

CLIMATE INVESTMENT FUNDS

May 18, 2012

Summary of the Co-Chairs
Forest Investment Program Sub-Committee Meeting

May 4, 2012

Co-Chairs

Ms. Katie Berg, United States
Mr. Victor Kabengele Wa Kadilu, Democratic Republic of Congo

OPENING

1. The meeting of the FIP Sub-Committee was opened by the elected Co-Chairs, Mr. Victor Kabengele Wa Kadilu, Sub-Committee member from the Democratic Republic of Congo, and Ms. Katie Berg, Sub-Committee member from the United States.

ADOPTION OF AGENDA

2. The meeting, having reviewed the provisional agenda set forth in document FIP/SC.8/1/Rev.1, approves the agenda.

3. The meeting welcomes the announcement by the Sub-Committee member from Sweden, of his government's contribution of Swedish Krona 100 million to the FIP.

FIP SEMI-ANNUAL OPERATIONAL REPORT

4. The FIP Sub-Committee reviewed document FIP/SC.8/3, *FIP Semi-Annual Operational Report*, and welcomes the report on the status of FIP activities, including information on progress in the eight pilot countries.

5. The FIP Sub-Committee requests that future semi-annual reports include information on (a) progress of FIP activities in the context of national REDD+ activities and (b) pipeline information with details on expected co-financing and comments on progress of each project listed in the pipeline.

REPORT FROM MEETING OF FIP PILOT COUNTRIES

6. The meeting welcomes the presentation by the Sub-Committee Member from Brazil of the highlights of the meeting of FIP pilot countries that was convened in Brasilia, Brazil (April 2-4, 2012). The Sub-Committee looks forward to receiving the report from the meeting as soon as it becomes available.

INVESTMENT PLAN FOR BRAZIL

7. The FIP Sub-Committee, having reviewed the *Investment Plan for Brazil* (document FIP/SC.8/4/Rev.1),

- a) endorses the Investment Plan as a basis for the further development of the projects foreseen in the plan and takes note of the total requested funding of USD 70 million (USD 37.52 million in grant funding and USD 32.48 million in loan financing).
- b) reconfirms its decision on the allocation of resources, adopted at its meeting in November 2010, that a range of funding for the country should be used as a planning tool in the further development of project and program proposals to be submitted to the FIP Sub-Committee for FIP funding approval, recognizing that the minimum amount of the range is more likely and that the upper limit of the range will depend

- on availability of funding. The range of funding agreed for Brazil is USD\$ 50-70 million in FIP resources.
- c) recognizes that the quality of the proposed activities will be a significant factor in the funding to be approved by the Sub-Committee when project and program proposals are submitted for approval of FIP funding.
 - d) approves a total of USD 300,000 in FIP funding as preparation grants for the following projects to be developed under the investment plan:
 - i. USD 100,000 for the project “*Sustainable Production in Areas Previously Converted to Agricultural Use*”, (IBRD);
 - ii. USD 100,000 for the project “*Forest Information to Support Public and Private Sectors in Managing Initiatives Focused on Conservation and Valorization of Forest Resources*”, (IDB); and
 - iii. USD 100,000 for the project “*Implementation of an Early Warning System for Preventing Forest Fires and a System for Monitoring the Vegetation Cover*”, (IBRD).
 - e) takes note of the estimated budget for project preparation and supervision services for the projects referenced above and approves a first tranche of funding for MDB preparation and supervision services as follows:
 - i. USD 265,000 for the project “*Environmental Regulation of Rural Lands*, (IBRD);
 - ii. USD 265,000 for the project “*Sustainable Production in Areas Previously Converted to Agricultural Use*”, (IBRD);
 - iii. USD 250,000 for the project “*Forest Information to Support Public and Private Sectors in Managing Initiatives Focused on Conservation and Valorization of Forest Resources*”, (IDB); and
 - iv. USD 240,000 for the project “*Implementation of an Early Warning System for Preventing Forest Fires and a System for Monitoring the Vegetation Cover*”, (IBRD).
 - d) requests the Government of Brazil and the MDBs to take into account all written comments submitted by Sub-Committee members by May 30, 2012 in the further development of the projects.

UPDATE ON THE INVESTMENT PLAN FOR INDONESIA

8. The Sub-Committee welcomes the update on the preparation of Indonesia’s investment plan and invites the Government of Indonesia and the MDBs to take into account the comments made during the meeting in the finalization of the plan to be submitted for the next FIP Sub-Committee meeting. The Sub-Committee is invited to provide written comments on the draft plan by May 30, 2012.

UPDATE ON THE INVESTMENT PLAN FOR GHANA

9. The Sub-Committee welcomes the update on the preparation of Ghana's investment plan and invites the Government of Ghana and the MDBs to take into account the comments made during the meeting in the finalization of the plan. The Sub-Committee agrees that the investment plan should be considered at the next meeting of the FIP Sub-Committee with a view to its endorsement. The Sub-Committee is invited to provide written comments on the draft plan by May30, 2012.

PROCEDURES FOR ALLOCATING FUNDS UNDER THE FIP RESERVE

10. The Sub-Committee reviewed document FIP/SC.8/5, *Procedures for Allocating Funds under the FIP Reserve*, and requests the CIF Administrative Unit, in collaboration with the MDBs, to revise the proposal taking into account the comments made during the meeting. The Sub-Committee agrees that a revised proposal may be considered for approval by mail, but if a consensus cannot be reached in the intersessional period, that the Sub-Committee will strive to approve procedures for allocating funds under the reserve at its next meeting.

11. In revising the proposed procedures, the following comments, among others, should be taken into account:

- a) the feasibility and desirability of considering a first round of proposals at the meeting of the FIP Sub-Committee in November 2012 (by which time all IPs from pilot countries are supposed to be endorsed) should be assessed ;
- b) the number of competitive rounds could usefully be reduced to two;
- c) the amount of available funding in the reserve should be assessed and considered by the FIP Sub-Committee in deciding on amounts to be allocated in each round;
- d) the scope of eligible activities under the first round should explicitly provide for private sector activities addressing the drivers of deforestation and forest degradation such as agriculture and other relevant sectors; and the Sub-Committee may consider including public sector activities aiming at creating an enabling environment for fostering sustainable business practices;
- e) proposals should consider utilizing country-specific mechanisms to advertise the opportunities for funding, and to review and select proposals to be submitted to the Sub-Committee for review and approval;
- f) consideration should be given as to how to align the FIP procedures with the current procedures of the MDBs for developing and approving private sector projects;
- g) proposals should clarify the eligibility of applicants for FIP grants and loans; and

- h) criteria should be agreed, and possibly incorporated in a score card, to ensure a fair, equitable and transparent process to select the projects that will receive funding.

OTHER BUSINESS

12. In response to a request that observers from civil society organizations and indigenous peoples groups may be accompanied by advisors, the Sub-Committee requested the CIF Administrative Unit to disseminate the current rules applicable to attendance of observers at the meetings of the FIP Sub-Committee, together with the cost and other implications, if the requests by the observers were to be approved.

CLOSING

13. The meeting was closed on May 4, 2012.