



CLIMATE
INVESTMENT
FUNDS

Forest Investment Program – An Update



Andrea Kutter
Sr. Program Coordinator
Forest Investment Program
Pilot Program for Climate Resilience



Lima, Peru
July 4, 2014



FIP in the Context of the Phased Approach to REDD+

Readiness/National Strategies

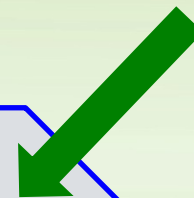
(Bilaterals, GEF, government, FCPF RF, UN-REDD, ...)

Implementation

(Amazon Fund, bilaterals, CBFF, GEF, **FIP**, government, multilaterals, private sector, UN-REDD, ...)

Results-based payments

(Bilaterals, **FCPF CF**, government, BioCF, CDM, ...)





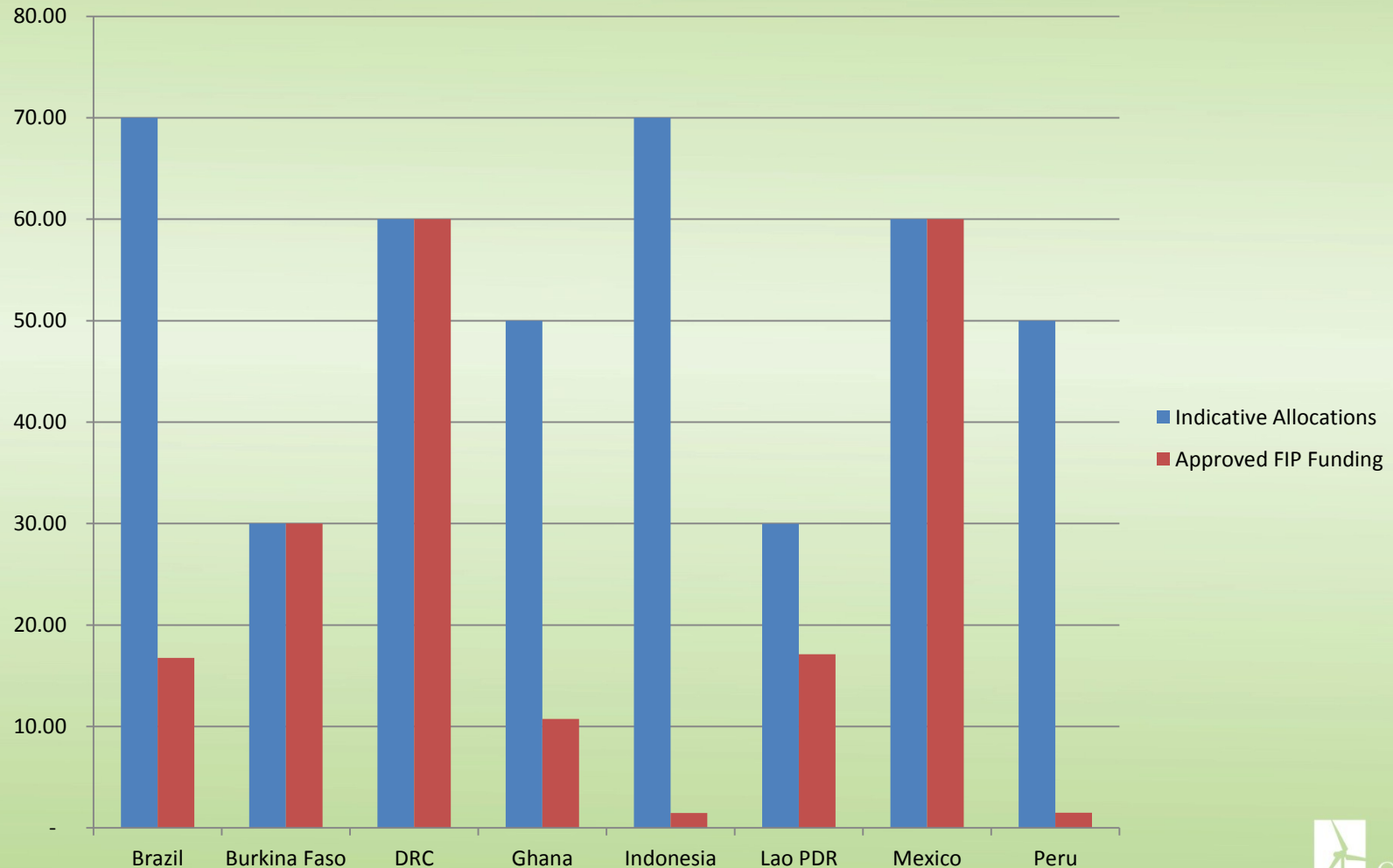
Status of the FIP

- ✓ Current pilot countries: Brazil, **Burkina Faso, DRC, Ghana, Indonesia, Lao PDR, Mexico, Peru**
- ✓ USD 639 million (mix of grants and capital contributions)
- ✓ All 8 FIP Investment Plans endorsed
- ✓ Private sector window
- ✓ Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (endorsed)
- ✓ 38 projects in the portfolio (mix of public and private sector) - Pipeline is active, FIP funding approval request steadily flowing in



Portfolio Trends

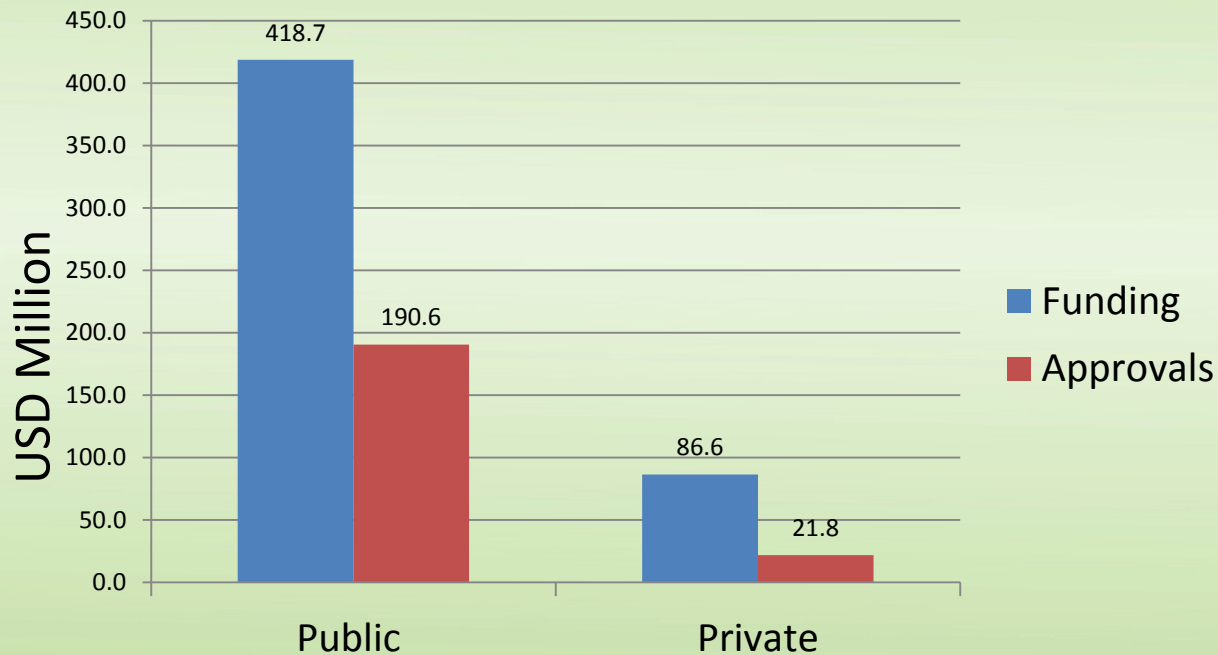
Indicative Allocation and FIP Funding Approvals by FIP Pilot (USD Millions)





Portfolio Trends

Private Sector Engagement in the FIP



- 9 projects explicitly target the private sector
- 5 projects under the PSSA + 4 project under endorsed IPs
- Rate of private sector FIP funding approval ~25%
- Rate of public sector funding approval ~45%



2014 FIP Learning Product

Study on Linkages between REDD+ readiness and the Forest Investment Program

A few lessons:

- Phase 2 funding is an important bridge between REDD+ readiness and results-based payments. Phase 2 funding is an important component of an international REDD+ mechanism.
- The scope and objectives of REDD+ have shifted over time and have increased the complexity of national planning processes. Adaptive management needs to be applied.
- Donor coordination is important to ensure efficiency and overall success of achieving REDD+ objectives in a country. Collaboration between REDD+ finance initiatives should be mainstreamed at the international and national levels.



Decisions from FIP Sub-Committee meeting (Jamaica, June 28, 2014) (1)

Link between FIP investment funding and performance-based payment mechanisms

- 4 of 8 countries propose to participate in a performance-based payment scheme such as the FCPF Carbon Fund, using FIP upfront investments for activities resulting in GHG emission reductions: DRC, Ghana, Mexico, and Peru.

“The Sub-Committee requests the CIF Administrative Unit, in consultation with the Sub-Committee members, pilot countries, MDBs, and relevant international entities, to prepare for consideration at its next meeting, **a paper providing guidance on the link between FIP investment funding and REDD+ performance-based mechanisms, taking into account the international REDD+ architecture and, in particular, the *Warsaw Framework for REDD-plus*.**”



Decisions from FIP Sub-Committee meeting (Jamaica, June 28, 2014) (2)

Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

The FIP Sub-Committee, having reviewed the project proposal, *Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Program Framework and Funding Proposal for the DGM Project for the Global Component*, dated June 22, 2014, and for the *DGM Project for Brazil*, dated June 9, 2014,

endorses the program framework for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities as a basis for the development of the DGM global component and the DGM projects in each FIP pilot country and takes note of the total requested **funding of USD 50 million in grant funding**;

approves USD 4.72 million in FIP grant funding for the DGM Project for the Global Component to be implemented by the World Bank; and

approves USD 6.5 million in FIP grant funding for the DGM Project in Brazil to be implemented by the World Bank.

8 Remaining seven DGM country projects expected for FIP funding approval in FY15



Decisions from FIP Sub-Committee meeting (Jamaica, June 28, 2014) (3)

Options for the Use of Potential New Funds under the FIP (FIP/SC.12/7)

Option 1: Selection of new FIP pilot countries.

Option 2: A dedicated set-aside of funds to address emerging issues related to REDD+ and/or close strategic gaps identified in the FIP portfolio, including a second round incentivizing innovative private sector investments.

Option 3: Additional resources to existing FIP pilot countries.

Option 4: ...

“...the Sub-Committee agrees that **options 1, 2 and 3 should be further elaborated**, in consultation with Sub-Committee members and pilot countries, and discussed in November 2014 after the discussion in the joint meeting of the CTF and SCF Trust Fund Committees on the CIF sunset clause.”



Thank you
www.climateinvestmentfunds.org



Akutter@worldbank.org