



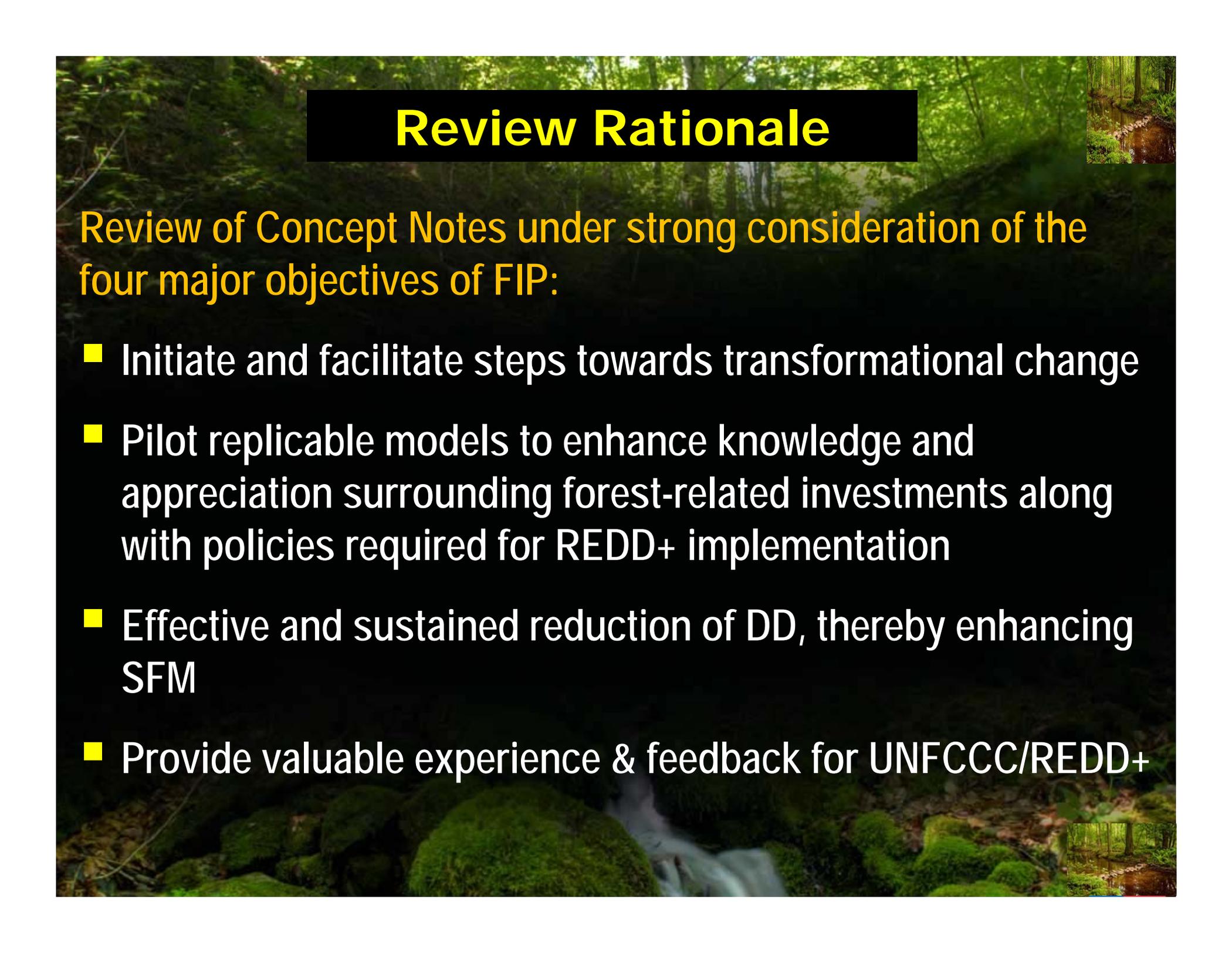
**Report of the Expert Group
on the Assessment of New Concept Notes
from Existing FIP Pilot countries**

Climate Investment Funds

FIP Sub-Committee

15 May 2015

Prepared on behalf of the Expert Group by Juergen Blaser

The background of the slide is a lush green forest. In the upper right, there is a small inset image of a stream flowing through a wooded area. In the lower right, there is another small inset image showing a stream with mossy rocks. The main text is overlaid on a dark, semi-transparent rectangular area.

Review Rationale

Review of Concept Notes under strong consideration of the four major objectives of FIP:

- Initiate and facilitate steps towards transformational change
- Pilot replicable models to enhance knowledge and appreciation surrounding forest-related investments along with policies required for REDD+ implementation
- Effective and sustained reduction of DD, thereby enhancing SFM
- Provide valuable experience & feedback for UNFCCC/REDD+

Review Criteria

- Based on *FIP design document and Criteria and Procedures for the Allocation of Resources to Existing Pilot Countries*

EG applied in its review 4 broad components:

- Potential to complement, advance or further enhance the objectives of the endorsed investment plan (40%)
- Readiness and capacity to implement (30%)
- Potential to generate co-benefits (20%)
- Financial sustainability of intended results (10%)

→ Divided in subcomponents and translated into an **evaluation template** with a rating format (0-100)

Review Process

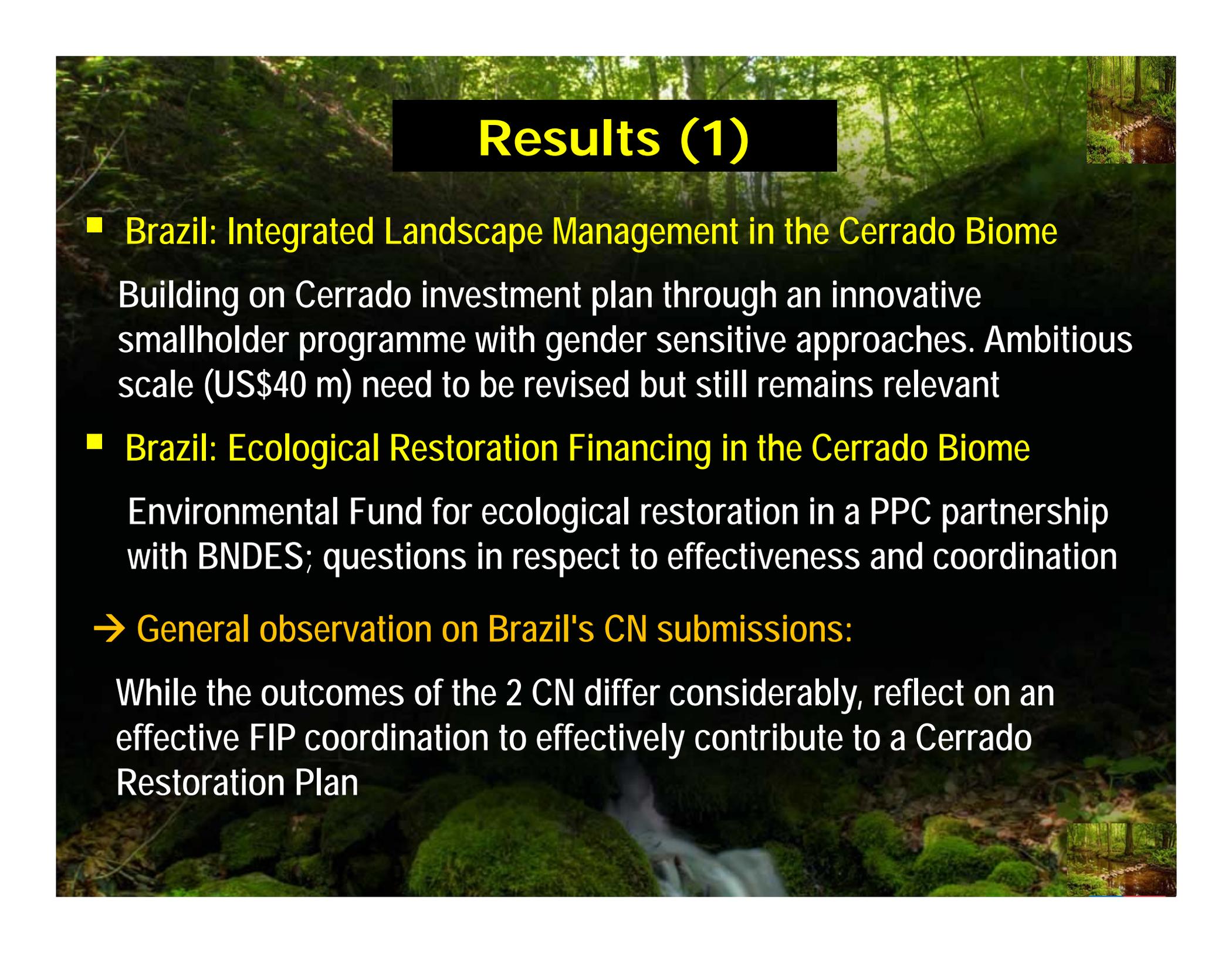
- Eight FIP pilot countries selected in 2010, 7 concept notes (CN) received by 6 of them
- Analytical background material: FIP 2010 report, FIP 2014 Results Report and others, Pilot countries investment plans....
- Discussion with MDBs in charge of FIP and FIP unit:
 - Complementarity of the new submissions and their value added to the existing FIP portfolio
 - Progress to date in CB, co-benefits, etc
 - Implementation of existing FIP and associated investments
- Review of CNs (2 reviewers for each EoI)
- Presentation and, exchange in the EG, rating, writing, reporting

Review constraints

- Assessment of CNs, not full project proposals (asking us for an overall assessment of the approach) → EP could only evaluate on the basis of the information given
- Time constraints in preparation of proposals (which “limited” somehow the quality of the CN)
- Time constraints for the EG to assess (no excuse, but this also conducted to editing errors...)

→ Reaction (sometimes harsh) from MDGs on EG reporting

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Results (1)

- **Brazil: Integrated Landscape Management in the Cerrado Biome**

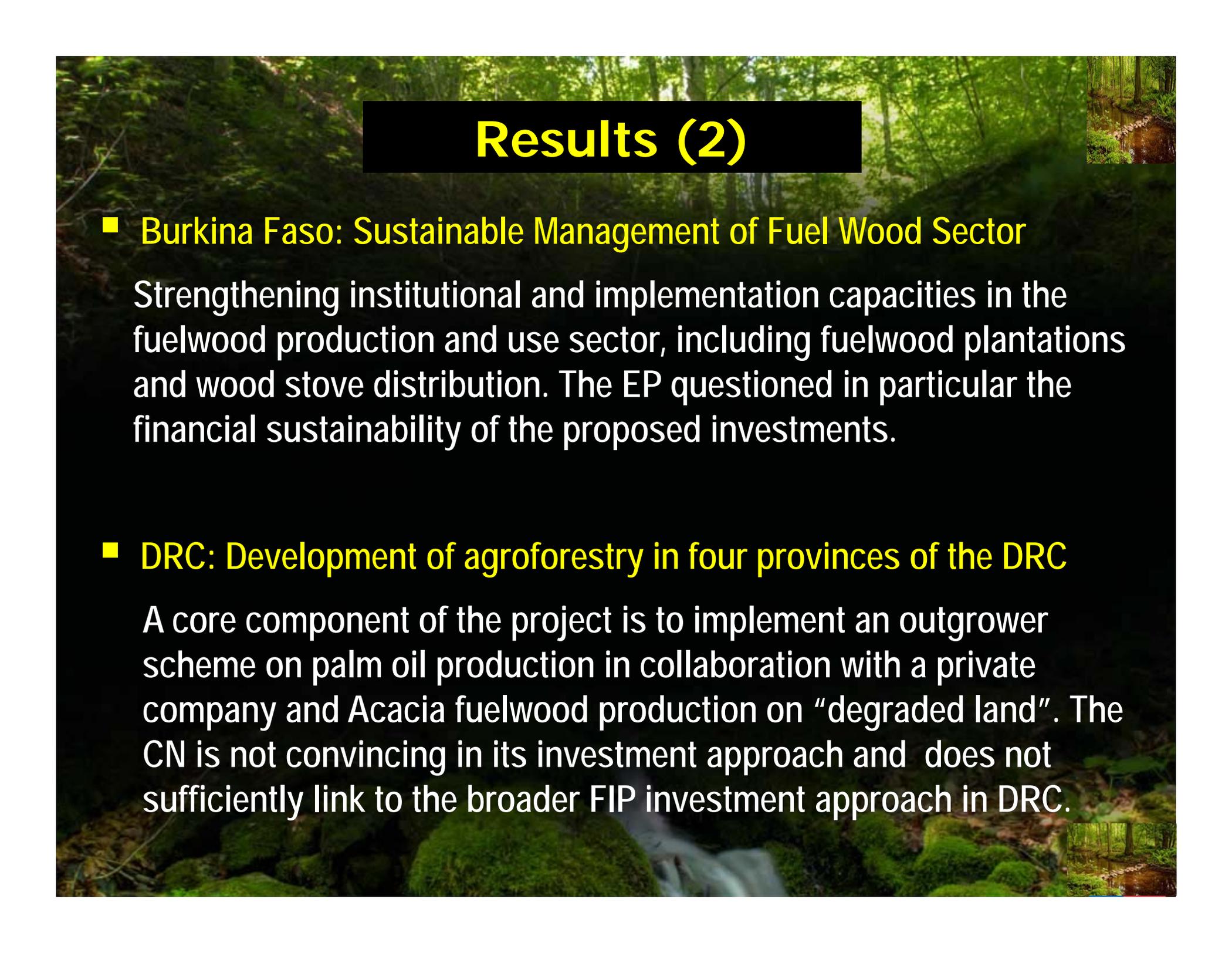
Building on Cerrado investment plan through an innovative smallholder programme with gender sensitive approaches. Ambitious scale (US\$40 m) need to be revised but still remains relevant

- **Brazil: Ecological Restoration Financing in the Cerrado Biome**

Environmental Fund for ecological restoration in a PPC partnership with BNDES; questions in respect to effectiveness and coordination

→ **General observation on Brazil's CN submissions:**

While the outcomes of the 2 CN differ considerably, reflect on an effective FIP coordination to effectively contribute to a Cerrado Restoration Plan



Results (2)

- **Burkina Faso: Sustainable Management of Fuel Wood Sector**

Strengthening institutional and implementation capacities in the fuelwood production and use sector, including fuelwood plantations and wood stove distribution. The EP questioned in particular the financial sustainability of the proposed investments.

- **DRC: Development of agroforestry in four provinces of the DRC**

A core component of the project is to implement an outgrower scheme on palm oil production in collaboration with a private company and Acacia fuelwood production on “degraded land”. The CN is not convincing in its investment approach and does not sufficiently link to the broader FIP investment approach in DRC.

Results (3)

- **Ghana: Reducing Degradation and Deforestation due to Mining in FL**

Reverse negative impacts of open land mining in forest areas with participation of local communities. Well formulated and complementary to the overall FIP programme

- **Lao PDR: Scaling up Sustainable Forest Management Project**

Geographic expansion of a large existing investment programme incl. FIP. Builds upon a solid track record of successful implementation and benefiting of already installed capacities.

- **Peru: High Value Native Timber Reforestation in Degraded Lands in the Peruvian Amazon**

Industrial reforestation with a private reforestation company of one native species and restoring some smallholder community lands. Concerns have been expressed mainly on technical and developmental grounds and based on the submitted CN.

Results: Summary of Assessed Concept Notes

Region	Country	MDB	Grant Million US\$	Loan Million US\$	Concept Note Title	Assessment 100 Point Total
EAP	Lao PDR	IBRD & IFC	24.5	0	Scaling Up Sustainable Forest Management Project	78
LAC	Brazil	IBRD	40.0	0	Integrated Landscape Management in the <i>Cerrado</i> Biome	74
		IDB	5.0	0	Ecological Restoration Financing in the <i>Cerrado</i> Biome	72
	Peru	IDB	2.0	7.5	High Value Native Timber Reforestation On Degraded Lands In The Peruvian Amazon	66
AFR	Burkina Faso	AfDB	8.0	0	Sustainable Management of the Fuelwood Sector	61
	Democratic Republic of Congo	AfDB	7.0	3.0	Support Project for the Development of Agroforestry in Four Provinces	51
	Ghana	IBRD	10.0	0	Reducing Degradation and Deforestation due to Mining In Forest Landscapes	71

Expert Groups' Synthesis (1)



- **Assessment of CN submissions**

Informative but substantive diversity; difficulty of discerning with existing FIP program; paucity on information on progress already achieved; difficult to assess feasibility and cost effectiveness (range from US\$ 2 to US\$ 40 million); lack of background information in particular on private sector partners

- **Scope of proposed projects extended differently which complicates the assessment of "additionality"**

Expansion of investments to (i) new biomes (Brazil); (ii) replication of approaches to new regions (Laos); (iii) additional sectors (Ghana), (iv) Filling gaps in coverage (BF); (v) refocusing scale of implementation (Peru, DRC)

Expert Groups' Synthesis (2)



- **Instruments and Approaches**

Core approaches on **funding mechanisms** (Lao, Brazil, BF), **economic instruments** (Lao, reclamation bonds in Ghana, commercial crops DRC) and **tenure provision** (Brazil, Ghana).

Majority of projects focus on community/private partnerships. Need for more information on benefit sharing, conflict management.



Expert Groups' Synthesis (3)

■ From Subsistence to Enterprise and Wealth Creation...

Current proposals with focus on private sector involvement; benefits to local livelihoods expected to “trickle” from these partnerships (e.g. direct employment, outgrower schemes, spin-off activities...) with the risk that such benefits are often not permanent

Role of degraded land as safety net for local communities against “economic” valorization of these areas through plantations, FPIC approaches to be applied to assure the land-use approach?

→ FIP investments being more active in direct investments with communities, e.g. enterprise development, investment vehicles to build forest assets, closer involvement of communities to investors (e.g. taking advantage of corporate social responsibility investments)