

CLIMATE INVESTMENT FUNDS

SCF/TFC.5/3
March 2, 2010

Meeting of the SCF Trust Fund Committee
Manila, Philippines
March 16, 2010

PROGRESS REPORT ON TARGETED PROGRAMS UNDER THE SCF

Proposed Trust Fund Committee Decision

The Trust Fund Committee reviewed document, SCF/TFC.5/3, *Progress Report on targeted programs under the Strategic Climate Fund*, and welcomes the progress achieved in the three targeted programs under the SCF: FIP, PPCR and SREP.

The Trust Fund Committee invites each of the Sub-Committees to consider the following views as it provides guidance for the implementation of the program:

- (a) FIP:...
- (b) PPCR:...
- (c) SREP:...

Introduction

1. This document provides information to up-date the SCF Trust Fund Committee and the FIP, PPCR and SREP Sub-Committees on progress made in each of the SCF targeted programs since its last meeting in October 2009. The Trust Fund Committee is invited to provide its views and guidance to the Sub-Committees on the progress being made and the issues being considered under each program.

Forest Investment Program (FIP)

2. The FIP Sub-Committee met on February 3 and 4, 2010, to discuss the elements for:

- a. FIP Operational Guidelines for FIP Programming; and
- b. FIP Investment Criteria and Financing Modalities.

The FIP Sub-Committee also received an update on the work of the FIP Expert Group and the terms of reference for developing a dedicated grant mechanism for indigenous peoples and local communities.

3. Based on the discussions during the FIP Sub-Committee meeting as well as written comments from Sub-Committee members and active observers, the CIF Administrative Unit in consultation with the MDB Committee on March 17, 2010 prepared for review and approval at the Sub-Committee the following two papers:

- a. *FIP Operational Guidelines* (document FIP/SC.3/3), and
- b. *FIP Investment Criteria and Financing Modalities* (document FIP/SC.3/4).

4. The FIP Sub-Committee will consider at its March meeting proposed terms of reference for developing a dedicated grant mechanism for indigenous peoples and local communities. These terms of reference have been developed through consultation among representatives of indigenous peoples and local communities, with a view to arriving at broad consensus across geographically and culturally diverse groups living in forests potentially covered by the FIP. The associated budget necessary to fund the proposed activities is referenced in the FY11 CIF Administrative Budget proposal which is before the joint CTF-SCF Committees for review and approval. Once the FIP Sub-Committee has approved the terms of reference for developing the dedicated initiative, the joint Committees will be invited to confirm the associated budget through a decision by mail.

5. The FIP Expert Group met during the week of February 12 -15, 2010, in Washington, D.C., to prepare its recommendations on the selection of pilots to be financed by the FIP, consistent with the criteria agreed by the Sub-Committee at its meeting in October 2009. The results of this meeting are presented in document FIP/SC.3/5 *FIP Expert Group Report*. As requested by the Sub-Committee, the Expert Group has recommended five pilots and proposes an additional 3 pilots to be considered by the Sub-Committee as it sees fit, including in the circumstances where additional funds become available to finance more pilots or should some of

the selected pilots prove not to be feasible. The FIP Sub-Committee will review the proposed pilots and make a decision during its meeting on March 17, 2010.

6. On February 3, 2010, Japan announced an additional pledge to the FIP in the amount of US\$60 million (see *Trustee Report*, document SCF/TFC.5/4 for current status of pledges for FIP). With Japan's contribution, the FIP Sub-Committee now has six contributor countries members (Australia, Denmark, Japan, Norway, United Kingdom and the United States) and six developing countries members (Brazil, Democratic Republic of Congo, Indonesia, Morocco, Nepal and Romania).

7. The FIP Sub-Committee requested the CIF Administrative Unit to work with other multilateral REDD+ institutions and REDD+ initiatives to study options for enhancing cooperation and for seeking coherence among them to support countries' REDD+ efforts. The CIF Administrative Unit was requested to report back to the FIP Sub-Committee at its June session with an options analysis report, if appropriate.

8. During the 2010 CIF Partnership Forum in Manila, Philippines, a panel will be organized entitled "*Collaborating for REDD+: The Forest Investment Program and its Partners at the Country Level*". The panel will provide an opportunity to exchange views with diverse stakeholders on the challenges and opportunities for FIP to implement REDD+ at the country level and on collaboration with other development partners for scaled-up REDD+.

9. The FIP Sub-Committee meeting on March 17, 2010, will discuss the following substantive agenda items:

- a) FIP Operational Guidelines (FIP/SC.3/3).
- b) FIP Investment Criteria and Financing Modalities (FIP/SC.3/4).
- c) Terms of Reference for the Development of a Grant Mechanism for Indigenous Peoples and Local communities (FIP/SC.3/5).
- d) Report of FIP Expert Group: Recommendations for Pilots under the FIP (FIP/SC.3/6).

Pilot Program on Climate Resilience (PPCR)

10. *Phase I status:* During the reporting period, joint missions were organized for Bangladesh (February 1-14, 2009), Bolivia (February 1-12, 2009), Cambodia (October 12-22, 2009), Mozambique (November 30 – December 11, 2009), Nepal (September 3-9, 2009), Tajikistan (October 12-22, 2009), Yemen (November 14-23, 2009), and Zambia (November 16-27, 2009). Activities have also started in the regional programs for the Caribbean and the Pacific. However, the 7.0 magnitude earthquake in Haiti has delayed activities in Haiti under the regional program. The joint mission for Niger (scheduled March 1-9, 2010) has been postponed. With respect to both Niger and Haiti, the MDBs are reviewing the situation and a proposal for next

steps will be presented to the PPCR Sub-Committee on March 16, 2010. (See document PPCR/SC.5/Inf.2).

11. Zambia submitted a Proposal for Phase 1 funding from the PPCR in February 2010. The document *Zambia: Preparation of a Strategic Pilot Country Program for Climate Resilience: Proposal for Phase 1 funding financing from the PPCR* (document PPCR/SC.5/4) will be submitted to the PPCR Sub-Committee for endorsement and with a request for approval of USD 1.5 million in financing to support the preparation of Zambia's Strategic Program for Climate Resilience.

12. *Building a community of practice.* A first meeting among PPCR pilot countries was convened on October 26 and 27, 2009. The meeting provided an opportunity for the pilot countries and the MDBs to discuss their expectations and challenges associated with activities to be supported under the PPCR. The countries made recommendations with respect to the following ten themes: (a) diversity; (b) existing country planning; (c) cross-cutting problems, cross-cutting solutions; (d) opportunity for donor coordination; (e) local communities, antipoverty; (f) multisector, multistakeholder; (g) building and sharing knowledge; (h) full policy cycle; (i) insurance – private sector example; and (j) challenges. The recommendations of the pilot countries meeting were presented to the PPCR Sub-Committee and are posted on the CIF website.

13. A second meeting of the PPCR pilot countries will take place from March 15-16, 2010 in Manila, Philippines. The overall objective of the meeting is to provide a platform to the PPCR pilot countries for dialogue, sharing experiences and learning from each other. The proposed approach is designed to ensure that the meeting: (a) addresses the immediate needs of the pilot countries; and (b) assists in a process to distill lessons for the broader development community about strategic planning and climate resilience. The PPCR Pilot Countries Meeting in Manila will specifically focus on issues and challenges in relation to the preparation of strategic plans with particular emphasis on: (a) promoting buy-in for advancing the agenda for climate resilience; (b) identifying an adequate institutional framework for streamlining climate resilience; and (c) seeking synergies with other development partners.

14. Participants from the meeting of pilot countries will present the results of their meeting to the PPCR Sub-Committee during its meeting on March 16, 2010.

15. *Status of Resources.* According to the *Trustee Report on the financial status of the Strategic Climate Fund* (SCF/TFC.5/4), recent shifts within the existing CIF resource envelopes (pledges) in favor of SCF have resulted in a significant increase in the size of PPCR resources. The projected pledged resource envelope increased from USD 614 million (September 30, 2009) to USD 967 million (January 31, 2010).

16. The PPCR Sub-Committee meeting on March 16, 2010, will discuss the following substantive agenda items:

- a. PPCR results framework (CTF-SCF/TFC.4/3).
- b. Zambia: proposal for phase 1 funding (PPCR/SC.5/3).

- c. Proposal for accelerated funding of phase 1 activities (PPCR/SC.5/4).
- d. Report on the Meeting of the Pilot Countries.

Program for Scaling-Up Renewable Energy in Low Income Countries (SREP)

17. *Status of SREP and Pledges.* In December 2009, the United States announced a pledge of \$50 million to SREP which increased the total pledges to the program to \$260 million allowing the SREP to become operational. In February 2010, Japan announced a pledge of \$40 million increasing the total pledged amount to \$292 million

18. *Establishment of Sub-Committee.* Following the pledge of the United States, the SCF Trust Fund Committee approved by mail the establishment of the SREP Sub-Committee with the following membership: Armenia, Bangladesh, Netherlands, Nicaragua, Norway, Solomon Islands, Switzerland, United Kingdom, United States, United Republic of Tanzania and Yemen. In approving this decision, the SCF Trust Fund Committee "[took] note that there is an open seat for a contributor country which should be filled as soon as an additional contributor pledges resources to the SREP." Japan has subsequently filled this seat after its pledge of \$40 million.

19. *First meeting of the Sub-Committee.* The first meeting of the SREP Sub-Committee was held on February 3, 2010. At the meeting, the Sub-Committee approved the 2010 work program which provides for four meetings to be convened between February 3, 2010 and October 2010 to accelerate the launch of the program. The Sub Committee review and commented on: (a) criteria for selecting expert group members, and, (b) criteria for selecting country and regional pilots. The documents were revised on the basis of the comments made during the meeting, and the revised documents have been circulated to the Sub-Committee for approval by mail.

20. *Nominations of Experts.* Pursuant to the criteria for selecting expert group members under SREP, the Administrative Unit, in collaboration with the MDB Committee, issued a call for nominations of experts. The call was posted on the website and direct outreach has been made to: (a) SREP Sub-Committee members; (b) SCF Trust Fund Committee members; (c) active observers of the SCF Trust Fund Committee and SREP Sub-Committee, and; (d) MDBs. The deadline for submissions is March 19, 2010.

21. *Expressions of Interest to be considered as a pilot.* Once the *Criteria for Selecting Country and Regional Pilots* has been approved, the CIF Administrative Unit will inform eligible countries, through the country offices of the MDBs, of the SREP program and invite interested governments to submit a brief expression of interest to be considered as a pilot country. All expressions of interest received by the Administrative Unit will be submitted to the Expert Group for its consideration. The deadline for submissions is April 30, 2010.

22. The Expert Group's recommendations and report will be submitted to the Administrative Unit for distribution to the SREP Sub-Committee to assist its selection of country and regional pilots before the third Sub-Committee meeting in June 2010.

23. *Agenda for the March 17 Sub-Committee Meeting.* The SREP Sub-Committee will have its second meeting on March 17, 2010, to discuss the following substantive agenda items:

- a. Elements of programming modalities and operational guidelines (power point presentation).
- b. Elements of financing modalities (power point presentation).
- c. Proposal for SREP results measurement framework.
- d. Status report on country expressions of interest and selection process of experts (oral presentation).

24. Based on the feedback from the March meeting, the Sub-Committee will be invited to review and approve the proposed financing modalities and proposed programming modalities and operational procedures at its June 2010 meeting.