



CIF 2012 Partnership Forum

Daily Report

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2012 CIF PARTNERSHIP FORUM HIGHLIGHTS: 6 NOVEMBER

The Climate Investment Fund (CIF) 2012 Partnership Forum opened on 6 November in Istanbul, Turkey. The Forum is being co-hosted by the CIF and the European Bank for Reconstruction and Development (EBRD). In the morning, an opening plenary was held, followed by a panel on creating the climate for change, an introduction to the Forum's sessions, a panel on Turkey's clean energy initiative, and afternoon parallel sessions on: innovations in engendering climate finance; towards sustainable energy for all – financing energy access for the poor; reporting from the Private Sector Forum; and landscape approaches – addressing mitigation, adaptation and poverty reduction in one go.

OPENING PLENARY

Moderator Jonathan Charles, Communications Director, EBRD, opened the Forum. Via videolink, Ali Babacan, Deputy Prime Minister, Turkey, welcomed participants and said the Forum provides an open and transparent platform, bringing all parties together to share experiences and best practices on climate-smart development.

Hans Peter Lankes, Managing Director, EBRD, stressed the CIF's key role in scaling up climate investment globally, and highlighted the Bank's focus on implementing private sector solutions in middle-income countries.

Cevdet Yilmaz, Minister of Development, Turkey, said the CIF exemplifies the development and scaling up of climate financing. Noting Turkey's rapid economic growth and increasing population, he said the government is oriented towards sustainable development and has adopted national goals for enhancing renewable energy and energy efficiency.

Cavit Dağdaş, Deputy Undersecretary of Treasury, Turkey, and Diane Barclay, Australian Agency for International Development (AusAID), were elected Forum Co-Chairs.

PLENARY PANEL DISCUSSION: CREATING THE CLIMATE FOR CHANGE

Paddy Padmanathan, ACWA Power, said governments can make the most impact through allowing technological choices by accounting for real direct costs. As an example, he said fossil fuel subsidies make it uneconomic to use perfectly viable technologies that have a lower carbon footprint.

Michael Liebreich, Bloomberg New Energy Finance, said that many clean energy programs are under stress, but costs are going down. He stressed clean energy is the least expensive, but all spending must be done upfront.

Wilbur Ottichilo, Kenya, encouraged inexpensive solar schemes for the poor and local solutions in general, highlighting differences in developed and developing country situations, and calling on developing countries to make their own budgetary provisions to address climate issues.

Myrna Cunningham, UN Permanent Forum on Indigenous Issues, stressed recognition of indigenous rights and participation in decisions affecting communities, such as siting of wind farms.

Stewart Maginnis, International Union for Conservation of Nature (IUCN), emphasized the value of partnerships and flexible learning frameworks, cautioning against standardized indicators.

In the ensuing discussion, Liebreich suggested that top-down efforts to achieve an international climate agreement may be counterproductive, and stressed that “the best thing the CIF can do is to be extremely profitable” in order to attract private sector investment. Cunningham and Ottichilo stressed the importance of recognizing rights and coordinating efforts internationally, through framework agreements. Maginnis stated negotiations had produced REDD+, and that “the future is local” regarding developing solutions.

In a question-and-answer session, panelists highlighted the increased role of renewables in the energy mix and in country planning. On the profit motive, Padmanathan highlighted that sourcing local suppliers helps make renewables affordable, and called on governments to set appropriate policies and enforcement mechanisms to stimulate and steer private investment. Cunningham said indigenous peoples are not against profits, emphasizing benefit sharing and participation. Liebreich said global-local and public-private dichotomies are “false tensions” and that institutions must find their own way forward, based on experiences of what works. Maginnis called for emphasis on monitoring and learning from the CIF.

IGNITE YOUR CLIMATE PASSION

During this session, the ten session topics of the Forum were presented and pitched. Through an electronic vote, the highest percentage of participants indicated the session on sustainable cities sounded the most interesting.

TURKEY'S CLEAN ENERGY INITIATIVE

This session was moderated by Yusuf Yazar, Ministry of Energy and Natural Resources, Turkey, who discussed progress on energy efficiency and renewable energy in Turkey, noting the aim of achieving a self-sufficient energy sector. He also highlighted the crucial role the financial institutions play in the process.

Elvan Ongun, Treasury Undersecretariat, described Turkey's “wholesale approach” of using international financial institution (IFI) loans for a credit-line mechanism for domestic banks to lend to clean energy projects, which has helped overcome market barriers.

Josué Tanaka, EBRD, highlighted that half of EBRD's US\$3 billion portfolio is in renewables and efficiency, including large wind farms. He credited timing, policy frameworks, and participation of Turkey's main banks for rapid expansion of investment in clean energy in the country.

Emre Hatem, Garanti Bankasi, stressed that Turkey will require hundreds of billions of dollars in energy investment in the future, which should be supported by both local and international banks. He underlined the potential of alternative financing, like eurobonds, and of local pension funds, and said Turkish Lira financing is increasing.

Ozlenen Aydin, EnerjiSA, highlighted a liberalized environment as key to meeting the fast-growing demand for energy in Turkey and noted her company invests significant funds in renewable energy, including wind energy.

PARALLEL SESSIONS

INNOVATIONS IN ENGENDERING CLIMATE

FINANCE: Lucy Wanjiru, UNDP, moderated this session. Lorena Aguilar, IUCN, presented on the CIF-commissioned Gender Impact Assessment Review. She noted a positive trend to mainstream gender in Investment Plans, and recommended:

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establishing a CIF gender focal point; gender-sensitive monitoring and evaluation; and recognizing gender as a driver for transformational change.

Yvonne Ochoa Rosellini, Fundación Hogares, discussed a project that trains women as plumbers to install water and energy saving devices in homes. She said the pilot has been scaled up to 15,000 households in Mexico and aims to eventually reach one million homes.

Nathalie Eddy, Global Gender and Climate Alliance, urged bringing examples of innovation and women's leadership to the forefront of mitigation discussions, and addressed how to incentivize policymakers to incorporate gender considerations.

Jeannette Gurung, Women Organizing for Change in Agriculture and Natural Resource Management, emphasized the need to talk about women as entrepreneurs and agents of change, not as "vulnerable" and "marginalized." She noted taking inspiration from indigenous peoples' groups who identify themselves as "rights holders."

Tracy Cull, Kulima Integrated Development Solutions, urged: improving outreach to community groups; incorporating indigenous knowledge; and gender-sensitive training and workshops. She said adaptation can be as innovative and entrepreneurial as mitigation.

During a question-and-answer session, participants discussed, *inter alia*: how to emphasize the role of women in complex infrastructure projects; setting aside small grants for access by communities; focusing on qualitative data; recognizing and rewarding women's contributions to mitigation; and showing that adaptation can be profitable.

Michelle Kaminski, Canada, discussed the contributor country perspective and supported, *inter alia*: hiring a dedicated gender specialist in the CIF; and developing a roster of experts on gender and climate change. She suggested a working group that includes specialists and representatives from contributor countries.

TOWARDS SUSTAINABLE ENERGY FOR ALL – FINANCING ENERGY ACCESS FOR THE POOR: David McCauley, Asian Development Bank, moderated this session. Govind Raj Pokharel, Nepal, highlighted the need to enhance livelihoods, as well as energy access, including through government incentives for private-sector financing, which he termed a "quality-ensuring discount," rather than a subsidy.

Herta von Stiegel, Ariya Capital, emphasized population growth and business opportunities in Africa, and projected increased demand for energy services similar to that seen in telecommunications.

Henry Kimber, Liberia, described the energy needs of 3.8 million Liberians, noting the national grid serves just 57,600 people, and welcoming investment.

Kyosuke Inada, Japan International Cooperation Agency, said the agency has not successfully involved the private sector in its rural electrification projects, and noted the impact of such projects in reducing carbon emissions is small.

On the relationship between energy access and reducing emissions, Pokharel highlighted domestic biogas, which reduces pollution and enhances health. Von Stiegel said renewables compare favorably with kerosene and diesel fuel in costs and emission reductions.

On public and private sector roles, speakers supported partnerships, hybrid approaches and aggregation of small projects to attract financing.

During the discussion, participants addressed: indigenous participation as actors, as well as beneficiaries; knowledge transfer on successful small to medium business strategies, for example, on the collection of utility payments using mobile phone banking; the need for CIF leadership to serve off-grid populations; and intellectual property rights affecting access to energy technology.

On the carbon market, speakers expressed optimism for the long-term, with Inada cautioning against using carbon market revenue streams to fund sustainable energy for all due to unstable and low prices. Von Stiegel noted new ideas are needed on how to subsidize sustainable energy for all given the collapse of the carbon market.

The audience then underlined the importance of local ownership of projects, community consultations, raising awareness, considering the cost of corruption in countries, and long-term project viability. Kimber stressed more strategizing is needed, including through defining who is poor.

REPORTING FROM THE PRIVATE SECTOR

FORUM: Susan Kish, Cross Platform Initiatives, Bloomberg, updated participants on the previous day's Private Sector Forum, mentioning: the challenge of raising clean energy financing to the trillion-dollar level; business perceptions and practice on adaptation to climate change; and case examples of IFI funds in Morocco's concentrated solar power project, and in Denizbank's intermediary lending. She shared results from the use of electronic polling tools to elicit audience views on which sectors are best placed to manage risk, among other issues.

Kish then invited panel members to offer their main "takeaways" from the previous day.

Pasha Bakhtiar, Willow Impact, noted that investing in small and medium enterprises requiring fast access to capital, compared to large-scale projects with much longer lead times and return periods were "two parallel universes," in which success is defined differently.

Roberto Dumas Damas, Itau BBA, proposed that governments offer incentives and measures to make clean energy investments attractive to investors; and suggested banks adopt common frameworks, such as the Equator Principles, for investment analysis.

Regina Mead, Mb4, noted investors' pullback from clean energy due to political risk and lack of returns. She proposed assisting borrowers to package their financial needs, with support from policymakers to enable investors to realize lower yields over the longer term.

Josué Tanaka, EBRD, recommended: aggregating similar projects in order to limit risk parameters and enable simpler due diligence requirements; simplicity and replication in project financing; and attracting increased domestic financing.

During the discussion, panelists agreed securitization of loans would not be helpful; and highlighted the need to manage currency risk, including through denomination of IFI loans in local currencies.

LANDSCAPE APPROACHES – ADDRESSING MITIGATION, ADAPTATION AND POVERTY

REDUCTION IN ONE GO: Moderator Alistair Clark, EBRD, said the landscape approach is a holistic approach linking mitigation and adaptation with developmental challenges.

Gürsel Küsek, Turkey, presented on zoning of agricultural lands, a related subsidy system and a comprehensive land consolidation project.

Stewart Maginnis, IUCN, said the landscape approach is not just about tree planting, but also about social and economic resilience, and needs to accommodate various types of land use and concerns of social groups to deliver a range of goods and services. At the same time, he said no blueprint exists and the approach must be designed according to specific conditions.

José Carlos Fernandez-Ugalde, Mexico, described their efforts to bridge the central and local levels through: a public lending agency; a non-governmental, cross-sectoral technical agent; and a platform for public participation.

Sarafat Khan, Bangladesh, presented on a program of establishing special zones suitable for agriculture in coastal areas, but stressed the challenge of taking frequent cyclone events into account.

In the ensuing discussion, Küsek noted the need for data, planning and local knowledge for the landscape approach to deliver results. On financing the landscape approach, Maginnis highlighted the public sector's role in the majority of examples, and Fernandez-Ugalde noted they are exploring new instruments like credit lines. Participants also discussed: driving factors for the landscape approaches, its limitations and barriers, and the need for integrated services and for considering multiple institutions.