

CLIMATE INVESTMENT FUNDS

April 5, 2010

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

March 17, 2010

Co-Chairs

Eduardo Saboia, Brazil
Robin Davies, Australia

Opening of the Meeting

1. The meeting of the FIP Sub-Committee was opened by the elected Co-Chairs, Eduardo Saboia and Robin Davies. The Sub-Committee observed a minute of silence in memory of Mr. Ivan Bond from the United Kingdom who had been a key contributor to the development of the FIP.

Adoption of the Agenda

2. The meeting adopted the provisional agenda set forth in document FIP/SC.3/1.

FIP Operational Guidelines

3. The FIP Sub-Committee reviewed document FIP/SC.3/3, *FIP Operational Guidelines*, and commented on the drafts. The CIF Administrative Unit, in collaboration with the MDB Committee, is requested to revise the paper taking into account the comments made during the meeting and written comments to be submitted to the Administrative Unit by March 26, 2010. In particular, the Sub-Committee requests that the papers be revised to underscore the following:

(a) ensure that investment strategies:

- i) emphasize that the development and implementation of such strategies should be based on existing REDD+ strategies and plans or other appropriate national strategies;
- ii) are shared with the FCPF and UN-REDD;
- iii) include MRV-based results;
- iv) identify opportunities for collaboration with other interested national, bilateral and multilateral partners (including widening the scope of Annex C);
- v) highlight a clear link with the *Dedicated Grant Mechanism for Indigenous Peoples and Local Communities*; and
- vi) clarify the gender dimensions in FIP operations.

4. The FIP Sub-Committee stresses its expectation that it will regularly review and discuss implementation progress of the FIP.

5. The FIP Sub-Committee agrees that a grant of up to \$250,000 can be made available to pilots once they are confirmed by the Sub-Committee to assist the country in exercising a leadership role in the development of an investment strategy. These grants should be country-executed if appropriate.

6. FIP Sub-Committee Members are invited to provide additional written comments on the document by March 26, 2010, to facilitate the finalization of the paper. The CIF Administrative Unit is requested to submit the revised paper to the Sub-Committee for approval through a decision-by-mail.

FIP Investment Criteria and Financing Modalities

7. The FIP Sub-Committee reviewed document FIP /SC.3/4, *FIP Investment Criteria and Financing Modalities*. The CIF Administrative Unit, in collaboration with the MDB Committee, is requested to revise the paper taking into account the comments made during the meeting and written comments to be submitted to the Administrative Unit by March 26, 2010. In particular, the paper should be revised to:

- a) stress the importance of effective stakeholder participation in developing and implementing FIP investments;
- b) revise the section on “transformational change”;
- c) confirm that the highest safeguard standards are to be applied to FIP operations, consistent with paragraph 16(g) of the FIP Design Document;
- d) include references to the UNFCCC process where appropriate;
- e) enhance FIP investment criteria by specifying the gender dimensions of FIP investments;
- f) clarify that MDB fees for grants will not exceed 5% of the grant amount and be determined on a case-by-case basis;
- g) confirm that receipt of a grant to prepare an investment strategy is optional and should be requested only when necessary;
- h) strengthen the justification and explanation of the contingent loan option;
- i) stress incentives for private sector engagement in FIP operations; and
- j) provide for FIP investments to address market distortions related to REDD+ activities.

8. FIP Sub-Committee Members are invited to provide additional written comments on the document by March 26, 2010, to facilitate the finalization of the paper. The CIF Administrative Unit is requested to submit the revised paper to the Sub-Committee for approval through a decision-by-mail.

Terms of Reference for the Development of a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

9. The FIP Sub-Committee reviewed document FIP/SC.3/5, *Terms of Reference for the Development of a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities*, and approves the terms of reference and the associated budget for the development of the mechanism.

10. The FIP Sub-Committee requests that the regional consultations foreseen in the terms of reference take place in a FIP pilot country in each region, unless no FIP pilot country has been selected for the region in question.

11. The FIP Sub-Committee encourages the working group coordinating the work of elaborating a proposal for a dedicated mechanism to draw upon the experience and lessons from, and, where appropriate build upon and connect with, existing national and international mechanisms aligned with the dedicated grant mechanism’s principles and goals, such as the Growing Forest Partnerships initiative.

Report of FIP Expert Group: Recommendations for Pilots under the FIP

12. The Sub-Committee welcomes the presentation of the Co-Chairs of the FIP Expert Group on the work of the group and the group's report (FIP/SC.3/6, *Report of FIP Expert Group: Recommendations for Pilots under the FIP*) and expresses its appreciation for the high quality, substantive work that has been carried out by the group. The Sub-Committee notes that the Expert Group report provides a solid, analytical basis for selecting the pilot programs to be financed by the FIP.

Selection of FIP Pilots

13. Based on the recommendations proposed by the FIP Expert Group, the Sub-Committee approves the following five country pilots to be financed by the FIP. The Sub-Committee notes that the five pilots meet the criteria and other considerations approved by the Sub-Committee:

- (a) Burkina Faso
- (b) Ghana¹
- (c) Indonesia
- (d) Lao P.D.R.
- (e) Peru

14. Recognizing that the current level of pledged financing available for the FIP has increased to \$558 million, taking into account the indicative assessment of country investment needs provided by the MDBs, and underscoring the importance of ensuring that the scale of investment for each pilot is sufficient to initiate transformational change, the Sub-Committee invites the FIP Expert Group, taking into account the expressions of interest received, having regard to its previous recommendations on alternate pilots² and ensuring consistency with existing criteria for the selection of country and regional pilots, to propose a list of six additional pilots, in priority order, to the Sub-Committee for consideration at its next meeting.

15. The FIP Sub-Committee requests the Expert Group to specifically review the potential of a pilot program in Brazil to achieve the objectives of the FIP, as well as similar potential of pilot programs in interested countries in Europe and Central Asia and South Asia, when providing its recommendations.

Other Business

16. The FIP Sub-Committee takes note of the *Joint Letter from Members of the NGO Community Addressed to the Members of the FIP Sub-Committee* (FIP/SC.3/CRP.1) which urges that safeguards be upheld and strictly adhered to and that the FIP not fund industrial logging or

¹ With regard to Ghana the FIP Sub-Committee notes that Ghana is particularly well placed to exchange lessons learned through the FIP process with its neighboring countries, in particular Liberia. Given the ongoing efforts in a post-conflict Liberia to transform the forest sector, collaboration between Ghana and Liberia in the implementation of the FIP is envisaged in a coordinated manner.

² The Expert Group was asked to recommend three alternate pilots. The alternates recommended were COMIFAC (a regional pilot covering Cameroon, Central African Republic, Democratic Republic of Congo, the Republic of Congo, Equatorial Guinea and Gabon), Mexico and the Philippines.

other activities that lead to the degradation and deforestation of natural forests as provided in paragraph 16(g) of the FIP Design Document,

Closing

17. The meeting was closed on March 17, 2010.