

CLIMATE INVESTMENT FUNDS

November 15, 2011

Summary of the Co-Chairs
Meeting of the Forest Investment Program Sub-Committee
October 31, 2011

Co-Chairs

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

OPENING OF THE MEETING AND ELECTION OF CO-CHAIRS

1. The meeting of the FIP Sub-Committee was opened by Ms. Patricia Bliss-Guest, Program Manager, CIF Administrative Unit.
2. The Sub-Committee elected Ms. Katie Berg, Sub-Committee member from the United States, and Mr. Victor Kabengele, Sub-Committee member from the Democratic Republic of Congo, to serve as Co-Chairs for the next 18 months until the next election of Co-Chairs at the FIP Sub-Committee meeting to be convened in May 2013.

ADOPTION OF THE AGENDA

3. The meeting, having reviewed the provisional agenda set forth in document FIP/SC.7/1/Rev.3, approves the agenda.

UPDATE ON OPERATIONS

Semi-Annual Report on FIP Operations

4. The FIP Sub-Committee reviewed document FIP/SC.7/3, *Semi-Annual Report on FIP Operations*, 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 the information on FIP operations be kept up to date on the FIP website. The Sub-Committee further requests that the semi-annual report include information on: country programming activities, including expected dates for the submission of investment plans and related projects and programs to the Sub-Committee, expected dates of MDB approval and disbursements.

Update on Ghana

6. The Sub-Committee welcomes the update presented by the African Development Bank on the progress being made in preparing an investment plan for Ghana and requests the CIF Administrative Unit to circulate the plan to the Sub-Committee once it has been submitted to the Administrative Unit by the Government. The CIF Administrative Unit is requested to consult with the FIP Sub-Committee Co-Chairs on arrangements to be made to ensure that the investment plan is reviewed for endorsement at a meeting of the Sub-Committee.

Update on Indonesia

7. The Sub-Committee takes note of the progress being made in Indonesia to prepare its plan and of the announcement of a second joint mission in December 2011. The Sub-Committee welcomes the expected submission of the plan for its review at its next meeting in May 2012.

Update from other country pilots

8. The Sub-Committee notes with appreciation the updates provided on work in Brazil, Burkina Faso and Peru. The Sub-Committee recognizes that the investment plans for all eight FIP pilots should be submitted for endorsement by May 2012.

FIP INVESTMENT PLAN: LAO PDR

9. The FIP Sub-Committee, having reviewed the *Investment Plan for Lao PDR*, (document FIP/SC.7/4),

- a) welcomes the proposed investment plan and the presentation by the representative from Lao PDR, reaffirms its recognition of the unique contribution that can be made to the FIP, and reconfirms its allocation of up to USD 20-30 million in grant resources to support the investment plan for Lao PDR;
- b) endorses the investment plan in principle, whilst recognizing the further work requested in the paragraphs below;
- c) invites the Government of Lao PDR and the World Bank to proceed in preparing the project, *Scaling-up Participatory Sustainable Forest Management (Scaling-up PSFM)*;
- d) requests the government to enhance the investment plan by submitting a supplemental document by mail by December 16, 2011 elaborating on:
 - (i) how the 70% national forest cover target fits in with the country development strategy with respect to other sectors such as commercial agriculture, mining and hydro power;
 - (ii) steps to be taken to improve the sustainability of the gains achieved in the proposed projects against pressure for deforestation from drivers mentioned above; and
 - (iii) concepts for projects 1 and 2 taking into account the questions raised by the independent review and all written comments submitted by Sub-Committee members by November 15, 2011,
- e) approves USD 500,000 in FIP funding for the project “*Scaling-up Participatory Sustainable Forest Management (Scaling-up PSFM)*” (World Bank) as a preparation grant;
- f) takes note of the estimated budget for MDB project preparation and supervision services for the project “*Scaling-up Participatory Sustainable Forest Management (Scaling-up PSFM)*” and approves USD 245,000 as a first tranche of funding for such project preparation and supervision services.

FIP INVESTMENT PLAN: MEXICO

10. The FIP Sub-Committee, having reviewed the *Investment Plan for Mexico*, (document FIP/SC.7/5/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 requested funding of USD 60 million (USD 32.16 million in grant funding and USD 27.84 million in concessional funding). The Sub-Committee requests the Government of Mexico and the MDBs, in the further development of the proposed projects, to take into account comments submitted by Sub-Committee members by November 15, 2011.
- 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 Mexico is USD 40-60 million in FIP resources. The Sub-Committee also 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.
- c) 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 project preparation and supervision services as follows:
 - i. USD 420,000 for the “*Mexico Forests and Climate Change Project*” (World Bank);
 - ii. USD 250,000 for the project “*Creation of a dedicated financing line for low carbon strategies in forest landscapes*” (IDB); and
 - iii. USD 193,000 for the project “*Strengthening the financial inclusion of ejidos and communities through technical assistance and capacity building for low carbon activities in forest landscapes*” (IDB);

MEXICO FORESTS AND CLIMATE CHANGE PROJECT

11. The FIP Sub-Committee takes note of the project proposal, *Mexico Forests and Climate Change Project*, and the requested allocation of USD 25.66 million in FIP grant resources and USD 16.34 million in FIP concessional resources submitted by the Government of Mexico.

12. The FIP Sub-Committee also takes note of the total budget of USD 840,000 for MDB project preparation and supervision services and the request for a final tranche of USD 420,000 for such services to be provided by the World Bank.

13. The Sub-Committee requests that the project proposal be circulated for further review by mail and agrees that if no objection to the approval of FIP funding for the project is received by close of business on November 4, 2011, the requested funding will be approved.

14. The Sub-Committee agrees that the expedited procedures applied to approving FIP funding for this project are exceptional, and this should not set a precedent. The Sub-Committee expects FIP pilot countries and the MDBs to provide the Sub-Committee with sufficient time to review project and program proposals consistent with the *FIP Operational Guidelines*.

PROPOSAL FOR THE ALLOCATION OF THE RESERVE UNDER THE FIP

15. The Sub-Committee reviewed document FIP/SC.7/7, *Proposal for the Allocation of the Reserve under the FIP*, and agrees to reconsider the initial criteria in light of experience that will be gained in developing FIP investment plans and in implementing the early stages of projects and programs.

16. The Sub-Committee agrees that the approval of funding from the reserve should be through three step-rounds in which project proposers will be invited to compete for FIP funding as follows:

- a) Each round should allocate approximately one-third of the available funding;
- b) Within six months of the endorsement of the eighth FIP Investment Plan (expected in May 2012), the Sub-Committee will consider a first round of proposals. This round of funding will be focused on programs and projects put forward in collaboration with the private sector.
- c) A second round of proposals will be invited for consideration by the Sub-Committee at its meeting to be convened six months after the first round (it is expected that proposals under this round will be before the Sub-Committee in May 2013). This round of funding will be open to public and private sector proposals.
- d) A third and final round of proposals will be invited for consideration by the Sub-Committee at its meeting one year after the first round ((it is expected that proposals under this round will be before the Sub-Committee in November 2013). This round of funding will be open to public and private sector proposals.

17. The Administrative Unit, in consultation with the MDB Committee is requested to prepare for review at the next meeting of the Sub-Committee a proposal elaborating upon the procedures that will be put in place to implement this decision.

FIP DEDICATED GRANT MECHANISM FOR INDIGENOUS PEOPLES AND LOCAL COMMUNITIES

18. The FIP Sub-Committee welcomes the presentation made by Ms. Mina Setra, AMAN, Indonesia, and Mr. Juan Carlos Jinitach, COICA, Ecuador, members of the working group of indigenous peoples and local communities on the development of the FIP Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, of document FIP/SC.7/8, *Design*

Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities to be established under the Forest Investment Program.

19. The Sub-Committee approves the design proposal presented in document FIP/SC.7/8 as a framework for the work of the dedicated grant mechanism and takes note of the request for USD 50 million to finance the mechanism. With respect to the proposed distribution of funding, the Sub-Committee suggests that as activities are financed and implemented under the dedicated grant mechanism there should be a periodic evaluation of needs to ensure that the resources are being efficiently and effectively utilized. The Sub-Committee takes further note of the proposed implementation arrangements presented in document FIP/SC.7/9, *Preliminary Proposal for the Implementation Arrangements under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities*.

20. The FIP Sub-Committee requests the MDBs and the representatives of the indigenous peoples groups and local communities to further develop the project/program proposals required for approval of FIP funding and operationalization of the dedicated grant mechanism.

21. Regarding the global component of the dedicated grant mechanism, the Sub-Committee requests the Administrative Unit, the MDBs and the representatives of the indigenous peoples groups and local communities to explore synergies with similar efforts supported by other REDD+ institutions such as the FCPF and the UN-REDD Programme and to report at the next meeting on options as to how the programs may be cost-effectively coordinated and considerations with respect to the possibility of providing financing to indigenous peoples groups' and local communities' REDD+ efforts in non-FIP pilot countries.

QUALITY REVIEW OF FIP INVESTMENT PLANS

22. The FIP Sub-Committee reviewed document FIP/SC.7/10, *Procedures for the Preparation of Independent Technical Reviews of FIP Investment Plans*, and approves the proposed procedures, including the following:

- (a) the review should be prepared by two reviewers selected from the FCPF roster of experts (paragraph 9); and
- (b) the reviewers will be proposed by the CIF Administrative Unit early in the preparatory process of the investment plan (paragraph 15).

23. The FIP Sub-Committee requests the Administrative Unit to prepare the final procedures and to post them on the CIF/FIP website. The CIF Administrative Unit, in collaboration with the MDBs, is requested to ensure that all investment plans submitted for endorsement include technical reviews prepared in accordance with the agreed procedures.

CLOSING

24. The meeting was closed on October 31, 2011.