

CLIMATE INVESTMENT FUNDS

FIP/SC.17/Inf.2
November 23, 2016

Meeting of the FIP Sub-Committee
Washington DC
Wednesday, December 7, 2016

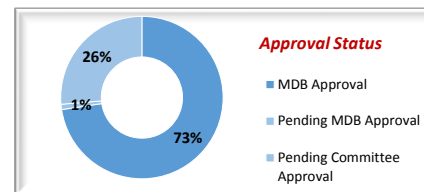
FIP COUNTRY PORTFOLIO

FOREST INVESTMENT PROGRAM – COUNTRY PORTFOLIO

1. The COUNTRY PORTFOLIO is an information document and is a supplement to the semi-annual operations and results report providing project information and status for each of the country supported by FIP. The country summary gives a snapshot of the overall endorsed funding, approvals and co-financing with detailed breakdown under the project list. A brief progress update for each project is also provided. Project data is as of 30 June 2016 with the most recent information on project submissions and approvals covering the period of July to September 2016.
2. In the June 2016 meetings, committee members requested for more substantive information on the circumstances of the projects specifically on submission and approval delays and slow disbursement. To address this, the CIF AU worked on identifying the pertinent reasons for submission delay and the possible causes of low disbursement (see Annex A). MDBs gave their share of the process by providing inputs (project-by-project basis) on remedial measures to fast track project clearances and by sharing information on disbursement deviation and planned actions to ramp up funds utilization. All of these were encapsulated in the country portfolio with additional details in the implementation status of projects in the advanced stage.

Investment Plan	BRAZIL
Endorsement Date	May-12
No of Projects	6

Indicative Pipeline Allocation (\$M)	95.0
TFC Approvals (\$M)	70.0
Approval Rate	74%
MDB Approval (\$M)	69.0
Expected Cofinancing (\$M)	35.1
Disbursement as of Jun 2016 (\$M)	2.7



MDB Approved Projects/Programs

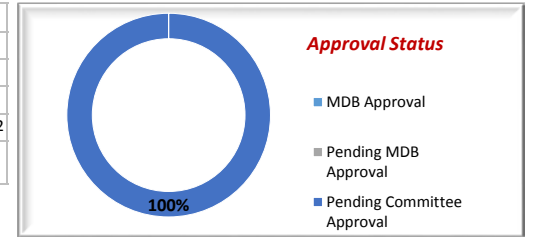
Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Does actual disbursement deviate from MDB's Programmed Disbursements? (Yes/No)	Reason/s for Disbursement Deviation	Planned Actions to Expedite Disbursements	Implementation Highlights
XFIPBR011A	Sustainable production in areas previously converted to agricultural use project (under the low carbon emission agriculture plan)	IBRD	Public	10.70	0.51	Disbursing	No			<p>1. SENAR has acted decisively to remedy all the managerial issues identified in the previous mission. It has consolidated the central and regional project team and installed an adequate project information and management system.</p> <p>2. Physical and financial progress is still below planned levels. Recruitment levels for training (Component 1) are still low, in spite of the additional measures that have already been implemented (massive radio communication campaign, increase in the number of people in mobilization activities, and widening of the eligibility requirements to mid-sized farmers with less than 4 fiscal modules). The Team concluded that the Project is unlikely to reach its revised 2016 target of 4,000 people trained. This in turn, is well below the overall target of 12,000 people expected at EOP. Discussions with SENAR, MAPA and EMBRAPA on the reasons for the lack of demand for training led to a number of hypotheses, including: (i) lack of interest on the part of entrepreneurial farmers to engage in intensive formalized training; (ii) reduced interest on ABC implementation due to the effects of the economic downturn on investment levels in the sector; and (iii) registration difficulties. Delays in the execution of training activities have also been caused by: (i) delays in the preparation of training material; and (ii) selection difficulties induced by the course size and location requirements of the impact evaluation.</p> <p>3. All issues related to the design of the instruments for the impact evaluation (questionnaire; sampling and data collection strategy; etc.) were resolved during the mission, and a final schedule for implementation was agreed.</p> <p>4. The next mission, to be carried out in November 2016 will be dedicated to the Project's Mid-term Review, which will be based on an external evaluation to be carried out under TOR agreed with the Bank.</p>
XFIPBR012A	Forest Information to Support Public and Private Sectors in Management Initiatives	IDB	Public	16.55	8	Disbursing	Yes	Government Approval Process	It is under discussion the possibility to have a program manager in the executing entity totally dedicated to the implementation of the Program.	A National Symposium of Forests Inventory took place on June 28-29th. It represented an important occasion to share experiences among different Brazilian States in the design and management of forests inventories. A bidding process has been launched for the selection of a firm that will develop soil collection and deliver information systems.
XFIPBR010A	Environmental Regularization of Rural Lands in the Cerrado of Brazil	IBRD	Public	32.48	26.43	MDB Approved	Yes			This project was approved by the Board of Executive Directors on July 21, 2015 and by the Brazilian Senate on April 26, 2016. It is currently awaiting signing and effectiveness. As the project is not yet effective, this ISR2 does not provide updates on the results indicators. The Ministry of Environment, through Servico Florestal Brasileiro, is working on the necessary documents in order for the Project to be signed and declared effective. The team is currently working with the counterpart to ensure a smooth start of the implementation, a "project launch" mission is planned for September 2016. Various meetings have been held with the new implementing team to guarantee their full understanding of the Project, its operation and the Bank's procedures.
XFIPBR013A	Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado	IBRD	Public	9.25		MDB Approved				

Projects/Programs Pending MDB/Committee Approval

Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Traffic Light Status	Reason/s for Delay in MDB/Committee Approval	Brief Summary of the Situation	Planned Remedial Actions to Expedite MDB/Committee Approval
XFIPBR026A	Investment Plan Coordination Project	IBRD	Public	1.00	0.2	Pending MDB Approval	Red	Project Design Phase; Delay in the internal processes	MDB approval is expected on 21-Mar-2017	
XFIPBR027A	Integrated Landscape Management in the Cerrado Biome	IBRD	Public	25.00		Pending SC Approval	TBD			

Investment Plan	COTE D'IVOIRE
Endorsement Date	Jun-16
No of Projects	2

Indicative Pipeline Allocation (\$M)	24.0
TFC Approvals (\$M)	-
Approval Rate	
MDB Approval (\$M)	-
Expected Cofinancing (\$M)	9.2
Disbursement as of Jun 2016 (\$M)	-



MDB Approved Projects/Programs

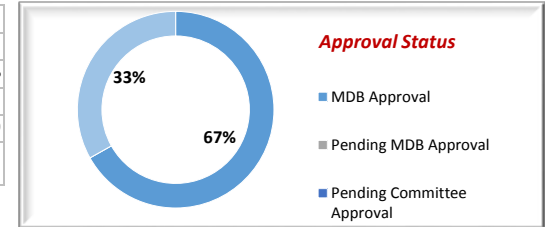
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N/A										

Projects/Programs Pending MDB/Committee Approval

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XFIPCI029A	Forest Cover Restoration Project (FCRP)	IBRD	Public	20.70	9.23	Pending SC Approval	Green	The project is currently under preparation. Next mission is planned in January, 2017.		
XFIPCI030A	Tai National Park Management Support Project (PAGT)	AfDB	Public	3.30		Pending SC Approval	Green	Delay in Approval of consultants recruitment to start the preparation	Preparation is scheduled to start by November 28, 2016	

Investment Plan	GHANA
Endorsement Date	Nov-12
No of Projects	4

Indicative Pipeline Allocation (\$M)	60.0
TFC Approvals (\$M)	40.1
Approval Rate	67%
MDB Approval (\$M)	40.1
Expected Cofinancing (\$M)	7.0
Disbursement as of Jun 2016 (\$M)	7.4



MDB Approved Projects/Programs

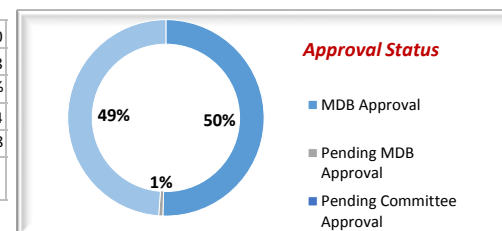
Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Does actual disbursement deviate from MDB's Programmed Disbursements? (Yes/No)	Reason/s for Disbursement Deviation	Planned Actions to Expedite Disbursements	Implementation Highlights
XFIPGH016A	Enhancing Natural Forest and Agroforest Landscapes Project	IBRD	Public	30.00		3 Disbursing	No			Project activities have been slow to start on the ground – some of the policy work under Component 1 depends on outputs expected (but delayed) under the Natural Resources and Environmental Governance Technical Assistance Project ; only initial preparatory activities for on-the-ground work under Component 2 have taken place with activities implemented by the COCOBOD on shade cocoa being most advanced; some communication activities under Component 3 have taken place, the key of them being the project launch - however, progress is largely delayed as preparation of the communication strategy is just starting; a number of coordination meetings took place as part of the project coordination efforts under Component 4, both at the local and national level.
XFIPGH017A	Engaging Local Communities in REDD+/Enhancement of Carbon Stocks	AFDB	Public	10.00	4.012	Disbursing	No		Mid term review which is planned to take place first quarter of 2017 will revise and put measure to accelerate disbursement	Last supervision mission rates performance of the project implementation as Satisfactory, However, more effort and coordination appears to be needed by the project implementing agencies and the project management unit to accelerate implementation and activities on the ground.

Projects/Programs Pending MDB/Committee Approval

Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Traffic Light Status	Reason/s for Delay in MDB/Committee Approval	Brief Summary of the Situation	Planned Remedial Actions to Expedite MDB/Committee Approval
PFIPGH018A	Engaging the Private Sector in REDD+	IFC	Private	10.00		26 Pending SC Approval	TBD	Lack of bankable private sector projects that meet FIP Ghana Investment Plan objectives and IFC's investment, financial and E&S requirements	No pipeline in the medium term of projects that meet the required criteria	To accelerate the execution of FIP funds in Ghana, IFC has agreed with the Government of Ghana and the World Bank to reprogram the allocation for a potential World Bank operation within the parameters of the FIP Ghana Investment Plan.
XFIPGH028A	Reducing Degradation and Deforestation due to Mining in Forest Landscapes	IBRD	Public	10.00		Pending SC Approval	TBD			

Investment Plan	INDONESIA
Endorsement Date	Nov-12
No of Projects	3

Indicative Pipeline Allocation (\$M)	70.0
TFC Approvals (\$M)	35.8
Approval Rate	51%
MDB Approval (\$M)	35.4
Expected Cofinancing (\$M)	6.8
Disbursement as of Jun 2016 (\$M)	1.4



MDB Approved Projects/Programs

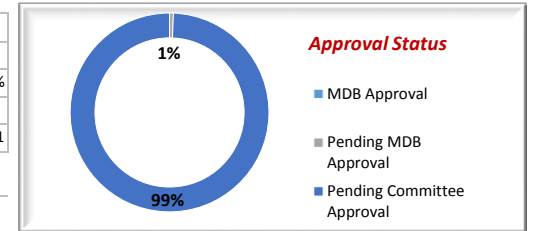
Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Does actual disbursement deviate from MDB's Programmed Disbursements? (Yes/No)	Reason/s for Disbursement Deviation	Planned Actions to Expedite Disbursements	Implementation Highlights
XFIPI019A	Community-Focused Investments to Address Deforestation and Forest Degradation(CFI-ADD+)	ADB	Public	17.50	1.7	MDB Approved	NO	N/A	N/A	This project was MDB board approved last 30 September, and grant agreement was signed last 26 October. Now waiting for grant effectivity letter from Ministry of Law. Expression of interest from implementing unit has already been received.
XFIPI020A	Promoting Sustainable Community-Based Natural Resource Management and Institutional Development	IBRD	Public	17.50	5.07	MDB Approved				
XFIPI020B	Promoting Sustainable Community-Based Natural Resource Management and Institutional Development	IBRD	Public	0.35		MDB Approved				

Projects/Programs Pending MDB/Committee Approval

Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Traffic Light Status	Reason/s for Delay in MDB/Committee Approval	Brief Summary of the Situation	Planned Remedial Actions to Expedite MDB/Committee Approval
PFIPID021A	Strengthening Forest Enterprises to Mitigate Carbon Emissions	IFC	Private	34.65	99	Pending SC Approval	Red	Main reasons for the delay are 1) Robust due diligence process to identify investable projects and sponsors that meet IFC fiduciary requirements, Social and Environmental Performance Standards and FIP criteria; 2) Challenges to survey, identify and engage with profitable private sector forestry and wood product enterprises that have robust growth plans and projects to utilize the FIP investment and advisory financing; and 3) Organizational changes in the Gol in early 2015 (new Ministry and FIP focal point).	Steady progress in the project identification and discussions with potential clients, with due diligence underway to identify an investable projects. Progress is steady, but slow, and will likely be that way to ensure that there are no compromises on the required due diligence for this work.	IFC is developing an advisory services program to promote an enabling environment and pre-conditions for successful investments in the forestry sector by the private sector. The advisory services program aims to engage with private sector enterprises to address market barriers and validate the viability of business concepts that were identified during project preparation phase. The program will also work with the World Bank project to provide advisory support to private sector engagement by selected Forest Management Units (KPH). IFC is developing a program proposal and expects submitting it for approval to the FIP Sub-Committee by early 2017.

Investment Plan	MOZAMBIQUE
Endorsement Date	Jun-16
No of Projects	2

Indicative Pipeline Allocation (\$M)	24.0
TFC Approvals (\$M)	0.2
Approval Rate	1%
MDB Approval (\$M)	
Expected Cofinancing (\$M)	14.1
Disbursement as of Jun 2016 (\$M)	0.2



MDB Approved Projects/Programs

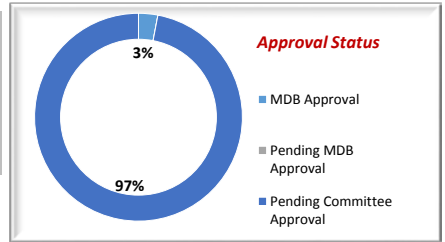
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N/A										

Projects/Programs Pending MDB/Committee Approval

Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Traffic Light Status	Reason/s for Delay in MDB/Committee Approval	Brief Summary of the Situation	Planned Remedial Actions to Expedite MDB/Committee Approval
XFIPM2031A	Mozambique Forest Investment Project (MozFIP)	IBRD	Public	22.00	12	Pending SC Approval	Green		The team expects to submit PAD for SC approval in December, 2016. ☐	
PFIPM2032A	Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors	IFC	Private	2.00	2.117366	Pending SC Approval	Green		Progress is on track and a submission to the SubCommittee is anticipated in early 2017	

Investment Plan	PERU
Endorsement Date	Oct-16
No of Projects	4

Indicative Pipeline Allocation (\$M)	50.0
TFC Approvals (\$M)	1.5
Approval Rate	3%
MDB Approval (\$M)	1.5
Expected Cofinancing (\$M)	37.6
Disbursement as of Jun 2016 (\$M)	0.4



MDB Approved Projects/Programs

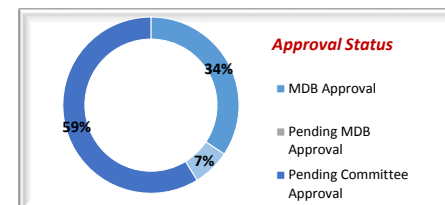
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N/A										

Projects/Programs Pending MDB/Committee Approval

Project ID	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Traffic Light Status	Reason/s for Delay in MDB/Committee Approval	Brief Summary of the Situation	Planned Remedial Actions to Expedite MDB/Committee Approval
XFIPPE022A	Integrated Forest Landscape Management Along the Main Route Between Tarapoto and Yurimaguas in the Regions of San Martin and Loreto	IDB	Public	12.57	7.3	Pending SC Approval	Red	The proposed coordinator of the consulting team had to be replaced due to unexpected circumstances. Finding a suitable replacement with the desired qualifications took longer than expected. The participation of different ministries and representatives of indigeous federations and regional governments in the TOR approval and selection process took longer than a regular process.A new coordinator was finally accepted.	The Consulting company that is preparing the Project Profiles for the SNIP (Sistema nacional de Inversion Publica) and background documents has been hired and work is ongoing. This process includes consultations with different stakeholders. In the meantime Government responsibilities have changed following elections.	
XFIPPE023A	Integrated Land management in Atalaya, Ucayali Region	IBRD	Public	12.60	5	Pending SC Approval	Red		The mission is expected to take place in late November, 2016. The FIP Focal Point team will update on details shortly.	
XFIPPE024A	Integrated Landscape Management Along the Main Route Between Puerto Maldonado and Inapari and in the Amaraeri Communcal Reserve	IDB	Public	12.37	14.3	Pending SC Approval	Red	The proposed coordinator of the consulting team had to be replaced due to unexpected circumstances. Finding a suitable replacement with the desired qualifications took longer than expected. The participation of different ministries and representatives of indigeous federations and regional governments in the TOR approval and selection process took longer than a regular process.A new coordinator was finally accepted.	The Consulting company that is preparing the Project Profiles for the SNIP (Sistema nacional de Inversion Publica) and background documents has been hired and work is ongoing. This process includes consultations with different stakeholders. In the meantime Government responsibilities have changed following elections.	
XFIPPE025A	Strengthening National Forest Governance and Innovation	IDB	Public	12.46	11	Pending SC Approval	Red	The proposed coordinator of the consulting team had to be replaced due to unexpected circumstances. Finding a suitable replacement with the desired qualifications took longer than expected. The participation of different ministries and representatives of indigeous federations and regional governments in the TOR approval and selection process took longer than a regular process.A new coordinator was finally accepted.	The Consulting company that is preparing the Project Profiles for the SNIP (Sistema nacional de Inversion Publica) and background documents has been hired and work is ongoing. This process includes consultations with different stakeholders. In the meantime Government responsibilities have changed following elections.	

DEDICATED GRANT MECHANISM	DGM
Endorsement Date	Nov-13 Oct-15
No of Projects	16

Indicative Pipeline Allocation (\$M)	80.0
TFC Approvals (\$M)	
Approval Rate	33.0 41%
MDB Approval (\$M)	27.5
Expected Cofinancing (\$M)	-
Disbursement as of Jun 2016 (\$M)	1.7



MDB Approved Projects/Programs

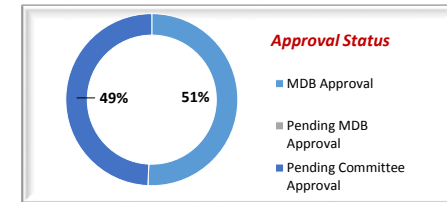
Project ID	Country	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Does actual disbursement deviate from MDB's Programmed Disbursements? (Yes/No)	Reason/s for Disbursement Deviation	Planned Actions to Expedite Disbursements	Implementation Highlights
XFIPDG201A	Brazil	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Funding Proposal for the DGM Project for Brazil	IBRD	Public	6.50		Disbursing	No			The first formal National Steering Committee (NSC) Meeting was held in January 2016 (13-15), where important documents for the successful implementation of the Project were discussed and approved by the NSC, including: i. NSC by-laws; ii. Project's Operational Manual; iii. first call of proposals documents, including the Request for Expression of Interest forms and the evaluation forms; iv. work plan for the next 18-months, including the learning activities/knowledge exchange activities; v. communication plan. On January 25, 2016 the first call of proposals was launched, proposals may be presented until April 25, 2016. The timeline for 1st call of proposals is as follows: Seminar to present the call of proposals to communities from February to March - there were three, in Brasilia, Imperatriz and Cuiaba, in which about 200 representatives of indigenous peoples, traditional communities and community associations participated; Deadline to submit proposals was May 9, 2016. Requirements' check was done by May 30, 2016; NSC Extraordinary Meeting to pre-select the proposals that will be verified and have the baseline review done is scheduled for June 14-16 in Brasilia; Verification mission - from June to July; NSC Meeting to approve the selected proposals - August 10-13, 2016; Publication of Results - August 15, 2016. The National Executing Agency (NEA) will organize 2 workshops with the communities that had proposals selected to finalize their subprojects - August and September. The forecast date to start implementation of the subprojects is end of September. Due to the high devaluation of the Brazilian Real, a new disbursement was delayed and is expected to happen as soon as the subprojects are approved, signed and start their implementation.
XFIPDG202A	Burkina Faso	Dedicated Grant Mechanism for Local Communities	IBRD	Public	4.50		Disbursing	No			The project launch took place in March 2016, in the presence of the Minister of Environment and the Governor of the Center-West Region. The members of the Project Steering Committee and representatives of local communities were present at the project launch. The Annual Project Budget was approved by the Bank on January 22, 2016 and by the Project Steering Committee on March 2, 2016. The first selection of the micro-projects will be done in mid-July 2016 by the Steering Committee.
XFIPDG209A	Global Component	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Program Framework and Funding Proposal for the DGM Project for the Global Component	IBRD	Public	5.00		Disbursing				
XFIPDG208A	Peru	Dedicated Grant Mechanism in Peru	IBRD	Public	5.50		Disbursing	Yes	Other (please describe in the next column); agreement with WWF, fiduciary staff		Project was declared effective on Nov 26, 2015. Annual work plan has been approved and work is underway.
XFIPDG203A	DRC	Forest-Dependent Community Support Project	IBRD	Public	6.00		MDB Approved				

Projects/Programs Pending MDB/Committee Approval

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XFIPDG204A	Ghana	DGM for Indigenous Peoples and Local Communities	IBRD	Public	5.50		Pending MDB Approval	Red	The project is expected to be approved by the board on 29-Nov-2016.		
XFIPDG210A	Congo	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			
XFIPDG211A	Cote d'Ivoire	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			
XFIPDG212A	Ecuador	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			
XFIPDG216A	Global Component	DGM for Indigenous Peoples and Local Communities	IBRD	Public	3.00		Pending SC Approval	TBD			
XFIPDG213A	Guatemala	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			
XFIPDG205A	Indonesia	DGM for Indigenous Peoples and Local Communities	IBRD	Public	6.50		Pending SC Approval	Red	The PAD has been shared with the CIF AU to circulate to the SC for approval.		
XFIPDG206A	Lao PDR	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	Red			
XFIPDG207A	Mexico	DGM for Indigenous Peoples and Local Communities	IBRD	Public	6.00		Pending SC Approval	Red			
XFIPDG214A	Mozambique	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			
XFIPDG215A	Nepal	DGM for Indigenous Peoples and Local Communities	IBRD	Public	4.50		Pending SC Approval	TBD			

PRIVATE SECTOR SET ASIDE	PSSA
Endorsement Date	Oct-13
No of Projects	4

Indicative Pipeline Allocation (\$M)	20.3
TFC Approvals (\$M)	10.3
Approval Rate	51%
MDB Approval (\$M)	10.3
Expected Cofinancing (\$M)	-
Disbursement as of Jun 2016 (\$M)	-



MDB Approved Projects/Programs

Project ID	Country	Project Title	MDB	Investment Type	Funding	Expected Co-financing	Status	Does actual disbursement deviate from MDB's Programmed Disbursements? (Yes/No)	Reason/s for Disbursement Deviation	Planned Actions to Expedite Disbursements	Implementation Highlights
PFIPGH504A	Ghana	Public-Private Partnership for restoration of degraded forest reserve through VCS and FSC certified plantations	AfDB	Private	10.30		MDB Approved	No			Financial Documentation is currently being negotiated with the sponsor.

Projects/Programs Pending MDB/Committee Approval

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XFIPBF503A	Burkina Faso	Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project)	AfDB	Public	4.00		Pending SC Approval	Red			The appraisal mission was conducted in July 2016 and the project report was submitted for FIP SC approval in November 2016
PFIPMX505A	Mexico	Guarantee Fund for financing low carbon forestry investments	IDB	Private	3.00		Pending SC Approval	Red			IADB engaged with other potential counterparts in Mexico, suitable to take the role and implement the instrument as designed

PFIPBR501A	Brazil	Macauba Palm Oil in Silvicultural System	IDB	Private	3.00		Pending SC Approval	Red	Project Design Phase, Initial design of the project had to be changed given market conditions and higher risk aversion of lenders	Due diligence report to be finalized by end of November. The project is expected to be sent to the FIP SC by end of January 2017.	<p>Comprehensive discussions with various types of stakeholders - including government, financial institutions (commercial banks, cooperative bank, development finance institution), impact funds and providers of goods and services along the value chain (sapling producers, processing facilities, logistics companies, harvesters) - have indicated a series of critical challenges (listed below) regarding the ability of the project to comply with the requirements of a loan package given the current risk appetite in the market and the perceived risk of such an innovative approach. These discussions started in 2014 as part of a week-long mission to the project area and continued through to the first half of 2016. The list of entities that the IDB/MIF has had discussions -and in some cases negotiations- with regarding the viability of loan financing for this project includes BDMG (regional development bank), Banco do Brasil, Bradesco, Rabobank, Caixa, Sicoob Credipatos (local credit union), Sebrae (MSME support agency), Southpole and Forest Finance (carbon credit developers), Earth Capital Partners, Moringa Fund, Permian Global and Althelia Climate Fund.</p> <p>As a result of these comprehensive discussions, the following key challenges have been encountered:</p> <ul style="list-style-type: none"> • The growth cycle of Macauba trees (it takes around 5-6 years from planting until the start of commercial harvesting of the Macauba trees) significantly delays project cash flows, resulting in a need for long grace periods that are not consistent with lenders' preferences and availabilities. • Despite an experienced management team, the project developer is a start-up company without a commercial track record, resulting in challenges to meet related typical loan requirements. • Letters of Intent (LoIs) have been secured from two interested off-takers to purchase some of the project output, mostly the oil. However, converting LoIs into legally bindings purchase agreements would be extremely challenging given that that would require agreements on a specific future delivery date in 5-6 years, as well as on delivery quality, price, etc. • High risk perception of Macauba by financial sector: Macauba has not been exploited commercially thus far, resulting in lacking track record and knowledge about risks and opportunities of Macauba. • Availability of collateral for loans, considering consulted banks generally require 125% of collateral for a given loan amount: <ul style="list-style-type: none"> o The key asset of the project, i.e. the trees, do not qualify as collateral as per the criteria of the consulted financial institutions. o Pasture land will be rented from the smallholder farmers, hence land ownership would not a feasible form of collateral in this project set-up. o Current low oil price negatively impacts the potential to commercialize Macauba oil as biofuel, thereby currently eliminating the option to potentially secure airlines -in turn under pressure to offset their emissions- as off-takers for the Macauba oil, which would have been a potential source for purchase agreement-based collateral. o Limited carbon credit potential: ex-ante payment possible, but at a considerable price discount, thereby rendering the discounted value of an ERPA commercially unattractive as collateral at this stage. <p>Given the aforementioned aspects, it is not possible for the project to absorb a loan. Instead, following detailed analysis and conversations with relevant impact funds, this project seems well suited for an equity investment. It is therefore requested to change the USD 3 million of non-grant funding endorsed by the FIP Competitive Set-Aside for this project from a loan to equity. The FIP equity is to be channeled to the project by the IDB/MIF via an asset manager, i.e. the Althelia Climate Fund, a Conservation International-backed impact fund that finances sustainable land-use projects and enterprise-based natural resource conservation. The IDB/MIF, Althelia and the project developer Inocas have agreed on a term sheet to structure the collaboration and investment. The IDB/MIF expects to submit the documentation for final FIP funding approval beginning of 2017 (expected end of January 2017).</p>
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Annex A

BRIEF EXPLANATION OF REASONS FOR DELAY/DISBURSEMENT DEVIATION

REASONS FOR CIF TFC/SC AND MDB APPROVAL DELAY
• Natural Disaster/Epidemic: Includes earthquakes, hurricanes, disease outbreaks, etc.
• Political or Social Unrest: Includes civil wars, coup d'états, riots, etc.
• Government Restructuring: Includes changes in government (elections), or in staffing of the relevant Ministries or participating governmental institutions.
• Government Approval Process: Includes lengthy approvals processes, reviews and pre-approvals in several steps and by multiple ministries or government hierarchies.
• Project Design Phase: Includes project design development, recruitment of technical experts, consultations with different stakeholders, negotiations etc.
• Safeguards Compliance: Includes fulfilling all safeguards requirements that need to be included in the project documents.
• MDB Approval/Review Process: Includes internal delays in project approval or review processes, staffing shortages or administrative problems, etc.
• Other

REASONS FOR DISBURSEMENT DEVIATION
• Natural Disaster/Epidemic: Includes earthquakes, hurricanes, disease outbreaks, etc.
• Political or Social Unrest: Includes situations such as civil wars, coup d'états, riots, etc.
• Government Restructuring: Includes changes in government (elections), or in staffing of the relevant Ministries or participating governmental institutions, delays due to new or special processes created internally by the government, etc.
• Government Approval Process: Includes lengthy disbursements processes, approval in several steps and by multiple ministries or government hierarchies. Especially loan projects, which need approval by parliament.
• Establishment of the Project Management Unit (PMU): Includes recruitment of the PMU staff/ technical team, capacity building, legal establishment of PMU within Government, setting up funding channels, etc.
• Procurement/Bidding Issues: Includes implementation of complex and large-scale bidding processes, adhering to MDBs procurement policies, identification of suitable candidates / qualified offers, etc.
• Delayed Disbursement by Design: Includes cases where CIF funds are planned to be disbursed at a later stage of the project/program implementation (for example in the case of blended projects where disbursement is executed in phases of the co-finance).
• Project Restructuring: Includes fundamental changes in project design or other project amendments.
• Other