

December 19, 2014

**Deadline Approaching : Criteria and procedures for the selection of new FIP countries
Comments from Brazil**

Dear colleagues,

Please find attached Brazil's comments on the "criteria and procedures for the selection of new FIP countries, allocation of resources to existing FIP pilot countries and the selection and working modalities of the expert group".

Best regards,

Marco Aurélio S. Araújo
Public Policies Specialist
Secretariat for International Affairs
Ministry of Finance of Brazil
Tel.:+55 (61) 3412-1938

Brazil's comments on the criteria and procedures for the selection of new FIP countries, allocation of resources to existing FIP pilot countries and the selection and working modalities of the expert group

December 19, 2014

Criteria and procedures for the selection of new FIP countries

First, we understand that the selection of new FIP pilot countries should be carried out through an open and transparent process, open to all countries that fit the criteria set out by the FIP Subcommittee. In that regard, the participation in other international REDD programs, such as the FCPF Readiness Fund and UN-REDD Program, should not be considered as a prerequisite to participate in the process. The capacity of the country to join the FIP should not be evaluated by its participation on international initiatives, but by the national commitment to mainstreaming FIP investment in ongoing policy framework and the potential to lead to reduced greenhouse gas emissions.

Brazil considers that the criteria used for the selection of the current FIP pilot countries¹ should be used for the selection of additional countries. The current criteria provide a framework for a balanced and comprehensive assessment of the capacity of countries to engage in the FIP and implement activities in the forest sector with potential for transformational change and significant reduction of greenhouse gas emissions. Moreover, using the current criteria would provide an equal and fair opportunity for new countries to be considered, as they would be assessed on the same basis as the current pilot countries – without creating additional hurdles or undue preferences for any set of countries.

The original criteria for the selection of FIP pilot countries, which we consider appropriate for the consideration of additional pilot countries, is the following:

- Potential to lead to significantly reduced greenhouse gas emissions
- Potential to contribute to FIP objectives and adherence to FIP principles
- Potential of mainstreaming FIP investment in ongoing policy framework and ongoing development activities
- Country preparedness, ability and interest to undertake REDD initiatives
- Country distribution across regions and biomes.

In light of the resources that will be provided for new pilot countries, resulting from additional pledges provided in 2014, between 4-6 additional pilot countries could be selected for the FIP – considering that adequate resources will be reserved for financing the DGM projects in the new countries, and that the allocation of FIP resources for additional countries will be proportional to the allocation provided for current FIP pilot countries.

¹ Set out in the *FIP Design Document* and *FIP Criteria for Selecting Country and Regional Pilots under the FIP*.

Criteria and procedures for the allocation of resources to existing FIP pilot countries

In order for pilot countries and MDB teams to invest their time and resources for the preparation of high-quality projects, including the engagement with stakeholders, predictability on access to financing is required.

The resources currently made available for existing pilot countries amount to the existing unallocated FIP resources, notwithstanding the potential for new pledges to be provided in the future. In this context, we understand that a structured and phased approach should be established to provide a basis for countries to prepare new projects. This approach should be carried out in two phases:

1st phase: all current FIP pilot countries would receive a set-amount based on the distribution key used to allocate the original FIP resources to the eight pilot countries. The allocation could be used, following the regular procedures for the approval of FIP projects, for financing two types of projects:

- new projects that were not included under the current country Investment Plan, in order to complement the activities and strategy supported by the IP, and/or supporting activities that build upon the experience from the IP;
- provision of additional support needed for scaling-up existing FIP projects, including the use of innovative approaches and the expansion of projects in regions and/or biomes that could not be reached by the existing FIP projects. This approach would speed-up disbursement and implementation, as existing project structures would be utilized, minimizing transaction costs.

2nd phase: additional pledges for the FIP would be used for supporting FIP pilot countries beyond the existing resources. Access to such additional resources would be provided through a competitive process. An expert group would be established to review the proposals and make a recommendation to the FIP Sub-Committee on which proposals should be funded from the competitive allocation. The following assessment criteria could be used for evaluation of the proposals:

- Further advancement of the objectives of the endorsed investment plan
- Level of innovation relevant to the country proposed
- Readiness
- Level of benefits to forest-dependent groups or sectors addressed through the future project or program
- Sustainability of intended results.

Selection and working modalities of the expert group

The CIF Administrative Unit should consult with the FIP Sub-Committee members to propose appropriate experts for approval by the Sub-Committee. The CIF Administrative Unit, in collaboration with the MDB Committee, would propose: (a) 2 experts from among those proposed by the pilot countries and (b) 2 experts from among those proposed by the FIP contributor countries, to be invited to participate in the expert group. The list of the 4 proposed experts including their credentials will be submitted to the Sub-Committee for approval by mail.