

EMPOWERING



SUSTAINABLE FOREST INVESTMENTS

DEFORESTATION AND FOREST DEGRADATION—THROUGH AGRICULTURAL EXPANSION, CONVERSION TO PASTURELAND, INFRASTRUCTURE DEVELOPMENT, DESTRUCTIVE LOGGING, AND FIRES—ACCOUNT FOR MORE THAN 20 PERCENT OF GLOBAL GREENHOUSE GAS EMISSIONS. TO STABILIZE GLOBAL AVERAGE TEMPERATURES WITHIN 2° CELSIUS AND CONSTRAIN THE IMPACTS OF CLIMATE CHANGE, THE FOREST SECTOR MUST PLAY A SIGNIFICANT ROLE IN REDUCING EMISSIONS.

The \$785 million Forest Investment Program (FIP) supports developing countries' efforts to reduce emissions from deforestation and forest degradation and to promote sustainable forest management and enhancement of forest carbon stocks (REDD+). Currently active in eight countries, the FIP has enhanced the importance of the REDD+ agenda in these countries. The FIP has achieved this by linking relevant mitigation and adaptation initiatives together and providing additional motivation for comprehensive engagement and dialogue on the issue across multiple stakeholder groups and sectors.

FIGURE 10 OVERVIEW OF THE FIP



This programmatic approach to REDD+ investments is a FIP hallmark. By looking across forest landscapes in an integrated, cross-sectoral manner, the FIP is empowering countries to address the drivers of deforestation and forest degradation both inside and outside of the forest sector to achieve a triple win of poverty reduction, mitigation, and resilience. In 2014, the United Kingdom made a new pledge of up to \$195 million¹¹ to the FIP, bringing the FIP to \$785 million in total pledges and supporting expansion to more countries in 2015.

The FIP's intentionally deliberative investment planning phase has catalyzed a relatively swift project preparation and approval rate. Despite the complexities associated with the preparation and implementation of FIP investment plans and projects, the FIP is the CIF's fastest moving portfolio.

To date, \$208 million—over 40 percent of FIP allocated funding—is approved and under implementation for 12 projects and expecting an additional \$742 million in co-financing.

THE REDD+ “MISSING MIDDLE”

REDD+ is a global effort to create a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and invest in low-carbon paths to sustainable development. REDD+ follows a phased approach, in which countries begin by building technical and institutional capacity (Phase 1, or “readiness”), followed by policy reform and demonstration activities (Phase 2, or “implementation”), and finally expanding into fully measured, reported, and verified implementation (Phase 3, or “results-based payments”). These phases can overlap, and do, in many FIP countries (figure 12).

Described as the “missing middle,” the FIP primarily focuses on REDD+ implementation

activities, providing a crucial pull by creating incentives for readiness activities, and exerting a push by supporting development of needed capacity and experience to allow countries to progress to results-based payments. The FIP is the largest source of financing for Phase 2 REDD+ activities.

More than 50 percent of allocated FIP funding is for building capacity, reforming institutions, and strengthening governance mechanisms to enhance the enabling environment for forest landscape management and conservation and for enhancing forest monitoring. The other nearly 50 percent is for site-specific demonstration investments that could lead to results-based payments.

BOX 7 INFLUENCE OF THE FIP PROGRAMMING PROCESS

- The inclusive, country-driven engagement in discussing and agreeing on REDD+ priorities to be addressed with FIP resources has influenced the way other REDD+ initiatives are now being pursued at the country level.
- Despite the known complexity of addressing REDD+, including a wide variety of stakeholders and their often-conflicting views, country governments have engaged with these groups to define a common vision for the use of allocated FIP resources. MDBs and FIP countries agree that the FIP programming process has set a new standard for stakeholder engagement.
- Most countries have used the FIP programming process to set up or strengthen interministerial committees to discuss land use issues affecting forests and trees. These entities are increasingly taking on the responsibility to steer national and international finance toward an agreed set of priorities identified in REDD+ strategies or equivalents.

FIGURE 11 FIP IS SUPPORTING MANY DIMENSIONS OF REDD+

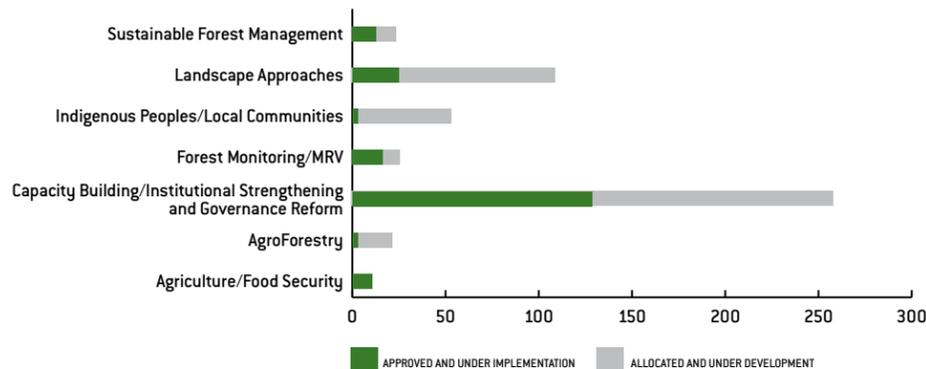


FIGURE 12 THREE PHASES OF REDD+

PHASE 1	PHASE 2	PHASE 3
READINESS	IMPLEMENTATION	RESULTS-BASED PAYMENTS
<ul style="list-style-type: none"> Policy and strategy Capacity building Consultations Social inclusion 	<ul style="list-style-type: none"> Investments in low-carbon development Sustainable forest management Smart agriculture Green value chains 	<ul style="list-style-type: none"> Poverty alleviation and shared prosperity Mitigation outcomes Adaptation measures
FCPF Readiness Fund	UN-REDD	
	Forest Investment Program	
		REDD Early Movers (REM) Program
		BioCarbon Fund
		FCPF Carbon Fund

The split is congruent with FIP countries' advancement along the REDD+ continuum. Countries such as Brazil and Mexico, which are more advanced in their readiness activities, tend to use FIP resources for site-specific activities. Countries such as Burkina Faso and Indonesia, which lack the institutional capacity to address the drivers of deforestation and forest degradation and to support sustainable forest management, use FIP resources for readiness-type activities.

BURKINA FASO

Burkina Faso's entry into REDD+ is due to its participation in the FIP. Burkina Faso is the only FIP country to have used its FIP investment plan preparation grant to facilitate the formulation of the Readiness Preparation Proposal (R-PP) under the Readiness Fund of the Forest Carbon Partnership Facility (FCPF). In parallel with the FIP programming phase, the government of Burkina Faso engaged with

the FCPF to further enhance conditions for REDD+ and strengthen links between FCPF and FIP activities. Burkina Faso's semiarid forests, which cover 48 percent of the country, are under pressure from the expansion of farming areas and the overexploitation of firewood and other nontimber forest products. Deforestation at an average annual rate of 0.8 percent is leading to biodiversity loss and degradation of soil productive capacity.

In 2012, Burkina Faso's FIP investment plan was allocated \$30 million, and in 2013, Burkina Faso was invited to join the FCPF. In 2014, Burkina Faso, together with the AfDB and World Bank, began implementing the two complementary projects specified in the investment plan. They cover a range of national and local level activities, including creating a single, coordinated REDD+ strategy and piloting concrete actions for limiting deforestation and forest degradation in both state-owned and community-owned forests and reducing poverty through participative management of land. Burkina Faso expects these projects to lead to 14 million tons of CO₂ emission reductions over 15 years.



BOX 8 UNDERSTANDING THE LINKS BETWEEN THE FIP AND REDD+

According to the CIF-commissioned report “Linkages between REDD+ Readiness and the FIP,” countries with established REDD+ strategies, coordination mechanisms, and policies to address the drivers of deforestation, and which have high political will and institutional capacity, were able to progress more rapidly through the FIP investment planning process and ensure alignment with long-term national programs.

As FIP projects move forward through preparation, approval, and implementation, a second CIF-commissioned report, set to be published in 2015, will examine the links between up-front FIP investments and REDD+ performance-based payment mechanisms.

All FIP pilot countries except Brazil are receiving support for readiness activities through the FCPF Readiness Fund and the UN-REDD Program. Six FIP pilot countries [Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Mexico, and Peru] have expressed their intent to link FIP-supported activities with performance-based mechanisms such as the FCPF Carbon Fund.

DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

Unique to the FIP, the \$50 million Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) is a one-of-a-kind program designed and led by representatives of indigenous peoples groups and local communities in FIP countries to enhance their communities' capacity to engage in and contribute to the national REDD+ dialogue and actions. Composed of country programs for each FIP pilot country and a global component for knowledge exchange, capacity building, and networking, the DGM is the largest global REDD+ initiative created solely for and by indigenous peoples and local communities.

When indigenous peoples and local communities are empowered to fully engage in REDD+, more constructive dialogue occurs around projects and programs. Chances increase for successful implementation that benefits (rather than harms) local interests and maintains forests as a carbon sink, biodiversity hub, and source of livelihoods. It builds systemic trust and confidence and helps facilitate countries' broader sustainable land use management efforts.

In 2014, the DGM was put into operation with the FIP Sub-Committee's endorsement of the DGM Framework Operational Guidelines and funding approval for the global component (\$5 million) and the Brazil DGM program (\$6.5 million). The DGM program of Brazil aims to support the investment preparedness of indigenous peoples and local communities in the Cerrado biome and to finance the provision of microgrants for small-scale activities for sustainable development and natural resources management.



Brazil is the first FIP country to launch the DGM. Representatives from the Brazilian government and indigenous peoples groups, World Bank, and FIP Sub-Committee Members and Observers celebrate the \$6.5 million grant approval at the June 2014 FIP Sub-Committee meeting in Jamaica.

“THIS [GRANT APPROVED FOR BRAZIL] WILL HELP CONSERVE THE NATURAL RESOURCES OF THE CERRADO BIOME AND FACILITATE THE EXCHANGE OF KNOWLEDGE BETWEEN INDIGENOUS PEOPLES AND OTHER COMMUNITIES. THE NETWORKS WHICH HAVE BEEN BUILT FOR THIS WILL CONTINUE TO WORK TOGETHER, AND SIMILAR PROJECTS CAN BE USED ELSEWHERE IN BRAZIL.”

TSEREDZARO RURI O

*Mobilização dos Povos Indígenas do Cerrado
(Organization of the Indigenous Peoples of the Cerrado)*



In Peru, the DGM National Steering Committee, composed of members from the large national Amazon indigenous organizations AIDESEP and CONAP, is formulating the Peru DGM program in partnership with the World Bank, World Wildlife Fund-Peru, and communities of the Peruvian Amazon. They aim to strengthen indigenous capacity and governance in land titling and forest management, with a focus on gender equality.

\$50 MILLION DGM

DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES (DGM)

Unique to the FIP

Designed and led by indigenous peoples and local communities

Largest global REDD+ initiative solely for these groups

