

# CIF CLIMATE INVESTMENT FUNDS



## FOREST INVESTMENT PROGRAM

### Overview of FIP

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FIP Pilot Country Meeting  
Kinshasa, Congo DR  
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## Clean Technology Fund

Finance scaled-up demonstration, deployment and transfer of low carbon technologies

## Strategic Climate Fund

Targeted programs with dedicated funding to pilot new approaches with potential for scaling up

## Investment Plans

- Support country and regional development strategies
- Leverage financial products of International Financial Institutions
- Stimulate private sector engagement

±\$6 billion

## Pilot Program for Climate Resilience

Mainstream climate resilience into core development planning

## Forest Investment Program

Reduce emissions from deforestation and forest degradation

±\$1.9 billion

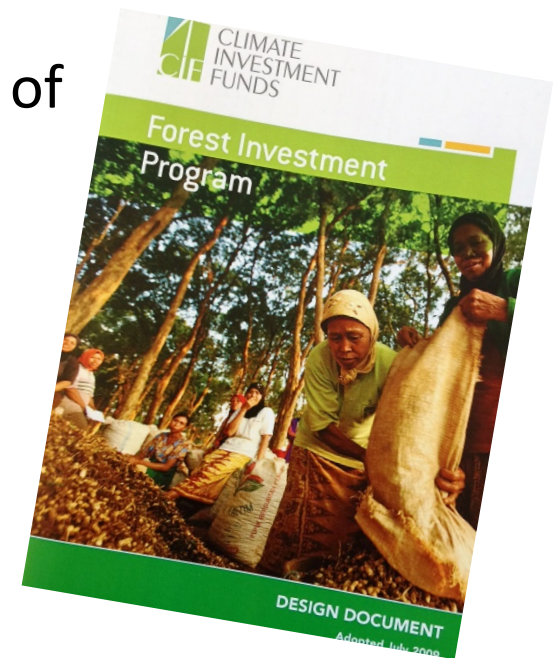
## Scaling Up Renewable Energy in Low Income Countries

Initiate transformational change by use of renewable energy



## Purpose of the FIP (see para 10 DD)

- Established to support developing countries REDD efforts by providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts;
- FIP will strive for maximizing co-benefits of sustainable development, including the conservation of biodiversity, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihood enhancements.





## The Four Objectives of the FIP (see para 11 DD)

- To **initiate and facilitate steps towards transformational change** in developing countries forest related policies and practices (*examples see following slide*)
- To **pilot replicable models** to generate understanding of links between SFM, policies measures and long-term GHG ER and conservation
- To facilitate the **leveraging of additional financing resources for REDD**, including through a [possible] UNFCCC forest financing mechanism
- To provide **valuable experience and feedback** in the context of UNFCCC deliberations



## Examples for initiating transformational change (see para 11a. i.-viii.)

- Serving as a **vehicle to finance investments** and related capacity building for implementing REDD+ measures
- Strengthen **cross-sectoral ownership to scale up** implementation of REDD strategies at national level
- **Addressing key direct and underlying drivers** of deforestation and forest degradation
- Support **shift in national forest and land use paths**
- Linking SFM to **low carbon development** path
- Facilitating **scaled-up private sector investment** in alternative livelihoods for forest dependent communities that over time generate their own value



# Areas of investment (see para 12 DD)

- **Institutional capacity, forest governance and information:** monitoring, information management systems, support for institutional, legal and financial management, FLEG, cadastral mapping and land tenure reforms, landscape planning, technology transfer, capacities for IPLCs...
- **Investment in forest mitigation measures:** forest conservation, SFM, restoration, afforestation/reforestation, PES, private sector restructuring, certification etc. ...
- **Investment outside forest sector to reduce pressure on forests:** alternative livelihood and poverty reduction opportunities, alternative energy programs, agricultural investments in the context of rationalized land-use planning, agricultural intensification incl. agro-forestry .....



## **FIP Investment Criteria**

- Climate change mitigation potential
- Demonstration potential at scale
- Cost effectiveness
- Implementation potential
- Integrating sustainable development (co-benefits)
- Safeguards

Modification from Paragraph 16 a - j, FIP Design Document



## **Grants:**

- Preparation of Investment Strategy, programs and projects
- Dedicated Grant Mechanisms for Indigenous Peoples and Local Communities
- Capacity development, policy-related work (blending)
- Risk mitigation, softening loan terms

## **Concessional Loans**

- for investments with expected investment returns

## **Guarantees**

- for risk mitigation

## **[Contingent Loans**

- for piloting link to performance-based payment schemes (incl. emission reductions)]





## First Tranche of FIP Funding

### ❑ Pledged Resources

**\$ 639 million**

### ❑ Countries

Africa - Burkina Faso, DR Congo, Ghana

Asia – Indonesia, Lao PDR

Latin America – Brazil, Mexico, Peru

### ❑ FIP Innovations

- A Dedicated Grant Mechanism **\$50million** for Indigenous Peoples and Local Communities
- A Private Sector set aside fund to attract private sector investments in REDD+
- Instrumental in moving from REDD to REDD+
- Investments inside and outside forests



## Second Tranche of FIP Funding Pledged Resources by UK (~US\$ 186 million)

### Decision by FIP Sub-Committee (May 2015)

#### ❑ Resources 6 new Pilot Countries (US\$ 145 million)

Africa – Congo Republic, Ivory Coast, Mozambique

Asia – Nepal

Latin America – Ecuador, Guatemala

Funds for investment per country ~ US\$ 24.5 (tbc)

#### ❑ Resources for Dedicated Mechanism for IPLC (DGM) US\$ 30 million

#### ❑ Resources for developing Investment Plans (US\$ 2.25 million)

- Africa: Cameroon, Rwanda, Uganda, Zambia

- Latin America: Guyana, Honduras,

- Asia: Bangladesh,

- MENA: Tunisia

Funds per country US\$ 250,000

#### ❑ Additional Resources for existing Pilot Countries (~ US\$ 72 million)

- Brazil, Congo DRC, Lao PDR



FIP design calls for dedicated grant mechanism for indigenous peoples and local communities (see para 38-40 DD).

Eligible activities may include support for:

- strengthening the capacity of these groups to play an informed and active role in national REDD processes in general and FIP processes in particular
- recognizing and supporting their tenure rights, forest stewardship roles, and traditional forest management systems
- participation of these groups in the development of the FIP investment strategies, programs and projects
- implementation of projects as an integral component of country pilots

Terms of Reference for the design of the dedicated grant mechanism have been drafted by indigenous peoples and local communities and are presented to the FIP-SC (FIP/SC.2/Inf.2).



## FIP Governing Body

(see para 17-25 DD)

### Country Members

- 6 developing countries: Brazil, Democratic Republic of Congo, Ghana, Indonesia, Mexico, and Peru
- 6 contributor countries: Australia/Sweden, Denmark/Spain, Japan, Norway, United Kingdom, and United States

### Observers

- 2 Non-profit civil society:
- 2 indigenous peoples,
- 2 private sector (+ 2 alternates each)

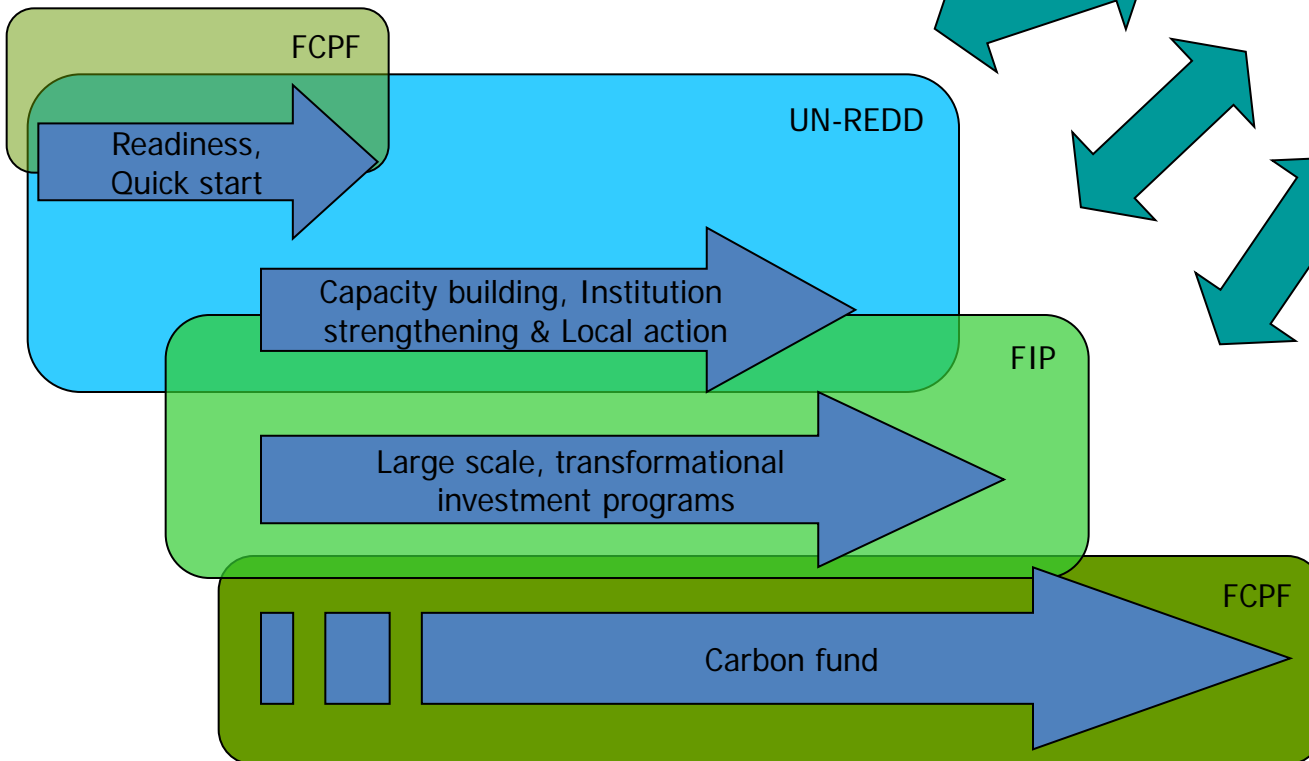
### Others

- FCPF Secretariat, UN-REDD Secretariat, GEF Secretariat, UNFCCC Secretariat, MDB Committee, Trustee and pilot countries under the FIP

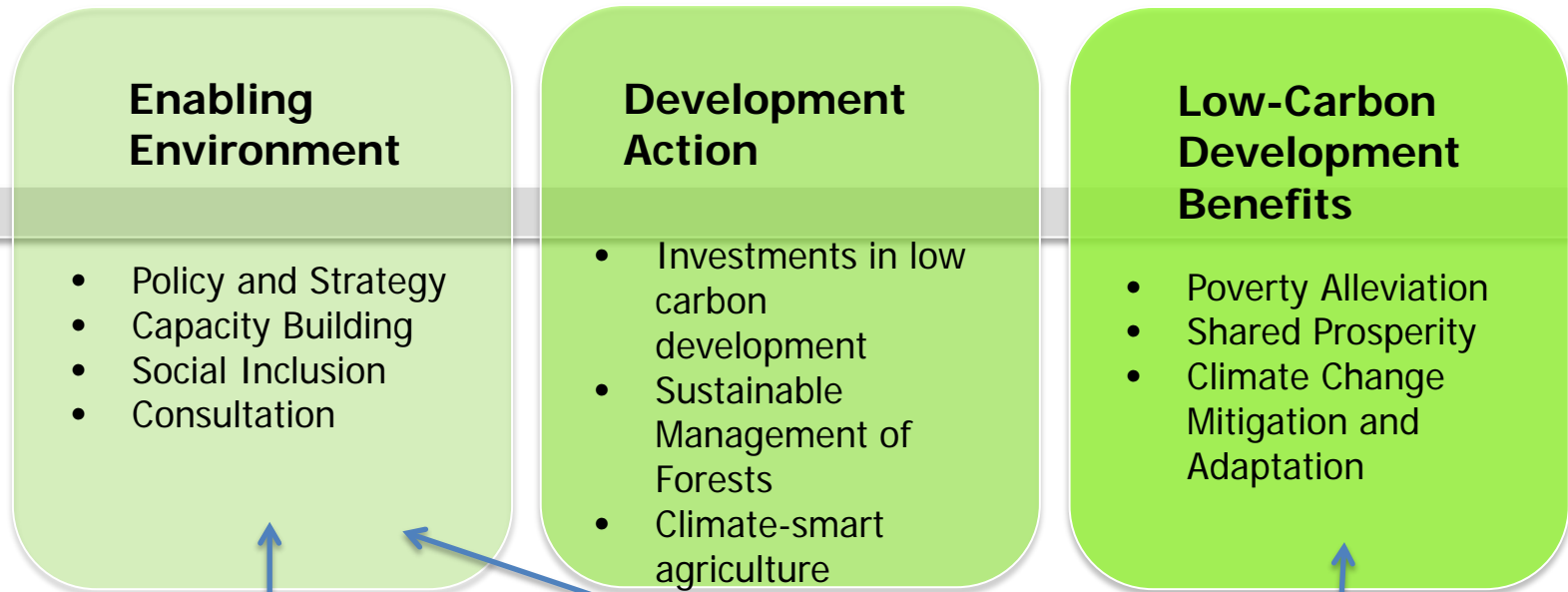
# UNFCCC Phased Approach

- Coordination with other initiatives and funding at national and international levels (SFM, NFP, GEF, UNFF, etc.)

- Synergies with other development objectives



# REDD+ Business Model:



**Grant Funding;  
Technical Assistance**

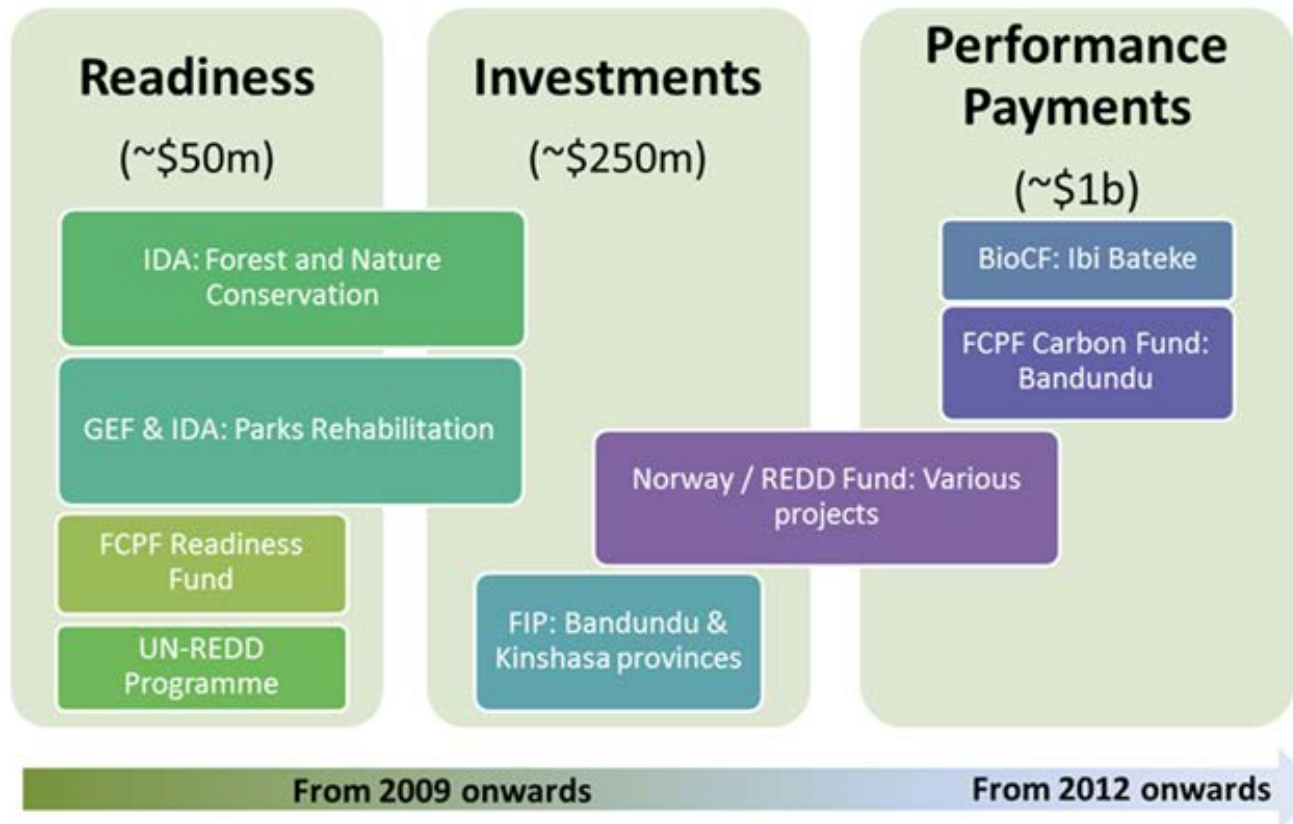
**Private and Public  
Finance** (including, **FIP**,  
GEF financing; MDBs;  
Bilateral Aid; **GCF**)

**Results-Based Finance  
for Emission Reductions**

# Examples for Phased and Programmatic Approach

→ Building the right packages of financial and technical support to pilot countries.

## DRC: Funding expected for Forests, Biodiversity and Climate Change



# Examples for Phased and Programmatic Approach

## - How FIP resources are used -

- **Mexico:** Integrating agricultural and forest databases; leveraged funding from MDBs
- **Brazil:** Integration with Low Carbon Agriculture Program
- **Ghana:** Integrating Forest and Cocoa Farming approaches
- **Burkina Faso:** Protecting State Forests (Forets Classees) by providing alternative livelihood opportunities outside
- **DRC:** Addressing wood energy as the main driver of deforestation and forest degradation around big cities
- **Lao PDR:** Four provinces under integrated landscape management, sustainable forest management for all production forest areas
- **Indonesia:** Piloting the establishment of integrated forest management units (KPHs) at national, regional and local levels
- **DGM - Dedicated Grant Mechanism for Indigenous Peoples and Local Communities:** Building capacities from the bottom, networking, strengthening land tenure



# Stakeholders' Concerns

## Major Issues from FIP Experience

- Land tenure
- Forest governance
- Benefit sharing: Who owns the carbon?
- Indigenous knowledge
- Participation in REDD design (FPIC)

## Specific Concerns:

- Access to information
- Missing **bottom-up mechanisms**: Reversed devolution of power, IP/community inclusion
- **Top-down approach**: State and “expert” control
- **SFM is dirty business**: “Industrial-scale logging”
- Fear of further **marginalization** (e.g. land grab, mega food investments, biofuels)
- **Value systems**: Cultural disconnect around monetization / skepticism on market mechanism incentives
- **Perverse incentives**: Reward actors who protect forests – not those who cut them



# CIF



Forest Investment  
Program

**Thank You !!**

**[www. climateinvestmentfunds.org](http://www.climateinvestmentfunds.org)**