

CLIMATE INVESTMENT FUNDS

FIP/SC.19/3
December 4, 2017

Meeting of the FIP Sub-Committee
Washington D.C.
Wednesday, December 13-Thursday, December 14, 2017

Agenda 3

FIP OPERATIONS AND RESULTS REPORT

PROPOSED DECISION

The FIP Sub-Committee reviewed the document, FIP/SC.19/3, *FIP Operational and Results Report*, and welcomes the progress that has been made in advancing the work of the FIP in the pilot countries.

The Sub-Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on achievement of results, resource availability, pipeline review, and portfolio updates.

Table of Contents

1	Introduction	4
2	Strategic issues	4
2.1	New financing modalities for the FIP	4
2.2	Resource availability	5
2.3	Pipeline management update	7
2.4	DGM update	8
2.5	Stocktaking review of the FIP M&R Toolkit	10
2.6	Knowledge management highlights	10
3	Status of the FIP	11
3.1	Portfolio at a glance	11
3.2	3.2 Portfolio updates	14
3.2.1	Investment plans	14
3.2.2	FIP Sub-Committee approvals	15
3.2.3	MDB approvals	16
3.3	Disbursements	18
4	Cross-cutting themes	18
4.1	Gender	18
4.2	Knowledge management	19
4.2.1	CIF Evaluation and Learning Initiative (CIF E&L)	20
4.2.2	Knowledge and learning partnerships, events, and products	20
5	Results	22
5.1	Scope	22
5.2	Reporting methodology	22
5.3	Global overview	23
5.4	Key results comparison (2014 to 2016)	25
5.5	Results by reporting theme	26
5.5.1	Category 1: Common Themes	26
5.5.1.1	Theme 1.1: GHG emission reductions or avoidance/enhancement of carbon stocks	26
5.5.1.2	Theme 1.2: Livelihood co-benefits	28
5.5.2	Category 2: Other relevant co-benefit themes	29

5.5.2.1	Theme 2.1: Biodiversity and other environmental benefits	30
5.5.2.2	Theme 2.2: Governance	32
5.5.2.3	Theme 2.3: Tenure, rights, and access	34
5.5.2.4	Theme 2.4: Capacity development	35
5.5.3	Other indicators reporting progress on the FIP portfolio	36
	Annex 1: Resource availability in the FIP	38
	Annex 2: FIP Project Pipeline	40
	Annex 3: DGM implementation status as of June 2017	41
	Annex 4: FIP projects reporting on results (as of December 31, 2016)	42
	Annex 5: M&R country support	44

1 Introduction

1. The Operations and Results Report (ORR) of the Forest Investment Program (FIP), identifies key strategic issues, highlights key decisions taken inter-sessionally by the FIP Sub-Committee, and provides an update on the status of FIP-funded programs and projects under the endorsed investment plans and related activities. This report also includes projections on future approvals and provides an update on the results achieved by the FIP pilot countries.
2. This report provides an update of the entire FIP portfolio for the period January 1 to June 30, 2017 (with additional updates to September 30, 2017 on Resource Availability as a measure to facilitate discussion and decision-making during the December 2017 FIP Sub-Committee meeting), as well as results of projects under implementation for the period January 1 to December 31, 2016.

2 Strategic issues

3. The FIP supports developing countries' efforts to reduce deforestation and forest degradation and promotes sustainable forest management. This leads to emission reductions and helps make forests a central component of low carbon development. The FIP also contributes to other benefits, such as poverty reduction, protection of the rights of indigenous peoples and local communities, and biodiversity conservation. The FIP provides grants and low-interest loans, channeled through partner multilateral development banks (MDBs).
4. As of June 30, 2017, the FIP Sub-Committee has endorsed investment plans for 14 pilot countries with total indicative endorsed allocations of USD 526.7 million, 16 projects under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) with an indicative endorsed allocation of USD 80 million, and four project concepts under the FIP Private Sector Set Aside (PSSA) with an indicative endorsed allocation of USD 20.3 million. Total endorsed indicative FIP funding is USD 627 million.
5. The overarching expected results for projects currently under implementation include an estimated reduction or avoidance of greenhouse gases (GHG) emission of 11.71 MtCO_{2e}, more than one million people receiving livelihoods co-benefits, and a coverage area of 31 million hectares.

2.1 New financing modalities for the FIP

6. In response to the Sub-Committee's request, a feasibility assessment on alternative financing models for the FIP has been undertaken. Work was extended to allow FIP pilot country representatives to consult on the draft report during the FIP Pilot Country Meeting. In addition, a range of fund managers, investment advisors, foundation representatives, and investors involved in natural infrastructure and natural asset

investments also provided input to the draft, which has brought fresh insight on active and planned investments in sustainable forestry, water, green infrastructure, and habitat conservation. These consultations have provided a better understanding of the scope of private sector investments in natural resources and have helped identify specific models related to blended private and public investment in conservation.

2.2 Resource availability

7. As has been identified in previous SARs, the FIP continues to have anticipated programming in excess of the funds available. Grant resource availability will become a restricting factor in the ability to service the FIP pipeline in the short term.
8. While the anticipated FIP portfolio made up of all expected IP, PSSA and DGM projects has remained unchanged since the inclusion of the six additional countries in May 2015, the resource envelope has an unrealized currency loss of USD 37.26 million to September 30, 2017. This is due to currency-related fluctuations in the value of the FIP's unencashed GBP-denominated promissory notes held by the Trustee. Since achieving a post-financial crisis high in July 2014 the GBP/USD exchange rate experienced a general downward trend achieving the lowest rate for over three decades in late 2016 after which a modest improvement has been noted. The overall resource position will continue to vary as long as unencashed GBP-denominated promissory notes remain subject to currency fluctuations and may have a positive or negative effect.
9. The continuing exchange rate volatility has been evident in recent months as a strengthening in the value of GBP in the reporting period has seen the FIP resource envelope increase to USD 756.2 million as of September 30, 2017¹, an increase of USD 17 million (approximately 2.2 per cent) from the previous value of USD 739.2 million reported at the June 2017 Sub-Committee meeting.
10. Following consultations between the CIF Administration Unit and Trustee, two new line items have been added to the SCF program-level calculations of available resources:
 - A. Administrative Expense Reserve: At the CIF's inception, investment income was anticipated to exceed administrative expenses. However, due to low interest rates and declining trust fund balances investment income has been and will continue to be insufficient to cover the estimated SCF administrative expenses.
 - (i) The June 2017 Trustee Report incorporated three years of estimated administrative expenses of the CIF AU, MDBs and Trustee but this was reported at the SCF Trust Fund level and not reflected in the available resources of the three SCF programs.
 - (ii) The CIF AU and Trustee deem it prudent now to set aside the equivalent of a five-year administrative expenses reserve (net of forecasted investment income) to meet the need for resources for the operations of the CIF AU, MDBs and Trustee as

¹ Details on Annex 1.

they continue to ensure the implementation of the SCF programs into the future. The impact of this reserve is reflected in the current Trustee report.

(iii) In accordance with the SCF Contribution Agreements, administrative expenses must be allocated to all SCF Programs on a pro rata basis based on the fund balance in each SCF Program. These expenses must be paid with grant resources. Given the existing funding situation in the SCF programs, by FY22 the FIP is expected to be the only program with a fund balance. The pro-rata allocation requirement will therefore impact the FIP disproportionately going forward, as it will be required to fund all SCF administrative expenses for as long as it remains the only program with an outstanding fund balance.

(iv) The FIP has been apportioned USD 40.8 million of a total USD 53.1 million of the SCF administrative expenses for FY19-23.

B. Country Programming Reserve: an estimated allocation, for the approved FY18 and projected FY19-23 Country Programming budget amounts, has been added to the Trustee report. The FIP has reserved USD 2.3 million for country programming for FY18-23.

11. This results in FIP having an unrestricted fund balance after reserves of USD 204.1 million and anticipated commitments of USD 291.7 million. Even with consideration of potential future resources of USD 36.4 million, the current resource envelop will not be sufficient to service the entire FIP pipeline.
12. The FIP therefore faces a potential available resources deficit of USD 51.2 million consisting of a potential future surplus of USD 5.0 million in capital and a potential future deficit of USD 56.2 million grant.
13. The FIP has utilized a “first come first served” approach to encourage timely submission of projects for Sub-Committee approval. The expected shortfall of grant funds means that it will not be possible for the Sub-Committee to approve and resource several projects currently under development. While the current first come first served approach provides the impetus for project development it has the shortcoming of disadvantaging the remaining 6 new countries who have had less than half the time available to the original 8 pilot countries to develop IPs and projects.
14. The pipeline considering the first come first serve system is provided in Annex 2. The Sub-Committee may wish to consider alternative means of prioritizing programming.

Table 1: Resource Availability Schedule – September 30, 2017 (amounts expressed in USD million)

Unrestricted Fund Balance (C)		247.1
Future Programming Reserves		(43.1)
<i>Proposed FY18 Country Programming Budget</i>	(0.6)	
<i>Projected Country Programming Budget Reserve FY19-23</i>	(1.7)	
<i>Admin Expenses-Reserve for FY19-23 (net of estimated investment income)</i>	(40.8)	
Unrestricted Fund Balance (C) After Reserves		204.1
Anticipated Commitments (D)		(291.7)
Available Resources (C - D)		(87.6)
Potential Future Resources (FY18-FY21) (E)		36.4
<i>Release of Currency Risk Reserves²</i>	36.1	
<i>Pledges</i>	0.3	
Potential Available Resources (C-D+E)		(51.2)

2.3 Pipeline management update

15. In January 2017, the FIP Sub-Committee approved the new [Pipeline Management Policy for the FIP](#), which provides a framework for the implementation of the existing Strategic Climate Fund (SCF) policy and enhanced pipeline management and prioritization of SCF portfolios.
16. The new pilot countries accepted to the FIP in May 2015 were expected to submit their investment plans for FIP Sub-Committee endorsement no later than June 2017. Three of the six countries with indicative allocations have achieved this milestone: Mozambique and Cote d'Ivoire in June 2016 and Guatemala in June 2017. The other three (Ecuador, Congo Republic and Nepal, with a combined indicative funding envelope of USD 72 million) were granted an extension of submission deadline in April and May 2017, which would allow their investment plans to be considered at the December 2017 FIP Sub-Committee meeting.
17. Of the nine countries with unfunded investment plans, Tunisia's plan was endorsed in December 2016 and Cambodia and Uganda received endorsement in June 2017. Bangladesh, Cameroon, Guyana, Honduras, Rwanda and Zambia were granted an extension of submission deadline in May and June 2017, which would allow their investment plans to be considered at the December 2017 FIP Sub-Committee meeting.

² Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

18. Four projects (totaling USD 40.4 million) were to be submitted to the FIP Sub-Committee for endorsement by September 30, 2017³.
- Peru: Integrated Forest Landscape Management Along the Main Route Between Tarapoto and Yurimaguas in the Regions of San Martin and Loreto (IDB, USD 12.57 million)
 - Peru: Integrated Landscape Management Along the Main Route Between Puerto Maldonado and Inapari and in the Amarakaeri Communal Reserve (IDB, USD 12.37 million)
 - Peru: Strengthening National Forest Governance and Innovation (IDB, USD 12.46 million)
 - Mexico: Guarantee Fund for Financing Low Carbon Forestry Investments⁴ (IDB, USD 3.00 million)
19. Five projects (totaling USD 92.25 million) requested extension of submission date from the FIP Sub-Committee and were granted extension of deadline until November 30, 2017⁵.
- Brazil: Integrated Landscape Management (ILM) in the Cerrado Biome Project (IBRD, USD 25.00 million)
 - Ghana: Engaging the Private Sector in REDD+ (IBRD, USD 10.00 million)
 - Ghana: Reducing Degradation and Deforestation due to Mining in Forest Landscapes (IBRD, USD 10.00)
 - Indonesia: Strengthening Forestry Enterprises to Mitigate Carbon Emissions (IFC, USD 34.65 million)
 - Peru: Integrated Forest Landscape Management Project in Atalaya, Ucayali (IBRD, USD 12.60 million)

2.4 DGM update

20. According to the DGM 2017 Annual Report, over half of the USD 80 million DGM indicative envelope (USD 45.5 million) has been approved for the global component and country projects in Brazil, Burkina Faso, Democratic Republic of Congo (DRC), Peru, Indonesia, Ghana, and Mexico. The other seven DGM country projects (totaling USD 44.5 million) are in earlier stages of developing their national steering committees, selecting executing agencies, and pursuing project approval (see Annex 3).
21. One of the main objectives of the DGM is to build the capacity of indigenous peoples and local communities to participate and engage in the FIP and other initiatives related to the

³ Project proposals for Peru were submitted for approval before the deadline, while the Mexico project will be cancelled.

⁴ This project will be reported as cancelled in the next Semi-Annual Report.

⁵ The Sub-Committee also approved the deadline of October 15, 2017 for the Government of Lao PDR to submit a request for an extension for submitting the DGM project to the Sub-Committee for approval.

reduction of emissions from deforestation and forest degradation (REDD+). These groups have the potential to be key actors in the fight against climate change, and the DGM is helping them achieve and demonstrate that potential. For example, the DGM has worked with national governments of several participating countries to make a link with their nationally determined contributions (NDCs), which form the backbone of the Paris Agreement.

22. The DGM also focuses on creating opportunities for knowledge exchange between DGM countries. As new country projects begin, they can learn from those that preceded them. For example, new country projects will learn how DGM Brazil is managing sub-projects across the Cerrado, how DGM DRC is facilitating grievance management at the local level, and how DGM Burkina Faso evaluates sub-project proposals in a way that accounts for gender and social inclusion.
23. A total of 66 sub-projects receiving funding through DGM have been selected in three countries for a collective value of USD 2.7 million, as shown in Table 2. Other activities supported by the DGM include validation visits for sub-project proposals, training for grassroots organizations, and title registration.

Table 2: DGM sub-projects approved in 2016

DGM projects	Number of sub-projects (2016)	Value of sub-projects (USD)
Peru	11	548,163
Burkina Faso	14	329,604
Brazil	41	1,870,654
TOTAL	66	2,748,421

24. The DGM is also producing some early project results. By December 2016, DGM Peru already achieved legal recognition for 59 native communities (final target is 147), which should benefit 5,000 families. Many of the land titling projects have completed their fieldwork. One native community that has been demarcated and had the title registered in SUNARP⁶ (final target is 21). The remaining 20 native communities await on soil classification to complete registration⁷.
25. The DGM serves as a strong proof of concept for providing indigenous peoples and local communities direct access to climate finance, but it has the potential for a much larger impact. In April 2017, the DGM Global Steering Committee created a Sustainability Working Group to identify and pursue opportunities for additional funding to expand the scope of the DGM and sustain it beyond 2020.

⁶ National Superintendence of Public Records

⁷ IBRD. Saweto Dedicated Grant Mechanism in Peru (P148499). Seq No: 4 | ARCHIVED on 28-Sep-2017 | ISR29552

2.5 Stocktaking review of the FIP M&R Toolkit

26. During the first half of 2017, the CIF Administrative Unit, in collaboration with MDBs and FIP countries, took stock of FIP monitoring and reporting (M&R) system to assess its relevance, effectiveness, and the sustainability using experience gained during implementation to date. This participatory and successful exercise was concluded by the FIP Sub-Committee's endorsement of the recommendations of FIP M&R Stocktaking Review Report in June 2017.
27. The CIF Administrative Unit has started to implement the following recommendations of this review (see Section 5.2 for more details):
 - For the first time, results data from MDBs were collected for FIP projects, allowing for more comprehensive reporting on FIP achievement this reporting cycle.
 - The CIF M&R team is currently updating the FIP M&R toolkit for the country reporting system with the technical improvements that were identified during the stocktaking exercise.
 - A FIP M&R country capacity building program is under development and will be implemented through year 2018. The CIF Administrative Unit is welcoming requests from FIP pilot countries for training sessions on the revised FIP M&R toolkit and developing country expertise and ownership of M&R information.

2.6 Knowledge management highlights

28. As the FIP portfolio continues to mature, more projects are becoming effective and starting to report on their implementation achievement as well as challenges. This creates an opportunity for knowledge sharing within and between countries, as well as transfer of lessons learned to new pilot countries.
29. As part of the CIF Evaluation and Learning (E&L) Initiative, the FIP is involved in the following initiatives (see Section 4.2 for more details):
 - An Evaluation and Learning Partnership on Financing Forest-Related Enterprises with the delivery consortium IIED/LTS.
 - A Learning Partnership on the DGM with delivery partner Itad.
 - A study on *Pathways for Designing a Mechanism to Incentivize Deforestation-Free Landscapes and Value Chains for Green Growth* with the World Bank FIP team, WB Program on Forests (PROFOR), and FAO.
 - A report on *FIP - Lessons Learned* from early implementation of FIP projects with the World Bank FIP team.
30. The CIF has also entered a learning partnership with the Global Delivery Initiative (GDI) as part of an effort to showcase CIF project-level results and lessons learned using the GDI

methodology. GDI is a knowledge platform shared by over 40 leading partners in global development to capture implementation and delivery challenges for the benefit of current and future implementers. The CIF will conduct six case studies in 2017, one of which will be from the FIP portfolio.

3 Status of the FIP

3.1 Portfolio at a glance

31. As of June 30, 2017, USD 627 million has been endorsed by the FIP Sub-Committee as indicative allocations to participating countries for a total of 54 projects included in investment plans, the DGM, and the FIP PSSA. Table 3 provides a summary of the portfolio status.

Table 3: Overview of FIP portfolio (as of June 30, 2017)

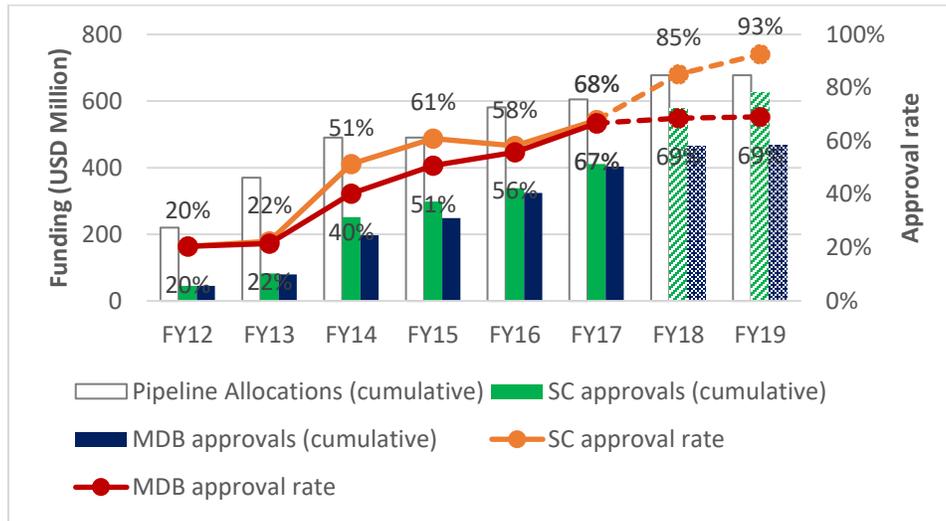
	Indicative pipeline allocation				Approved funding		Disbursement (cumulative)
	TOTAL	IP	DGM	PSSA	Sub-Committee	MDB	
FIP amount (USD million)	627	526.7	80	20.3	410.8	403.8	121.1
Number of projects	54	34	16	4	31	29	22

Note: Totals includes PPG.

32. A total of 31 projects have been approved by the FIP Sub-Committee for a total of USD 410.8 million. From the most recent MDB update, a total of 16 projects will be submitted for FIP Sub-Committee approval during FY2018⁸.
33. Figure 1 shows that 68 percent of the current endorsed funding has been approved by the FIP Sub-Committee, while the MDB approval rate is 67 percent. Based on the expected approval dates received from MDBs, the approval rates will increase considerably in the next fiscal year to reach 85 percent of the funds approved by the FIP Sub-Committee and 69 percent approved by the MDBs.

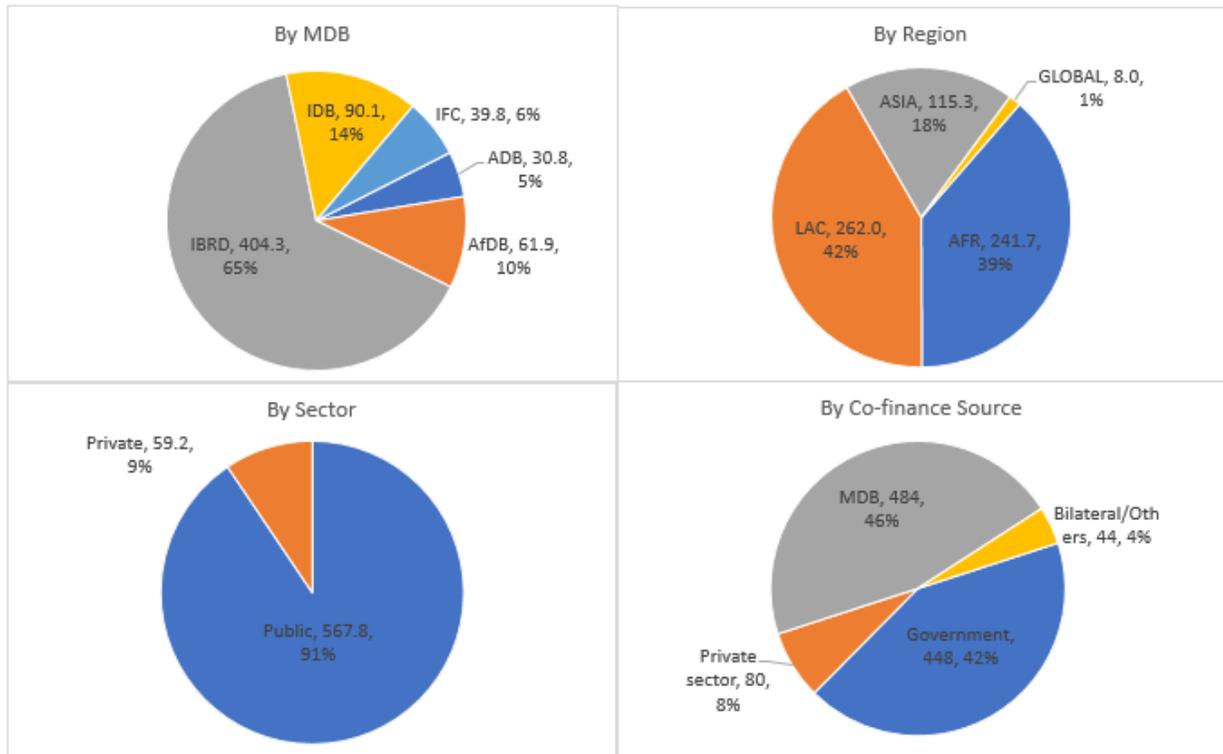
⁸ FY2018 = Fiscal year 2018 (July 2017 to June 2018).

Figure 1: FIP funding approval rates by fiscal year (projections for FY18 and FY19)



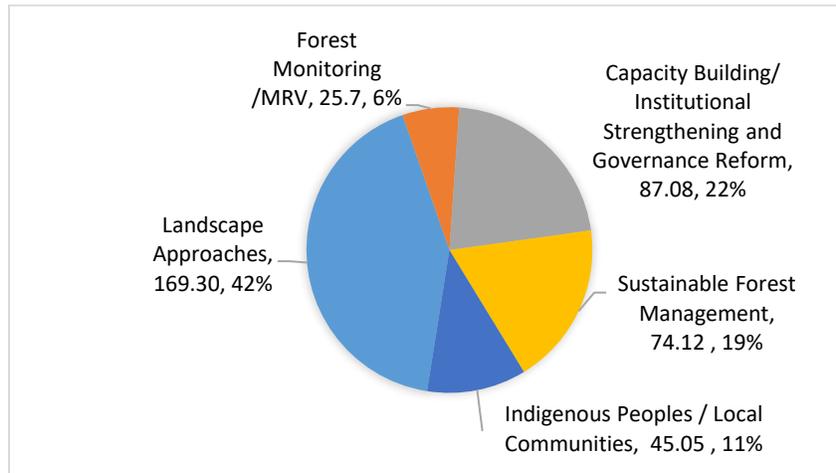
34. Figure 2 provides an overview of the FIP portfolio by MDB, region, sector, and source of co-finance.

Figure 2: FIP portfolio overview by MDB, region, sector, and co-financing source (as of June 30, 2017)



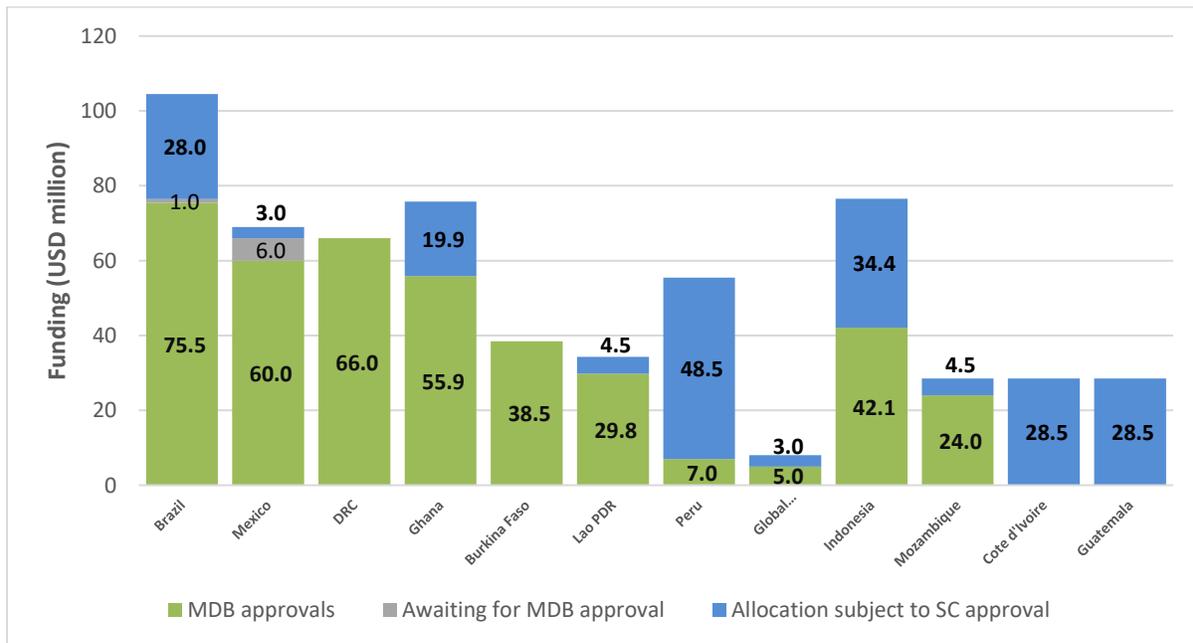
35. Regarding the classification of FIP approved projects by thematic focus, the largest portion of FIP funding continues to focus on Landscape Approaches. This accurately reflects the demand for on-the-ground investments that address the main drivers of deforestation within a wider landscape outside forests (see Figure 3).

Figure 3: Thematic focus of FIP Sub-Committee-approved projects (as of June 30, 2017)



36. Figure 4 shows the approval levels of endorsed FIP funding by pilot country and the DGM Global Component. Currently only DRC and Burkina Faso have achieved 100 percent FIP Sub-Committee approval of all indicative funding.

Figure 4: Funding approval and indicative allocations by country (as of June 30, 2017)



Note: MDB approved amounts include PPGs.

3.2 3.2 Portfolio updates

3.2.1 Investment plans

37. During this reporting period, the FIP Sub-Committee endorsed investment plans of Guatemala (USD 24 million⁹), Cambodia, and Uganda (both unfunded)¹⁰. As of June 30, 2017, the FIP Sub-Committee has endorsed a total of 14 investment plans, including eight from all original pilot countries and six out of 15 additional countries.

Box 1: Forest Investment Plan for Guatemala



Photo credit: Guatemala FIP Focal Point

As part of its investment plan, the government of Guatemala prioritized 3 project proposals:

- Sustainable Forest Management, implemented by the IDB. The project will strengthen the technical capacities of public sector forestry institutions, and increase current and future sustainable supply of timber (particularly fuelwood) and non-timber products.
- Strengthening governance and livelihoods diversification, implemented by the WB. The project will strengthen governance in protected areas, consolidate governance in indigenous territories, and generate sustainable livelihoods.
- Access to financing (public and private), implemented by the MIF*. The project will establish financing mechanisms such as credit products for community forestry enterprises and a guarantee fund in support of the government incentive program to expand the country's forest cover.

**Note: MIF is the Multilateral Investment Fund of the IDB*

⁹ And an additional USD 4.5 million for the national DGM project.

¹⁰ The investment plans are available at: <http://www.climateinvestmentfunds.org/event/fip-sub-committee-meeting-friday-june-9-2017>

3.2.2 FIP Sub-Committee approvals

38. During the reporting period, three projects were approved by the FIP Sub-Committee for a total of USD 30 million (see Table 4). This includes approval of the two projects endorsed in Mozambique’s investment plan in June 2016.

Table 4: FIP Sub-Committee-approved projects and programs (January 31-June 30, 2017)

IP/DGM/ PSSA	Country	Project Title	MDB	Project Funding (USD million)*	Approval Date
IP	Mozambique	Mozambique Forest Investment Project (Moz-FIP)	IBRD	22.00	Jan-17
IP	Mozambique	Emissions Reductions in the Forest Sector through Planted Forests with the Private Sector	IFC	2.00	Apr-17
DGM	Mexico	DGM for Indigenous Peoples and Local Communities	IBRD	6.00	May-17
TOTAL				30.00	

**Note: Excluding PPG that was approved in previous reporting periods*

Box 2: Sustainable natural resources management for improved rural livelihoods in Mozambique



Forests cover 51 percent of Mozambique's land area and are an important source of income in rural areas. The Mozambique Forest Investment Project (MozFIP), supported by the World Bank and USD 22 million from the FIP, aims to improve rural livelihoods and natural resource base by helping local communities conduct sustainable forest management activities. The project aims to promote integrated landscape management, strengthen the enabling conditions for sustainable forest management, and oversee coordination and management.

MozFIP will be implemented on a pilot basis in two provinces in Mozambique: Cabo Delgado and Zambezia. These types of integrated operations are innovative in the country, and are encouraged by the recently-created Ministry of Environment, Land and Rural Development (MITADER), itself an attempt to promote further coordination to achieve sustainable rural development.

3.2.3 MDB approvals

39. Five projects were approved by their respective MDB boards during the reporting period for a total of USD 40 million (see Table 5).

Table 5: MDB-approved projects and programs (January 1-June 30, 2017)

IP/DGM/PSSA	Country	Project Title	MDB	Project Funding (USD million)*	Approval Date
IP	Mozambique	Mozambique Forest Investment Project (Moz-FIP)	IBRD	22.00	Mar-17
IP	Mozambique	Emissions Reductions in the Forest Sector through Planted Forests with the Private Sector	IFC	2.00	Jun-17
DGM	Ghana	DGM for Indigenous Peoples and Local Communities	IBRD	5.50	Apr-17
DGM	Indonesia	DGM for Indigenous Peoples and Local Communities	IBRD	6.50	Mar-17
PSSA	Burkina Faso	CC mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project)	AfDB	4.00	Jan-17
TOTAL				40.00	

**Note: Excluding PPG that was approved in previous reporting periods*

Box 3: Supporting indigenous peoples' capacity to protect forests in Indonesia



Photo Credit: DGM Indonesia

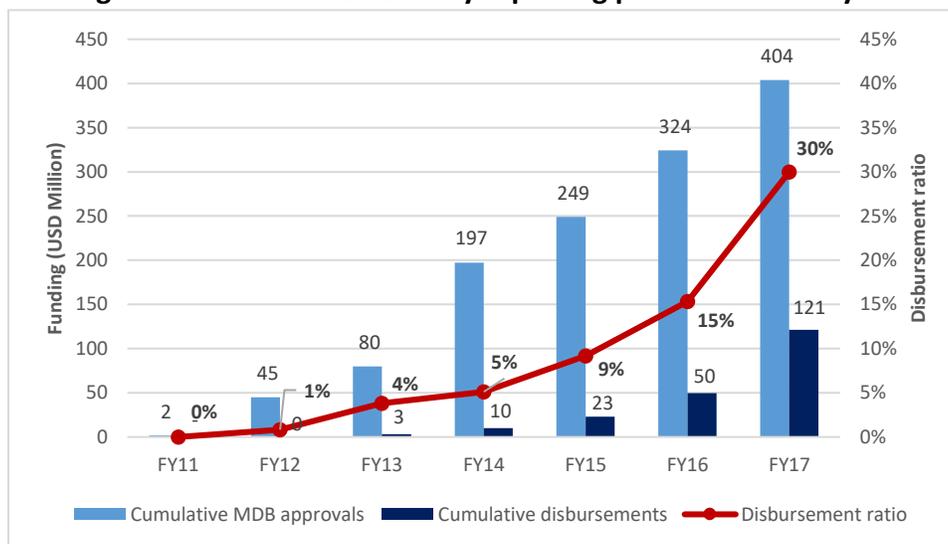
DGM Indonesia successfully met its effectiveness criteria and had its official launch on March 17, 2017 during the 5th Congress of the Archipelago Indigenous Peoples (KMAN V). Thousands of indigenous community members attended, making it a perfect opportunity to raise awareness of the DGM project.

DGM Indonesia is working to help forest-dependent communities through three main project components: Strengthening Tenure Security and Improving Livelihoods (USD 3.99 million), Informing Policy Processes and Dialogues (USD 0.55 million), and Project Management, Monitoring, and Evaluation (USD 1.79 million).

3.3 Disbursements

40. As of June 30, 2017, disbursement of the FIP portfolio totaled USD 121.1million for 22 projects under implementation, including Project Preparation Grants (PPGs) ¹¹.
41. The FIP portfolio’s maturation is reflected in the continued increase in the disbursement ratio, which has doubled since the previous fiscal year to reach 30 percent of the MDB-approved funding (see Figure 5).

Figure 5: FIP disbursements by reporting period and fiscal year



4 Cross-cutting themes

4.1 Gender

42. The FIP portfolio of investment plans and projects approved by the FIP Sub-Committee from January 1 to June 30, 2017 was reviewed regarding gender quality at entry. The three scorecard indicators on sector-specific gender analysis, women-specific activities, and sex-disaggregated indicators were reviewed for each investment plan and project. Figures were compared to baseline performance of the FIP portfolio as on June 30, 2014.
43. FIP performance on the three gender indicators was strong relative to the historical baseline. Sector-specific gender analysis was present in all three investment plans approved during this reporting period. Two of the three plans also included specific activities aimed at women and sex-disaggregated indicators.

¹¹ Detailed disbursement data is presented in the Annex of the CIF Disbursement Report (as of June 30, 2017). This amount does not include disbursement of USD 3.2 million of Investment Plan Preparation Grants (IPPGs).

44. Sector-specific gender analysis was undertaken in 100 percent of FIP projects approved during this period (compared to a baseline of 29 percent). Women-specific activities and sex-disaggregated indicators were present in 67 percent of FIP projects (compared to baselines of 13 and 35 percent, respectively).

Box 4: Gender-responsive tenure reform in Mozambique Forest Investment Project (MozFIP)



Gender considerations come to the fore in the integrated landscape management component of this USD 22 million project, supported by the World Bank. It seeks to regularize land tenure, improve community-level land use planning, and encourage integrated landscape management tools for improved tenure security of local communities and small and medium landholders.

Mozambique’s Constitution addresses gender equality in land ownership, but the provision of customary rules and governance structures in collective holdings can also impede women’s access to land due to social norms restricting women’s participation in public consultations and decision-making spaces. MozFIP will promote gender-responsive practices in land tenure through land co-titling, which ensures that both husbands’ and wives’ names are listed on land documents and are registered, regardless of marital status (legal or customary), to ensure that both women and men have the same legal right to the property.

The project will also promote inclusive practices to training and social outreach to ensure effective participation of women in project consultations and decision-making. Tools such as “Agenda Comunitária” and Local Community Land Use Plan, which support transparency and social inclusion in land use planning will be encouraged. Additionally, the project will have specific targets for female beneficiaries in its agro-forestry system schemes, and will prioritize extension support for crops that women typically raise, such as legumes.

4.2 Knowledge management

45. The FIP, in collaboration with the MDBs, is embarking on a comprehensive knowledge management and learning process using a range of evaluations, case studies, and south-south exchanges to support FIP countries in improving results and increasing efficiency of the FIP program.

4.2.1 CIF Evaluation and Learning Initiative (CIF E&L)

46. Learning Partnership on Financing Forest-Related Enterprises: Following a competitive bidding process, the [IIED/LTS International](#) consortium was selected to undertake this consultancy. A Reference Group of 11 members was established, including two members from the IIED/LTS technical advisory committee. Its main role is to advise on the design and implementation of the learning partnership, ensuring fit-to-purpose and relevance for operational learning and decision-making.
47. Learning Partnership on the DGM: Following a competitive bidding process, the [ltad](#) consultancy firm was selected to undertake this consultancy. An eight-member Reference Group was established to advise on the design and implementation of the learning partnership, ensuring fit-to-purpose and relevance for operational learning and decision-making.
48. Two FIP-related knowledge products were selected as part of the CIF E&L call for proposals, and are currently under preparation by the World Bank:
 - A report on *FIP Lessons Learned*, expected to be ready by the FIP Sub-Committee meeting in December 2017. The report highlights the key lessons and ways forward for FIP programming. The WB team conducted a comprehensive analysis of completed investment plans to understand the FIP vision and theory of change in each partner country. Both qualitative and quantitative analyses were done to thoroughly assess and attempt to compare the investment plans. Four dimensions of transformational change—Relevance, Scale, Systemic Change, and Sustainability—will frame the conclusions and recommendations of this report. These lessons will contribute to the discussion on how to operationalize the concept of transformational change that underpins the FIP.
 - In collaboration with the FAO, the WB team organized a conference on Sustainable Wood for a Sustainable World in early November 2017. The outcomes of this conference will serve as the basis for further developing the FIP-funded knowledge product *Pathway for Designing a Mechanism to Incentivize Deforestation-Free Landscapes and Value Chains for Green Growth*.

4.2.2 Knowledge and learning partnerships, events, and products

49. CIF has entered a learning partnership with the Global Delivery Initiative (GDI) as part of an effort to showcase CIF project-level results and lessons learned. The GDI is a collaborative effort to create an evidence base of delivery know-how that can be used to inform development practice and improve implementation. The GDI and its partners support practitioners on the ground to adapt to dynamic contexts and solve persistent delivery challenges. In October 2017, the CIF officially joined the GDI partnership as its 40th member. The CIF will conduct six case studies with the MDBs using the GDI methodology in FY2017, one of which will be from the FIP portfolio.

50. Strong collaboration with PROFOR through the World Bank FIP Focal Point Team continues. This includes support to Cote d'Ivoire to undertake a forest governance assessment based on methodologies described in PROFOR's publications [Assessing and Monitoring Forest Governance: A User's Guide to a Diagnostic Tool](#) and [Developing Guidance on Forest Governance Data Collection for Assessment and Monitoring](#).
51. The CIF Administrative Unit collaborated with the organizers of the Annual World Bank Conference on Land and Poverty (Washington, D.C., March 20-24 2017), whose main theme was "Responsible Land Governance: Towards an Evidence-Based Approach". The FIP team organized a plenary session on how climate investments can support sustainable land use, and invited a panelist to share the experience of DGM Peru in a session about strengthening rights for indigenous peoples.



52. The DGM global project, which focuses on learning and knowledge exchange among participating countries, implemented the following activities during the reporting period:
- February 2017: DGM Asia exchange in Chiang Mai, Thailand
 - April 2017: Global Steering Committee (GSC) Third Annual Meeting in Brasilia, Brazil
 - April 2017: National Steering Committee (NSC) members from Indonesia and Brazil participated in the United Nations Permanent Forum on Indigenous Issues (UNPFII) in New York, USA
 - May 2017: DGM representatives participated in the 46th Conference of the UNFCCC subsidiary bodies (SB46) in Bonn, Germany.
 - June 2017: DGM executing agencies workshop in Arlington, Virginia, USA
 - June 2017: DGM Latin America exchange in Minas Gerais, Brazil.
53. The AfDB organized the African Forestry Investment Conference (AFIC) on June 13-14, 2017, in Accra, Ghana¹². The international, invitation-only event brought together 65 key players from the financial services and plantation forestry industries, senior government officials, independent experts, smallholder associations, and civil society to discuss how purpose-built financing models can be developed to support a world class plantation-

¹² All conference presentations can be accessed here: <http://newforestsforafrica.org/conference-june-2017/presentations2017/>.

based industry in Africa. The conference showcased the key features of the USD 24 million AfDB and FIP loan to Form Ghana and explored how this innovative deal could be replicated across the continent to enable large-scale reforestation of degraded land.

5 Results

5.1 Scope

54. The information presented in this report covers **18 FIP projects** from six countries (Brazil, Burkina Faso, DRC, Ghana, Lao People's Democratic Republic (Lao PDR), and Mexico), including four DGM projects (Brazil, Burkina Faso, Peru, and the DGM global component), **accounting for USD 258.9 million**. Data presented in this report corresponds to the period **January 1 to December 31, 2016**¹³. The complete list of projects reporting results is in Annex 4.

5.2 Reporting methodology

55. The FIP focal points within each pilot country are responsible for collecting results data on an annual basis, ensuring they are validated by stakeholders at an annual in-country FIP stakeholder workshop¹⁴, and submitting a final result report to the CIF Administrative Unit by June 30 of the following year. Results report submitted must adhere to [FIP M&R toolkit](#)¹⁵, which describes the reporting requirements.
56. In 2017, the CIF Administrative Unit underwent a stocktaking exercise to revise the FIP M&R system, resulting in two key changes:
57. Using narrative responses instead of scorecards: The FIP M&R stocktaking exercise found that the scorecards were subjective, lengthy, and did not represent overall progress well. They were therefore replaced with a narrative description.
58. MDBs may also be invited to participate in the results reporting: The stocktaking exercise found that including data from MDBs would be useful and a good complement to FIP countries' reports. MDB project monitoring data, together with the country data, allows for triangulation that increases the accuracy and consistency of data.
59. A detailed explanation of this process can be found in the information document *FIP Results Supplementary Information*. By next year, all FIP countries will be required to

¹³ Date from MDB data varies depending on their monitoring calendar. MDB data usually includes updated information until November or December 2016.

¹⁴ Detailed information on the support provided by the CIF Administration Unit can be found in Annex 5: M&R country support.

¹⁵ The toolkit consists of guidance and reporting tools to assist FIP countries in providing annual reporting to the FIP Sub-Committee on progress in implementing their endorsed investment plans.

report their results following the revised FIP M&R system. The FIP M&R toolkit is being updated accordingly and will be published shortly.

60. Information provided by MDBs this reporting cycle has been very important to better understand general project progress, project successes and challenges, and reasons for implementation delays. Data from MDBs has added value to the results information and has helped to clarify the narratives, triangulate project progress information, and increase accuracy of data from FIP countries.

5.3 Global overview

61. Table 6 offers an overview of the consolidated FIP targets and actual progress in the reporting period for the two core reporting themes: GHG emission reductions or avoidance/enhancement of carbon stock, and livelihood co-benefits.

Table 6: Global overview of FIP targets and actual results (as of December 31, 2016)

	Targets	2016 results	2016 progress towards target	Cumulative results	Cumulative progress towards target
Theme 1.1: GHG emission reductions or avoidance/enhancement of carbon stock (MtCO ₂ e)	11.71	Not reported	Not reported	Not reported	Not reported
Theme 1.1: Area covered* (ha)	31,072,260	3,494,554	11.3%	3,494,554	11.3%
Theme 1.2: Livelihood co-benefits	1,018,092	414,132	40.7%	563,396	55.3%

**Note: In the current FIP reporting system, FIP pilot countries are not required to report on actual area covered. Only the target is reported.*

62. Aggregating targets and results for the reporting theme **GHG emission reductions/avoidance/enhancement of carbon stocks** is challenging because each country uses different calculation methodologies. The FIP M&R stocktaking review highlighted that forest-related GHG emission reductions need time to be effective and measured and that measurements of actual GHG emission reductions are usually only done at mid-term or at the end of the project. The FIP M&R stocktaking review concluded that reporting progress on this theme will be done as FIP projects reach mid-point and completion, and is therefore not reported this cycle.
63. A more readily available indicator of FIP influence that is directly linked to the GHG emission reductions and enhancement of carbon stocks is the extent of project **area covered** under sustainable land management practices or other FIP interventions. In 2016,

eight FIP projects in six countries (Brazil, Burkina Faso, DRC, Ghana, Lao PDR, and Mexico) made progress on the area covered under sustainable forest management practices.

64. This is the first reporting exercise where progress on the area covered has been reported by FIP countries. The total area covered by the FIP in 2016 was 3.5 million hectares (ha), slightly bigger than the size of Belgium. This represents 11 percent progress toward the target of 31 million ha, roughly the size of Côte d'Ivoire.
65. In 2016, 11 FIP projects made progress on **livelihood co-benefits**, contributing 41 percent towards the collective target of 1.02 million people¹⁶. This represents a significant increase from last year's 6 percent progress toward livelihood co-benefits target reported by only four projects. Cumulatively, the FIP has achieved 55 percent of the livelihood co-benefits target. It should be noted that the FIP only reports on direct beneficiaries and not indirect beneficiaries¹⁷.
66. FIP countries are making good progress toward protecting **biodiversity** by supporting efforts to reduce forest loss and enhance knowledge about species diversity through forest and botanical inventories, such as in Brazil (see Box 8).
67. Progress on **forest governance** focuses on strengthening decision-making processes, ensuring participation of all stakeholders, and enhancing forest law enforcement. A good example is the FIP's support to Lao PDR's Department of Forest Inspection for law enforcement to prevent illegal logging (see Box 5). In addition, steady progress in improving the enabling environment for forestry partnerships was achieved as part of the Lao Smallholder Forestry project. These include initiating policy and technical collaboration with Lao Department of Forestry's Plantation Investment and Promotion Division and formulating revisions to plantation regulations. An important milestone was also the first ever national workshop in Lao PDR on land security and concession licensing in the plantation sector.
68. The FIP portfolio has continued to make progress on **tenure** issues by supporting countries on defining rights to use, control, and transfer land and forest resources. Ghana, for example, has continued to make progress on its innovative tree tenure system promoted through climate-smart cocoa. **Capacity development** is the most prevalent area where FIP projects reported progress, including trainings and provision of equipment. All FIP countries made progress increasing their capacity on sustainable forest or agriculture management solutions.

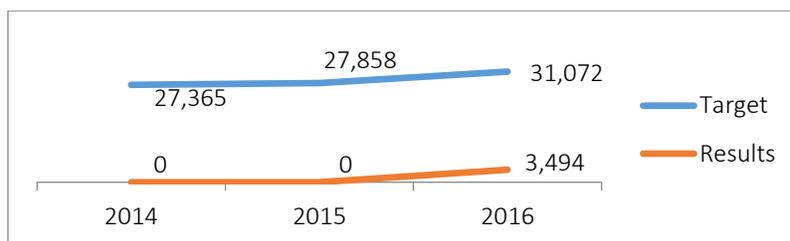
¹⁶ The reasons why some FIP projects did not report progress on livelihood co-benefits include: the disbursement of funds to the project might have not started or is not very high in 2016, or because the project focuses on other impacts not considered livelihood co-benefits.

¹⁷ The FIP portfolio only reports on direct beneficiaries, but other CIF programs, such as the PPCR, also include indirect beneficiaries in their target numbers. A direct comparison of portfolios on this aspect is, therefore, not possible.

5.4 Key results comparison (2014 to 2016)

69. Comparing progress of FIP countries against targets between reporting years is challenging for following reasons:
70. Moving targets: Some FIP projects changed indicator targets over the years
71. New additions to the FIP portfolio: The FIP portfolio has been increasing each year with new projects being added
72. Reporting theme 1.1 GHG emission reductions/avoidance/enhancement of carbon stocks has seen a slight increase between last reporting year's target (11.70 MtCO₂e) and this year's (11.71 MtCO₂e) due to change in Ghana's target.
73. The target area covered under FIP investments has increased over the years as new FIP projects were added to the portfolio and targets have been revised. The total targeted area changed from 28 million ha in 2015 to 31 million ha in 2016, as shown in Figure 6. This change is due to the revised and increased targets in DRC and Mexico. Also, Brazil and Lao PDR revised and decreased their targets. This is the first year that FIP countries have started populating their results reports with data about area covered.

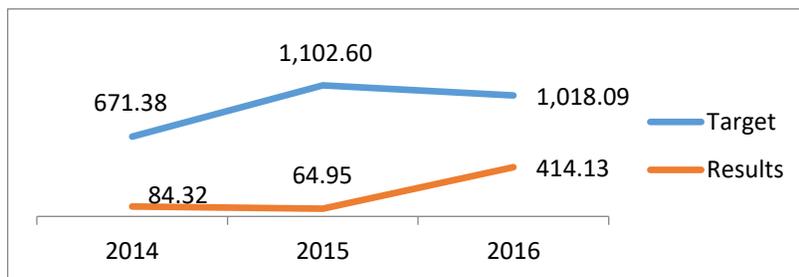
Figure 6: Target area covered by the FIP over time (thousand ha)



Source: FIP countries and MDB data

74. As shown in Figure 7, while the livelihood co-benefits target sharply increased from 2014 to 2015, it decreased slightly in 2016 to approximately 1.02 million beneficiaries. This was mainly due to Mexico's targets being reported in different units. In 2015, Mexico's targets were in number of beneficiaries, while in 2016, Mexico's targets were number of *ejidos* so could not be aggregated in the total number of beneficiaries.

**Figure 7: Livelihood co-benefits targets and results over time
(thousands of beneficiaries)**



Source: FIP countries and MDB data

75. While the livelihood co-benefits target dipped, this reporting cycle marks an upswing in achieved results. Beneficiaries increased from 64,950 in 2015 (6 percent of target, reported by four projects) to 414,132 in 2016 (41 percent of target, reported by 11 projects). Lao PDR made the most progress in 2016 reaching 351,000 beneficiaries (80 percent of its final target) through the implementation of forest management plans¹⁸ under the Scaling-Up Participatory Sustainable Forest Management (SUFORD-SU) project. In 2015, this project did not report progress toward the target.
76. Ghana also made significant progress increasing the number of beneficiaries from 11,979 in 2015 to 40,660 beneficiaries in 2016. The Enhancing Natural Forests and Agroforest Landscapes Project (IBRD) picked up implementation pace, which increased the number of beneficiaries from 11,979 (2015) to 36,390 (2016) and the Engaging Local Communities in REDD+/Enhancement of Carbon Stocks Project (AfDB) started reporting progress for the first time with 4,270 beneficiaries.

5.5 Results by reporting theme

5.5.1 Category 1: Common Themes

5.5.1.1 Theme 1.1: GHG emission reductions or avoidance/enhancement of carbon stocks

77. In this reporting cycle, five FIP pilot countries reported on GHG emission reductions/avoidance/enhancement of carbon stocks in the form of targets on tonnes of carbon and targets and achieved results on area covered, as shown in Table 7.

¹⁸ FIP financing in the SUFORD-SU project will be provided for drafting forest management plans including but not limited to field inventory design, data collection and analysis procedures, and mapping actual and proposed land use options.

Table 7: Targets and actual results by country on Theme 1.1: GHG emission reductions/avoidance/enhancement of carbon stocks (as of December 31, 2016)

Country	Target (MtCO _{2e})	Target area covered (ha)	Area covered in 2016 (ha)	Progress made towards ha target in 2016 (%)
Brazil	Not reported	7,553,472	171,282	2.27
Burkina Faso	1.95 ¹⁹	1,284,000	1,847	0.14
DRC	4.2 ²⁰	116,500	440	0.4
Ghana	1.04 ²¹	826,350	62,662	7.58
Lao PDR	1.95 ²²	997,000	960,578	96.35
Mexico	2.57 ²³	20,294,938	2,297,746	11.32
TOTAL	11.71	31,072,260	3,494,554	11.25

Note: In 2016, no emission reductions were reported for any of the FIP countries in the portfolio and will not be until mid-term or end of FIP projects when GHG emissions reductions can be accurately measured.

78. There are differences in the methodologies used by FIP countries to report GHG emission reduction baselines and targets, making their aggregation of targets for tonnes of carbon challenging.
79. Mexico is the chief contributor to the total targeted area covered and results achieved in 2016 (65 percent of both) from projects reporting on results. In particular, the Forests and Climate Change Project (IBRD) supported conservation and sustainable management practices on 1.95 million ha of land under the management of forest communities and *ejidos*. Lao PDR's progress is also noteworthy, achieving 96 percent of its targeted area covered through implementation of 40 forest management plans under the SUFORD-SU project (IBRD).
80. The sustainable forest practices implemented in FIP covered areas vary by country and the interventions outlined in each FIP investment plan and project document. Interventions include implementation of sustainable land/forest management systems (SLM/SFM), afforestation/reforestation, the adoption of low carbon technologies, climate smart

¹⁹ AFDB project: 1.0 MtCO_{2e}; IBRD project: 0.95 MtCO_{2e}. The reported target used the land use database and the national land database from 2002, which did not reflect the country's forest cover. The country now has an updated version of these tools from 2012, which can be used to develop the baseline situation and scenario and the country MRV system. Burkina Faso has initiated a revision of its FIP investment plan REL and targets based on the 2012 updated tools. The revision is scheduled to be completed by the end of 2018.

²⁰ AFDB project: 0.95 MtCO_{2e}; World Bank project: 3.25 MtCO_{2e}

²¹ Target corresponds to the IBRD project "Enhancing Natural Forests and Agroforest Landscapes". The AFDB project, "Engaging Local Communities in REDD+" (ELCIR) still does not have reference level or target set. The FIP focal point in Ghana reported that the ministry will engage the services of a consultant to determine this data of the AFDB project by the end of 2017.

²² World Bank project: 0.135 million tCO_{2e}; IFC project: 1.81 million tCO_{2e}. Data revision/improvement of GHG REL and targets will take place next year.

²³ Mexico's Investment Plan aims to reduce the REL of 25,714 Gg CO_{2e}/year by 10 percent. It is expected that five years after project completion (2022), the target will be 36 percent. Data revision/improvement of GHG REL and targets will take place next year.

agriculture, or the establishment of woodlots. A detailed list can be found in information document *FIP Results Supplementary Information*.

Box 5: Reducing GHG emissions by addressing illegal logging in Lao PDR

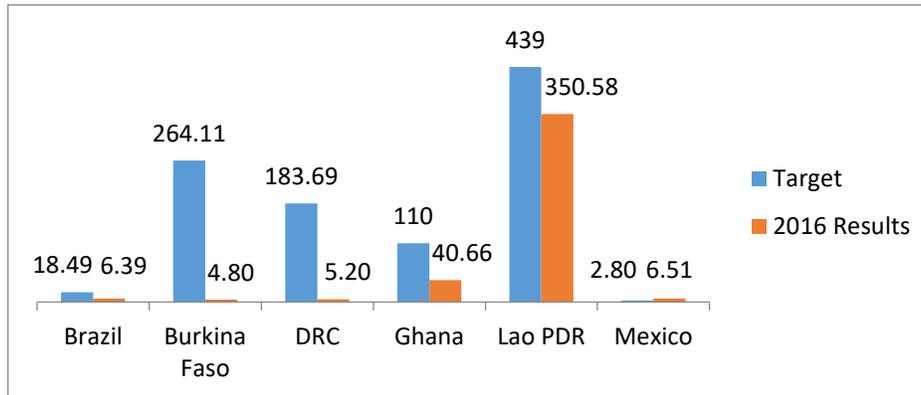
In Lao PDR, the project SUFORD-SU is enhancing the capacity of the Department of Forestry Inspection (DOFI) to respond to forest and wildlife criminal activity across all 18 provinces. Prime Minister Order (PMO) 15 was passed in May 2016 and provides the high-level authority needed to combat forest-based crime. The results generated by DOFI and POFIs have demonstrated that their capacity to tackle illegal logging is sufficient when they have the correct mandate for enforcement.

The customs statistics of Lao PDR suggest that after PMO 15 became effective in the second half of 2016, illegal logging dramatically declined resulting in reduced carbon emissions of about 4,500,000 tCO₂e in 2017. Approximately 40 percent of this reduction is estimated to be attributable to SUFORD-SU, so 1.8 million tCO₂e. These emission reductions will be reported next year, as most of the accounted emissions reductions correspond to 2017.

5.5.1.2 Theme 1.2: Livelihood co-benefits

81. In 2016, FIP countries reporting results made notable progress in achieving livelihood co-benefits, reaching 41 percent of the total targeted 1.02 million beneficiaries. Cumulatively for the period 2014-2016, 55 percent of the target has been achieved. The type of livelihood co-benefits generated by each FIP project varies, and includes monetary benefits through increased incomes, new sustainable jobs, and access to credit among others. A list of these indicators is included in information document *FIP Results Supplementary Information*.
82. In 2016, there was a substantive progress in the number of FIP beneficiaries in Lao PDR, as shown in Figure 8. The SUFORD-SU project had a positive impact in the livelihoods of 350,000 people, who benefitted from forest management plans being implemented. It also positively impacted those involved in field implementation of project activities, forest inventory crew hired for village marking demarcation, daily laborers, and the government through improved quality of forest management and revenue collection. The Village Livelihood Development (VLD) grants started to disburse in 2016, with USD 652,195 transferred to forest communities (about 15 percent of the total amount to be disbursed).

Figure 8: Targets and Actual Results by Country on Theme 1.2: Livelihood Co-benefits (as of December 31, 2016, thousand beneficiaries)



Note: In 2016, Mexico's targets were set in number of ejidos, while actual results were reported in number of individual beneficiaries. This difference in reporting units explains why Mexico's progress is greater than the target.

83. In DRC, the Improved Forested Landscape Management Project (IBRD) benefitted 5,195 people in 2016 through direct support for establishing agroforestry plantations, managing nurseries, and building capacity in land management. The project also provided jobs for 2,000 people²⁴.
84. In Ghana, the Engaging Local Communities in REDD+/Enhancement of Carbon Stocks Project (AfDB) supported five of ten targeted enterprises involved in honey production (beekeeping), basket weaving, non-timber forest product (NTFP), charcoal production, and nursery operation. Forest communities in Ghana have received capacity training, technical advice, production materials, and technology transfer to support better methods of production. More on livelihood co-benefits provided by the FIP in 2016 is available in Boxes 6 and 7 of this report and in information document FIP Results Supplementary Information.

5.5.2 Category 2: Other relevant co-benefit themes

85. FIP countries must report themes under Category 2 considered relevant to their investment plans (biodiversity and other environmental services; governance; tenure, rights, and access; and capacity development). In every FIP country, stakeholders meet once a year at a national workshop to collect information on FIP progress and to validate the results achieved during the reporting year. The workshop is especially important for Category 2 themes, as they focus on overall investment plan progress, which requires a participatory approach to assess effectively. In 2016, all FIP countries except DRC submitted results data based on stakeholder workshops. Progress reported on all Category 2 themes shows that FIP countries are on track delivering results.

²⁴ This data was reported by DRC's FIP focal point (Project Management Unit). This data was not validated by stakeholders, because DRC did not host a FIP M&R stakeholder workshop in 2017.

Box 6: Livelihood co-benefits in Ghana's FIP investment plan



Source: FIP FP Ghana

Ghana's FIP investment plan is providing livelihood co-benefits in the communities of Sefwi Wiawo, Asankragua, Tarkwa, Bibiani (Western), Kintampo, Dormaa (Brong-Ahafo), by supporting the owners of tree seedling nurseries. Before the FIP, these nurseries produced low quality seedlings, which led to low sales income. The IBRD implemented "Enhancing Natural Forest and Agroforest Landscapes Project" provided training and capacity building to 80 people with regards to raising high quality tree seedlings. Thanks to the technical support provided by the FIP, there has been enormous improvement in the seedlings produced.

They are sold for project interventions like enrichment planting and a model plantation. As a result, the operators earn more from sales compared to previous years. This has increased their incomes and improved livelihoods.

5.5.2.1 Theme 2.1: Biodiversity and other environmental benefits

86. FIP efforts focus on reducing forest loss, considered the main driver of biodiversity decrease. Burkina Faso's investment plan made progress to protect biodiversity by restoring 1,847 ha of gazetted forests in 2016. Since 2012, FIP has contributed to Mexico's ongoing scheme of payment for environmental services (PES), which is expected to halt or reduce biodiversity loss rate by encouraging the protection of forest ecosystems. Also, properties with the sustainable forest management certification FSC and NMX have biodiversity monitoring systems. Ghana's investment plan focuses on PES and developing Community Resource Management Areas (CREMA). CREMAs were created to assign management rights and responsibilities to the local level, particularly for wildlife. In Brazil, the FIP-supported National Forest Information System will provide valuable botanical data for the conservation of biodiversity habitats (see Box 8).

Box 7: Improving the livelihoods in San Juan Evangelista Analco, Mexico

The community of San Juan Evangelista Analco in Mexico received technical advice and a loan of 580,000 Mexican pesos (USD 31,800) from Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero (FND) through the FIP-backed Financing Low Carbon Strategies in Forest Landscapes Project (IDB). They used the loan to acquire a winch crane for roundwood extraction. Owning the crane has enabled the community to generate more jobs and eliminate the need to lease expensive equipment. It is expected to increase wood extraction income by 5 percent, with the potential for a 25 percent additional increase by optimizing processes and venturing into certified products.

As beneficiaries of the liquid guarantee component of the project, the San Juan Evangelista Analco has developed capacities in forest management and conservation. Community members have a better understanding and appetite for income generation through the sustainable management of their forests and the development of social benefits. They are currently considering applying for a second loan to carry out projects with groups of women to produce charcoal.

FND and FINDECA (the local financial institution providing credit for the project Support for Forest Related Micro, Small, and Medium-sized Enterprises in Ejidos), will seek to replicate the FIP financing line scheme to encourage the implementation of productive projects with a strong environmental component.



Source: CONAFOR

Box 8: FIP supports the National Forest Inventory in Brazil's Cerrado biome, including biodiversity information

The FIP is supporting the implementation of the National Forest Inventory (NFI) through the IDB project "Forest information to support public and private sectors in managing initiatives focused on conservation and valorization of forest resources." It aims at increasing the availability and dissemination of information on forest resources and its use through the National Forest Information System (NFIS). Neither the NFI nor the NFIS had been implemented in the Cerrado biome before the FIP.

The NFI in the Cerrado will monitor the occurrence and distribution of Cerrado forest species; structure and floristic composition of forests; wood, biomass and carbon stocks in the region's forests; spatial distribution of soil carbon stock; use of wood products, non-timber, and environmental services; contribution of forests to family income; and information applications in forest management by the State and Private Sector.

The NFI in the Cerrado will include about 5,000 sample points, more than 20,000 interviewed people, 20,000 soil samples, and 100,000 botanical samples. The sample collection started in 2016. So far, 70.3 million hectares of the Cerrado (34 percent of total area) have already been included in the inventory.

Two research institutions, the CEN Herbarium of Embrapa Genetic Resources and Technology and the UNB Herbarium at the University of Brasilia, are responsible for the identification of most of the botanical collections of the NFI Cerrado.

Funding resources used for the NFI



Source: FIP focal point in Brazil

5.5.2.2 Theme 2.2: Governance

87. FIP efforts on forest governance focus on strengthening decision-making processes, ensuring participation of all stakeholders, and enhancing forest law enforcement. In 2016, the SUFORD-SU project in Lao PDR supported substantive improvements on forest governance and enforcement, including the Prime Minister Order to stop illegal logging

(see Box 5) and the development of an innovative mobile technology to report illegal logging crimes (see Box 9). In Burkina Faso, the FIP continued inter-ministerial and multi-actor dialogue through workshops on sustainable forest management. A pioneering methodology for inclusive governance with forest communities, TerriStories, was piloted in 2016 (see Box 10).

Box 9: Lao PDR rolls out mobile system for reporting forest and wildlife crime

Illegal logging is considered a serious threat to forests in Lao PDR. Collecting, collating, and assessing information is critical to creating an intelligence-led response to this criminal activity.

To overcome inconsistencies and inefficiencies of a paper-based system for provincial information, Lao PDR's Department of Forestry Inspection (DOFI) developed and trialed a Smart Phone Information Reporting and Intelligence Tracking (SPIRIT) system. It centralizes the reporting of forest and wildlife crime and allows users to report on crimes through their mobile devices. Submissions cover relevant information depending on the type of crime including GPS coordinates and pictures. Online storage and web access means data can be retrieved and used anywhere.

A total of 150 reports from 14 provinces were submitted during the trial period. Improvements were identified and an updated version was prepared and fully rolled out in January 2017 with accompanying training modules to all 18 provinces. Learn more about the SPIRIT system at:

<https://www.youtube.com/watch?v=rQhdVLg-Ak&t=2s>



Source: FIP focal point in Lao PDR

Box 10: TerriStories in Burkina Faso spur inclusive governance of forests and land use

The FIP in Burkina Faso is supporting the creation of land use schemes in 32 communes. To kick start the process, planners used TerriStories®, an innovative, inclusive, and transformational methodology that puts local actors in the driver's seat to accurately identify local challenges and come up with consensual solutions.

The TerriStories approach gathers participants around a board game representing their territory to discuss how to make use of the natural resources (fields, pastures, water, etc.) across several dry and wet seasons. A diagnostic tool including specific suggestions to improve the resource governance is progressively developed as the game evolves, and the rules of access are proposed, debated and negotiated. The process takes three to four days, and suggestions are debated and agreed to by all participants.

The project is only in its first phase and multiple challenges remain to be solved to turn this participatory experience into enforceable land use plans and road maps to strengthen the security of tenure. One of these challenges is to turn this one-time experiment into a process owned by the Commune that will be updated on a regular basis to include new actors with new interests as Communes develop.

TerriStories was developed by the research center CIRAD and based on experiences from the MARP (the network for the development of the Research Active Methods and Participatory Planning) and other role playing-based methodologies.



Source: [Securing Land Rights at Scale Through Participatory Role-play: the Forest Investment Program in Burkina Faso](#). Peter Hochet, Boukary Sawadogo, Jean-Michel Bretel, Ibrahim Lankoande, Loïc Braune, Paul Gardner de Béville

5.5.2.3 Theme 2.3: Tenure, rights, and access

88. In 2016, FIP countries continued to make progress on land tenure issues. Forest communities are receiving support to define how rights on land and resources use, control, and transfer are allocated within societies. In Ghana, the FIP continues to promote an innovative approach to forest tenure. In 2016, studies were completed to develop tree tenure and benefit sharing schemes under the Natural Resources and Environmental Governance Technical Assistance (IBRD). The FIP started consultation processes with key stakeholders to select the preferred option for a possible pilot. Registration of farms and

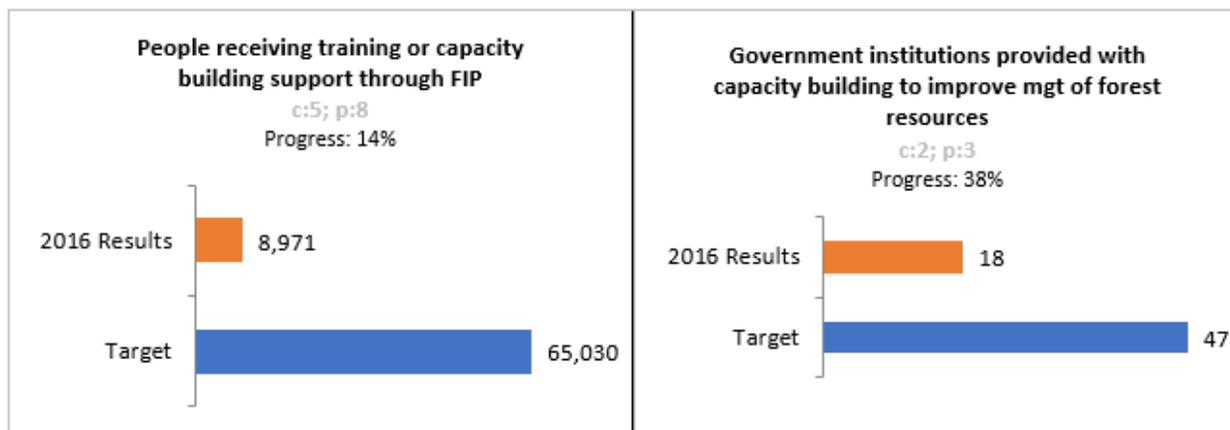
trees on farms is ongoing. The Ministry of Lands and Natural Resources and its implementing agencies are collaborating to develop guidelines for tree tenure and benefit sharing schemes.

- 89. In Lao PDR under the SUFORD-SU project, work was completed in 2016 to clarify the legal basis for communal land titles. In Burkina Faso, land security is an important aspect of the national REDD + strategy. The program intervenes mainly at local level to implement the provisions of the 2012 land law by supporting the municipalities in setting up land tenure security services and by aiding in the management of Integrated Municipal Development Project /REDD + related files.

5.5.2.4 Theme 2.4: Capacity development

- 90. All FIP countries have a specific component in their investment plans to increase capacity to plan and implement sustainable forest management solutions. This is the first year that all FIP countries reported significant achievements in terms of capacity development.
- 91. Figure 9 shows the aggregated target and 2016 results of people receiving training as reported by MDBs. Progress toward the target is 14 percent. The FIP also supports government institutions to improve their capacity to manage forest resources in Brazil and Ghana. Progress toward the target is about 9 percent.

Figure 9: Overview of FIP-supported training and capacity building (as of December 31, 2016)



Source: MDB monitoring reports. Note: “c” refers to number of countries; “p” refers to number of projects included

- 92. In Brazil, the project for sustainable production in areas previously converted to agricultural use focuses on capacity development in low carbon production systems. In 2016, 150 field technicians and 5,800 project beneficiaries trained on low-carbon agriculture²⁵. Capacity will continue to increase as technicians pass on their knowledge in

²⁵ IBRD. SUSTAINABLE PROD. IN AREAS PREVIOUSLY CONVERTED TO AGRICULTURAL USE (P143184). Seq No: 6 | ARCHIVED on 13-Apr-2017. ISR27043. Data from November 30th, 2016

the field. The project raised awareness of 7,500 stakeholders through face-to-face seminars, radio, and mobilization in rural properties.



Source: FIP focal point in Brazil

93. Mexico made substantive progress on capacity development in 2016. The FIP is supporting a certification program for National Forestry Commission (CONAFOR) technical advisors, which allows forest communities and ejidos to receive advice from qualified professional staff. Mexico reported that to 2016, 378 technical advisers were certified within CONAFOR Institutional Norms for Labor Competency. The World Bank reported that the Forests and Climate Change project supported 92426 certified private technical service providers published in the CONAFOR List of Technical Advisors, and 44 of the target 50 CONAFOR field offices were rehabilitated, equipped, staffed, and trained by December 2016. In Ghana, the FIP supported training on climate-smart cocoa/agriculture, as well as investments in equipment to facilitate project-related activities focusing on shade-grown cocoa.

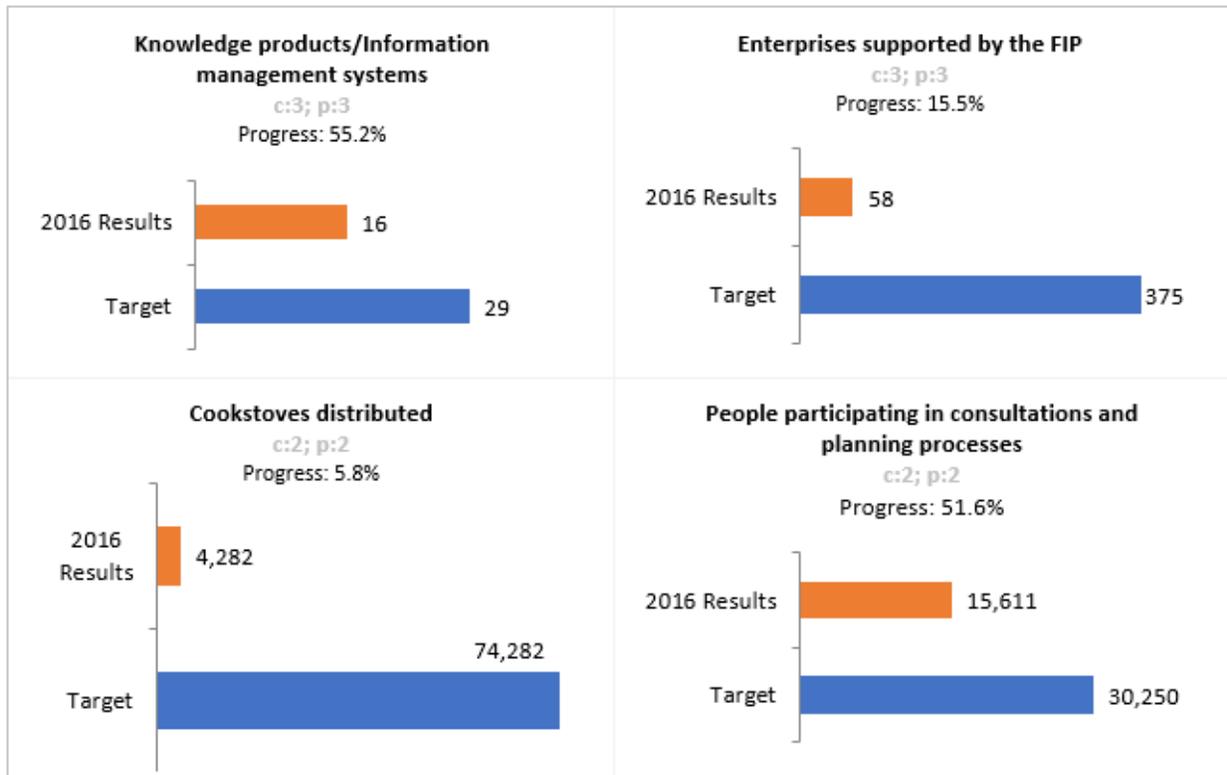
5.5.3 Other indicators reporting progress on the FIP portfolio

94. Other monitoring indicators collected from MDB evaluation reports provide additional information on how FIP investment plans are making progress in other important areas.
95. Figure 10 shows that FIP is providing training, technical assistance, and credits to forest enterprises (15 percent progress toward the target), and developing knowledge products for better conservation and valorization of forest resources (55 percent progress toward the target). In 2016, the National System of Forest Information in Brazil had a total of 230,623 downloads and accesses thanks to upgrades supported by the project for forest information to support public and private sectors in managing initiatives focused on conservation and valorization of forest resources.
96. Two projects in DRC and Burkina Faso have distributed improved cookstoves to FIP beneficiaries, reducing the need for fuel wood and providing an economic savings (6 percent progress toward the target). FIP projects in DRC and Lao PDR are reporting results

²⁶ IBRD. Mexico Forests and Climate Change Project (P123760). Seq No: 10 | ARCHIVED on 27-Jun-2017. ISR28393. Data Nov 14, 2016

on inclusive participation of communities in sustainable forest management (52 percent progress toward the target).

Figure 10: Overview of other FIP indicators reporting progress (as of December 31, 2016)



Annex 1: Resource availability in the FIP

FIP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS			
<i>Inception through September 30, 2017</i>			
<i>(USD millions)</i>		Total	Capital
			Grant
Donor Pledges and Contributions			
Contributions		741.5	255.5
Pledges	a/	0.3	0.3
Total Pledges and Contributions		<u>741.8</u>	<u>255.5</u>
Cumulative Funding Received			
Contributions Received			
Cash Contributions		501.1	80.7
Unencashed promissory notes	b/	240.4	174.8
Total Contributions Received		<u>741.5</u>	<u>255.5</u>
Other Resources			
Investment Income earned -up to Feb 1, 2016	c/	14.5	14.5
Reflows from MBDs		0.2	0.2
Total Other Resources		<u>14.7</u>	<u>14.5</u>
Total Cumulative Funding Received (A)		<u>756.2</u>	<u>255.6</u>
Cumulative Funding Commitments			
Projects/Programs		438.7	108.8
MDB Project Implementation and Supervision services		25.0	-
(MPIS) Costs			
Administrative Expenses-Cumulative to 1st Feb 2016	c/	25.5	-
Total Cumulative Funding Commitments		<u>489.2</u>	<u>108.8</u>
Project/Program,MPIS and Admin Budget Cancellations	d/	<u>(16.2)</u>	<u>(15.0)</u>
Net Cumulative Funding Commitments (B)		<u>473.0</u>	<u>93.8</u>
Fund Balance (A - B)		<u>283.2</u>	<u>161.8</u>
Currency Risk Reserves	e/	<u>(36.1)</u>	<u>(26.2)</u>
Unrestricted Fund Balance (C)		<u>247.1</u>	<u>135.6</u>
Future Programming Reserves:			
Proposed FY18 Country Programming Budget		(0.6)	(0.6)
Projected Country Programming Budget reserve FY19-23	f/	(1.7)	(1.7)
Admin Expenses-Reserve for FY 19-23 (net of estimated investment income)	g/	(40.8)	(40.8)
Unrestricted Fund Balance (C) after reserves		<u>204.1</u>	<u>68.5</u>

Anticipated Commitments (FY18-FY21)			
Program/Project Funding and MPIS Costs	291.7	156.8	134.9
Total Anticipated Commitments (D)	291.7	156.8	134.9
Available Resources (C - D)			
	(87.6)	(21.2)	(66.4)
Potential Future Resources (FY18-FY21)			
Pledges	a/ 0.3		0.3
Release of Currency Risk Reserves	e/ 36.1	26.2	9.8
Total Potential Future Resources (E)	36.4	26.2	10.2
Potential Available Resources (C - D + E)			
	(51.2)	5.0	(56.2)

a/ The balance of the pledge amount from the U.S

b/ This amount represents USD equivalent of GBP 179.6 million.

c/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin "account", from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. In accordance with the terms of the Contribution Agreements, if amounts in the notional Admin account are not sufficient to cover Administrative Budgets, the shortfall is pro-rated across programs, based on fund balances. The Country Programming budgets are recorded under individual programs.

d/ This refers to cancellation of program and project commitments approved by the committee.

e/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

f/ Effective from the September 2017 reporting period, the Trustee has added a reserve to provide for country programming budget for five years. The amount of this reserve is estimated by the CIFAU.

g/ Effective from the September 2017 reporting period, the Trustee has added a reserve to cover Admin Expenses as Admin expenses are expected to exceed investment income significantly going forward. The amount of this reserve is estimated by the CIFAU and Trustee using the 5-year forecast of the Admin Budget less the 5-year estimate of Investment Income. Pro-rata estimates across three SCF programs are based on projected fund balances, per the terms of the Contribution Agreements.

Annex 2: FIP Project Pipeline

COUNTRY	PROJECT NAME	Expected Submission Date	Grant	Non-grant
AVAILABLE FUNDS			78.70	161.80
Mozambique	DGM for Indigenous Peoples and Local Communities		0.39	0.00
Peru	Forest Investment Program	Nov-17	20.25	16.80
Cote d'Ivoire	Forest Investment Plan	Nov-17	5.95	9.44
Indonesia	Indonesia Forest Bond	Nov-17	2.85	32.50
Peru	Integrated Land management in Atalaya, Ucayali Region	Nov-17	6.20	6.40
Ghana	Engaging the Private Sector in REDD+	Nov-17	3.59	7.00
Brazil	Integrated Landscape Management in the Cerrado Biome	Nov-17	25.35	0.00
Ghana	Reducing Degradation and Deforestation due to Mining in Forest Landscapes	Nov-17	10.27	0.00
Cote d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	Jan-18	2.87	6.36
Guatemala	Sustainable Forest Management	Jan-18	1.55	8.45
Guatemala	Access to funding (public and private)	Jun-18	0.70	2.00
Cote d'Ivoire	DGM for Indigenous Peoples and Local Communities	Jun-18	4.91	0.00
Guatemala	DGM for Indigenous Peoples and Local Communities	Jun-19	5.30	0.00
Guatemala	Strengthening governance and livelihood diversification	Jun-19	1.60	10.40
Nepal	5 projects	Dec-19	7.60	17.90
Ecuador	2 projects	Dec-19	4.35	20.85
Congo	2 projects	Dec-19	7.40	18.00
Congo	DGM for Indigenous Peoples and Local Communities	Dec-19	5.30	0.00
Ecuador	DGM for Indigenous Peoples and Local Communities	Dec-19	5.30	0.00
Nepal	DGM for Indigenous Peoples and Local Communities	Dec-19	5.30	0.00
Global	DGM for Indigenous Peoples and Local Communities	Dec-19	3.80	0.00

Annex 3: DGM implementation status as of June 2017

DGM Project	Steering Committee Status	Project Approved	National Executing Agency	Grant Agreement Signed
Global Learning and Knowledge Exchange	GSC established	Approved	Conservation International	March 2015
Brazil	NSC established	Approved	Centro de Agricultura Alternativa do Norte de Minas	April 2015
Burkina Faso	NSC established	Approved	International Union for Conservation of Nature (IUCN) – Burkina Faso	October 2015
Democratic Republic of the Congo	NSC established	Approved	Caritas Congo	April 2016
Republic of Congo	NSC established	Not yet approved	Not yet selected	Not yet signed
Cote d'Ivoire	Interim Committee established	Not yet approved	Not yet selected	Not yet signed
Ecuador	No committee	Not yet approved	Not yet selected	Not yet signed
Ghana	NSC established	Approved	Solidaridad	May 2017
Guatemala	Interim Committee established	Not yet approved	Not yet selected	Not yet signed
Indonesia	NSC established	Approved	The Samdhana Institute	March 2016
Lao People's Democratic Republic	No committee	Not yet approved	Not yet selected	Not yet signed
Mexico	NSC established	Approved	Rainforest Alliance	Not yet signed
Mozambique	NSC established	Not yet approved	Not yet selected	Not yet signed
Nepal	Interim Committee established	Not yet approved	Not yet selected	Not yet signed
Peru	NSC established	Approved	World Wildlife Fund (WWF) – Peru	September 2015

Annex 4: FIP projects reporting on results (as of December 31, 2016)

FIP pilot country	Project name	MDB	Total approved funding (USD M)	MDB approval date	Effectiveness date
Brazil	Sustainable production in areas converted to agricultural use (based upon the ABC plan)	WB	10.62	18-Jul-14	13-Aug-14
Brazil	Forest information to support public and private sectors in managing initiatives focused on conservation and valorization of forest resources	IDB	16.45	13-Dec-13	Agreement signed on 09/17/2015
Brazil	Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado project	WB	9.25	28-Mar-16	22-Jun-16
Brazil	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Funding Proposal for the DGM Project for Brazil	WB	6.5	3-Mar-15	29-Jun-15
Burkina Faso	Gazetted forests participatory management project for REDD+ (PGFC/REDD+)	AFDB	11.5	28-Nov-13	Effective in 2016
Burkina Faso	Decentralized forest and woodland management (PGDDF)	WB	16.5	23-Jan-14	16-Sep-14
Burkina Faso	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Burkina Faso	WB	4.5	16-Sep-15	13-Oct-15

DRC	Improved forested landscape management	WB	36.9	24-Jun-14	29-Apr-15
DRC	Integrated REDD+ project in the Mbuji Mayi/Kananga and Kisangani basins	AFDB	21.5	11-Sep-13	Effective in 2016
Ghana	Engaging local communities in REDD+/Enhancing carbon stocks	AFDB	9.75	22-Jan-14	Effective in 2016
Ghana	Enhancing natural forest and agro-forest landscapes	WB	29.5	27-Feb-15	22-May-15
Lao PDR	Smallholder forestry program	IFC	3	2-Jul-13	Effective in 2016
Lao PDR	Scaling-up participatory sustainable forest management (PSFM or SUFORD-SU)	WB	12.83	31-May-13	30-Aug-13
Mexico	Forests and climate change project	WB	42	31-Jan-12	20-Nov-12
Mexico	Financing low carbon strategies in forest landscapes.	IDB	15	14-Nov-12	Effective in 2016
Mexico	Support for forest related micro, small, and medium-sized enterprises in Ejidos	IDB	2.88	10-Apr-13	June 2013 (signing date)
Peru	Dedicated Grant Mechanism in Peru	WB	5.5	11-Sep-15	26-Nov-15
DGM Global	DGM for Indigenous Peoples and Local Communities	WB	4.7	3-Mar-15	

Annex 5: M&R country support

FIP countries received financial support, methodological guidance, technical advice, and coordination support from MDBs. In most countries, the financial support from MDBs is used to organize the annual M&R workshop.

The following table shows the funds provided by CIF Administrative Unit to support M&R in FIP countries. The disbursement of these funds was done through the MDBs. In 2016, Indonesia received USD 80,000 to translate the FIP M&R materials into Bahasa, hire a consultant, organize a multi-stakeholder workshop for reporting, and develop knowledge learning products (materials and disseminations).

Pilot Country	Amount received (USD)	Date approved
Indonesia	80,000	4/6/16
Ghana	60,000	5/13/16
Lao PDR	60,000	5/13/16

Brazil highlighted MDB support for preparing and negotiating the investment plan at the government level, as well as consultations. The MDBs are supporting implementation of each project, including project level monitoring and evaluation. Most FIP countries are overall satisfied with the support received by MDBs.

The CIF Administrative Unit provided direct support to countries to enhance their M&R knowledge and to improve the data quality of the results reports. For example, the CIF Administrative Unit conducted a M&R training workshop in Ghana, coinciding with the scoring workshop in May 2016. Participants were trained on the use of the FIP M&R Toolkit and on how to prepare the reporting sheets. The CIF Administrative Unit also participated in Mexico's scoring workshop in June 2016 in Oaxaca, Mexico.

In 2017, the CIF Administrative Unit provided support for countries to participate in the FIP M&R consultation workshop on April 3-5, 2017 in Washington, D.C. In this meeting, FIP countries came to an agreement on the revisions to the FIP M&R system.
