

CLIMATE INVESTMENT FUNDS

FIP/SC.21/3
December 29, 2018

Meeting of the FIP Sub-Committee
Ouarzazate, Morocco
Saturday, February 2, 2019

Agenda Item 3

FIP OPERATIONS AND RESULTS REPORT

PROPOSED DECISION

The FIP Sub-Committee reviewed the document, FIP/SC.21/3, *FIP Operational and Results Report*, and welcomes the progress that has been made in advancing the work of the FIP in the pilot countries.

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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, 2018 (with additional updates to September 30, 2018 on Resource Availability as a measure to facilitate discussion and decision-making during the January 2019 FIP Sub-Committee meeting), as well as results of projects under implementation for the period January 1 to December 31, 2017.

2 Strategic issues

3. FIP is a USD 749.9 million¹ fund established in 2008 to provide scaled-up financing to help countries address the drivers of deforestation and forest degradation. It started out working in eight countries (Brazil, Burkina Faso, Democratic Republic of Congo (DRC), Ghana, Indonesia, Lao People's Democratic Republic (Lao PDR), Mexico, and Peru), and in 2015 it added six new countries (Congo Republic, Côte d'Ivoire, Ecuador, Guatemala, Mozambique, and Nepal), with an indicative envelope of resources of USD 24 million each and nine additional countries with no funding envelope (Bangladesh, Cambodia, Cameroon, Guyana, Honduras, Rwanda, Tunisia, Uganda, and Zambia).

2.1 Resource availability in the FIP

4. As of September 2018, the 14 projects from the FIP pipeline are still under development and yet to be submitted for FIP Sub-Committee approval requiring a total of USD 162.91 million², USD 52.81 million³ of which in grants and USD 110.1 million in non-grant resources. (see Annex 1 for the list of pipeline projects).
5. FIP has a forecasted shortfall of USD 15.6 million⁴ (USD 19.7 million shortfall in grants and USD 4.1 million surplus in loans), vis a vis anticipated future commitments (including projects not yet approved by the FIP Sub-Committee). If this shortfall is realized, it would not be possible to fully support all existing indicative allocations within endorsed investment plans. Table 1 includes a summary of FIP resources available for commitments,

¹ As of September 30th, 2018, including contributions and pledges. The total amount of FIP resources varies as it has GBP 179.6 million in unencashed promissory notes, which are exposed to currency exchange fluctuations.

² Including funding for MDB Project Implementation and Supervision services (MPIS)

³ Including USD 44.81 million for projects and USD 8.0 million for MPIS.

⁴ Amount reported in the Resource Availability Section of the Risk Report of the FIP does not consider the Potential Future Resources (Currency Risk Reserves and Pledges).

while the details can be found in Annex 2.

Table 1: FIP resource availability schedule summary
(as of September 30, 2018 in USD million)

	TOTAL	Capital	Grant
Unrestricted Fund Balance	123.4	88.7	34.7
Future Programming Reserves			
<i>Admin Expenses-Reserve for FY19-28</i>	(11.6)	-	(11.6)
Unrestricted Fund Balance After Reserves (i)	111.8	88.7	23.1
Anticipated Commitments (ii) Program/project funding and MPIS costs	162.9	110.1	52.8
Available Resources (i - ii)	(51.1)	(21.4)	(29.7)
Total Potential Future Resources (FY19-FY21) (iii)	35.5	25.6	9.9
Pledges	0.3	-	0.3
Release of currency risk reserves	35.1	25.6	9.6
Potential Available Resources (i-ii+iii)	(15.6)	4.1	(19.7)

6. It is important to provide a clear assessment of the effect a shortfall would have on the FIP pipeline. While the GBP-denominated promissory notes remain unencashed, they will continue to be exposed to currency exchange fluctuations and the shortfall may decrease or increase correspondingly with a commensurate effect on the FIP pipeline⁵. Until all promissory notes are encashed, the magnitude of the shortfall and its effect on the FIP pipeline will remain uncertain.
7. Promissory notes are encashed when there is a demonstrable need for encashment to address the cash transfer needs of the MDBs, or to enable further commitments by the Trustee that may be constrained by the foreign exchange reserve. The Trustee limits its commitment authority by an amount equivalent to 15 percent of the value of the unencashed promissory notes, in order to mitigate the over-commitment risk which could be realized if or when the value of the promissory notes decline due to fluctuations in the value of the GBP. Therefore, in the event that the program's commitment needs exceed 85 percent of the value of the unencashed promissory notes, encashment would be required regardless of cash transfer needs, to enable the Trustee to meet the commitment needs of the program.
8. The potential available resources reported at the last FIP Sub-Committee meeting (as of March 31, 2018) was a shortfall of USD 1.6 million. The difference reported now is due to the currency exchange fluctuation between the GBP and the USD. In the case of grant resources, it is important to also consider the reduction of the FIP portfolio by USD 4.5 million (see paragraph 11).
9. As FIP maintains a first-come-first-served approach to resource programming, and taking

⁵ As of September 30, 2018 the unencashed promissory notes comprise of USD 170.4 million in capital funds and USD 63.9 million in grants.

into account current expected approval dates, projects with submission dates for FIP Sub-Committee approval after July 2019 are at risk of falling outside the existing resource envelope. The shortfall is most acute in grant resources which will be the limiting factor in future programming.

2.2 Pipeline management update

10. FIP has endorsed all expected investment plans with indicative allocated funding. During the reporting period, following the lifting of the pause in processing initiated by the SCF Trust Fund Committee decision during its December 2017 meeting, the FIP Sub-Committee approved three of four outstanding projects in Peru, Brazil, and Ghana. These projects were the last remaining projects outstanding from the original eight FIP pilot countries' investment plans. The single outstanding project Indonesia: Forest Bond (IFC), is still under development and subject to ongoing dialogue between Indonesia, IFC, and several FIP Sub-Committee members.
11. It is notable that there were reductions in requested funding of USD 4 million in grant resources from the Brazil project (Integrated Landscape Management in the Cerrado Biome), and USD 0.5 million from the Ghana project (Additional Financing for Ghana Forest Investment Program - Enhancing Natural Forest and Agroforest Landscapes⁶). These resources were subsequently made available to service of the remaining FIP pipeline. Additional efficiencies in programming were realized through the merging of proposed projects in Nepal (five proposals into one) and Ecuador (two proposals into one)⁷.

2.3 Knowledge management highlights

12. The year 2018 marks the 10-year anniversary of the establishment of CIF, and as such, the CIF Administrative Unit is undertaking knowledge management activities to highlight achievements and promote learning among CIF partners and wider stakeholders.
13. Work continued on two key initiatives focusing on FIP: The Learning Partnership on Financing Forest-Related Enterprises, being prepared by the IIED/LTS International consortium and the Itad-led Learning Partnership on the Dedicated Grant Mechanism for Indigenous People and Local Communities (DGM). Both reports will be finalized and available to the public by the end of 2018.
14. Other pieces of knowledge-related work include a Global Delivery Initiative (GDI) case study in Ghana, collaboration with the World Bank Group's Development Impact Evaluation (DIME) on an impact evaluation, a number of learning partnerships and studies as part of the CIF Evaluation and Learning Initiative calls for proposals, and collaboration on forest governance with the World Bank's Program on Forests (PROFOR). Section 4.1 of this document include detailed information of these activities.

⁶ This project merged two previously endorsed concepts: Reducing Degradation and Deforestation due to Mining in Forest Landscapes (World Bank, USD 10 million); and Engaging the Private Sector in REDD+ (IFC, USD 10 million)

⁷ Merging of projects is expected to result in a small reduction in MDB Project Implementation Services (MPIS) charges.

3 Status of FIP

3.1 Portfolio at a glance

15. As of June 30, 2018, the FIP Sub-Committee has endorsed USD 686.94 million as indicative allocations to the participating countries, totaling 53 projects included in investment plans, the DGM, and the Private Sector Set Aside (PSSA). Table 2 provides a summary of the portfolio status.

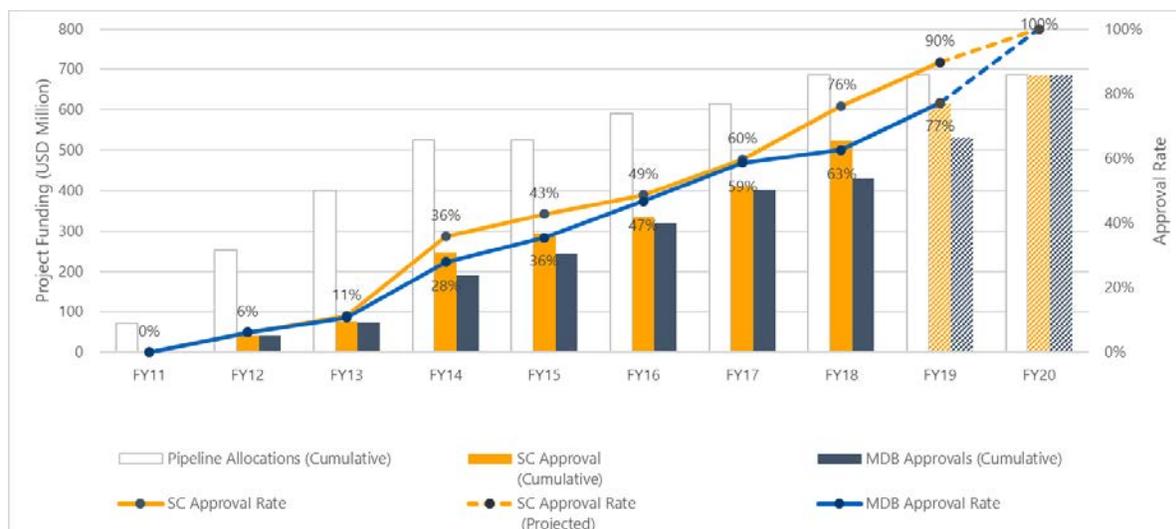
Table 2: Overview of FIP portfolio (USD million) *

	Indicative Portfolio Allocation				Approved Funding		Disbursement (cumulative)**
	TOTAL	IP	DGM	PSSA	Committee	MDB	
FIP Amount (in USD M)	686.94	594.14	75.5	17.3	523.03	434.14	183
Number of projects	53	35	15	3	38	34	30

Note: *Amounts include Project Preparation Grants (PPGs), ** Projects that are under implementation and have disbursed funds.

16. Figure 1 shows that cumulative funding approvals continue to increase and are expected to reach 100 percent by December 2019 (mid FY20), which is the two-year deadline for preparation of projects under the last investment plans endorsed during the December 2017 FIP Sub-Committee meeting⁸.

Figure 1: FIP funding approval rates by fiscal year

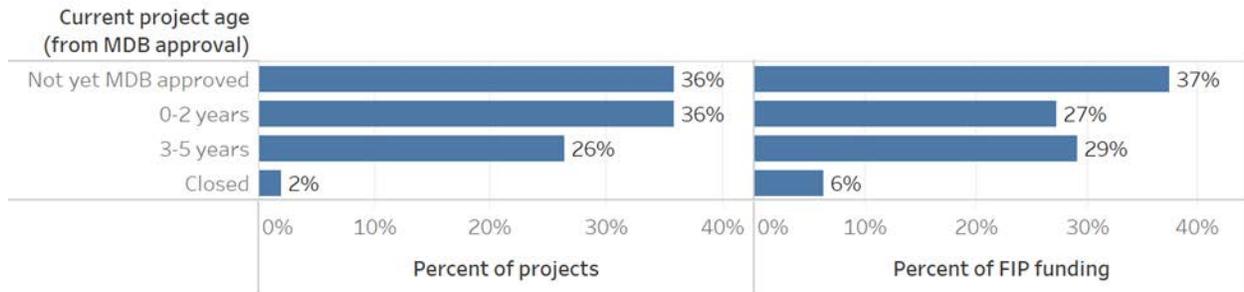


17. The FIP portfolio is still maturing, having 36 percent of its portfolio MDB-approved in the past 2 years (see Figure 2). In addition, an additional 36 percent of the FIP pipeline has yet to be MDB-approved, totaling 15 projects⁹.

⁸ Investment plans of USD 24 million each were endorsed for Congo Republic, Ecuador and Nepal.

⁹ Note that the cut-off date for this figure is June 2018.

Figure 2: Maturity of MDB approved projects



3.2 Portfolio overview

18. Figure 3 provides an overview of the FIP approved portfolio by region, MDB, sector, and source of co-finance. The World Bank implements 68 percent of the approved portfolio, and this number will increase as most projects still under development are from this MDB. The approved private sector FIP portfolio totals USD 25.82 million, of which 72.8 percent (USD 18.8 million) are loans. Co-finance ratio is 1:1.7, with MDBs and beneficiary governments being the main sources of co-financing (representing 91 percent).
19. Figure 4 shows the approval levels of endorsed FIP funding by pilot country and the DGM Global Project. Currently eight FIP pilot countries have achieved 100 percent FIP Sub-Committee approval of all their indicative funding, and five of those also have their entire portfolio approved by the respective MDBs.
20. Regarding the FIP portfolio of approved projects, the largest portion of FIP funding focuses on the theme of Landscape Approaches, totaling USD 218.9 million, followed by Sustainable Forest Management and Capacity Building / Institutional Strengthening and Governance Reform (see Figure 5).

Figure 3: FIP portfolio overview
(as of June 30, 2018 in USD million)

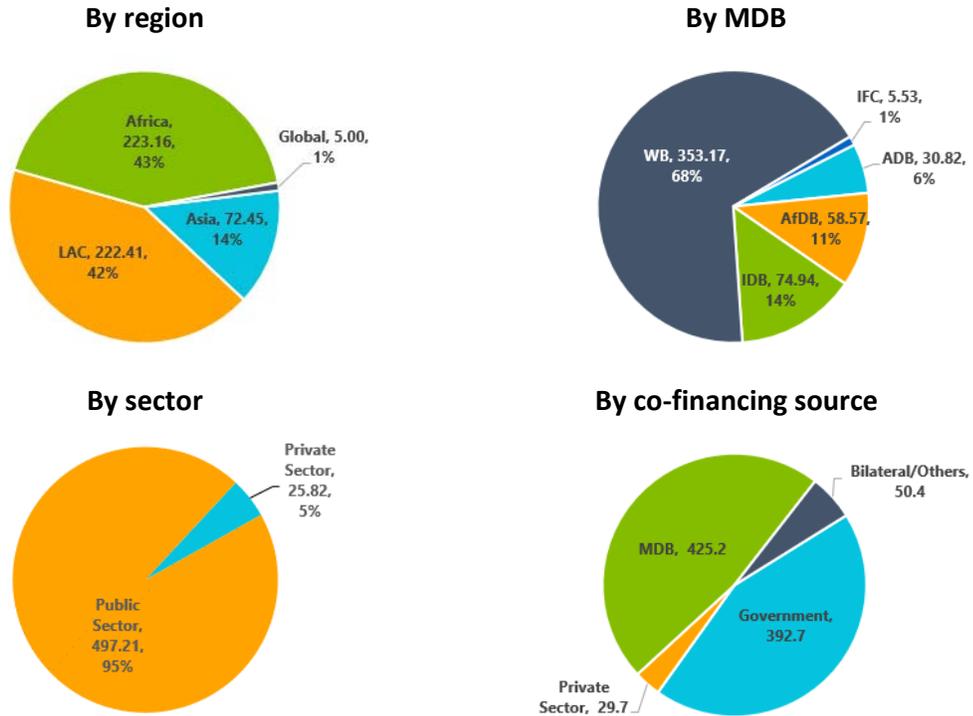


Figure 4: Funding approval of indicative allocations by country

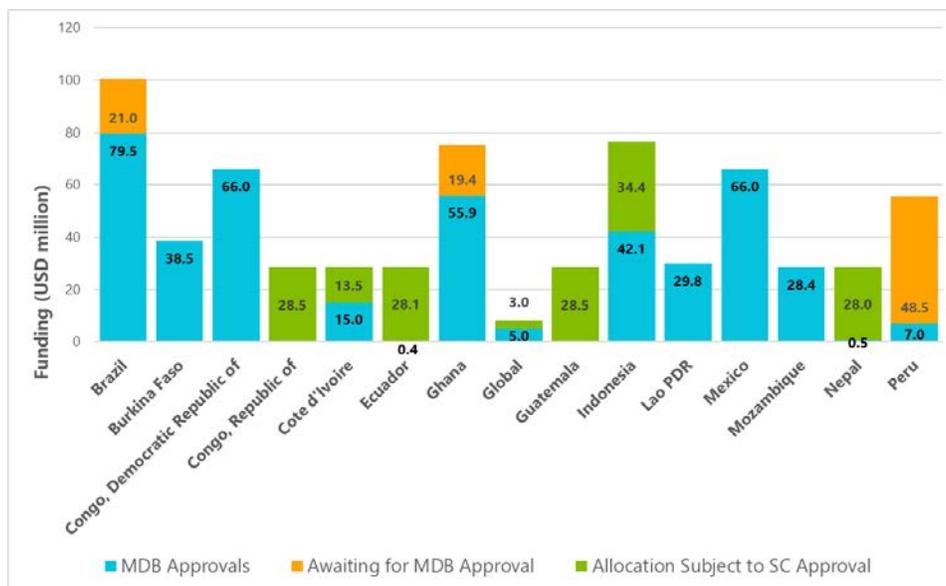
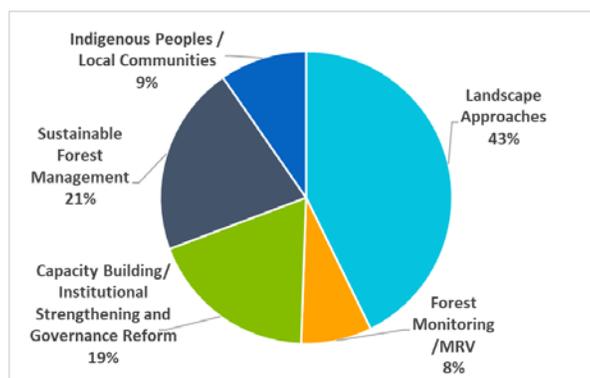


Figure 5: Thematic Focus of Sub-Committee Approved Projects



3.3 Portfolio updates

3.3.1 FIP Sub-Committee approvals

21. During the reporting period, three projects were approved by the FIP Sub-Committee for a total of USD 52.59 million (see Table 3). Box 1 highlights the project Integrated Land Management in Atalaya, Ucayali Region, Peru.

Table 3: FIP Sub-Committee approved projects and programs
(January 1 to June 30, 2018)

IP/DGM /PSSA	Country	Project Title	MDB	Project Funding* (USD M)	Approval Date
IP	Peru	Integrated Land Management in Atalaya, Ucayali Region	WB	12.2	May 2018
IP	Brazil	Integrated Landscape Management in the Cerrado Biome	WB	21.0	June 2018
IP	Ghana	Additional Financing for Ghana FIP – Enhancing Natural Forest and Agroforest Landscapes Project	WB	19.39	June 2018
TOTAL				52.59	

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

22. In addition, the FIP Sub-Committee approved a request for a project preparation grant of USD 443,600 for the project Sustainable Landscape Management for Forest Preservation in Coastal Ecuador (World Bank).

3.3.2 MDB approvals

23. One project was approved by its respective MDB Board during the reporting period for a total of USD 15 million (see Table 4). Box 2 highlights this project.

Table 4: MDB approved FIP projects and programs
(January 1 to June 30, 2018)

IP/DGM/PSSA	Country	Project Title	MDB	Project Funding* (USD M)	Approval Date
IP	Côte d'Ivoire	Cote d'Ivoire Forest Investment Project	WB	15.0	January 2018
TOTAL				15.0	

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

Box 1: Making forests work for climate and development in Peru



Project: Integrated Land Management in Atalaya, Ucayali Region
FIP financing: USD 12.2 million
Implementing agency: World Bank
Objective: Strengthen the capacity of forest dependent communities and enterprises to sustainably manage and use forest landscapes, in three districts of the Atalaya province.

Photo credit: MINAG, Peru.

The project area lies in the east central Peruvian Amazon. Atalaya is one of the most important productive forestry regions of the country, with indigenous peoples comprising around 64 percent of its population. Many live in extreme poverty.

It is anticipated that at the end of the project's five-year timeframe, over 6,200 hectares (ha) of deforestation will have been avoided, equivalent to 3,108,737 tCO₂e. In total, the area of direct intervention will be 440,500 ha through which it is expected to achieve a reduction of deforestation by 49 percent.

In addition to climate mitigation benefits, the main outcomes of the project will include strengthened land tenure security for indigenous communities, strengthened capacity for sustainable management of forest resources, diversified income opportunities, improved livelihoods and food security, and promotion of gender equality. The project's primary beneficiaries are expected to be indigenous peoples (80 percent) from 5,997 households in 120 communities, who use forest resources for their businesses and livelihoods.

The project will follow the concept of community-driven development with communities taking responsibility for the choice, design and management of rural investments. Experienced locally-based consultants will facilitate community mobilization, participatory planning, and rural investment planning and implementation, and will help build the technical and administrative capacities of these groups.

3.3.3 Project pipeline tracking and projected submissions

24. The CIF Administrative Unit keeps track of the status of the endorsed portfolio to monitor

project approval delays in two stages: time elapsed between investment plan endorsement and FIP Sub-Committee approval and time elapsed between FIP Sub-Committee approval and MDB approval.

Box 2: Piloting a national forest sector policy for zero-deforestation agriculture and sustainable management of protected areas



Project: Côte d'Ivoire Forest Investment Project
FIP financing: USD 15 million
Implementing agency: World Bank
Objective: Conserve and increase the forest stock and enhance the livelihoods of forest-dependent communities in the project target zones.
Photo credit: Meerim Shakirova

Côte d'Ivoire has recently launched a new forest sector policy (Déclaration de Politique Forestière 2017) focused on zero-deforestation agriculture and sustainable management of the country's protected areas, including gazetted forests (GF) and national parks. The strategy encompasses four key areas: 1) restoration of degraded GFs, 2) concessions of highly degraded GFs (by cocoa farming) to the private sector for sustainable agroforestry (through introduction of trees and intensification on existing cocoa plantations), 3) GF concessions for sustainable production of timber and fuelwood, and 4) agricultural intensification.

The project will focus on the implementation of this policy in the protected areas of the central and southwestern regions, both linked by rates of deforestation and migration of cocoa producers. It will benefit 345,000 people, half of whom are expected to be female.

Activities include participatory development and implementation of GFs management plans, development and implementation of an incentive system for forest-dependent communities to enhance their livelihoods with alternative revenues, and support to the sustainable management of the Tai National Park (a UNESCO World Heritage site).

25. As of June 30, 2018, one project in the pipeline has exceeded the agreed benchmark of 24 months or more without receiving FIP Sub-Committee approval (see Table 5). This is the IFC project in Indonesia that was endorsed as part of the Indonesia FIP Investment Plan in November 2012 under the title Strengthening Forest Enterprises to Mitigate Carbon Emissions. Following the January 2017 [Pipeline Management Policy for SCF Programs \(FIP\)](#), IFC and the Government of Indonesia were granted an extension for FIP Sub-Committee approval until July 2018. A revised version of the project proposal, now entitled Indonesia Forest Bond, was not approved and an alternative concept is under development.
26. The 24-month deadline for FIP Sub-Committee approval of the Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire project (USD 9million, AfDB) was reached in June 2018 but a request was submitted for extension until July 2018.¹⁰
27. All three projects that currently await MDB approval were approved by the FIP Sub-

¹⁰ The project was submitted in July 2018 and approved by the FIP Sub-Committee in August 2018.

Committee less than six months ago.

Table 5: Projects awaiting approval by FIP Sub-Committee(left) and projects awaiting approval by MDB (right)

(as of June 30, 2018 in USD million)

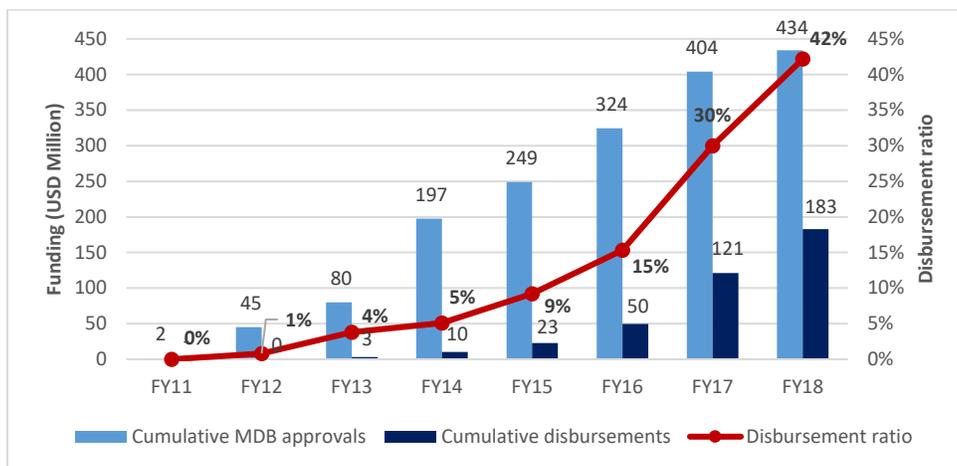
IP Endorsement to SC Approval Time Lapse			SC Approval to MDB Approval Time Lapse		
Time Elapsed	# Projects	Funding	Time Elapsed	# Projects	Funding
< 16 months	13	119.66	< 6 months	3	52.59
16-24 months	1	9.0	6-9 months		
> 24 months	1	34.35	> 9 months		
TOTAL	15	163.01	TOTAL	3	52.59

28. The complete list of projects in the FIP pipeline is presented in Annex 1.

3.3.4 Disbursements and implementation updates¹¹

29. As of June 30, 2018, cumulative disbursements by MDBs totaled USD 183 million, corresponding to 30 projects under implementation and 42 percent of MDB-approved funding. As the FIP portfolio continues to mature and more projects enter the implementation phase, the level of disbursement as a percentage of MDB-approved funding for projects continues to increase (see Figure 6). Detailed disbursement data is presented in the *CIF Disbursement Report*.

Figure 6: FIP project disbursements by reporting period and fiscal year



30. In February 2018 the Forests and Climate Change project in Mexico (World Bank) was the first project from the FIP portfolio to close. The overall implementation progress and progress towards achievement of the project’s development objectives were both rated as satisfactory.¹² See Box 3 for more detailed information.

31. Three projects have been flagged under Implementation Risk. The Decentralized Forest and Woodland Management project in Burkina Faso (World Bank) faced a slow

¹¹ Detailed information on project implementation, including delays, can be found in the *FIP Country Portfolios* document.

¹² World Bank Implementation Status Report from December 2017.

disbursement due to unexpected delays in the establishment of local REDD+ Investment plans for each of the 32 communes. Those plans have now been endorsed and approved by the municipal councils. Those Municipal investment plans are supposed to be completed in 15 months (August 2018 to December 2019), and an upcoming supervision mission is tasked to ensure that the communes will deliver.

32. The Forest Information to Support Public and Private Sectors in Management Initiatives project in Brazil (IDB) has been flagged under Implementation Risk since June 30, 2017. The IDB and the Government of Brazil are working together to define a clear timeline extension and to solve delays related to national public expenditure limits set for the Ministry of Environment.
33. The third project to be flagged under Implementation Risk is the Integrating REDD+ in Mbuji-Mayi and Kisangani Sub-basins project in the DRC (AfDB). The project's delayed implementation and slow disbursement reflect the fact that most core activities in the field have not yet begun. This is due to a lengthy procurement process for acquiring the services by local implementing agencies, exacerbated by the death of the project's task manager in August 2017 and proceedings from a formal complaint lodged by one of the bidder's in January 2018. A closing memo for the complaint is anticipated by December 2018 to allow contract awarding. A request for 24-month extension was also submitted to AfDB in August 2018. See the FIP Risk Report for details.

3.3.5 Dedicated Grant Mechanism

34. As of June 2018, DGM is under implementation in eight countries and the Global Learning and Exchange project. Of the five country DGM projects yet to be approved, Côte d'Ivoire and Republic of Congo have already selected a National Steering Committee (NSC), Guatemala and Nepal have selected an interim NSC, and Ecuador has yet to start this process.
35. During the reporting period, the Global DGM organized regional exchanges in Asia (Indonesia) and the Americas (Peru), as well as hosted the 4th Annual Global Steering Committee meeting. DGM also participated in important international events, such as the United Nations Forum on Indigenous People and the 48th Conference of the Subsidiary Bodies of the UNFCCC.
36. Detailed information on the implementation of DGM and individual DGM country projects can be found in the [2018 DGM Annual Report](#).

Box 3: First FIP project closes successfully in Mexico



Project: Mexico Forests and Climate Change Project
FIP financing: USD 16.34 million in loans, USD 25.66 million in grants, USD 42 total
Implementing agency: World Bank
Objective: Support rural communities in Mexico to sustainably manage their forests, build social organization, and generate additional income for forest products and services including from REDD+

The Mexico Forests and Climate Change Project was an ambitious collaborative effort of the World Bank, FIP, FCPF, GEF, and UNDP in the states of Campeche, Yucatan, Quintana Roo, and Jalisco targeting indigenous peoples and forest-dependent communities.

The overall project implementation was rated as satisfactory. The project has resulted in 92 percent of forest area managed by communities and *ejidos* now under sustainable management practices, compared with a baseline of 10 percent at the start of the project. Furthermore, 50 CONAFOR field offices have been rehabilitated, and there are 1,300 new certified private technical service providers. Key outputs of the project were more communities and *ejidos* (in terms of both people and hectares of land) applying for sustainable forest management and conservation schemes, as well as a more diverse source of forest-based income and production.

The project resulted in 265,632 total beneficiaries, as well as a USD 7 million increase in income to landholders in 2016. Of the total beneficiaries, 56,424 are women, and 93,577 are indigenous peoples. Gender inclusion was not an explicit objective of the project; however, several initiatives targeting women were implemented during the project. There was a dedicated fund to mainstream women's access to CONAFOR support programs, as well as an incentive program exclusively dedicated to women's productive projects.

Lessons learned from this project may have implications for other FIP projects. Project implementers found that for transformational change to occur, a significant amount of technical support must be provided to communities to manage their forests sustainably. The project was deemed successful due to, in part, the ambition and innovation that was able to flourish with the substantial co-financing support, the commitment of the implementing agency and government overall, and strong inter-institutional linkages.

4 Cross-cutting themes

4.1 Learning and knowledge management

37. During the June 2018 FIP Sub-Committee meeting, the findings of the *Learning Partnership on Financing Forest-Related Enterprises* and of the *Learning Partnership on the DGM* were presented by [IIED/LTS International](#) consortium and [Itad](#), respectively. Both presentations are available on the [CIF website](#).

38. In the second round of call for proposals under **CIF Evaluation and Learning (E&L) Initiative**, four new activities focused exclusively on the FIP were approved:

- *Bringing evidence of FIP contribution to welfare improvements* will examine the contribution of FIP investments to welfare, measured through employment, contributions to local livelihoods, incomes, and social, physical, and human capital for a range of local stakeholders.
 - *Achieving transformational change through the DGM - an indigenous lens* will assess whether the DGM has led to transformational change and whether it should be extended to PPCR and SREP.
 - *Social identity framing to get Mexican Rural Women REDDy for the participation in natural resource management* program will pilot and evaluate a behaviorally informed intervention to encourage women to sign up for programs offered under DGM. The goal is to gather insights on how to empower women and increase women's active participation in other REDD+ related programs.
 - *Evaluation of Alternative Private Sector Investment Models for Commercial Forestry in Africa* will evaluate barriers faced by small and large-scale investors in commercial forestry plantations and solutions to overcome these barriers. It will assess the demand for concessional financial resources conditional on the application of environmental, social, gender, climate and risk management design criteria.
39. Annex 3 includes the details of these activities and their implementation status.
40. Collaboration with the PROFOR team on the use of its **Forest Governance Assessment and Monitoring Tool** has continued to advance in Côte d'Ivoire and has started in Guatemala. Both activities are expected to be completed by the end of 2018.
41. The CIF Administrative Unit completed the **Global Delivery Initiative**¹³ (GDI) case study on the Enhancing Natural Forest and Agro-Forest Landscape project (ENFALP) in Ghana. It highlights two main delivery challenges that ENFALP encountered: 1) A lack of coordination between the Ghana Cocoa Board (COCOBOD) and the Forestry Commission (FC), which stems from historical competing mandates (COCOBOD focused on increasing cocoa production, which tended to put pressure on existing forests, while FC was mandated to protect the forest) and 2) Delays in creating local Community Resource Management Areas (CREMAs). ENFALP supported COCOBOD's recent commitment to climate smart cocoa, while in parallel, FC pursued REDD+ initiatives and, in consultation with local communities, implemented activities on the ground. Both organizations saw the value of working together proactively to achieve improved inter-institutional cooperation. To address the second delivery challenge, the project promoted an innovative approach by partnering with community-based organizations (CBOs), which accelerated the creation of CREMAs and gave a central role to community actors. This helped build ownership, and positively changed the relationship between FC and farmers at the local level. By increasing CREMA creation, the project goal of designating 50,000 ha under CREMA management was exceeded midway through implementation.

¹³ More information available on the GDI website: <http://www.globaldeliveryinitiative.org/>

42. The ongoing **collaboration with the World Bank Group’s Development Impact Evaluation (DIME)** for the impact evaluation of the Gazetted Forests Participatory Management Project for REDD+ in Burkina Faso has generated some early evidence on a number of fronts. It sheds light on PES approaches as relatively little is known about the conditions of effectiveness for these schemes. For example, are individual or collective PES contracts better and why and can PES contracts be designed to avoid the common “collective action failure” phenomenon. The impact evaluation is also uncovering the linkages between conservation initiatives and food security outcomes, an area with little empirical evidence currently. Furthermore, understanding the real impacts of forest conservation policies requires accurate measurement of forest cover and trends. The inability to measure outcomes precisely often curtails the opportunity to monitor and learn effectively from development interventions. For example, in Burkina Faso and many other countries implementing large-scale afforestation programs in the drylands, there has not been a system in place to accurately record, geolocate, and track the survival rate of the trees planted, and learn about the conditions that are conducive to their sustainability. This impact evaluation imbeds the use of geospatial technologies, with mobile based application packages to georeference trees planted across the Burkina Faso FIP forests and track their precise survival rates. Early results show that high-precision mapping of trees in dry forest is possible and can be done at a low cost using simple techniques. A summary brochure of the evaluation was presented at the Learning Café of the June 2018 CIF Trust Fund Committee meeting. The complete impact evaluation is expected in December 2019.
43. The CIF Administrative Unit provided direct support to countries to enhance their monitoring and reporting (M&R) knowledge and to improve the data quality of the results reports. The CIF Administrative Unit conducted a **M&R training workshop** in Maputo, Mozambique, coinciding with the stakeholder workshop, organized by the FIP focal point in May 2018. Participants received training on the revised version of the FIP M&R Toolkit and on preparing results reports. Following this capacity building exercise, the FIP focal point in Mozambique was able to report progress on the country’s FIP investment plan for the first time this year.

4.2 Gender

44. The portfolio of projects approved by the FIP Sub-Committee from January 1 to June 30, 2018 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 project. Figures were compared to baseline performance of the FIP portfolio as on June 30, 2014.
45. FIP project performance on the three gender indicators was strong relative to the historical baseline. Sector-specific gender analysis and sex-disaggregated indicators were present in all three projects approved during the reporting period (compared to baselines of 29 and 35 percent, respectively). Two of three projects approved (67 percent) featured planning for women-specific activities (compared to a baseline of 53 percent). Box 4

describes gender considerations in the Enhancing Natural Forest and Agroforest Landscapes Project in Ghana.

46. Country programming support on gender has financed a number of analytical, learning, and technical support efforts under the FIP Program, including World Bank research on women's participation in forest governance, and impacts on tenure security and forest-based livelihood opportunities through the Dedicated Grant Mechanism (DGM) programming in case study countries of Peru, Burkina Faso, and Brazil. AfDB has also begun action research with IUCN on review and identification of mechanisms to enhance gender integration in the Ghana Public-Private Partnership for the Restoration of Degraded Forest Reserve project.

Box 4: Supporting alternative landscape-based livelihoods for women in artisanal mining in Ghana



Project: Additional financing for Ghana FIP - Enhancing Natural Forest and Agroforest Landscapes

FIP financing: USD 19.39 million
Implementing agency: World Bank

Objective: Improve forest and tree management practices by cocoa farmers, CREMA communities and forest reserve managers to reduce forest loss and degradation and demonstrate rehabilitation of mining sites in selected landscapes in Ghana's high forest zone (HFZ).

In Ghana, rapid expansion of illegal artisanal small-scale gold mining (or *galamsey*) since 2010 has exacerbated deforestation and forest degradation due to land use competition. Further, illegal open-pit alluvial mining operations have direct negative impacts on the health of the ecosystem due to soil and water contamination, along with release of toxic mercury fumes at the homestead with negative long-term health impacts for women and children for those households undertaking gold amalgamation processes at home.

A 2016 Ghana Minerals Commission survey found nearly one-third of *galamsey* “gather and sell” workers were women, though women are not represented among the ranks of mine owners and managers. Globally, half of the artisanal mining workforce are female, with women usually concentrated at lower levels of the value chain—as panners, carriers, and processors or providers of other services such as catering—and undertaking such burdensome tasks as carrying heavy ore on their heads or washing sluices. Women’s and girls’ livelihoods in forest and forest-adjacent communities are severely affected in other ways, particularly by reducing community members’ access to clean water, fuelwood, and agricultural lands.

The FIP-funded project will follow international best practices to help women to transition from illegal mining to alternative natural resource-based livelihoods in the targeted landscape corridors of the project. This will be done through promotion of “economic groups” that foster women’s training, leadership, knowledge exchange, and livelihood transition away from artisanal mining through participation in village work groups and community nurseries. The project will also seek to promote women in revenue sharing, including land reclamation and promotion of private and community woodlots, and help represent women’s interests and employment concerns to Government of Ghana and other stakeholders.

The project’s overarching goal is to demonstrate approaches to and benefits of reclaiming mining sites, which will reduce erosion currently polluting public water courses. Developing timber stands will help to reduce illegal logging pressure on natural forests. Reclamation, replanting, and tree planting will also sequester carbon relative to the degraded situation, provide downstream environmental services (e.g., water retention), and eventually return habitat suitable for biodiversity.

5 Results

5.1 Scope

47. The information presented in this section of the report covers a total of 30 FIP and DGM projects accounting for USD 390.43 million in FIP funding, divided as follows:
- **Twenty-one FIP projects** from eight countries (Brazil, Burkina Faso, DRC, Ghana, Indonesia, Lao People’s Democratic Republic (Lao PDR), Mozambique, and Mexico) for a total of USD 340.6 million
 - **Nine DGM projects** from eight countries (Brazil, Burkina Faso, DRC, Ghana, Indonesia, Mexico, Mozambique and Peru) and the DGM global component for a total of USD 49.83 million.
48. The results of the FIP portfolio should be interpreted in the context of the portfolio maturity. More than half of the FIP portfolio projects (64 percent) are in an early stage of implementation (two years or less from MDB approval), representing 51 percent of total FIP funding of MDB-approved projects. Only 36 percent of FIP projects are in a more mature stage (three to five years from MDB approval), representing 49 percent of the total FIP funding¹⁴.
49. Results data presented in this section of the report correspond to the period between January 1 to December 31, 2017¹⁵, also referred to as reporting year 2017 (RY2017). The complete list of projects reporting results is in the [FIP Results Supplementary Information](#) document.

5.2 Reporting methodology

50. The FIP focal points within each pilot country are responsible for collecting results data on an annual basis. They ensure data are validated by stakeholders at an annual in-country FIP stakeholder workshop and submit a final results report to the CIF Administrative Unit by June 30 of the following year. Results report submitted must adhere to the revised [FIP M&R toolkit](#)¹⁶, which describes the reporting requirements.
51. In 2017, the CIF Administrative Unit underwent a stocktaking exercise to revise the FIP M&R system, resulting in two key changes:
- 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 replaced with a narrative description.

¹⁴ The numbers shown in the portfolio maturity table in Figure 2, Section 3.1 show slightly different values, as the cut-off date considered is June 2018. For this results analysis in Section 5, the cut-off date is December 31, 2017.

¹⁵ Date from MDB data varies depending on their monitoring calendar. MDB data usually includes updated information until November or December 2017.

¹⁶ 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.

- 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, and bridges the gap of interim results.
52. The [FIP M&R toolkit](#) was updated accordingly and republished in 2018. All FIP countries and MDBs were made aware of the new reporting requirements and the new FIP M&R toolkit. This is the first reporting exercise in which all FIP countries were required to report their results following the revised FIP M&R system¹⁷.
53. MDBs submitted project level results data for all FIP projects, including data from all indicators in the project results framework. The data submitted by MDBs has been very useful to understand the general project progress, project successes and challenges, and reasons for implementation delays. Data from MDBs has added value to the results information, adding interim results, and has helped to clarify the narratives, triangulate project progress information, and increase accuracy of data from FIP countries. Section 5.7 describes some of the project-level indicators drawn from the MDB reports.

5.3 Global overview

54. 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-benefits¹⁸.

Table 6: Global overview of FIP targets and actual results (as of December 31, 2017)¹⁹

	Targets	RY2017 results	RY2017 progress towards target (%)	Cumulative results	Cumulative progress towards target (%)
Theme 1.1: GHG emission reductions or avoidance/enhancement of carbon stock (MtCO ₂ e)	15.66	N/A	N/A	N/A	N/A
Theme 1.1: Area covered (ha)	36,058,540	5,943,278	17.48%	9,437,831	26.17%
Theme 1.2: Livelihood co-benefits (people)	1,304,442	214,515	16.44%	551,006	42.23%

Note: Theme 1.1 results data is reported at projects' mid-term and completion

55. Aggregating targets and results for the reporting theme **GHG emission reductions/avoidance/enhancement of carbon stocks** is challenging because FIP countries use their own preferred calculations and methodologies. FIP countries will report progress

¹⁷ Some countries already voluntarily reported last year following the new model.

¹⁸ Note: The targets shown above represent

¹⁹ These targets correspond to the approved FIP projects in the reporting period, and the total target is expected to change as more projects are approved.

on this theme as FIP projects reach mid-point and completion.

56. **Area covered** under sustainable land management practices or other FIP interventions is a more readily available indicator of FIP influence that is directly linked to the GHG emission reductions and enhancement of carbon stocks. In RY2017, four FIP countries (Brazil, Burkina Faso, DRC, and Lao PDR) reported progress on the area covered under sustainable forest management practices²⁰.
57. The total area covered by FIP investments in RY2017 was 5.9 million hectares (ha), slightly bigger than the size of Ireland. This represents 17.48 percent progress toward the target of 36 million ha, roughly the size of Japan.
58. In RY2017, seven FIP countries reported progress on **livelihood co-benefits**, contributing 16 percent towards the collective target of 1.3 million people, considered direct beneficiaries²¹. Cumulatively since the start of FIP implementation until RY2017, FIP has achieved 42 percent of the livelihood co-benefits target.
59. FIP countries are making good progress toward protecting **biodiversity** by supporting efforts to reduce forest loss and enhance knowledge about the forest resources. In Burkina Faso, FIP has supported the protection and conservation of forests, reforestation actions, and the promotion of the payment mechanism for environmental services (PES) to encourage communities to adopt good practices in sustainable forest management. In DRC, a PES scheme has also been promoted, with successful results in the first year. In Mexico, FIP has promoted sustainable forest certification systems (FSC and NMX²²), which include biodiversity conservation.
60. Progress on **forest governance** focuses on strengthening decision-making processes, ensuring participation of all stakeholders, and enhancing forest law enforcement. In Mozambique, FIP has supported two multi-stakeholder landscape forums to ensure wide participation in decision making. In Brazil, FIP/CAR project has helped to improve on the accessibility of the national cadaster for farms owned by indigenous people and local communities. In Lao PDR, FIP continues to tackle illegal forest logging.
61. The FIP portfolio continues to make progress on **tenure** issues by supporting countries on defining rights to use, control, and transfer land and forest resources. In Burkina Faso, FIP has supported the elaboration with local communities of local rules on managing classified forests. Ghana has continued to make progress on its innovative tree tenure system promoted through climate-smart cocoa. In Lao PDR, clarification of legal basis for communal land titles was completed.
62. **Capacity development** is the most prevalent area where FIP projects reported progress, including technical assistance, employment opportunities, trainings and provision of

²⁰ Ghana and Mexico did not report progress on area covered this year, but will do so once they reach mid-term

²¹ As per the revised definition, included in the 2018 FIP M&R toolkit: **Direct beneficiaries** are people receiving monetary or non-monetary benefits as a direct result of activities associated with FIP-supported projects.

²² Mexican Certification of Management of Sustainable Forests (NMX)

equipment. In Brazil, FIP has supported the construction of data systems, as well as the collection of primary data related to deforestation, fires, assets and liabilities in rural properties, botanical information, and GHG emissions from the forest.

5.4 Key results comparison (RY2014 to RY2017)

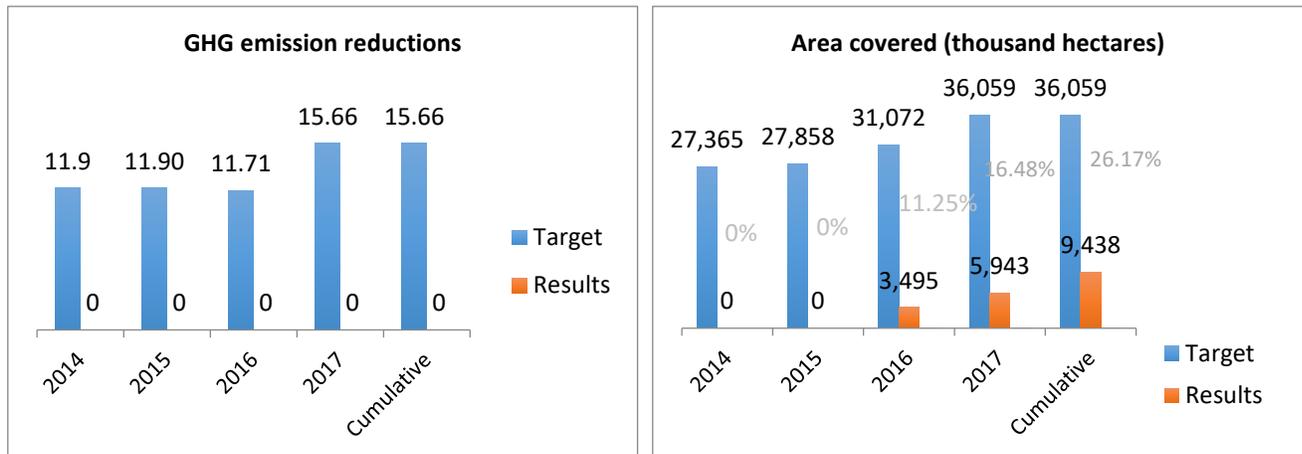
63. As it was reported in RY2016, comparing progress of FIP countries against targets from one reporting year to the next is challenging for the following reasons:

- Moving targets: Some FIP projects change indicator targets from one reporting year to the next.
- New additions: The FIP portfolio increases each year as new projects are added.

64. The target for theme 1.1 GHG emission reductions/avoidance/enhancement of carbon stocks has increased slightly from RY2016 (11.71 MtCO₂e) to RY2017 (15.66 MtCO₂e) due to the addition of targets from Indonesia (3.70 MtCO₂e) and Mozambique (2 MtCO₂e), as shown in Figure 7.

65. The target area covered under FIP investments has increased over the years as new FIP projects have been added to the portfolio and targets have been revised. The total targeted area has changed from 27 million ha in RY2014 to 36 million ha in RY2017, as shown in Figure 7. This change is due to the revised and increased targets in DRC and Lao PDR of more than 2.5 million ha, and the addition of the targeted area from the investment plans in Mozambique and Indonesia, which are reporting for the first time.

Figure 7: GHG emission reductions (MtCO₂e) and area covered over time (thousand ha)



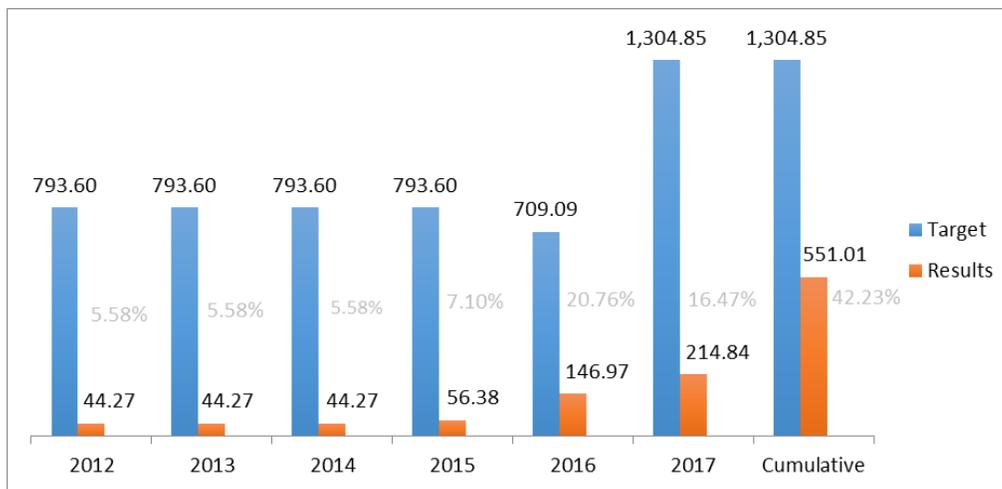
Source: FIP countries and MDB data

66. As shown in Figure 8, the livelihood co-benefits target increased from 0.7 million²³

²³ This target was re-calculated from last year's report, taking into consideration the target adjustment of SUFORD-SU project in Lao PDR, deducting the 309,000 beneficiaries from the baseline

beneficiaries in RY2016 to 1.3 million beneficiaries in RY2017. This is mainly due to new projects participating in results reporting for the first time in RY2017. For example, Brazil added almost 58,000 targeted beneficiaries and Indonesia added some 245,000 targeted beneficiaries in RY2017. Lao PDR’s target and progress numbers were also adjusted due to baseline amendments²⁴. In RY2017, Mexico reported all livelihood indicators in number of people rather than number of *ejidos* (which could not be aggregated), thus shifting Mexico’s target from 2,800 beneficiaries in RY2016 to 268,171 beneficiaries in RY2017. Overall, FIP’s cumulative progress is 551,006 people receiving monetary or non-monetary benefits, representing 42 percent of the RY2017 target.

Figure 8: Livelihood co-benefits targets and results over time
(thousands of beneficiaries)



Source: FIP countries and MDB data

67. When interpreting the progress on results achieved, the FIP portfolio maturity should be taken into consideration. As of December 2017, most projects (64%) in the FIP portfolio are still in the early stages of implementation (0 to 2 years from MDB approval), representing slightly over half (51%) of the total FIP funding of MDB approved projects.
68. FIP in Lao PDR, Mexico, and Brazil reached more than 50,000 people each in RY2017. They received benefits, such as farm registration in Brazil and in the cadaster system, technical support, trainings, and new employment opportunities in other countries. Mexico reported a cumulative total of 265,632 beneficiaries from the start of the Forests and Climate Change Project (World Bank) in 2012 until the end of 2017. Mozambique reported in RY2017 some 18,000 people benefitting from seedlings, improved cookstoves, and training on conservation agriculture provided by the Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors project (IFC), which began implementing in June 2017.

²⁴ Target for the SUFOR-SU project was changed from 424,000 beneficiaries in RY2016 to 115,000 in RY2017, because the baseline of 309,000 beneficiaries was discounted from the target and progress achieved.

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

69. In RY2017, eight FIP pilot countries reported on GHG emission reductions/avoidance/enhancement of carbon stocks in the form of targets on tons of carbon (MtCO₂e) and targets and/or achieved results on area covered (ha), as shown in Table 7. More detailed information on results reporting themes is available in the *FIP Results Supplementary Information* document.
70. There are differences in the methodologies used by FIP countries to report GHG emission reduction baselines and targets, making the aggregation of targets for tons of carbon challenging.
71. Progress on GHG reductions is reported at project mid-term; however, two countries (DRC and Burkina Faso²⁵) provided ex-ante calculations for GHG emission reductions. These figures will be confirmed by mid-term calculations and reported at that point.

Table 7: Targets and actual results by country on Theme 1.1: GHG emission reductions/avoidance/enhancement of carbon stocks
(as of December 31, 2017)

Country	GHG emission reductions			Area covered with FIP interventions		
	Target 1* (MtCO ₂ e)	Results achieved in RY2017 (MtCO ₂ e)	Progress made towards target in 2017 (%)	Target area covered (ha)	Area covered in RY2017 (ha)	Progress made towards ha target in RY2017 (%)
Brazil	Not reported	Progress will be reported at mid-term	Progress will be reported at mid-term	7,553,472	3,275,008	43.36%
Burkina Faso	1.95			1,284,000	1,790	0.14%
DRC	4.2			133,400	15,666	11.74%
Ghana	1.04			826,350	Not reported ²⁶	
Indonesia	3.70			1,429,880	0	
Lao PDR	1.82			3,630,000	2,652,604	73.07%
Mexico	0.95			20,294,938	Not reported ²⁷	
Mozambique	2.00			906,500	0	
TOTAL	15.66					36,058,540

Note: GHG emissions reductions will be accurately measured at mid-term and/or end of FIP projects.

* Target achieved during the implementation of the investment plan (ending with the financial closure of the last project supported under the investment plan)

72. Mexico is the chief contributor to the total targeted area covered, basing its target on the

²⁵ See Section 2 in the 2017 FIP Results Supplementary Information document.

²⁶ Will be reported at mid-term and/or completion

²⁷ Will be reported at mid-term and/or completion

total forest area in the five Mexican states where FIP interventions are implemented²⁸.

73. Lao PDR's progress is noteworthy. The SUFORD-SU Project (World Bank) targets 2,925,000 ha to come under management plans supported by the project. In RY2017, 2,650,488 ha were achieved, bringing the cumulative total to 3,626,699 ha. Also, in RY2017, the Protecting Forests for Sustainable Ecosystem Services Project (ADB) reported a target of 690,000 ha and results achieved of 2,116 ha. This progress includes 1,768 ha restored as assisted natural regeneration and 348 ha planted with hardwood species on heavily degraded land.
74. The Improved Forested Landscape Management Project in DRC (World Bank) reported cumulative progress of 16,105 ha adopting sustainable land management practices since the project start in 2015. Activities in the area covered include agroforestry, mainly based on intercropping acacia plantation with cassava, and enclosures to facilitate natural regeneration by protecting land from bush fires.
75. In Brazil, cumulative progress of 3.3 million ha corresponds to 2.5 million ha falling under sustainable landscape management practices²⁹ and 733,875 ha adopting low carbon agriculture technologies³⁰, including the recovery of 84,000 ha of degraded pastures (see Box 5). More information is included in the *FIP Results Supplementary Information* document.

5.5.1.2 Theme 1.2: Livelihood co-benefits

76. FIP countries reporting results in RY2017 made notable progress in livelihood co-benefits, reaching 42 percent of the cumulative target (16 percent in RY2017 alone) of the total targeted 1.3 million beneficiaries (see Figure 9). The type of livelihood co-benefits generated by each FIP projects varies and includes monetary benefits through increased incomes, technical assistance, training, new sustainable jobs, and access to credit among others. The *FIP Results Supplementary Information* document indicates every reporting theme covered under livelihood co-benefits for all countries and projects.

²⁸ Forest land is determined with the VI Series of the 'Carta de Uso del Suelo y Vegetación' published in 2017 by the INEGI, with a 2014 baseline. It refers to vegetation groups categorized as Forest Lands according to the National GHG Inventory for the LULUCF sector, included in the 6th National Communication for UNFCCC, which will be published in 2018.

²⁹ World Bank project "Environmental regularization of rural lands (based upon the CAR) – FIP/CAR"

³⁰ World Bank project "Sustainable production in areas converted to agricultural use (based upon the ABC plan)"

Box 5: Recovering degraded pastures in Brazil

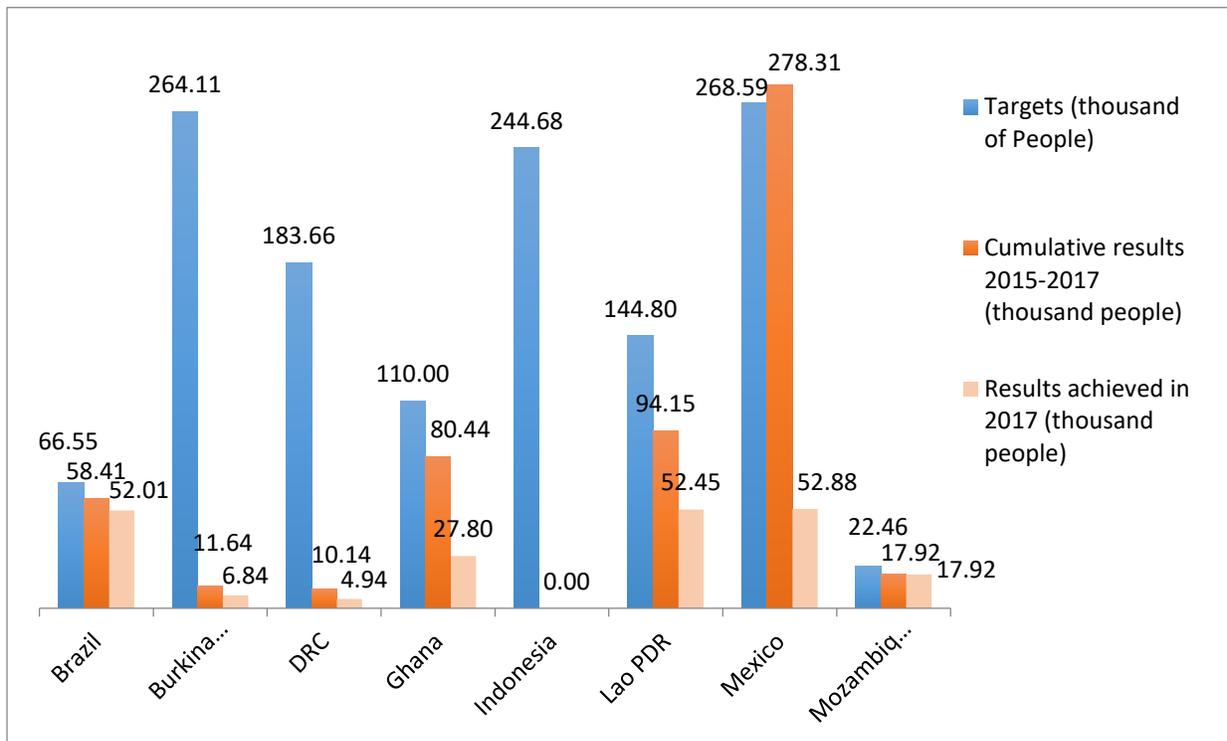


Brazil's FIP/ABC project for sustainable production in areas converted to agricultural use based on the ABC plan (World Bank) works to recover degraded pastures in order to increase productivity and decrease pressure on the native vegetation for new pastures. The project has already recovered more than 84,000 ha of degraded pasture in 1,957 properties in the Brazilian Cerrado region.

This project also includes a climate-smart agriculture strategy to integrate pastures with forest crops, enhancing carbon sequestration. Using techniques developed by the Brazilian Agricultural Research Corporation (EMBRAPA) on land use change and management, the project provides training and technical assistance to rural landowners to recover their pastures, while boosting income and livestock production in the same area.

Private sector cattle ranchers with degraded pastures also benefit from technical assistance program in which every USD 1 the project invests in technical support, ranchers invest USD 8 in stock to recover their pastures. By improving their degraded, climate-vulnerable pasture lands, cattle ranchers have been able to achieve higher production levels. For more information, see the [FIP/ABC project video](#).

Figure 9: Targets and actual results by country on Theme 1.2: Livelihood co-benefits
(RY2017 results, cumulative results, thousand beneficiaries)



77. In RY2017, Brazil achieved 78 percent progress toward its target number of FIP beneficiaries. This includes 43,000 direct project beneficiaries as part of the FIP/CAR Project³¹, which targets a total of 57,942 beneficiaries. RY2017 beneficiaries include those who had their rural properties enrolled in the CAR (*Cadastro Ambiental Rural* or Environmental Rural Register) in the municipalities selected by the project. Another 126 people received online training on the analysis module of CAPCAR³². In RY2017, over 8,000 people in Brazil received FIP-supported training. Through the FIP/ABC Project (see Box 5), 4,488 people attended courses on low carbon agriculture technologies (almost reaching the total target of 6,000³³ people trained), 3,284 people attended the Field Days at the Technical Reference Units (exceeding the target of 1,280 people³⁴), and 179 field technicians were trained to provide technical assistance. As part of the FIP/IFN project³⁵, 154 people were trained in skills and techniques related to the National Forest Inventory.
78. Mexico's progress in terms of livelihood co-benefits has exceeded the target of 268,000 people with a cumulative total of 278,310. This is driven mainly by the Forests and Climate Change Project (World Bank), which reached a cumulative total of 265,632 people by RY2017, its sixth and final year of implementation. This equates to an annual average of 44,272 direct beneficiaries.
79. In Burkina Faso Gazetted Forests Participatory Management Project for REDD+ (AfDB) supported 2,080 people in increasing their monetary benefits from forests. Some 1,180 beneficiaries received bio-digesters and 900 beneficiaries received beehives. The project also benefitted 4,125 people with temporary jobs (at least 30 percent women), who are members of the Forest Management Committee (see Box 6)³⁶.

³¹ The World Bank project Environmental Regularization of Rural Lands in the Cerrado of Brazil.

³² CAPCAR is the training course for the Environmental Rural Register (Capacitação para o Sistema de Cadastro Ambiental Rural).

³³ The FIP ABC Project underwent a readjustment in some of its targets between 2016 and 2017. This indicator had its target decreased from 12,000 to 6,000 due to a lower demand for courses than expected. In the World Bank report this indicator is reported as "Producers and technicians trained."

³⁴ This indicator had its target reduced from 6,000 in RY2016 to 1,280 in RY2017 due to difficulties implementing field days. After some adjustments in the employed method, there was an increase in field day participation of the, exceeding the revised target.

³⁵ IDB project Forest Information to Support Public and private Sectors in managing Initiatives.

³⁶ See more information in section 3 of the *FIP Results Supplementary Information*.

Box 6: Deliberate design to enhance gender integration in FIP Burkina Faso



FIP Burkina Faso has supported women's enhanced participation in project activities, by design and as a cross-cutting principle of the program. This effort has included specific measures to ensure women participated in identification of subprojects at the community and area level. With FIP support, women are moving into remunerative agro-forestry activities, such as seedling horticulture and beekeeping, formerly undertaken mainly by men.

Through the specific outreach to women, the economic transformation of non-timber forest products into saleable commodities is now of interest to both men and women in the project's pilot areas.

Women are also now seen as key stakeholders in project Forest Management Committees. Such efforts have helped to expand forest-based employment for women, increase their income, and improve their quality of life with additional income earned by women going to school and medical fees and improvements in the family's diet. Working with both women and men through this project has afforded greater local ownership and engagement of communities in FIP's activities as a whole.

5.5.2 Category 2: Other relevant co-benefit themes

5.5.2.1 Theme 2.1: Biodiversity and other environmental benefits

80. FIP efforts continue to focus on reducing forest loss, considered the main driver of biodiversity loss. In Brazil, for example, FIP initiatives relate to monitoring Cerrado Biome deforestation, fires, forest survey, identification of environmental assets and liabilities in rural property, and adoption of low carbon technologies (recovery of degraded pastures, integration crop-livestock-forest, no-till system, and planted forests). These initiatives are impacting positively the conservation of biodiversity and the restoration of habitats and environmental services. Also, the FIP/ABC project increased the productivity of pastures and agricultural crops (see Box 5). In DRC, payments for environmental services are benefitting communities (see Box 7).

Box 7: Payment for environmental services in DRC



Thanks to PES funds, beneficiaries have been able to improve community services, such as building a school in Bisiala/Kwamouth (left), and purchase community-owned equipment, such as tractors or rice hullers (center). Individuals have been able to expand their income with new investments in pig farming (right) and other activities.

DRC's Improved Forested Landscape Management Project (World Bank) directly invests in the implementation of community forestry in a targeted area and provides bridging finance for DRC to access international payments for environmental services (PES) through REDD+ carbon finance.

The project has identified 199 Local Development Committees (CLD), of which 102 have already signed contracts with the project paving the way for PES to benefit communities. Management planning at the CLD level started in summer 2017, with a working methodology and template duly approved by both the project and the World Bank. Payments have been disbursed for one year. The PES component of the project has been very successful and could be extended to other sectors (sustainable management of fisheries resources, protection of biodiversity) and to private actors (forest and agricultural concessionaires).

There are three main categories of PES, including payments related to agroforestry, the protection of man-made savannas, and the conservation of primary forests. The PES must fit within the framework of Natural Resources Management Plans for each territory. Examples of PES received by communities include USD 0.1 (acacia) and 0.3 (fruit tree) per seedling produced for agroforestry purposes, USD 150 per hectare of intercropped plantation, USD 5 per hectare after one year of protecting man-made savannas, and USD 1 per hectare of retained primary forest. Overall, beneficiary communities received a total amount of USD 398,346 from the project start in April 2015 until December 2017. For more, see www.pifrdc.org/temoignages

5.5.2.2 Theme 2.2: Governance

81. FIP efforts on forest governance focus on strengthening decision-making processes, ensuring participation of all stakeholders and enhancing forest law enforcement.
82. In Brazil, the FIP/CAR project has enrolled small landowners and squatters in the CAR, as well as communities of traditional peoples, who make use of land as a way of subsistence. In RY2017, a strategy was established to register the territories of traditional peoples and communities, who use the land for subsistence (see Box 8).
83. In Indonesia, FIP has supported the selection of 20 community groups to receive financial aid and community empowerment in a participatory way through the Forest Management Unit (Kesatuan Pengelolaan Hutan or *KPH*), including marginal communities, women groups and local communities. In RY2017, a needs assessment was conducted in two *KPHs*

(KPH Damplas Tinombo and KPH Rinjani).

84. In Mozambique, FIP has supported two multi-stakeholder landscape forums in the Zambézia and Cabo Delgado provinces. These forums were established to facilitate coordination and dialogue among various stakeholders and define strategies for solving problems and promoting better coordination of projects and other initiatives in the landscapes. Community leaders, who often have less participation in decision-making processes at higher levels, are encouraged to participate and contribute in forum events. Provincial-level leaders also attended. Please see more information in the *FIP Results Supplementary Information* document.

5.5.2.3 Theme 2.3: Tenure, rights, and access

85. In RY2017, FIP countries continued to make progress on land tenure issues. Forest communities have received support to define rights on land and resources. In Ghana, the FIP has promoted an innovative approach to tree tenure, and in Lao PDR, the legal clarification of communal land titles.
86. In Burkina Faso, FIP has supported the participatory delimitation of forests, and the elaboration with local communities of local rules on managing classified forests. A technical sheet related to the demarcation/delimitation and registration of forests and conservation areas in the FIP intervention areas was designed and made available to stakeholders. Also, Participatory Diagnostics and Planning (DPP) were conducted in each municipality to establish, in a consensual manner, land use planning that accounts for dynamics and land issues. Following the DPP, a FIP intervention and investment strategy for the 32 communes bordering the 12 classified forests was defined and developed in RY2017. Delimitation committees comprising customary chiefs, forest management committees, technical services, and local authorities carried out the participatory delimitation of the 12 forests.

5.5.2.4 Theme 2.4: Capacity development

87. All FIP countries have a specific component in their investment plans to increase capacity to plan and implement sustainable forest management solutions. FIP countries reported notable achievements in terms of capacity development in RY2017.
88. In Brazil, FIP has developed new capacities both at the institutional and individual level. This includes incorporating the Cerrado biome into the routine activities of some institutions (FIP/FM³⁷), constructing new information systems (FIP/IFN³⁸) and developing a training strategy on low carbon agriculture in large numbers through partnership with strategic institution (FIP/ABC³⁹). Capacity development at the individual level is related to

³⁷ World Bank implemented project “Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian *Cerrado*”

³⁸ IDB implemented project “Forest Information to Support Public and private Sectors in managing Initiatives”

³⁹ World Bank implemented project “Sustainable production in areas previously converted to agricultural use project (under the low carbon emission agriculture plan)”

the courses promoted by the different institutions for the different actors, such as self-employed technicians and civil servants of local environmental agencies (OEMAs) (FIP/CAR⁴⁰), rural producers (FIP/ABC), and forest technicians (FIP/IFN). FIP also has supported the construction of data systems, as well as the collection of primary data related to deforestation, fires, assets and liabilities in rural properties, botanical information, and GHG emissions from the forest (see Box 8). This information has enhanced the government's ability to make forest policy based on systematized scientific data and analyzed on demand.

Box 8: Information systems in Brazil: Supporting the National Environmental Cadaster

The Environmental Regularization of Rural Lands in the Cerrado of Brazil Project aims to enhance the capacity of Brazil's Ministry of Environment to receive, analyze, and approve rural environmental cadaster entries and link them to the national system (SICAR) and support landholding registration of the Cerrado region in the Rural Environmental Cadaster (CAR). The project aims to register 58,000 smallholdings or family farm holdings in the Cerrado biome (1.1 million hectares of rural properties) and monitor them by geo-processing and remote sensing tools.

By the end of 2017, the project had registered 43,000 family farms. A notable project achievement is SICAR's improved accessibility, allowing it to work with a greater diversity of audiences, including traditional peoples and local communities.

In 2017, a strategy was established to register the territories of traditional peoples and communities according to the National Council of Traditional Peoples and Communities (CNPCT), which included leaders from 23 segments, represented by indigenous people, *quilombolas*, pickers of evergreens, *geraizeros*, and *babaçu* coconut breakers, among other traditional peoples of the Cerrado. The dialogue not only improved the specific SICAR module for registering territories of traditional peoples, it also offered an environment of wide debate and learning on environmental conservation, traditional knowledge, and cultural appreciation.

The project also has expanded the capacity of the geo-referenced system of environmental assets and liabilities of rural properties compatible with 27 local environmental agencies (OEMAs) and trained technicians for CAR enrollment and the analysis module.

89. In DRC, the Improved Forested Landscape Management Project has facilitated the field work of the Ministries of Agriculture, Livestock and Fisheries, Environment, Rural Development, Land Affairs and Interior. These government organizations are mobilized on project activities, such as the structuring of the environment by the Rural Development technical service or the monitoring of plantations. The project has supported these services with equipment, such as motorcycles, bicycles, computer equipment, and



Office building in Yumbi, DRC supported by the FIP project Improved Forested Landscape Management Project. Source: www.pifrdc.org

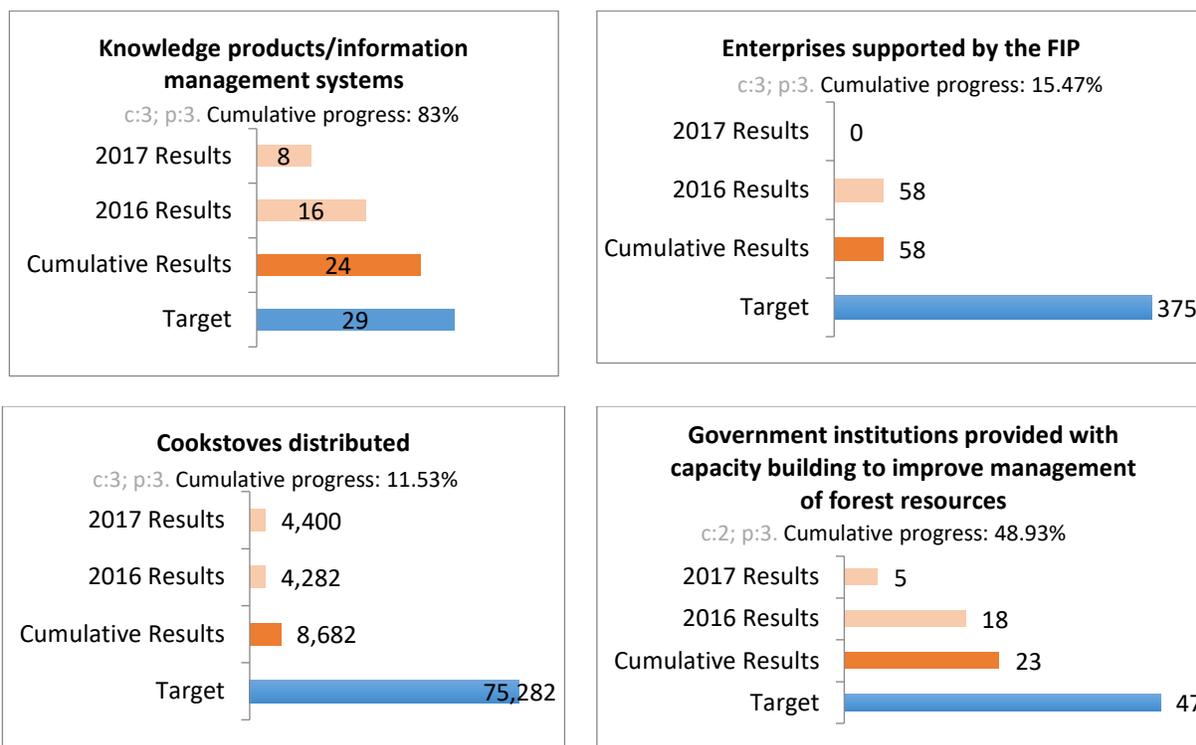
⁴⁰ World Bank implemented project Environmental Regularization of Rural Lands in the Cerrado of Brazil.

generators. Once the project ends, equipment and offices built or rehabilitated in the intervention areas will be handed over to the technical services. FIP also has supported the exchange of good agroforestry practices among project beneficiaries, training on GIS and remote sensing, for local implementing agencies, and six workshops regarding the complaints and grievances mechanism, and bushfire training by the US Forest Services.

5.6 Other indicators reporting progress on the FIP portfolio

90. Other monitoring indicators collected from MDB evaluation reports provide additional information on how FIP investment plans are making progress in other important areas.
91. Two projects in DRC and Mozambique have distributed cookstoves to FIP beneficiaries, reducing the need for fuel wood and providing economic savings (see Figure 10 and Box 9)⁴¹.

Figure 10: Overview of other FIP indicators reporting progress
(as of December 31, 2017)



Note: C is the number of countries, and P is the number of projects reporting on each indicator

⁴¹ When interpreting these results, it should be noted that most FIP projects (64 percent considering December 2017 as the closing date for the analysis in this results section) in the FIP portfolio are still in the early stages of implementation (0 to 2 years from MDB approval).

Box 9: Supporting improved cookstoves in Mozambique and DRC to reduce forest pressure



In Mozambique (left), testers review a variety of improved cookstove models using charcoal for urban areas and wood for rural areas. In DRC (right), the BINO NA BISSO factory manufactures improved cookstoves. Source: IFC and World Bank/FIP DRC

Mozambique's Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors Project (IFC) includes a component on the distribution of improved cookstoves to reduce forest pressure. The expected target is 1,000 improved cookstoves distributed by the end of project implementation. In 2017, 250 cookstoves were distributed. The project is testing the efficiency, acceptance, and commercial viability of a variety of cookstoves, from locally manufactured clay models to sophisticated industrial overseas imports, using both charcoal for urban areas and wood for rural. Currently 100 households are testing the various stoves. Also in 2017, 25 charcoal producers, along with community and association members, were trained in sustainable charcoal production and the use of improved charcoal stoves (*fogões poupa lenha*) to produce charcoal sustainably.

The DRC's Improved Forested Landscape Management Project (World Bank) also has a component on improved cookstove dissemination. It finances activities aimed at improving the performance of the cookstove technology available in DRC and enhancing distribution, assembly, and production of cookstoves. Selected cookstove entrepreneurs receive cost-sharing grants and business development services to scale up their businesses. The project also supports sector development. With the goal of disseminating 70,000 cookstoves in the Kinshasa market, the project signed a first contract with the firm BINO NA BISSO to support the production of locally-manufactured cookstoves. By December 2017, 4,150 improved cookstoves were delivered in the Kinshasa market.

5.7 Progress on Dedicated Grant Mechanism

92. DGM aims to enable the full and effective participation of indigenous peoples and local communities in the reduction of emissions from deforestation and forest degradation (REDD+) at local, regional, and global scales.
93. By the end of RY2017, the FIP Sub-Committee and World Bank had approved nine DGM projects (global component and country projects in Brazil, Burkina Faso, DRC, Ghana, Indonesia, Mexico, Mozambique, and Peru), totaling USD 49.83 million. See more in the *FIP*

Results Supplementary Information document⁴².

94. An additional five DGM country projects are developing their National Steering Committees (NSC), selecting the National Executing Agencies (NEA), and pursuing project approval.
95. Capacity building has been a key element of DGM projects. DGM works directly with indigenous peoples and local communities to provide knowledge and skills to engage with DGM and other funding mechanisms. This includes proposal writing, and financial management.
96. As of the end of 2017, a total of 129 subprojects in Brazil, Burkina Faso, and Peru received DGM funding approval for a collective value of USD 4.93 million. In RY2017, 63 new subprojects were approved for a total USD 2.23 million. Other activities supported by DGM include validation visits for subproject proposals, training for grassroots organizations, and title registration. The average cost of the approved subprojects is USD 38,237, and most of them last between one and two years. Detailed progress on DGM projects is in the *FIP Results Supplementary Information* document.

⁴² DGM data in this report corresponds to January through December 2017. Sources for data include Conservation International's DGM "Fourth Semiannual Program Report January 1, 2017 to June 30, 2017"; and the "Fifth Semiannual Program Report July 1, 2017-December 31, 2017" and the relevant ISR reports from the World Bank.

Annex 1: List of pipeline projects (as of September 2018 in USD million)

IP/ DGM PSSA	Country	Project title	MDB	Public/ Private	Grant	Non- grant	Date project concept / IP endorsed	Expected SC approval date
IP	Indonesia	Indonesia Forest Bond	IFC	Private	1.85	32.50	November 2012	Under review
DGM	Cote d'Ivoire	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	June 2016	December 2018
DGM	Global	DGM for Indigenous Peoples and Local Communities	WB	Public	3.0	-	June 2015	June 2019
IP	Guatemala	Access to Funding (private and public)	IDB	Public	0.5	2.00	June 2017	November 2018
IP	Guatemala	Sustainable Forest Management	IDB	Public	1.25	8.45	June 2017	November 2018
IP	Guatemala	Strengthening governance and livelihood diversification	WB	Public	1.4	10.40	June 2017	June 2019
DGM	Guatemala	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	June 2017	June 2019
IP	Nepal	Forests for Prosperity	WB	Public	5.6	17.90	December 2017	Before Dec 2019
DGM	Nepal	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	Before Dec 2019
IP	Ecuador	Sustainable Landscape Management for Forest Preservation in Coastal Ecuador	WB	Public	2.71	20.85	December 2017	Before Dec 2019
DGM	Ecuador	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	Before Dec 2019
IP	Congo Republic	Northern Congo Agroforestry Project	WB	Public	4.0	12.00	December 2017	Before Dec 2019
IP	Congo Republic	Community and fuelwood agroforestry in the departments of Pool and Plateaux	AfDB	Public	2.0	6.00	December 2017	Before Dec 2019
DGM	Congo Republic	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	Before Dec 2019

Annex 2: Resource availability in the Forest Investment Program

FIP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS			
Inception through September 30, 2018 (USD millions)		Total	Capital
			Grant
Donor Pledges and Contributions			
Contributions		735.4	251.0
Pledges	a/	0.3	-
Total Pledges and Contributions		735.7	251.0
Cumulative Funding Received			
Contributions Received			
Cash Contributions		501.1	80.7
Unencashed promissory notes	b/	234.3	170.4
Total Contributions Received		735.4	251.0
Other Resources			
Investment Income earned -up to Feb 1, 2016	c/	14.5	-
Total Other Resources		14.5	14.5
Total Cumulative Funding Received (A)		749.9	251.0
Cumulative Funding Commitments			
Projects/Programs		553.0	151.8
MDB Project Implementation and Supervision services (MPIS) Costs		28.9	-
Administrative Expenses-Cumulative to 1st Feb 2016	c/	25.6	-
Country Programming Budget from 1st Jan 2018	c/	0.2	0.2
Total Cumulative Funding Commitments		607.7	151.8
Project/Program, MPIS and Admin Budget Cancellations	d/	(16.3)	(15.0)
Net Cumulative Funding Commitments (B)		591.4	136.8
Fund Balance (A - B)			
		158.5	114.2
Currency Risk Reserves	e/	(35.1)	(25.6)
Unrestricted Fund Balance (C)		123.4	88.7
Future Programming Reserves:			
Admin Expenses-Reserve (includes Country Programming budget/Learning and Knowledge exchange reserve) and for FY 19-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017)	f/	(11.6)	(11.6)
subtract			
Administration Expense reserve for CIFAU, MDB & Trustee	USD 20.9 Million		
Country Programming Budget Reserve	USD 1.6 Million		
Learning and Knowledge Exchange Reserve	USD 1.1 Million		
add			
Estimated Investment Income Share for FIP	USD 5.4 Million		
Projected Reflows	USD 6.6 Million		
Unrestricted Fund Balance (C) after reserves		111.8	88.7
Anticipated Commitments (FY19-FY21)			
Program/Project Funding and MPIS Costs		162.9	110.1
Total Anticipated Commitments (D)		162.9	110.1
Available Resources (C - D)			
		(51.1)	(21.4)
Potential Future Resources (FY19-FY21)			
Pledges	a/	0.3	0.3
Release of Currency Risk Reserves	e/	35.1	25.6
Total Potential Future Resources (E)		35.5	25.6
Potential Available Resources (C - D + E)			
		(15.6)	4.1
Reflows from MBDs	g/	0.4	0.4

NOTES – Annex 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. The Country Programming budgets are recorded under individual programs.

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

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/ The amount of this reserve is estimated by the CIFAU and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 22% fixed pro rata share of the FIP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 11.6 million from the available grant resources in the FIP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 81.8 million in FIP grant resources remains available for allocation to FIP projects".

g/ The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

Annex 3: List of FIP-related proposals funded under the CIF E&L Initiative

Evaluation & Learning Proposal Name	Type/Submitting Entity	USD funding requested/ approved	Status as of 06/2018	Final Deliverable(s) Expected
A Learning Review of the Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities in the Forest Investment Program (FIP) of the Climate Investment Funds	CIF AU		Final report under review	December 2018
Evaluation and Learning Partnership on financing forest-related enterprises Learning from the Forest Investment Program and other initiatives	CIF AU		Final report under review	December 2018
1st Round				
1.1. The Story of the FIP – Taking Root in International Climate Finance and Branching out to Sustainable Development	MDB: World Bank FIP Focal Point Team	50,000	Final report under review	December 2018
1.2 Fiscal Incentives for Decreasing Deforestation	MDB: World Bank FIP Focal Point Team	150,000	First draft being developed	March 2019
2nd Round				
Evaluation of alternative private sector investment models for commercial forestry in Africa (Uganda, Mozambique Ghana)	MDB: AfDB with Observer (WWF-Kenya)	130,000	Operational analysis and recommendations phase	March 2019
Social identity Framing to get Mexican Rural Women REDDy for the participation in natural resource management	MDB: WB with National Forestry Commission (CONAFOR)	110,000	Data collection phase	January 2019
Bringing evidence of FIP contribution to welfare improvements	MDB: WB	150,000	Concept note updated, working on report design	June 2019
Achieving Transformational Change through the Dedicated Grant Mechanism – an Indigenous Lens	Observer: Māori and Indigenous Governance Centre (MIGC), University of Waikato, New Zealand	120,000	Field work planning process	March 2019