriate elements, but implementation was not always coherent or responsive. Given the time frame and stakeholder diversity, working with the DKN was the only practical approach to accomplishing these national consultations, but too much reliance was placed on this organization, given its capacity limitations and existing poor relations with some NGO groups. The later engagement of DKN in the process demonstrated the importance of better management, a clearer mandate, and adequate resources, but the organization still requires further capacity if it is to continue providing support to such broad national consultations.

Since the ultimate focus of the FIP plan was forest management and investment at the community level, the consultations carried out at the subnational level were fairly limited in scope and would have been more effective if extended to include further visits at a later stage of FIP plan development or linked more directly to the DKN community chamber discussions.

Government ownership of the process was solid and overall stakeholder participation across all groups was reasonable and could have been improved if more effective use of the DKN structure had been feasible. Tensions between government agencies and between the NGO coalition and some government agencies and MDBs made for a more fragile process, at some points requiring informal consultations and diplomatic troubleshooting by ADB and various stakeholders to keep on track. The high-profile campaign of the NGO coalition brought considered ideas and valid questions



into the FIP consultation arena and its intervention raised consultation standards toward the end of the process and ultimately improved the FIP plan. On the other hand, some of the criticisms from the NGO coalition were misplaced, based on misunderstandings of the process, and occasionally charged with nonnegotiable positions that made open dialogue more difficult. Earlier and deeper understanding of the political situation surrounding the consultations for the FIP plan might have avoided some of the later delays and difficulties with the process.

Pilot Program for Climate Resilience and Scaling Up Renewable Energy Program in Nepal: A Case Study

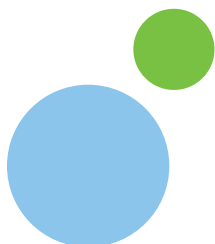
Overview of Country Investment Plans

The Ministry of Environment (MOE) approved participation in the PPCR on behalf of the Government of Nepal in May 2009 and also confirmed participation in the SREP in June 2010. Through the development of these programs and other climate change interventions, including the country's National Adaptation Programme of Action (NAPA), Nepal has progressed in recent years to become a leader among its peer countries in developing and demonstrating climate change interventions.

Nepal is characterized by fragile ecosystems, high levels of poverty, and a strong dependence on natural resource-based livelihoods that make it very vulnerable to the adverse effects of climate change. Most climate projections for the region suggest that rainfall is likely to intensify, leading to more extreme events such as floods, droughts, and landslides. Rising temperatures will cause glaciers to retreat and changes in seasonal snowfall and melt will lead to greater uncertainty about water flows and may, in the long run, diminish the availability of water.

In accordance with the CIF guidelines, the preparation of both the PPCR and the SREP was led by the Government of Nepal, in collaboration with the World Bank, ADB, and IFC. Phase 1 of PPCR preparation comprised fast-track technical assistance (TA) running from May to November 2010. The TA involved prioritization planning, including an assessment of climate risk and adaptive capacity, and provided technical support and facilitation for the drafting of the SPCR. The SPCR had five components: (i) building the climate resilience of watersheds in mountain eco-regions, (ii) building resilience to climate-related hazards (especially droughts and floods), (iii) mainstreaming climate change risk management in development, (iv) building climate-resilient communities through private sector participation, and (v) enhancing the climate resilience of endangered species. A total of \$110 million in funding was requested for the SPCR—\$50 million in the form of a grant and \$60 million in concessional loans.

The Nepal SREP was developed within a short period, from July to November 2011, building on the experiences of previous climate change programs such as NAPA and the PPCR. The preparation focused on two key intervention areas—small hydropower, and mini and micro energy development. The small hydropower component comprises installations of up to 10 MW and provides up to \$20 million for credit or risk coverage to domestic financial institutions and for TA with a target of 50 MW of new capacity. The mini and micro energy component provides for a \$20 million Renewable Energy Fund managed by the Alternative Energy Promotion Centre (AEPIC) for a revolving credit or grant facility and TA. Targets for the mini and micro energy component are 160,000 biogas systems, 30 MW mini- and micro-hydro systems, and 500,000 solar home systems.



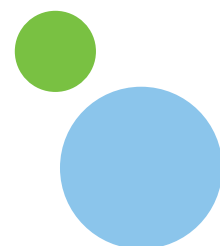
Country Context of Stakeholder Engagement and Consultation

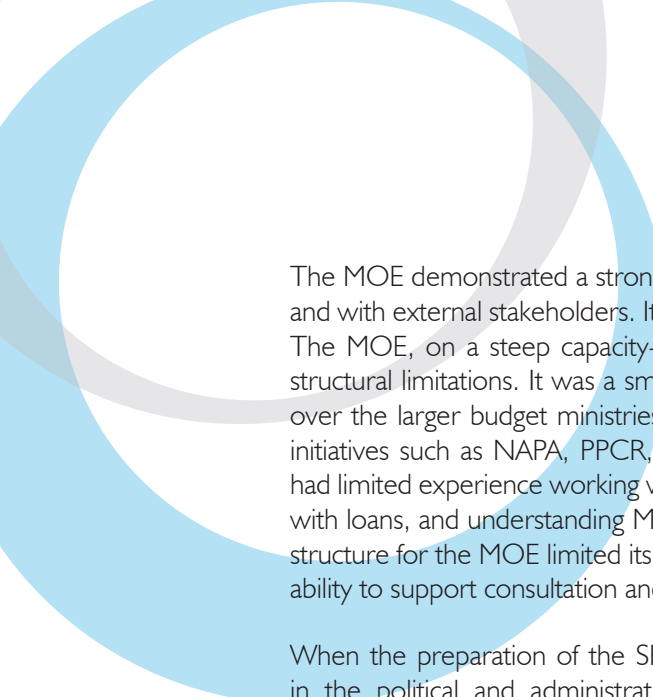
Nepal's unique and fragile political situation significantly affects the context of development assistance and related consultations. The country is still emerging from the 10 years of violent conflict that ended in 2006 and is engaged in a protracted political transition, including a fragile power-sharing government and the contested development of a new constitution. The conflict and the continuing instability have reduced the effectiveness of state institutions, leading to a reliance on key individuals to drive processes and decision making. In addition, growing recognition of the inequality of former social, economic, and political institutions has led to the rise of identity politics demanding recognition and accommodation of diverse social, cultural, and ethnic identities. As a result, all issues in the public sphere are, to some extent, contested. Donors have become increasingly frustrated with the stalled political situation and continue to warn that their ability to deliver aid and commit to future resources within the current vacuum is severely challenged.

Since the country's ratification of the Kyoto Protocol in 2005, climate change has gained greater attention in Nepal, both within government and across civil society. The MOE, established as a separate ministry in 2008, is the focal point for climate change issues, and the Climate Change Council, formed by the government in 2009 and headed by the prime minister, guides and coordinates the relevant policies and planning. Government and major donors (including the MDBs) have also signed an agreement on approaches to addressing climate change, including the harmonization and alignment of relevant actions. In 2010 the MOE set up the Multi-Stakeholder Climate Change Initiatives Coordination Committee under the chairmanship of the MOE secretary to foster a unified and coordinated climate change response at the functional level. This committee is still in the start-up phase.

A national NGO network for climate change, the Climate Change Network Nepal (CCNN), is proactive in consulting NGOs and the government on national and local climate change initiatives. The national association of Nepal NGOs also has a climate change group, which carries out sharing and learning activities, but there is no regular forum for sharing between donors and civil society. Awareness and understanding of climate change among CSOs is strongest in INGOs and key national advocacy NGOs, and fairly low among national and local development NGOs, even though many are already engaged in adaptation activities. Links between CSOs based in the capital and local and community-based organizations are weak but gradually improving.

Government awareness and understanding of climate change issues was growing significantly at the start of PPCR preparation, both within the MOE and among key line agencies. In 2009 the government was already supporting a range of donor-funded climate change adaptation initiatives encompassing agriculture, water resource management, energy, disaster risk reduction, and biodiversity. Crucially, the preparation of the Nepal NAPA began a few months ahead of the PPCR process, and the government and MDBs were able to build on both the experiences and the structures of NAPA development, in particular using the thematic working groups (TWGs) set up under the NAPA to develop the SPCR. The almost parallel development of the NAPA and the SPCR did, however, lead to some tensions. There were expectations among some stakeholders (including government) that the PPCR funds could be directly used to fund the NAPA, and they questioned the necessity of another prolonged and expensive planning process.





The MOE demonstrated a strong commitment to consultation processes, both within government and with external stakeholders. It was also proactive in addressing issues arising out of consultations. The MOE, on a steep capacity-building curve with respect to climate change, had considerable structural limitations. It was a small and relatively new ministry with consequently limited influence over the larger budget ministries such as agriculture, forestry, and energy. Its coordinating role in initiatives such as NAPA, PPCR, and SREP was therefore potentially constrained. The MOE also had limited experience working with MDBs, particularly in developing investment programs, dealing with loans, and understanding MDB procurement procedures. Moreover, the lack of a subnational structure for the MOE limited its access to, and understanding of, local climate change issues and its ability to support consultation and mainstreaming at the local level.

When the preparation of the SREP began in February 2011, while there had been little change in the political and administrative environment, understanding of climate change among key government agencies had evolved considerably. In addition, considerable institutional arrangements for renewable energy development were already in place. With the NAPA completed and PPCR preparation almost completed, the capacity of the MOE, the Ministry of Finance (MOF), and the National Planning Commission (NPC) to address both the technical and administrative aspects of climate change investment planning was much stronger. The development of renewable energy had been a high government priority for some time and considerable resources were already directed to the sector, which was active and vibrant, particularly with respect to rural renewable energy. A number of key donor interventions were under way or near completion, providing considerable implementation experience. Many of the interventions were supported by the AEPC, a semiautonomous government body with a mandate to promote the use of renewable energy technologies. A number of private sector organizations and CSOs were also providing services for the development of mini- and micro-hydro, biogas, and solar energy.

Overall Assessment of the Pilot Program for Climate Resilience and Strategic Program for Climate Resilience in Nepal

Consultation Framework and Timeline

The consultation process for the Nepal PPCR and SPCR involved all the major stakeholder groups and entailed consultations at national, district, and community levels. A mission approach to PPCR preparation was adopted, with intensive consultations linked to joint-missions and additional tangential consultations (e.g., government, private sector) continuing outside of mission visits. Consultations began with a PPCR scoping mission in June 2009, and final consultations took place during the joint-mission in February 2011. The key milestone event was the SPCR inception and consultation workshop on 6 July 2010, which was attended by more than 100 participants covering all stakeholder groups. The final SPCR was submitted and approved by the CIF PPCR subcommittee in June 2011. A chronology of key consultation events is provided in Table 5.

Consultation Process

A clearly developmental approach to the preparation of the PPCR and the SPCR, in which consultation played a central role, was adopted. Stakeholders contributed to stocktaking and analysis, besides

providing input on the role of the PPCR and the final design of the SPCR. Stakeholder identification was carried out primarily by the MOE. No formal stakeholder analysis approach was undertaken; rather, the stakeholder analysis carried out under the NAPA was built on and clear efforts were made to ensure the inclusion of subnational representatives of government and civil society in the process. Civil society was not particularly strongly integrated into the overall PPCR consultation process but was represented in the NAPA TWGs, which were adopted to support PPCR preparation. While stronger engagement of civil society at an early stage might have averted some of the concerns raised later on by the NGOs, there is no evidence that the CSOs felt they had been excluded.

The consultation process was mission based, with the main consultation meetings clustered around a series of joint-missions of the MDBs. Consultation comprised a mixture of stakeholder group workshops, joint government and MDB meetings with individual stakeholders, and occasional larger roundtable discussions encompassing representatives of all stakeholders. While the content, nature, and facilitation of individual consultations was appropriate, the mission-based approach, particularly at the start, did not provide the continuity and level of stakeholder engagement needed to build adequate understanding of the PPCR and establish strong relationships between stakeholder groups. This was important, given the continuing concerns of stakeholders (including government) over the potential duplication and lack of direct links between the NAPA and the PPCR.

Table 5 Chronology of Main Consultation Events for the Preparation of the Pilot Program for Climate Resilience and the Strategic Program for Climate Resilience in Nepal

Date	Event/Activity	Consultation Summary
Mar 2009	PPCR scoping mission	Objectives: Determine the willingness of the government to participate in PPCR preparation and provide information on the process and possible themes. Mission meetings with key government agencies.
May 2009	Preliminary consultations	Objective: Discuss institutional options for designing and implementing the PPCR. MDB meetings with core government agencies and development partners.
May 2009	Joint preparatory mission	Objective: Continue discussions on options for designing and implementing the PPCR. Mission meetings with key government agencies, development partners, and CSOs.
Jun to Jul 2009	Interministerial dialogue	Objective: Agree on institutional arrangements for managing climate change in the context of the SPCR. Meetings to raise awareness of climate change issues in Nepal and relevant interventions, and to agree on the coordinating and implementing roles of MOE.

continued on next page

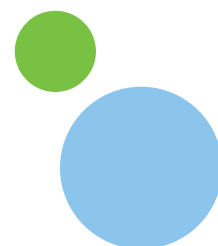
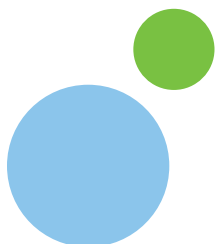


Table 5 *continued*

Date	Event/Activity	Consultation Summary
Sep 2009	First joint-mission	<p>Objectives: Take stock of climate change–related activities in Nepal and agree on the process and broad scope of PPCR activities.</p> <p>Consultation workshop with government and development partners to identify vulnerabilities, current approaches, and gaps; separate workshops with development partners, civil society, and private sector; mission meetings with key government agencies to agree on the broad themes identified in the stakeholder consultation workshop.</p>
Nov 2009	Follow-up consultations	<p>Objective: Develop and agree on the SPCR planning process.</p> <p>Meetings with MOE and the TWGs to follow up on technical planning issues; intergovernmental consultation to finalize institutional arrangements and set up the Policy Advisory Committee under the National Planning Commission.</p>
Jul 2010	SPCR inception workshop	<p>Objectives: Present the outline of the proposed SPCR and key steps in its development; obtain endorsement of the proposed plans.</p> <p>Workshop attended by representatives of all stakeholder groups.</p>
Jul 2010	Follow-up consultations	<p>Objectives: Review the outcome of the inception workshop, confirm the planning approach, and harmonize support for the assessments of risk and adaptive capacity.</p> <p>Review meeting between government, MDBs, and the NAPA team.</p>
Sep 2010	Thematic working group consultations	<p>Objectives: Confirm sector vulnerabilities and risks; discuss sector priorities under SPCR; prepare assessments of risk and adaptive capacity.</p> <p>Individual meetings of the TWGs.</p>
Aug and Sep 2010	Risk and adaptive capacity assessment	<p>Objective: Identify climate risks and vulnerabilities at community and local levels.</p> <p>Risk assessment workshops with local government, community leaders, and local resource persons in six districts; household surveys and community-level interviews.</p>
Oct 2010	Consultations on assessment findings	<p>Objectives: Confirm the main components of the SPCR and prepare the draft SPCR.</p> <p>Consultation with MOE on the findings of the risk and adaptive capacity assessment; MDB and government meetings on the SPCR draft with stakeholder groups.</p>
Nov 2010	Second joint-mission	<p>Objective: Agree on the concept papers for the major components of the SPCR.</p> <p>Consultation meetings with representatives of all stakeholder groups for each of the four SPCR components.</p>
Dec 2010	Independent CSO consultations	<p>Objective: Discuss the issue of taking out loans for climate change activities under the PPCR.</p> <p>Open forum of national and local CSOs and government invitees.</p>

continued on next page

Date	Event/Activity	Consultation Summary
Jan to Feb 2011	Government consultations on the PPCR loan	Objective: Clarify government position on borrowing for the PPCR. Meetings of CCC, MCCICC, PPCR Steering Committee, and PPCR Policy Advisory Committee to define the consensus position on loan funding under the PPCR; outreach consultation meetings with CSOs to explain the government position.
Feb 2011	Final joint-mission	Objective: Work with the government to finalize the SPCR proposal. Open-access consultation meetings to finalize all five SPCR components attended by representatives of all stakeholder groups; joint meeting of the PPCR Steering Committee and the PPCR Policy Advisory Committee to discuss the final SPCR components.

CCC = Climate Change Council, CSO = civil society organization, MCCICC = Multi-Stakeholder Climate Change Initiatives Coordination Committee, MDB = multilateral development bank, MOE = Ministry of Environment, NAPA = National Adaptation Programme of Action, PPCR = Pilot Program for Climate Resilience, SPCR = Strategic Program for Climate Resilience, TWG = thematic working group.

The PPCR process included a comprehensive risk and adaptive capacity assessment and resilience assessment at national, district, and community levels. Initially this raised concerns from stakeholders and the TWGs, since community-level consultation and identification of vulnerable communities had already been accomplished as part of the NAPA process. The need for further consultation and analysis was questioned. The proposed PPCR assessment was probably overambitious—the resilience assessment, for example, could not be completed—but it was appropriate for the development of a strategic approach anticipated under the PPCR and ensured that the PPCR consultation process was inclusive. Ultimately the MOE and other stakeholders felt that the information gained from the risk and adaptive capacity assessment contributed substantially to understanding and validation of adaptation issues, and to the design of the SPCR.

Overall, the consultation process was effective in achieving consensus in a contested environment. It clearly built on the NAPA process, including the identification of stakeholders, and it used the capacity and information developed, particularly through the adoption of the NAPA TWGs, to support the assessment, analysis, and consultation activities in PPCR preparation. The efficiency of the process strengthened and improved. Some continuing tensions between the two initiatives were also alleviated.

Participation

The effective participation of government in the consultation process was vulnerable to two important issues. First, the limited capacity and low influence of the MOE could lead to inadequate line agency engagement in the consultation. Second, the tensions that arose between government and MDBs over the preparation of the PPCR and NAPA, including the potential duplication of effort, direct PPCR funding of NAPA, and the perceived top-down approach of the PPCR, could limit government ownership and engagement.

A number of steps were taken to address these issues. In consultation with the prime minister's office, the MOE, and the NPC, a policy advisory committee chaired by the NPC was established to deal with high-level policy and resource issues and enable the MOE to fulfill its coordinating

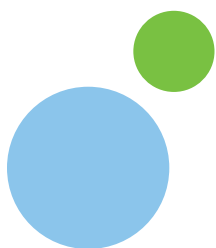
role. Consensus was reached on the relationship between the PPCR and NAPA through intensive consultations between government and the MDBs, and a consulting team was established under phase I PPCR funding to guide stakeholder engagement and prepare the SPCR under the direct management of the MOE.

Government participation and engagement in PPCR consultation improved as a result of these actions and MOE leadership of the coordination process was strengthened, but these achievements were largely driven by key individuals in the MOE, NPC, and MOF, as well as the consulting group. Broader government ownership of the process was more difficult to obtain because of the limited capacity to respond to the pressures of MDB deadlines and procedures and residual concerns over the SPCR-versus-NAPA approach. Inevitably there were trade-offs and MDB pushing sometimes took precedence over government leading. However, government ownership did grow as the SPCR was elaborated, as evidenced by the strong defense and proactive consultation with CSOs and government agencies in respect of the PPCR loan issue.

While CSOs were engaged throughout the consultation process, their participation varied in intensity and was mostly aligned with sector interests. Initially there was no evidence of coordination of CSO responses and participation in the process. The participation and contribution of CSOs in the TWGs was important in maintaining a civil society presence throughout the development of the SPCR, as was the role of CSOs in facilitating more effective and inclusive consultations at the community and district levels during the risk and adaptive capacity assessment. Development NGOs also participated actively in the SPCR inception workshop and the final consultation meetings on the design of individual SPCR components.

The MOE decision in November 2010 to take up the loan as well as the grant component of the PPCR funding evoked more concerted and coordinated opposition to the loans from CSOs. Many CSOs, particularly advocacy groups, argued that PPCR funding should be “compensatory” and “additional,” in accordance with the principles of the UNFCCC. The CCNN organized an open consultation on PPCR funding, which was attended by international and national NGOs as well as government officials. The CSOs also lobbied both government and the MDBs against the taking of loans, and Oxfam supported CCNN in an advocacy initiative raising the issue to the CIF Committee in Washington, DC. The government responded with outreach consultations to explain its position to CSOs and, while the CSO community remained somewhat divided, once the details of the concessional funding were better understood, a consensus on going ahead with loan funding was achieved.

Throughout PPCR preparation there was a strong collaborative partnership between ADB and the World Bank, which enhanced development partner participation. From the earliest PPCR missions, engagement with development partners was a strong element of the consultation process, a separate series of workshops with development partners was organized, and a system for reporting to development partners on PPCR development was established. Development partners were invited to participate in the joint-missions, but only the Department for International Development (DFID) of the United Kingdom and UNDP took up this invitation, in view of their major role in the NAPA development and planned climate change programs with the European Union. The active engagement of DFID and UNDP enabled PPCR preparation to build on the NAPA process and also supported government coordination and engagement in the PPCR process. Development partner participation in consultation workshops and meetings was strong, particularly from Germany, as well



as from Japan, Sweden, and the US. However some development partners felt that PPCR synergies with their own programs were not always followed up.

The government, concerned about the use of government funds for private sector activities, was initially reluctant to include the private sector in the PPCR preparation. Early consultations between the IFC and MOE were effective in improving understanding of private sector funding under the PPCR. With IFC consulting support and assistance from the Federation of Chambers of Commerce, an additional private sector TWG was established. This TWG worked in parallel with the PPCR TWGs in the SPCR preparation process. Besides consultations with 34 Kathmandu-based companies, the TWG carried out two subnational consultations covering agriculture, power, and housing, and a scoping study covering climate change risks, vulnerabilities, adaptive capacity, and opportunities for the private sector. This consultation process provided convincing evidence to the government on the current and potential private sector involvement in climate change adaptation.

Transparency and Information

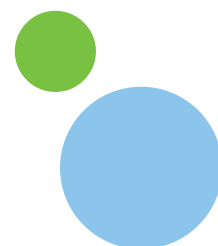
There was a consistent view across all stakeholder groups interviewed for this study that the consultation process for PPCR and SPCR preparation was transparent and inclusive. Some even remarked on the boldness of the consultation approach, given the highly contested public sphere in Nepal. The MOE set up a public website to share and facilitate comments on key documents, and the SPCR was posted in compliance with the CIF disclosure policy. However, not all stakeholders were aware of the existence of the website, the sharing of comments through the website was very limited, and little or no updating of the website has taken place since the approval of the SPCR. The mission approach led to meetings called on short notice, with little time to prepare, particularly for technical discussions. Some stakeholders felt information sharing by MDBs and consultants could have been better managed. Continuity of information sharing, beyond the approval of the SPCR, on how stakeholders might participate has been weak, and government and other stakeholders have commented on the lack of transparency over recent changes in the final amounts of grants and loans anticipated under the program.

Outcomes

Apart from its central contribution to the overall design of the SPCR, the consultation yielded significant outcomes, including the following:

- Increased understanding and awareness of concessionary lending for climate change adaptation as a result of the loan debate;
- Increased understanding of how the private sector can contribute to adaptation efforts;
- An effective model for MOE coordination and line agency implementation;
- The inclusion of a fifth component (biodiversity and livelihoods) in the SPCR; and
- A strong focus on vulnerable communities in the SPCR.

The NAPA and PPCR preparation processes raised awareness of and capacity for climate change within the government and among other stakeholders, and provided good models for open and inclusive approaches to program development in Nepal. The consultations also identified shortcomings in capacity and data monitoring. While the outcomes reflect strong steering by the MDBs, the PPCR consultations achieved a reasonable balance between the competing requirements of government, MDBs, and other stakeholders, as expressed during the consultation.



Conclusions

Stakeholder engagement and consultation was central to the preparation of the PPCR and SPCR in Nepal, and led to a reasonably inclusive process and a good-quality, evidence-based SPCR with good country ownership. The process built effectively on the ongoing NAPA preparation. It added an innovative private sector TWG to the consultation process, which was crucial in convincing government of the relevance and importance of the private sector as a stakeholder in SPCR development. But the parallel development of the NAPA and the PPCR and SPCR did raise concerns over duplication that might have been avoided if the consultation strategy had been strengthened through more intensive dialogue on this issue.

The mission-based approach engendered tangential consultations in government and the private sector, which improved the continuity of the process. However, as in other countries, this continuity of engagement tended to lapse after the completion of the SPCR, leaving nonprimary stakeholders unclear about the status of progress. The mission approach also tended to add weight to the perception that the MDBs were pushing the process, but, given the capacity of the relevant government agencies and the time constraints on plan preparation, a reasonable balance between MDB pushing and government leadership of the process was achieved. A strong consultative relationship between ADB and the World Bank, and between government, MDBs, and development partners, was also a significant factor in the effectiveness of the process.

The controversy over the taking of loans as part of the PPCR funding had both positive and negative aspects. While it led to a short-term deterioration in relationships with civil society (possibly rooted in their weak engagement in the early stages of the process), and was initially managed reactively rather than through proactive consultation, it did lead eventually to strong and effective outreach by government and responsible engagement by CSOs. Ultimately the campaign invoked by the CSOs led to an important public debate, which most stakeholders later declared to be a valuable and useful learning process.

Assessment of the Scaling Up Renewable Energy Program in Nepal

Consultation Framework and Timeline

The SREP was prepared more quickly than the PPCR. The process began with a scoping mission in February 2011, and the final investment plan was endorsed by the CIF SREP subcommittee on 1 November 2011. The main relevant stakeholder groups participated in the consultation process, with the private sector strongly represented, given the nature of the investments anticipated. Agreement on the broad scope of the investment plan was achieved early in the process and a group of consultants took the program ideas forward, guided by a steering committee and individual stakeholder consultations. Two sets of milestone consultation workshops provided feedback on the development of each component of the investment plan. A chronology of key consultation events is provided in Table 6.

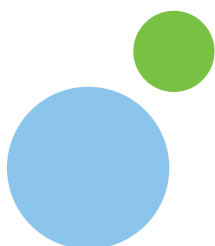


Table 6 Chronology of Main Consultation Events for the Preparation of the Scaling Up Renewable Energy Program in Nepal

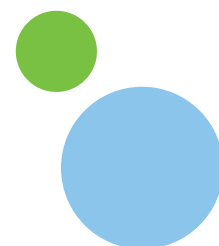
Date	Event/Activity	Consultation Summary
Feb 2011	SREP scoping mission	Objectives: Identify main stakeholders; take stock of existing RE activities; agree on timetable and resources for SREP planning; prepare TOR for the first joint-mission. Mission meetings with government, the private sector (including banks), and development partners.
Jul 2011	First joint-mission	Objective: Collaborate with government and other stakeholders in the preparation of the SREP investment plan. Mission meetings with government, private sector RE developers and manufacturers, commercial banks, other financial institutions, and the RREP formulation team; stakeholder consultation workshops on design issues for SREP including government, private sector, development partners, and CSOs.
Sep 2011	Second series of consultation workshops	Objective: Obtain feedback and guidance on the proposed SREP investment plan. Stakeholder consultation workshops for each component of the SREP, considering investment plan issues related to implementation, administration, and process, and including representatives of all stakeholder groups.
Sep 2011	Final joint-mission	Objective: Finalize the SREP investment plan with the government. Mission meetings with government, development partners, and private sector (including financial institutions).

CSO = civil society organization, RE = renewable energy, RREP = Rural and Renewable Energy Program, SREP = Scaling Up Renewable Energy Program, TOR = terms of reference.

Consultation Process

Stakeholder identification was undertaken by the MOE, with support from the MDBs. There was no formal stakeholder analysis, but the process was straightforward, given the clear delineation of the sector and ongoing developmental activities. The consultations took place mostly in the capital and the inclusion of subnational entities was limited. Consultations with consumers were ad hoc and confined to mission visits to relevant renewable energy installations. This stakeholder focus may have been appropriate, given that SREP consultations mostly covered technical administrative and financing issues. The consultation process, particularly the workshops, were planned in advance and the consultation process clearly built on existing structures and relationships established during NAPA and PPCR preparation, as well as the work of the teams preparing the Rural and Renewable Energy Program.

The mix of mission meetings and stakeholder workshops was an appropriate approach to the consultation process. On the basis of a government review of the draft SREP investment plan the stakeholder consultation plan was extended to include an additional set of workshops in September. All consultation workshops were short (half a day) and had 50–80 participants. Such workshops are essentially information and feedback meetings and not consultations. But the meetings were



well structured and facilitated, and generated feedback that was useful in improving the design and content of the final investment plan. Some stakeholder observers noted that representatives attending consultation meetings were not always technically trained or adequately briefed, and that contributions often focused on individual organizational interests rather than national interests.

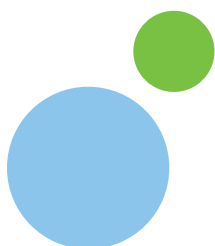
Participation

Government participation and leadership in the consultation process was strong, and it was evident that lessons had been learned from the NAPA and PPCR process, although MOE capacity did not always allow the ministry to match its commitment with timely action. Ahead of the scoping mission the government formed a broad-based steering committee, including representatives of MOE, MOF, NPC, Ministry of Local Government AEPC, and key private sector organizations. Two subcommittees were set up to facilitate consultations for each of the main components of the SREP. Ministerial roles in SREP preparation were clarified from the start, enabling the MOE to effectively guide intense interministerial discussions in developing the investment plan. The recent decline in renewable energy funding and the fact that SREP funding was grant based provided powerful motivation to both the government and the AEPC to participate in and expedite the preparation of the SREP. The AEPC, with its strong knowledge and technical capacity, also made a vital contribution to government ownership and leadership.

Given its central role in the development and delivery of both small hydropower and mini and micro energy, private sector participation was essential to the development of the SREP. While the private sector was well represented in the consultation workshops, it participated most effectively through individual dialogue with government or the consulting team. The dialogue was undertaken both through representative organizations, such as the Independent Power Producers' Association Nepal, and directly with individual manufacturing companies and developers. There was appropriate and strong engagement with the banking sector, and this will play a central role in SREP implementation, although banks have expressed concern over the lack of actionable information from government and MDBs, especially at the start of the process. The private sector made significant contributions to debates on household-versus-institutional targeting, household-level financing, lessons to be learned from the implementation of the Power Development Fund,³² and the many structural barriers to small-scale power development in Nepal.

Development-partner engagement was substantial throughout the consultation process. The DFID and United Nations partners were members of the joint-mission and were also often represented in mission meetings and consultations organized by the MOE. As with the private sector, the engagement of development partners through individual consultations with the government and the SREP team was the most effective and important mode of engagement. Consultations focused on the relationship between the SREP and the evolving Rural and Renewable Energy Program (RREP), and in particular how the SREP could contribute to the objectives of the RREP and be integrated into the sector-wide approach to renewable energy development adopted by the government. The development partners expressed satisfaction with their involvement in consultations, the adequacy and quality of the consultation process, and the outcomes with respect to integration with the RREP. There was much less engagement with partners from civil society. Only SNV, an INGO involved in renewable energy development, participated outside of the consultation workshop process.

³² Component of a previous World Bank project that had failed to lend funds to the private sector for renewable energy projects.



Transparency and Information

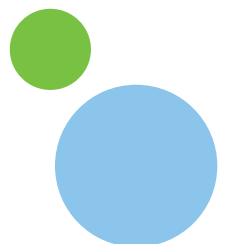
This assessment found no evidence of major concern among stakeholders about the transparency of the SREP preparation process. Some stakeholders, particularly development partners, noted that meetings were sometimes requested on short notice, not allowing enough time to prepare for technical discussions. Although information on agenda and items for discussion was provided ahead of consultation workshops, technical information was not, limiting the opportunity for pre-analysis by participants. Some stakeholder groups also observed that the lack of information provided in the local language may have been a barrier for some participants. Information on the SREP was provided on the MOE website and the draft investment plan was posted on the website according to the CIF public disclosure requirements. However, it is not clear if any comments or feedback was received through this process. Some stakeholders observed that once SREP approval had been achieved no updated information on the development of the program was easily available in the public sphere.

Outcomes

The SREP consultation process raised awareness of renewable energy development and provided an important opportunity to discuss the nature and mechanisms of renewable energy financing in Nepal at a crucial time as government and development partner efforts to establish a sector-wide approach gathered momentum. The process also assured AEPC of SREP support in its transition to a more independent institution able to lead the envisaged sector-wide approach. As a result of the consultations, the SREP investment plan complemented and integrated with ongoing developments in the renewable energy sector, particularly the development of the RREP, including the channeling of SREP funds for mini and micro renewable energy interventions through the Central Renewable Energy Fund of the RREP. The consultations also made sure that lessons from the failed operation of the former Power Development Fund were integrated into the SREP design, providing clear access to funding by the private sector. Discussions on the inclusion of biogas in the SREP were critical in ensuring such inclusion and in broadening the coverage of biogas initiatives to include both household and institutional targets.

Conclusions

The SREP in Nepal was prepared speedily, was uncontroversial, and was built strongly on existing structures and knowledge gained through experience with the NAPA and the PPCR. The consultations put in place were appropriate and adequate for the purpose, although an opportunity to gauge the awareness, feelings, and concerns of consumers or potential consumers regarding developments in renewable energy may have been missed. The issue of language as a barrier to consultation effectiveness has been mentioned in this assessment; further investigation of this issue across all CIF consultations would be valuable. The mission-based approach also tended to reinforce the view of many stakeholders that the process was pushed by the MDBs, but overall leadership of this process by the government was good. The consultations were crucial and effective in identifying and elaborating the relationship between SREP and RREP, thereby creating practical and supportive links between the two initiatives.



Clean Technology Fund in the Philippines: A Case Study

Overview of Country Investment Plans

The CTF Trust Fund Committee (CTF TFC), in its intersession meeting in December 2009, endorsed the CTF Investment Plan for the Philippines and agreed to fund up to \$250 million to finance the proposed plan. The Philippines is one of the few countries where renewable energy already accounts for a significant proportion of primary energy supply (43%), although in recent years the increasing demand for energy has predominantly been met through greater use of fossil fuels, including natural gas and coal. In 2008 the government endorsed an energy road map, which focused on mitigating GHG emissions in the power and transport sectors by developing renewable energy; optimizing transmission and distribution systems; improving transport fuels, vehicle technology, and infrastructure; and changing consumer behavior. The investment plan reflected these objectives through investments in three major areas: (i) intensified development and use of renewable energy, including solar energy; (ii) improvements in energy efficiency through demand-side management; and (iii) development of sustainable transport (bus rapid transport) systems.

The Philippine Department of Energy (DOE), mandated to deliver renewable energy and energy efficiency, was the lead government agency for the development of the CTF investment plan. It collaborated with ADB, IFC, and the World Bank in plan preparation. In November 2011 the DOE requested the CTF TFC to approve revisions in the original investment plan. The proposed revisions were confined mainly to ADB-cofinanced components and involved dropping the solar energy project and including a sustainable transport project to increase the adoption of electronic tricycles (e-trikes) for public transport. CTF funding and MDB cofinancing remained almost as before. The CTF funds allocated for ADB-cofinanced components comprised \$24 million for energy efficiency projects and \$101 million for the proposed e-trikes project, the latter including a \$1 million grant for the fine-tuning of technology options, technology transfer, local industry support, and capacity building.³³

Before the revised investment plan was approved by the CTF TFC, concerns were raised by Philippine CSOs (including advocacy NGOs and organizations involved in renewable energy and electronic vehicle development) that consultation on the changes in the original investment plan had been inadequate. In particular, CSOs expressed concerns about the justification for dropping renewable energy from the ADB component and the design of the proposed e-trikes project. The need for consultations on the changes was backed by a number of CTF Trust Fund donors and the CSO observer representatives on the CTF TFC. As a result, the approval of the investment plan was suspended pending a relevant consultation process. A series of stakeholder consultations was held in May 2012 and further revisions in the investment plan were proposed, including the dropping of energy efficiency projects and the reinstatement of a solar energy component cofinanced by ADB. The latest indicative financing plan is given in Table 7.

³³ Climate Investment Funds. 2012. *Clean Technology Fund Revised Investment Plan for the Philippines*. Washington, DC.

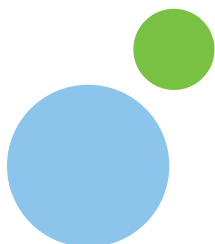


Table 7 Indicative Financing Plan for the Clean Technology Fund in the Philippines, after Reallocation (\$ million)

Financing Source	Renewable Energy (WBG)	Urban Transport (WBG)	Energy-Efficient Electric Vehicles (ADB)	Solar Energy Development (ADB)	Total
CTF	75	50	105	20	250
GOP/DBP	180	50	99	20	349
IBRD loans	250	260	0	0	510
IFC loans	250	0	0	0	250
ADB loans	0	0	300	80	380
Private sector	750	0	tbd	tbd	750
Other cofinancing	0	245	0	0	245
Total	1,505	605	504	120	2,734

ADB = Asian Development Bank, AFD = Agence Française de Développement, CTF = Clean Technology Fund, DBP = Development Bank of the Philippines, EE = energy efficiency, GOP = Government of the Philippines, IBRD = International Bank for Reconstruction and Development, IFC = International Finance Corporation, RE = renewable energy, tbd = to be determined, WBG = World Bank Group.

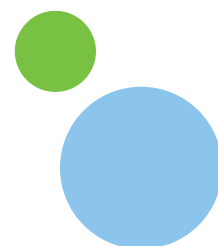
Source: 2012 CIF. Clean Technology Fund Revised Investment Plan for the Philippines. <http://www.climateinvestmentfunds.org/cifnet/?q=country-program-info/philippines-ctf-programming>

Country Context of Stakeholder Engagement and Consultation

Despite positive trends in economic growth and vibrant private and civil society sectors, economic potential and development effectiveness in the Philippines continue to be limited by governance challenges, particularly corruption and lack of transparency in public financial management. This situation is well recognized by the government, which admits that efforts made so far to improve governance have at best established “islands of good governance” in some sectors, agencies, and local government units (LGUs) but have failed to translate into an overall improvement in the country’s state of governance or to have any social impact.³⁴ While the situation in respect of citizen participation is stronger than that in many other aspects of governance, proactive consultation and stakeholder engagement in development decision making remains inconsistent and lack of capacity and resources within government agencies often constrains adequate consultation.

Government policies and institutional arrangements to address climate change and promote clean technology are well advanced in the Philippines. In 2009 the government passed the Climate Change Act, which established a Climate Change Commission (CCC) to coordinate, monitor, and evaluate programs and action plans. In 2011 the CCC spearheaded the development of the National Climate Change Action Plan 2011–2028. Under the DOE a plan of action to provide an enabling environment for energy efficiency and conservation is in place and has already led to transformative projects such as the countrywide transition to energy-efficient lighting. In 2008 the Renewable Energy Act was passed, establishing mechanisms and institutional structures for funding, promoting, and delivering renewable energy initiatives, but implementation progress has been slow. The government has also

³⁴ National and Economic Development Authority. 2011. *Philippine Development Plan 2011–2016*. Manila.



developed a National Environmentally Sustainable Transport Strategy to reduce GHG emissions from the transport sector and promote low-carbon-intensity transport systems.

The DOE is the agency that develops, coordinates, supervises, and controls all government programs, projects, and activities related to energy, and, as mentioned, was the main government partner for the development of the CTF investment plan. Climate change issues are increasingly reflected in energy policies (e.g., support for the development of renewable energy and biofuels), but the low cost of coal-generated power, coupled with the limited resources and capacity of the DOE, has slowed progress in creating an enabling environment for these alternatives. The DOE has been criticized in the past for not taking a more proactive role in power sector reforms, and also sometimes for poor performance with respect to transparency and citizen participation in policy and regulatory processes.³⁵

Philippine civil society is recognized as one of the strongest and most vibrant in the world and comprises development- and service-oriented NGOs, advocacy organizations, and trade and labor organizations. Civil society has historically played an important role in independence struggles and was instrumental in toppling the Marcos regime, and political activism remains a major component of its activities compared with its counterparts in other countries. A sound legal framework supports the registration and effective operation of NGOs, and the Constitution, the Local Government Code, and a number of individual laws recognize and promote citizens' participation in development through engagement with civil society. Government relationships with civil society are generally productive but can fluctuate according to the political climate. There are strong and well-informed CSOs working on climate change, as well as in the renewable energy and sustainable transport sectors. Many of them participated in the most recent CTF consultation process.

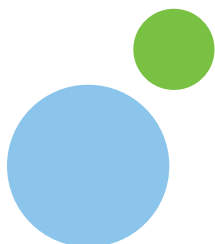
Consultation Framework and Timeline

The initial preparation of the CTF investment plan in 2009 took a focused mission-based consultation approach involving government, development partners, MDBs, and national and bilateral development banks. Sub-working groups were developed in power and transport to take the development of the investment plan forward, together with consulting support. The first scoping mission was carried out in May 2009 and the investment plan was approved by the CTF TFC in December 2009. The decision made by DOE in 2011 to revise the ADB component of the investment plan led to two distinct strands of further consultation processes. First, consultations carried out by the ADB project team preparing the e-trikes project focused on presenting and developing the e-trikes proposal with the anticipated primary stakeholders, mainly the private sector and local government. Second, broader consultations were developed by the DOE and ADB in response to the concerns raised by civil society and endorsed by members of the CTF TFC over the lack of adequate consultation on the revision of the investment plan and the design of the e-trikes project. A chronology of key consultation events is provided in Table 8.

Consultation Process

CIF policies provide no clear guidance regarding the extent and nature of the consultations expected in the preparation of a CTF investment plan. The CTF paper (footnote 7) indicates that "it is appropriate

³⁵ World Resources Institute. 2006. *Electricity Governance in the Philippines: Assessment Report*. Washington, DC.



for the MDBs to build partnerships with each other and a wide range of institutions and stakeholders on climate change, including the private sector” and that “investment plans should be characterized by sustained, country-led partnership among development partners and key stakeholders....” The guidelines for CTF investment plans (footnote 8) also note that “the first step in country programming is for the MDBs to conduct a joint-mission, involving other relevant development partners, to discuss with an interested government, private industry and other stakeholders how the CTF may help finance scaled-up low carbon activities.”

The extent and nature of the consultations carried out by the government and MDBs during the preparation of the original investment plan is not clear, as little substantive documentation on the processes is available. A mission approach was adopted, as for other CIF investment plans, and relevant government agencies, development partners, and key financial institutions were consulted on a one-to-one basis. A stakeholder consultation meeting was planned for August 2009, but no documentation of the meeting is available and there is no evidence of detailed consultations with CSOs involved in climate change, renewable energy, or sustainable transport, including consumer organizations. Although consultations for the preparation of the investment plan were not fully inclusive in this respect, it is noteworthy that no significant complaint about lack of consultation on the original investment plan has been voiced.

The regular consultations of the e-trikes project team in 2011 and 2012, which occasionally included civil society participants, were mostly carried out to involve industry players, get experts to relate their experiences, and explore options for e-trikes project design, business models, and power supply. Selected LGUs were also consulted about their experience with pilot schemes and the feasibility of the project. While these consultations responded directly to the needs of the project design team, they did not accord fully with ADB guidelines. No comprehensive stakeholder analysis was made and no clear consultation plan was evident. As a result, the consultations did not appropriately include important stakeholders such as transport consumers or relevant CSOs. Their participation might have provided a richer context for the project design and enabled the identification of implementation partners or alternative approaches.

Table 8 Chronology of Main Consultation Events for the Preparation of the Clean Technology Fund Investment Plan in the Philippines

Date	Event/Activity	Consultation Summary
May 2009	CTF scoping mission	Objective: Identify government priorities for the use of CTF funding. Mission meetings with government agencies and development partners.
Jul 2009	First joint-mission	Objectives: Further clarify the CTF; identify priority areas for the CTF in the Philippines; agree on a timetable for the submission of the IP. Workshop, including representatives of government, development partners, national development banks, local government, and bilateral development banks.
Apr 2011	Forum on energy-efficient electric vehicles	Objective: Introduce the e-trikes project. Information-sharing meeting with government (DOE), the ADB project team, and international consultants.

continued on next page

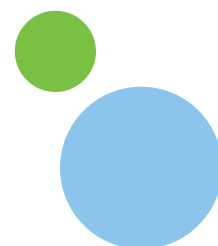


Table 8 continued

Date	Event/Activity	Consultation Summary
Jul to Oct 2011	Regular informal industry consultations	Objective: Foster communication and cooperation among industry players on the development of the e-trikes project. Presentations and informal discussions on e-trikes specifications, design, and bidding processes, attended mainly by private sector stakeholders.
Aug 2011	E-trike consultations in Boracay	Objective: Assess conventional tricycle market and potential for adoption of e-trikes. Consultations with local government, a transport cooperative, tricycle owners, drivers, and related service providers.
Jul to Dec 2011	Consultations with battery manufacturers	Objective: Identify a cost-effective and environmentally sound e-trike battery. Project team meetings with individual manufacturers and with DOE and ADB; workshops for industry representatives including Japanese and Korean manufacturers.
Oct 2011	E-trike project consultations in Taguig	Objective: Present the e-trikes project to LGUs. Consultation meeting with representatives of 16 LGUs (12 from the National Capital Region and one each from Albay, Boracay, Cabanatuan, and Davao).
Feb 2012	Individual ADB and civil society consultations	Objective: Explain and clarify the revised investment plan. Meetings between ADB and the Federation of Free Workers, the Asian Labor Network on International Financial Institutions, and WWF.
Feb 2012	Meeting to discuss IP revision	Objective: Discuss issues arising from the proposed reallocation of CTF funding. Meeting between DOE, ADB, and international CSOs, including the CSO observer member of the CTF Committee and a representative of the CIF administrative unit.
Feb 2012	Initial meeting with NGOs on the consultation process	Objective: Explore appropriate consultation processes for the revision of the IP and the development of the e-trikes project. Discussion meeting between ADB and CSOs (NGO Forum on ADB, Freedom from Debt Coalition, Aksyon Klima, WWF, Institute for Clean and Sustainable Cities).
Feb 2012	Follow-up meeting with NGOs	Objective: Develop an appropriate consultation process for the revision of the IP and the development of the e-trikes project. Discussion meeting between ADB and CSO group, plus representatives of the Clean Air Initiative; agreement on informal steering group to develop consultation process.
Mar to Apr 2012	Steering group meetings	Objective: Develop an appropriate consultation process for the revision of the IP and the development of the e-trikes project. Task-oriented meetings developing consultation agendas; inclusion of DOE, DOTC, the Electric Vehicle Association, and the Development Academy of the Philippines in the steering group to support and implement consultations.

continued on next page

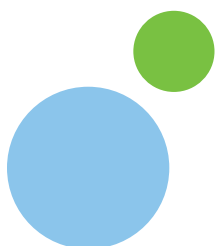


Table 8 continued

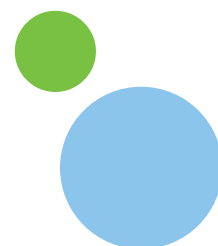
Date	Event/Activity	Consultation Summary
May 2012	Consultation workshop I	<p>Objectives: Review the current state of RE and the shift to sustainable transport in the IP and discuss the use of CTF for a transformational strategy to address growing energy demand.</p> <p>Independently facilitated workshop, including representatives of government, civil society, private sector, academe, development partners, and ADB.</p>
May 2012	Consultation workshop II	<p>Objective: Clarify the need for e-trikes as part of the DOE–ADB initiative under the CTF.</p> <p>Independently facilitated workshop, including representatives of government, civil society, private sector, academe, development partners, and ADB.</p>
May 2012	Consultation workshop III	<p>Objectives: Understand and contribute to specific aspects of the e-trikes project design and understand the proposed e-trikes financing scheme.</p> <p>Independently facilitated workshop including representatives of government, civil society, the private sector, and ADB.</p>
May/Jun 2012	RE group consultations	<p>Objective: Discuss and elaborate the RE component proposed for the revised CTF.</p> <p>ADB-facilitated meeting, including government, civil society, and the private sector.</p>

ADB = Asian Development Bank, CSO = civil society organization, CTF = Clean Technology Fund, DOE = Department of Energy, DOTC = Department of Transportation and Communications, IP = investment plan, LGU = local government unit, RE = renewable energy, WWF = World Wildlife Fund.

The preparation of consultations in response to civil society concerns began early in 2012. Preparation involved two distinct processes: (i) the design of the consultation by an ad hoc steering group, and (ii) the conduct of the consultation workshops. Poor relationships between certain civil society proponents of consultation and DOE and ADB significantly affected the execution of these processes. Civil society strongly mistrusted the willingness of DOE and ADB to engage in meaningful consultation, believing that they regarded the e-trikes project as a “done deal,” already approved by the National and Economic Development Authority (NEDA). The actions and attitudes of DOE and the project proponents during the preparation of the consultations only served to deepen this mistrust, which ADB and civil society specialists charged with taking the consultations forward could not allay, despite their best efforts.

A steering group for the design of the consultations emerged from the concerted efforts of ADB to bring together the CSOs that had voiced concern about the CTF process. Given the levels of mistrust, the steering group was fragile, but it embarked on a comprehensive consultation design, meeting weekly over a 6-week period. The group expanded to include representatives of CSOs involved in electric vehicles and air quality. No CSOs from the renewable energy sector participated, although the World Wildlife Fund (WWF) actively voiced the concerns of this sector.³⁶

³⁶ The main CSOs participating in the steering group were: Aksyon Klima, the Clean Air Initiative, the Electric Vehicle Association of the Philippines, the Freedom from Debt Coalition, the Institute for Climate and Sustainable Cities, the Partnership for Clean Air, and WWF Philippines.



The Department of Transportation and Communications (DOTC) attended one steering group meeting but did not sustain its engagement in the process. The DOE attended most meetings but did not play a leading role. Shortly after the formation of the steering group, the DOE appointed the Development Academy of the Philippines (DAP) to organize and facilitate the consultations, and DAP staff joined the steering group. Initially the steering group made good progress in developing consultation agendas across six themes,³⁷ including a final synthesis of all issues pertaining to the revision of the investment plan. However, although work during the steering group meetings progressed, DAP found it difficult to elicit and coordinate responses from steering group members outside of these meetings. As a result, the design process, including the preparation of background documents and the logistic organization of workshops, ultimately slowed. In response, the DAP proposed an alternative process comprising a single consultation workshop, based on a shortened version of the six agendas, to be carried out with three different stakeholder groups on consecutive days. This alternative process was accepted by DOE and some steering group members, but before the steering group could reach final consensus, the DOE, concerned that the steering group process was taking too long, canceled DAP's involvement and handed responsibility for organizing the consultation process directly to ADB.

The coordination environment was a difficult one for the DAP. The steering group was inherently fragile and lacked balance—its membership was made up mostly of advocacy CSOs with very strong views on the process and some mistrust of MDB and government motives—and therefore could not be completely effective. Objectives, roles, and ownership were also poorly clarified. The steering group lacked clear ownership by, and leadership from, the DOE, reinforcing concerns about the commitment of the latter to the process and making ADB's efforts to keep the process moving look like strong pushing from the MDB side. But the steering group did its main thematic preparation work in good faith and thus laid the foundation for the ADB-organized consultation workshops that were held in May 2012.

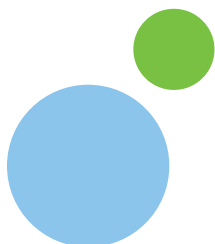
The organization of the consultation workshops was handed over to ADB on 9 May 2012. Three days of linked consultation workshops were planned for the earliest feasible dates—the 21st to the 23rd of that month, 1 week after the period originally allocated for the consultations. The workshops had the following themes:

- Day 1: Why not renewable energy for the CTF?
- Day 2: Why e-trikes?
- Day 3: Alternative-fuel vehicle financing and project design.

ADB organized the workshops for days 1 and 3 and the Partnership for Clean Air organized the workshop for day 2. The agendas and stakeholder selection for these workshops were based on the work of the steering group. Additional stakeholders were identified through discussions with key informants. The agendas (see Appendix 5) comprised a mix of presentations, question-and-answer sessions, and open discussions. The consultations were facilitated by an independent facilitator. Attendance on each of the days was 88 on day 1, 68 on day 2, and 50 on day 3, not including ADB and DOE officials.

While the three consultation workshops covered the core concerns of CSOs and led to alternative

³⁷ (i) Why not Renewable Energy for the Climate Trust Fund?; (ii) Electrification of Public Transport: Why E-trikes?; (iii) Electrification of Public Transport Fleets in the Philippines, or Why Electrification?; (iv) Sustainable Transport and Finance; (v) Project-Level Consultation on E-trikes; and (vi) concluding consultation and synthesis.



proposals and actions from the government (DOE) and ADB to address some of these concerns, the process failed to deliver adequate consensus on the change in focus of the investment plan or agreement on an appropriate implementation mechanism for the e-trikes project. The complex presentations left too little time for discussions and for the outcome of each workshop to be clarified before the next item on the agenda was tackled. The approach of inviting different sets of stakeholders to each workshop according to their interests also contributed to the continuity problem and meant that no final synthesis of the consultations could effectively be developed at the end of day 3.

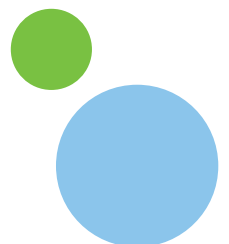
Participation

Initial government participation in the preparation of the CTF investment plan in 2009 was strong. The DOE and the Department of Finance welcomed the potential additional funding, and relevant government agencies were consulted on the development and content of the investment plan. The DOE led a subgroup on power and energy projects and NEDA led a subgroup on transport projects in cooperation with the DOTC. At this time the CCC was not yet fully operational and did not participate in the process. When a decision was made to revise the investment plan in 2010, consultation, either among government agencies or between DOE and external agencies, was very limited, as the DOE regarded the process as simply a reallocation of funds within the approved investment plan. The DOTC and the Department of Environment and Natural Resources were informed of the proposed reallocation and NEDA was aware of, and approved, external funding for the e-trikes project. But the CCC, which at this time had just completed a framework strategy for climate change (with the DOE participating), was not consulted.

The DOE's assumption that the e-trikes project was already approved by NEDA and was a priority of the President, and that CTF funds would merely be reallocated to the project, influenced its commitment to, and interest in, the consultation process. Although it recognized the need for consultations, given the pressure from the CSOs, and was willing to defend the e-trikes project from a technical standpoint, the DOE saw no need to justify the shift away from renewable energy. Those in the DOE who were responsible for organizing the consultations and taking them forward also lacked the capacity to do so since they were staff of the Energy Utilization Bureau and not renewable-energy experts. The hierarchical nature of management within the DOE likewise had an impact on its participation in the consultation process. Staff attended steering group and consultation meetings under strong pressure to realize the e-trikes project but with no delegated responsibility to negotiate or decide on the terms or content of the consultation.

Although the participation of CSOs in the preparation of the first investment plan and in the technical consultations carried out by the e-trikes team in 2011 was not significant, the CSOs were active in demanding, developing, and participating in the May 2012 consultations. The CSOs encompassed a broad range of organizations, including antidebt and climate change networks, INGOs, and national organizations engaged in such advocacies as sustainable transportation and pollution reduction. They first raised their concerns following the submission of the revised investment plan for CIF approval, voicing disquiet over the perceived lack of government ownership of the investment plan, the lack of consultation on the changes in the investment plan, and the design of the e-trikes project. Although some of their allegations regarding obligatory consultations were misplaced,³⁸ the CSOs played an important role in bringing these issues and consideration of the broader investment plan into the public domain, opening up space for other stakeholders and ensuring more inclusive consultation.

³⁸ Some critics accused ADB of not complying with requirements for consultation under its own safeguards policy. However, the categorization of the e-trikes project did not trigger compulsory consultations under this policy.



Their prominence in the demand for consultations led directly to the participation of these CSOs in the development of the consultation process, through membership in the steering group. Despite the fragility of the steering group, these CSOs made important contributions to the stakeholder analysis and to the development of agendas that would later be the basis for the May consultations. However, they had their own work to do and were not always able to support the administrative needs of developing each agenda or respond to the coordination efforts of DAP or ADB. The process slowed down as a result, possibly contributing to the reasons for its abandonment by the DOE. The strong participation of CSOs extended into the main consultation workshops, where they joined very effectively in the analysis and critique of the decision to drop renewable energy and of the design of the e-trikes project so that some changes were made in the investment plan. On the other hand, the CSOs' contributions on process reflected their continuing mistrust of the project proponents, which sometimes detracted from the main focus of the consultations.

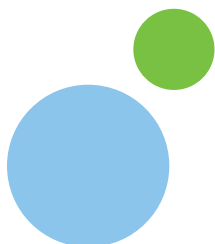
The extent of private sector participation in the original consultations is unclear—neither of the two mission aide-mémoire mentions specific consultation events—but the consulting teams hired by the World Bank to help finalize the investment plan engaged with the private sector in exploring the feasibility of potential projects. The private sector has been significantly engaged in the development of the e-trikes project since 2011, although some civil society observers feel that this process was selective and not fully inclusive. The representation and participation of the private sector in the May consultations ranged from 30% to 50% of all participants. Financial service providers were not well represented, however. Private sector participants interviewed for this study expressed their satisfaction at their level of engagement in the May consultation process.

Transparency and Information

Lack of transparency in the revision of the original investment plan and the development of the e-trikes project is a major concern raised by critics from civil society. The first investment plan was placed on the DOE website in late 2009 and this original version remained on the website at the time of this study. But because the exact date of posting is not known, it is unclear whether the posting was in accordance with CIF disclosure policy. There is also no evidence that the first revision of the plan was disclosed on a public website before it was submitted to and posted on the CIF website in October 2011. Although revisions of the investment plan have provided detailed and reasoned justification for the reallocation of CTF funds, stakeholders have not been told how this decision was made by the DOE. This lack of transparency has led critics to conjecture about ADB's influence on the process and about the motives behind the government's urgent pursuit of the e-trikes project.

The development of the e-trikes project itself conforms to ADB's public communications and disclosure policies. Concept clearance of the e-trikes project was achieved in December 2010, and a project data sheet was established on ADB's public website and has been updated as the project has evolved. As a category C project with respect to safeguards, it requires no formal consultation process. Project preparation is, however, expected to adhere to ADB's guidelines on good practice in consultation and participation. In early April 2012, responding to growing interest from CSOs and other groups, ADB set up a separate website for the e-trikes project³⁹ to provide information, news, comments from external parties, and details of proposed or completed consultations. The website has focused mostly on the technical aspects of the project and does not include all of the relevant

³⁹ <http://www.adb.org/projects/43207-012/main>



comments and responses that have been posted on the CIF website. But it does give stakeholders an opportunity to provide feedback through an e-mail reply form.

The May consultations had to be organized quickly, in less than 2 weeks. Maintaining transparency was therefore a challenge for the organizers (ADB). Invitations to stakeholders were sent out only 6 days (4 working days) ahead of the workshop, and a drop box with documents relevant to the consultations was set up 5 days before the consultations began. Presentations and minutes were added to this drop box as the consultations proceeded, and all stakeholders were informed about how they could gain access to the documents. While the short notice to speakers and participants was far from ideal, few participants and only one speaker complained about having too little time to review documents during or after the consultations. The minutes of the consultations were posted and made available for comment, both by those present and by absent stakeholders, and final minutes incorporating feedback could be obtained from the drop box.

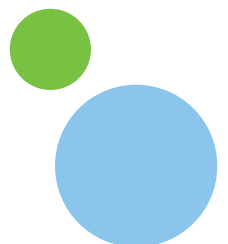
The nature of the civil society concerns and the process of raising them led to an inextricable link between two essentially separate processes—the preparation and revision of the CIF investment plan (a government investment plan) and the preparation of the e-trikes project (an ADB-funded government project). This link created considerable confusion among stakeholders, observers, and even the project proponents themselves regarding the application of consultation policies; the roles and responsibilities of ADB, the government, and others in the process; and the objectives and organization of the May consultations. Some of this confusion was played out in extensive but often inaccurate and unbalanced media coverage. Government and the ADB proponents faced the additional challenge of reaching civil society and other stakeholders with accurate information. At the time this study was completed, CSO criticism of what was perceived to be a lack of transparency in the design of the e-trikes project on the part of the DOE was continuing.

Outcomes

While the 3-day consultations in May 2012 were not enough to obtain informed consensus on the revision of the investment plan and the design of the e-trikes project, issues raised by CSOs were aired in public during those 3 days and the DOE agreed to further revisions in the investment plan as a direct result of the consultations. A number of participants expressed appreciation for ADB's more consultative approach to plan revision. The main changes in the plan were as follows:

- A solar energy development project costing \$120 million—\$20 million to be covered by the CTF, \$80 million by a loan from ADB, and \$20 million by government funding—was proposed.
- A pilot program involving the solar charging of e-trikes was added to the e-trikes project. Funding with a \$4 million grant was proposed.
- Stakeholder working groups were created for the e-trikes project to look into payment options, driver selection, boundary collection, disposal of old tricycles, and sustainable charging options.
- Energy efficiency projects were dropped from the CTF investment plan.

The consultations and discussions around renewable energy also led directly to further consultations with key stakeholders in the renewable energy sector on the parameters of the solar energy project and future development in the sector. Further consultations in the sector are anticipated.



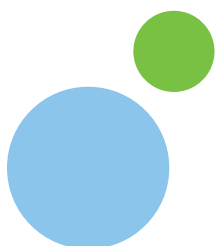
Despite the establishment of working groups for the e-trikes project and other outcomes of the May consultations related to the project, CSOs are still expressing concern over the project's design and its desirability. This concern extends to the political sphere and motions have been filed with the country's legislature calling for further inquiries into the development of the investment plan and the e-trikes project.

Conclusions

CTF funding provides the Philippines with an important opportunity to strengthen its planning for clean energy development and to jump-start transformative action in the energy and sustainable transport sectors. Holding consultations on the investment plan and its revision only when pressed to do so and revising the plan with only limited consultation diminished this opportunity. On the other hand, the CIF gave no specific guidance regarding consultations, and project details in the original investment plan were technical, not detailed, and uncontroversial. The good consultation practice advocated by ADB for the development and review of its country strategies would have been an appropriate model to apply in the development of the investment plan and might have avoided some of the mistrust and criticisms over the lack of consultation that have dominated recent dialogue on the CTF.

The circumstances surrounding the preparation of the May consultations—the fragility of the steering group process; deadline pressures from the government, the CIF, and ADB; and too little leadership from the DOE—resulted in a process that, although reasonably designed and structured, failed to deliver a synthesis and consensus that would have meant full endorsement of the revised investment plan. ADB played a crucial role in establishing and persevering with the steering group process and effectively took up the organization of the consultations on short notice at the request of the DOE.

Stronger internal cooperation between the project team and the consultation team could have mended relationships with civil society critics and reduced the time spent discussing process issues during the consultations. Stakeholder participation in the consultations was nonetheless strong and effective, despite the difficulties surrounding their preparation. New information and new ideas were brought into consideration, and new relationships and working groups were established to take the work forward. Further project-level consultations will be necessary to reach consensus on the final project content of the investment plan.



Recommendations

General Recommendations

Mission-Based Approach to Investment Planning and Consultation

The mission-based approach to developing investment plans and consultations was practical from an MDB perspective but sometimes led to lack of transparency, disruption for other stakeholders, limited continuity of investment plan development, and a perception that MDBs were pushing the process.

Recommendation. The mission approach to investment plan preparation should include more effective use of consultation plans and communication strategies to promote the transparency and continuity of the planning process.

Investment Planning Capacity and Resources

The limited time allowed for investment plan preparation and the limited capacity and resources of government departments restricted the ability of the government to take on full leadership of investment plan preparation, including consultation.

Recommendation. The roles of MDBs and the government should be clarified at the start of investment plan preparation and shared with stakeholders. MDBs should develop and implement strategies to address capacity and resource barriers to government leadership and share these strategies with stakeholders.

Preparation for Consultations

The early stages of consultation are crucial in understanding the perspectives of different stakeholders, establishing relationships, and ensuring high-quality stakeholder input. Failure to manage this aspect well sometimes led to disruption of the consultation process and weak contributions from stakeholders.

Recommendation. Consultation preparation must include comprehensive stakeholder analysis and engagement with stakeholder groups in the planning of the process. Communication and consultation strategies should include clear actions for establishing a good understanding among participating stakeholders of the context and purpose of the consultations and their role in the process.

Consultation Guidelines

The CIF framework and policy documents provide limited guidance on the nature and extent of consultation that is advisable in investment plan preparation. The CTF documents in particular contain no explicit mention of consultation approaches and FIP guidelines do not clearly distinguish between approaches at strategy and project level.

Recommendation. The expected or required minimum level of consultation for the preparation of investment plans should be stated clearly in the relevant fund framework and policy documents or a specific guidance document on consultation for investment plans should be prepared.

Inclusivity of Consultations

Ensuring the effective participation of subnational stakeholders has proved challenging in most cases of investment plan preparation studied. The objectives and methodologies were not always clear or it was difficult to ensure an appropriate process that gave adequate coverage and good-quality feedback for a strategic-level dialogue.

Recommendation. Consultation plans should include strategies for resource-efficient and innovative engagement at the subnational level. Preparation teams should work with representatives of national stakeholders in the design and implementation of practical and effective subnational consultations. The use of national-to-local stakeholder networks, rapid assessments, and surveys should be considered.

Engagement with Civil Society Stakeholders

Engagement with civil society stakeholders was inadequate in too many cases. Inconsistent or late engagement created misunderstandings, unnecessarily delayed the preparation process, and weakened country ownership of the investment plan.

Recommendation. Stakeholder analysis and consultation planning should be aimed at establishing the effective and productive involvement of civil society in investment plan preparation from the start, and at promoting stronger relationships between government and civil society in the process.

Management of the Consultation Process

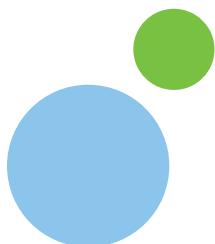
Responsibilities and roles in designing, delivering, and monitoring the consultation were often unclear, ad hoc, and divided between government, consultants, the MDB manager, and external institutions. This often affected the quality and momentum of the consultation process.

Recommendation. A small subgroup of the preparation team (government and MDB) should be responsible for supervising and monitoring the overall consultation process and provide regular reports on progress to the team. Consultation and participation plans should clearly indicate which organization is responsible for each activity.

Recommendations for Improving Current ADB Guidance on Participation

The following suggestions are proposed for consideration in the next revision of ADB's Guide to Participation⁴⁰ or for supplemental advice. They are based on stakeholder engagement processes and the experiences described in this study.

⁴⁰ ADB. 2012. *Strengthening Participation for Development Results: An Asian Development Bank Guide to Participation*. Manila.



Guidance on Consultation Support for Government Strategies and Policies

The investment plans presented a special case in which ADB (and the World Bank) supported the development of a government investment plan not covered by ADB policies or guidance. Additional advice on how to support such government-led consultations should be provided and ADB's responsibility for promoting good participation practice in developing member countries should be clearly stated.

Guidance on the Engagement of Government and the Private Sector

Current guidance gives emphasis to engaging with civil society. There is not enough specific advice on how to engage with government and the private sector. Advice could be provided on how to engage with government to promote government leadership of consultation processes and support interagency consultation within government. Advice on maximizing the effectiveness of private sector engagement, particularly in strategy development, would also be valuable.

Experience in Consultations on Investments in Climate Change

ADB's guidance on participation includes a section on experiences and resources in ADB operations in the core areas of Strategy 2020. Since there is now a body of experience in approaches and tools for participation in the area of climate change, this topic should be made part of section 4 of the ADB guide (Participation in ADB Operations: Experiences and Resources).

Linkage with National and Project-Level Consultations

An important aspect of consultations for the preparation of CIF investment plans has been building on existing consultation processes for national and sector strategy development and linking investment plan consultations with project-level consultations for continuity and effectiveness. Current ADB guidance could provide more emphasis and content on these aspects of participation.

Effective Use of Existing Civil Society Relationships

ADB has corporate partnerships with INGOs and strong country-level partnerships with both international and national NGOs. Guidance on the effective use of these relationships should be provided to improve understanding of key strategy and project development issues and to leverage wider civil society support.

Communications Strategy

The ADB guide provides useful guidance on developing a communications strategy at the project level. Guidance on developing communications strategies for higher-level planning, such as investment planning, country partnership strategy development, and policy development, would enhance this guidance.⁴¹

⁴¹ This recommendation is also relevant to the proposed guidance from ADB on the implementation of the Public Communications Policy that is now being prepared.

APPENDIX 1

Terms of Reference for the Study¹

Objective/Purpose of the Assignment

The Climate Investment Funds (CIF) have been developed by the multilateral development banks to scale up assistance to developing countries in responding to climate change and to strengthen the knowledge base in the development community on mechanisms for climate change action. Two funds compose the CIF. The Clean Technology Fund (CTF) seeks to promote scaled-up financing for the demonstration, deployment, and transfer of low-carbon technologies with significant potential for long-term reductions in greenhouse gas emissions. The Strategic Climate Fund (SCF) consists of three programs: (i) the Pilot Program for Climate Resilience (PPCR), (ii) the Forest Investment Program (FIP), and (iii) the Scaling Up Renewable Energy Program (SREP) in low-income countries. At the Asian Development Bank (ADB), the management of the CIF is based on the ADB internal governance structure for CIF.

ADB seeks to engage a consultant to prepare a report on ADB's experience with stakeholder engagement as part of the development of CIF investment plans and projects in selected countries. ADB's consultation and participation framework will be used as an important reference, together with the agreed approach to stakeholder engagement utilized by the CIF.

Scope of Work

The CIF stakeholder engagement specialist will work under the Regional and Sustainable Development Department's Climate Change Program Coordination Unit, and will analyze ADB's stakeholder engagement experience in the development of CIF investment plans and projects in the following pilot countries: (i) the Philippines (for the CTF); (ii) Indonesia (for the CTF and the FIP); (iii) Nepal (for the SREP and the PPCR); and (iv) Cambodia (for the PPCR). Lessons learned from this assignment will be developed into a report that will inform enhancements in ADB's consultation and participation framework, and generate recommendations for stakeholder engagement in the planning and implementation of activities that draw on dedicated climate funds. The consultant is expected to liaise with staff and other ADB consultants working on knowledge generation exercises under the CIF.

¹ Slightly edited, for consistency of style with the rest of this report. The editing changes were made mostly in the first paragraph.

Detailed Tasks

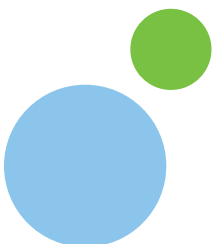
The CIF stakeholder engagement specialist shall:

- (i) Familiarize herself or himself with the details of (a) the stakeholder engagement process under the CIF, (b) ADB's consultation and participation framework, and (c) ADB's CIF portfolio, focusing on the four pilot countries;
- (ii) Conduct interviews with ADB staff (key climate change staff, CIF focal points, project team leaders, government implementing agencies, and other stakeholders as necessary) and consultants;
- (iii) Review ADB's experience in applying consultation and participation processes vis-à-vis the CIF;
- (iv) Engage stakeholders in the identified CIF pilot countries; and
- (v) Develop a report that summarizes lessons and recommendations, to feed into a knowledge product as part of the CIF's thematic work program for knowledge management.

Output/Reporting Requirements

The assignment is for an international consultant to be engaged intermittently over the period 25 April to 29 June 2012, and 7 December 2012 to 28 February 2013, with the following output:

- (i) An approach paper and outline;
- (ii) A zero draft of the work plan for the assessment of ADB's stakeholder engagement performance in the selected pilot countries;
- (iii) A revised draft, incorporating comments on the zero draft; and
- (iv) A final draft, incorporating all the necessary revisions.



APPENDIX 2

Persons Consulted during the Study

General

- (i) David McCauley, Advisor, Climate Change Program Coordination Unit, Regional and Sustainable Development Department (RSDD), Asian Development Bank (ADB)
- (ii) Samuel Tumiwa, Principal Partnership and Coordination Specialist, ADB North American Representative Office
- (iii) Samjhana Shrestha, senior social development specialist (civil society and participation), ADB Nongovernment Organization (NGO) and Civil Society Center

Cambodia Pilot Program for Climate Resilience

Government

- (i) Tauch Chan Kresna, Chief, World Bank Division, Ministry of Economy and Finance
- (ii) Tin Ponlork, Deputy Director General, Department of Climate Change, Ministry of Environment
- (iii) Meas Sophal, Program Director, Pilot Program for Climate Resilience (PPCR), Ministry of Environment
- (iv) Mao Hak, Program Manager, PPCR, Ministry of Environment

Asian Development Bank

- (i) Putu M. Kamayana, Cambodia Country Director
- (ii) Ancha Srinivasan, Principal Climate Change Specialist, Southeast Asia Department (SERD)
- (iii) Peter Brimble, Senior Country Economist, Cambodia Resident Mission
- (iv) Chanthou Hem, Senior Project Officer, Cambodia Resident Mission

World Bank

- (i) Sam Wedderburn, Senior Natural Resources Management Specialist, Washington, DC
- (ii) Janelle Plummer, Senior Governance Specialist, Cambodia
- (iii) Khamlar Phonsavat, Climate Change Specialist, Cambodia
- (iv) Kung Munichan, Operations Officer, Cambodia

United Nations Development Programme

- (i) Khim Lay, Assistant Country Director, Cambodia
- (ii) Phearanich Hing, Climate Change Policy Analyst, Cambodia

Others

- (i) Sreng Anouvath, Management Information System Technology Consultant, PPCR
- (ii) Koen Everaert, Attaché, Natural Resources–Climate Change, European Union Delegation
- (iii) Brian Lund, Regional Director, Oxfam America
- (iv) Michele Mottolose, International Consultant for the Private Sector, PPCR
- (v) Tue Kell Nielsen, Consultant, Climate Resilience Mainstreaming, PPCR
- (vi) Akhteruzzaman Sano, Consultant, Civil Society Organization Engagement and Gender Considerations, PPCR

Indonesia Clean Technology Fund

Government

- (i) Singgih Riphath, Former Head, Climate Change Management Team, Ministry of Finance
- (ii) Irfa Ampri, Vice Chairman, Fiscal Policy Agency for Climate Change Financing and Multilateral Policy, Ministry of Finance
- (iii) Yaya Rachmana Hidayat, formerly of the Energy Department, Ministry of Planning (BAPPENAS)

Asian Development Bank

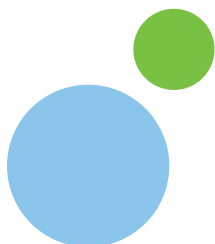
- (i) Don Purka, Principal Energy Specialist, Climate Change Coordination Unit
- (ii) Jiwan Acharya, Senior Climate Change Specialist, RSDD
- (iii) Pradeep Tharakan, Climate Change Specialist, SERD
- (iv) Rehan Kausar, Unit Head Project Administration, SERD
- (v) Elaine Thomas, Social Development Specialist (Civil Society and Participation), SERD
- (vi) Cahyadi Indrananto, External Relations Officer, Indonesia Resident Mission

World Bank/International Finance Corporation

- (i) Peter Johansen, Senior Energy Specialist, World Bank
- (ii) Haru Ohtsuka, Investment officer, IFC

Others

- (i) Asclepias Indriyanto, Chairperson, Indonesian Institute for Energy Economics
- (ii) Rachmat Sugandi Hamdani, Executive Director, Indonesian Institute for Energy Economics
- (iii) Hindun Mulaika, Climate and Renewable Energy Campaigner, Greenpeace Indonesia
- (iv) Dan Millison, Consultant for Clean Technology Fund (CTF) preparation



- (v) Fabby Tumiwa, Coordinator, Working Group on Power Restructuring
- (vi) Abadi Poernomo, President, Indonesian Geothermal Association
- (vii) Aisyah Kusuma, Pertamina Geothermal Energy
- (viii) Djoko Winarno, Indonesian Renewable Energy Society and Indonesian Electrical Society
- (ix) Indra Sari Wardhani, Climate and Energy Program, World Wildlife Fund (WWF) Indonesia

Indonesia Forest Investment Program

Government

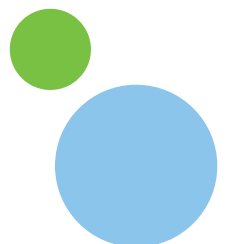
- (i) Singgih Riphata, Former Head, Climate Change Management Team, Ministry of Finance
- (ii) Hadi Pasaribu, Senior Advisor on Economy and International Trade, Ministry of Forestry
- (iii) Teguh Rahardja, Deputy Director for Multilateral Affairs, Ministry of Forestry
- (iv) Basah Hernowo, Director for Forestry and Water Resources Conservation, BAPPENAS

Asian Development Bank

- (i) Ancha Srinivasan, Principal Climate Change Specialist, SERD
- (ii) Mohammed Nasimul Islam, Water Resources Specialist, SERD
- (iii) Elaine Thomas, Social Development Specialist (Civil Society and Participation), SERD
- (iv) Cahyadi Indrananto, External Relations Officer, Indonesia Resident Mission
- (v) Ayun Sundari, Former External Relations Officer, Indonesia Resident Mission
- (vi) Pantja Putih Wardani, Senior Project Officer, Indonesia Resident Mission

World Bank/International Finance Corporation

- (i) Werner Kornexl, Senior Climate Change Specialist
- (ii) Michael Brady, Senior Operations Officer, Sustainable Forestry, International Finance Corporation (IFC)
- (iii) Helen Lumbangaol, Communications Consultant, IFC
- (iv) Paul Lemaistre, World Bank consultant for Forestry and Climate Change
- (v) Others
- (vi) Fabby Tumiwa, Institute for Essential Service Reform
- (vii) Martua Sirait, Commissioner, Dewan Kehutanan Nasional (National Forestry Council)
- (viii) Ismid Hadad, Chair, Governing Board, Indonesian Biodiversity Foundation (KEHATI)
- (ix) Wisnu Rusmantor, Heart of Borneo National Coordinator, World Wildlife Fund (WWF), Indonesia
- (x) Joar Strand, Counsellor, Royal Norwegian Embassy, Jakarta
- (xi) Mubariq Ahmed, Former Director, WWF Indonesia
- (xii) Andiko, Executive Director, HuMa
- (xiii) Nadia Hadad, Bank Information Centre, Indonesia



Nepal Pilot Program for Climate Resilience and Scaling Up Renewable Energy Program

Government

- (i) Bhuban Karki, Ministry of Finance
- (ii) Batu Uprety, formerly with the Ministry of Environment
- (iii) Dinesh Devkota, formerly with the National Planning Commission
- (iv) Meena Khanal, Ministry of Environment
- (v) Sri Ranjan, Ministry of Energy
- (vi) Raju Laudari, Manager, Climate and Carbon Unit, Alternative Energy Promotion Centre (AEPC)
- (vii) Er Mukesh Ghimire, Energy Officer, AEPC
- (viii) Manu Binod Aryal, Program Officer, AEPC

Asian Development Bank

- (i) Jiwan Acharya, Senior Climate Change Specialist, RSDD
- (ii) Cynthia Malvicini, Senior Water Resources Specialist, SARD
- (iii) Deepak Bahadur Singh, Senior Environment Officer, Nepal Resident Mission
- (iv) Sharada Jnawali, Consultant, Nepal Resident Mission
- (v) Surya Singh, PPCR Consultant, Nepal Resident Mission
- (vi) Len V. George, Energy Specialist, Energy Division, SARD

World Bank/International Finance Corporation

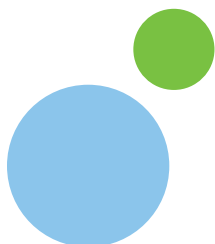
- (i) Stephanie Boorsboom, Operations Officer, Nepal
- (ii) Anil Pokhrel, consultant, Disaster Risk Management, Nepal
- (iii) Anupa A. Pant, Operations Analyst, IFC, Nepal

United Nations Development Programme

- (i) Vijaya P. Singh, Assistant Country Director, Nepal
- (ii) Anupa Rimal Lamichhane, Climate Change Program Analyst, Nepal

Others

- (i) Bibek Chapagain, Energy Advisor, Royal Norwegian Embassy, Nepal
- (ii) Dipesh Chapagain, Program Coordinator, Clean Energy Nepal
- (iii) Manjeet Dhakal, Network Facilitator, Climate Change Network Nepal
- (iv) Gehendra Bahadur Gurung, Head of Program, Reducing Vulnerability, Practical Action Nepal
- (v) Ram Chandra Khanal, former PPCR Consultant
- (vi) Simon Lucas, Climate Change and Inclusive Growth Adviser, Department for International Development (DFID) Nepal
- (vii) Govind Nepal, Professor of Economics, Tribhuvan University (Scaling Up Renewable Energy [SREP] Consultant)



- (viii) Shiva Sharma Paudyal, Senior Program Officer, Embassy of Denmark, Nepal
- (ix) Roman Röhl, Environment and Climate Change, GIZ Nepal

Philippine Clean Technology Fund

Government

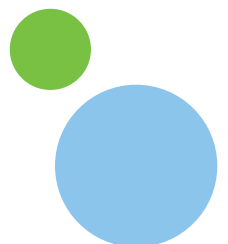
- (i) Jesus Anunciacion, Assistant Director, Energy Utilization and Management Bureau
- (ii) Loreta Ayson, Undersecretary, Department of Energy

Asian Development Bank

- (i) Sohail Hasnie, Principal Energy Specialist, SERD
- (ii) Elaine Thomas, Social Development Specialist (Civil Society and Participation), SERD
- (iii) Ancha Srinivasan, Principal Climate Change Specialist, SERD
- (iv) Claudia Buentjen, Principal Country Specialist, Philippine Country Office
- (v) James Leather, Principal Transport Specialist, SERD

Others

- (i) Anthony Angoncillo, Manila Electric Company (Meralco)
- (ii) Rowena Bolina, National Coordinator, Aksyon Klima, Philippines
- (iii) Angela Consuelo Ibay, Head, Climate Change and Energy Program, WWF
- (iv) Juergen Lorenz, Business and Technology Consultancy Inc.
- (v) Dan Millison, Consultant for Clean Technology Fund (CTF) Preparation
- (vi) Ruel Morales, Vice President, Administration and Operations, Continental Sales Inc.
- (vii) Renato D. Pineda, President, Partnership for Clean Air, Philippines
- (viii) Teresa A. Serrano, Program Manager, Center for Sustainable Human Development, Development Academy of the Philippines
- (ix) Victoria Segovia, Executive Director, Partnership for Clean Air, Philippines
- (x) Michael Ty, Account Manager, Metchem Business Solutions Inc.



APPENDIX 3

Checklist of Key Issues and Research Questions

Institutional Issues

Assess the institutional factors that frame stakeholder engagement in the preparation of Climate Investment Funds (CIF) investment plans.

- (i) What do the Asian Development Bank (ADB) and CIF guidelines and policies say about consultation?
- (ii) What are the disclosure requirements for relevant documents under ADB and CIF policies?
- (iii) How did the country context have an impact on meaningful consultation?
- (iv) Were adequate resources provided for consultation processes?

Process Issues

Identify and evaluate the process adopted for consultation.

- (i) Did the consultation build on existing mechanisms and processes?
- (ii) Was there clarity of consultation purpose and roles?
- (iii) To what extent was there formal planning of the consultation process?
- (iv) What methods and sequencing of consultation were adopted?
- (v) How were consultation processes facilitated? Were independent facilitators used?
- (vi) How were stakeholders identified (stakeholder analysis)?
- (vii) What outreach to potential stakeholders was done?
- (viii) Was a formal communication strategy adopted?
- (ix) What efforts were made to ensure continuity and follow-up of consultation activities?

Stakeholder Participation

Assess the extent and quality of participation of key stakeholders, i.e., government, development partners, civil society, and private sector.

- (i) Did stakeholders and external actors provide input into the development of the consultation process?
- (ii) Was a consultation team or working group formed?
- (iii) To what extent was there government and ADB commitment to consultation?

- (iv) Was stakeholder participation appropriately diverse and inclusive?
- (v) Were stakeholders representative and accountable?
- (vi) How were stakeholder expectations managed?
- (vii) To what extent did interest groups try to capture or influence the consultation process?

Information and Transparency

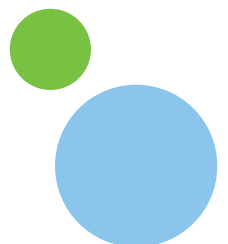
Evaluate the transparency of the planning and consultation process.

- (i) Was the publication and dissemination of information on consultation to stakeholders timely and appropriate?
- (ii) Was the publication and dissemination of information on the draft investment plan and project documents according to ADB and CIF policies?
- (iii) What opportunities and processes were available for feedback from those consulted?
- (iv) Was stakeholder input publicly available or disseminated to others?
- (v) Did those managing the process provide prompt information on changes in process and content?

Outcomes

Identify how and in what way consultations had an impact on the design of investment plans and projects.

- (i) Was consideration of stakeholder input serious or mere “box ticking”?
- (ii) Were changes made in the investment plan or subsequent projects as a result of the consultations?
- (iii) Did any problems or controversies arise during the consultation process?
- (iv) What mitigation measures were applied in response to consultation problems?
- (v) How did key stakeholders (including ADB and the government) view the consultation process?



APPENDIX 4

Information on Stakeholder Observers for Climate Investment Funds Trust Fund Committees

Extract from *Guidance for Inviting Representatives of Civil Society to Observe Meetings of the CIF Trust Fund Committees (CIF 2009)*

Introduction

The CTF Trust Fund Committee and the SCF Trust Fund Committee, at their meetings in January 2009, approved the guidelines presented in this paper to promote the participation of civil society in the Trust Fund Committee meetings in accordance with the Committees' rules of procedure.

The rules of procedure approved by the CTF and the SCF Trust Fund Committees in November 2008, provide that "The Head of the Administrative Unit, in consultation with the Trust Fund Committee, may also invite representatives of civil society selected through a consultation among themselves to observe any Meeting except for the portions of the Meeting that are declared to be Executive Sessions."

Civil society representatives should be invited to participate in the meetings of the Trust Fund Committees as "active" observers, similar to the status of UN agency observers already agreed by the Trust Fund Committee. This means that observers may:

- a) request the floor during discussions of the Trust Fund Committee to make verbal interventions. Selected observers from each of the constituency groups are requested to work together to coordinate their interventions so as to maximize the efficiency of the Trust Fund Committee proceedings,
- b) request the Co-Chairs to add agenda items to the provisional agenda, and
- c) recommend to the Trust Fund Committee or the Co-Chairs external experts to speak on a specific agenda item.

Constituencies To Be Represented

For the purposes of providing for diverse stakeholder representation in the CIF Committees, as a general principle, civil society, indigenous peoples and the private sector (including private companies

and business associations) should be represented. Constituencies should be invited to self-select their representatives.

Civil society organizations (CSOs) are understood to include any independent non-profit organization of individuals working toward a common objective whose mandate is relevant to the purpose and objectives of the fund which is governed by the Trust Fund Committee or Sub-Committee for which observers are being selected. This includes large international NGOs as well as national and community-based organizations (CBOs). The selection process should determine whether or not a particular organization is recognized as a CSO.

For purposes of the Clean Technology Fund, it is understood that civil society representatives may include representatives of NGOs, development and environment institutions and “think tanks,” local communities and indigenous peoples groups.

Number of Observers in Trust Fund Committee Meetings

Taking into account the scope and objectives of the Funds, the following number of observers should be invited to the Trust Fund Committee meetings:

CTF Trust Fund Committee

- a) 4 CSO representatives which may include representatives of NGOs, development and environment institutions and “think tanks,” local communities and indigenous peoples groups;
- b) 2 representatives from business associations and groups, one from a contributor country and one from a developing country.

SCF Trust Fund Committee

- a) 4 CSO representatives with balanced development status/gender/geographic representation
- b) 2 Indigenous Peoples representatives
- c) 2 Private Sector representatives

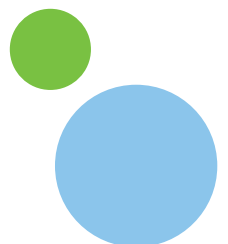
PPCR Sub-Committee

- a) 4 CSO representatives with balanced development status/gender/geographic representation
- b) 2 Indigenous Peoples representatives
- c) 2 Private Sector representatives
- d) 1 representative from a community dependent on adaptation approaches to secure livelihoods

Responsibilities of Observers

It is recommended that the representatives selected to attend the meetings be responsible for:

- a) consultation with other stakeholders in their constituency,
- b) representation in meetings of the interests of their constituency, not just of their own organization,



- c) compliance with agreed consultation guidelines/standards developed by a representative group of their constituency.

Terms for Observers

Positive working relationships are an important factor contributing to successful business processes, but it can take time for parties to establish constructive working relationships. Observer representatives have an important role to play as a liaison and conduit of perspectives, but should also have a responsibility to seek to use opportunities to engage with decision-makers and other stakeholders strategically. Continuity and consistency in representation is useful. Therefore, it is recommended that constituencies appoint representatives for a fixed time period, such as one to two years.

Extract from the Design Document for the Program on Scaling Up Renewable energy in Low Income Countries (SREP), a Targeted Program under the SCF Trust Fund (CIF 2009)

Governance

In addition to other observers identified in the Guidance for Inviting Representatives of Civil Society to Observe Meetings of the CIF Trust Fund Committees, which will apply *mutatis mutandis* to the SREP Sub-Committee meetings, a representative of the Energy for the Poor Initiative (EFPI) should be invited as an observer to the SREP Subcommittee in order to ensure optimization of resources and coordination with the EFPI.

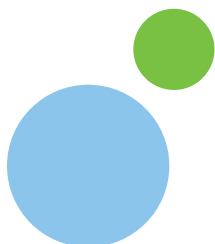
Extract from the Design Document for the Forest Investment Program, a Targeted Program under the SCF Trust Fund (CIF 2009)

VII FIP Sub Committee

The FIP-SC should invite as active observers:

- a) representatives of the FCPF secretariat, the Global Environment Facility, UNFCCC and the UN-REDD technical secretariat; and
- b) the following representatives to be identified through an open and inclusive self-selection process:
 - (i) 2 civil society representatives;
 - (ii) 2 indigenous peoples representatives; and
 - (iii) 2 private sector representatives.

In addition to the 6 active observers listed above, each constituency identified in the previous paragraph may select two alternates who may accompany the constituency representatives in the meeting room during meetings of the Sub-Committee. Recognizing the special interests and needs of indigenous peoples, the CIF Administrative Unit should finance, in addition to the financing provided for constituency representatives from developing countries listed in the previous paragraph, the travel and subsistence of the alternates from indigenous peoples.



APPENDIX 5

Consultations on the Investment Plan for the Clean Technology Fund and on the E-trikes Project in the Philippines, May 2012

DAY I

21 May 2012, Auditorium C, Asian Development Bank Why Not Renewable Energy for the Clean Technology Fund?

Objectives: (i) To understand the current state of renewable energy in the Philippines and the reason for the shift to sustainable transport for the Clean Technology Fund (CTF); (ii) to present the CTF and the Philippine Investment Plan with its original components; (iii) to present the revised investment plan and the reasons for deviating from the original plan; and (iv) to discuss the use of the CTF for a transformational strategy in the energy sector to address growing demand.

Time	Session Topic	Speaker(s)
11:00 a.m.	Harnessing RE resources: Potential, benefits, and challenges a. From a developer's perspective b. From a distributor's perspective	Juergen Lorenz, JL Business and Technology Consultancy Inc. Tetchi Capellan, Philippine Solar Power Alliance
12:00 p.m.	Lunch break	
1:00 p.m.	c. From a consumer/NGO perspective	Catherine Maceda, Center for Clean and Renewable Energy Development
1:20 p.m.	Is there financing for RE projects?	David McCauley, ADB
1:40 p.m.	Proposed revised CTF–Philippine Investment Plan	Sohail Hasnie, ADB
2:40 p.m.	Coffee break	
3:00 p.m.	Why the shift? Proposed revised CTFPIP and its effect on the power sector (supply, demand, grid, price); what are the other options?	Undersecretary Loreta Ayson, DOE Sohail Hasnie, ADB Catherine Maceda, Center for Clean and Renewable Energy Development

continued on next page

continued from previous page

Time	Session Topic	Speaker(s)
3:30 p.m.	Panel discussion, open forum, and next steps	Lisa Antonio, facilitator; panel members
5:00 p.m.	Wrap-up and closing	Lisa Antonio, facilitator

ADB = Asian Development Bank, CTF = Clean Technology Fund, DOE = Department of Energy, PIP = Philippine Investment Plan, RE = renewable energy, REMB = Renewable Energy Management Bureau,

DAY 2

22 May 2012, Asian Development Bank, Ortigas, Pasig City Electrification of Public Transport: Why E-trikes?

Objective: To clarify and discuss the need for the electrification of tricycles as part of the Department of Energy–Asian Development Bank initiative using resources from the Clean Technology Fund.

Time	Session Topic	Speaker(s)
Morning session: Electrification of public transport		
9:00–9:10 a.m.	Welcome remarks	Victoria Segovia, PCA
9:10–9:30 a.m.	Introduction and objectives	Glynda Bathan-Baterina, CAI-Asia
9:30–10:30 a.m.	The Clean Technology Fund and the Philippine Investment Plan (including an explanation of the reallocation of the renewable energy component for e-trikes)	Undersecretary Loreta Ayson, DOE Sohail Hasnie, ADB
10:30–10:45 a.m.	Coffee break	
10:45–11:15 a.m.	The role of tricycles in urban transport in the Philippines	Dr. Rejin Regidor, national director, National Center for Transportation Studies
11:15–11:45 a.m.	Plans and programs of DOTC for alternative vehicles (including electric vehicles)	Atty. Efren Moncupa, undersecretary, DOTC
11:45 a.m.–12:15 p.m.	Open Forum: Why E-trikes?	Moderator: Victoria Segovia Facilitator: Lisa Antonio
12:30–1:30 p.m.	Lunch	
Afternoon session: City and operator experiences		
1:30–2:00 p.m.	Mandaluyong e-trikes	Florante de Leon
2:00–2:30 p.m.	Boracay E-trikes	Sean Gerard Villoria
2:30–2:45 p.m.	Coffee break	
2:45–4:30 p.m.	Facilitated discussion on the role of tricycles and the need for fleet electrification	Facilitator: Lisa Antonio

continued on next page

Time	Session Topic	Speaker(s)
Morning session: Electrification of public transport		
4:30–5:00 p.m.	Consolidation of consultation discussions	Facilitator: Lisa Antonio
5:00–5:30 p.m.	Closing and next steps	Facilitator and CAI-Asia

ADB = Asian Development Bank, CAI = Clean Air Initiative, DOE = Department of Energy, DOTC = Department of Transportation and Communications, PCA = Partnership for Clean Air.

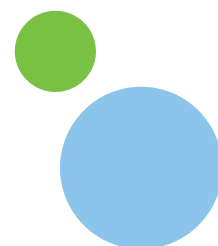
DAY 3

23 May 2012, Asian Development Bank, Ortigas, Pasig City Alternative Fuel Vehicle Financing and Project Design

Objectives: (i) To understand and contribute to specific aspects of the e-trikes project design, and (ii) to understand the proposed e-trikes financing scheme. The project level consultations will cover topics specific to the project itself, grouped according to the agenda given below. In particular, this consultation will address financing and the sustainable transport sector.

Time	Session Topic	Speaker(s)
9:00 a.m.	Introduction and welcome remarks Back-ground to the consultation, ground rules and setting of expectations	Rene Pineda, PCA Lisa Antonio, facilitator
9:30 a.m.	The e-trikes project design	Sohail Hasnie, ADB
10:30 a.m.	Coffee break	
10:45 a.m.	Financial model of the e-trike: DOE's perspective	Rowena Raymundo, DOE
11:30 a.m.	Manufacturer's response	John Tan Lee, EVA, MVPMAP, MCPPEA
12:00 noon	Lunch	
1:00 p.m.	E-trikes and procurement	Sohail Hasnie, ADB
2:00 p.m.	Open forum for follow-up discussion	Lisa Antonio, facilitator
2:30 p.m.	Breakout groups for further discussion	Lisa Antonio, facilitator
3:30 p.m.	Coffee break	
3:45 p.m.	Plenary, to share the results of the group discussions	Lisa Antonio, facilitator
4:30 p.m.	Consolidation of output	Lisa Antonio, facilitator
4:50 p.m.	Plenary: Agreements of local stakeholders	Lisa Antonio, facilitator
5:15 p.m.	Closing	

ADB = Asian Development Bank, DOE = Department of Energy, EVA = Electric Vehicle Association, MCPPEA = Motorcycle Parts Producers and Exporters Association, MVPMAP = Motor Vehicle Parts Manufacturers Association of the Philippines, PCA = Partnership for Clean Air.



Stakeholder Engagement in Preparing Investments Plans for the Climate Investment Funds Case Studies from Asia

Since the inception of the Climate Investment Funds (CIF), the Asian Development Bank (ADB) has participated in the preparation of 15 investment plans covering the two main CIF funds, the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The SCF comprises three separate programs—the Pilot Program for Climate Resilience (PPCR), the Scaling Up Renewable Energy Program (SREP), and the Forest Investment Program (FIP). This study, which is part of a wider review of CIF experiences in ADB, uses a case study approach to examine how stakeholder engagement was carried out in the preparation of investment plans in Cambodia, Nepal, and the Philippines, with reference to the guidance provided by ADB and CIF in stakeholder participation.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



Asian Development Bank
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org