

CLIMATE INVESTMENT FUNDS

FIP/SC.6/3
June 3, 2011

Meeting of the FIP Sub-Committee
Cape Town, South Africa
June 29 and 30, 2011

Agenda Item 4

SEMI-ANNUAL REPORT ON FIP OPERATIONS

Proposed Sub Committee Decision

The Sub-Committee reviewed document FIP/SC.6/3, *Semi-Annual Report on FIP Operations*, and welcomes the progress that has been made in advancing the work of the FIP in the pilot countries. The Sub-Committee encourages countries participating in the program and the MDBs to continue to advance the work to develop high quality Investment Plans to form the basis for FIP investments and learning.

INTRODUCTION

1. The purpose of this note is to provide the FIP Sub-Committee with a semi-annual report on the status of FIP activities. This is the second operational report presented to the FIP Sub-Committee, and it covers the period from November 2011 to June 2011. Part I summarizes the status of the pilots under the FIP. Part II provides an update on other key operational activities beyond FIP pilot country activities. Based on a request from the FIP Sub-Committee, the pilot country update includes information on the timely delivery of planned activities in the FIP pilot countries, including the identification of potential risks for not meeting the anticipated delivery dates of investment plans and related projects and programs. Annex 1 provides contact details for pilot country focal points and summarizes the status of FIP activities by pilot country. Annex 2 provides information on deliver dates for planned activities in the FIP pilot countries.

2. The FIP has the following eight pilot countries:

- a. Brazil
- b. Burkina Faso
- c. Democratic Republic of Congo
- d. Ghana
- e. Indonesia
- f. Lao PDR
- g. Mexico
- h. Peru

3. The pledging level as of March 31, 2011¹ to the FIP is USD 577 million. USD 404 million of the pledges will be provided as grant contributions, and USD 173 million will be provided as capital contributions.

4. At its meeting in November 2010, the FIP Sub-Committee discussed and approved the *Allocation of FIP Resources to the FIP Pilot Countries* (Document FIP/SC.5/5), and agreed on allocating FIP resources as follows²:

- (a) A reserve of US\$150million in grant resources has been set aside from the current level of pledges.
- (b) All allocation amounts are indicative for planning purposes. Approval of funding will be on the basis of high quality investment strategies and associated project and program proposals.
- (c) Four levels of funding ranges were established, taking into account the current pledges to the FIP:

¹ Represents realized amounts plus unrealized amounts valued on the basis of the exchange rates of March 31, 2011.

² For the complete decision, please see *Summary of the Co-Chairs*, FIP Sub-Committee meeting, November 23, 2011

- i. Brazil and Indonesia: US\$50-70million
- ii. Democratic Republic of Congo and Mexico: US\$40-60million
- iii. Ghana and Peru: US\$30-50million
- iv. Burkina Faso and Lao PDR: US\$20-30million

(d) The allocation of the reserve is to be decided by the FIP Sub-Committee after all investment plans have been endorsed and agreement reached on the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities.

5. With the clarification of the allocation of FIP resources, FIP pilot countries, supported by the MDBs, are now developing their investment plans through a country-led and participatory process consistent with the approved *FIP Operational Guidelines*.

STATUS OF ACTIVITIES IN FIP COUNTRY PILOTS

Missions

6. In all eight FIP pilot countries, the programming process has been initiated through scoping and joint missions. The MDBs are supporting the pilot country governments in the preparation of their FIP investment plans. This work is being carried out in partnership with country stakeholder groups, including indigenous peoples, local communities, private sector and other interested development partner institutions.

7. All dates for scoping and joint missions, terms of reference for joint missions and mission reports are posted on the CIF website and updated on a regular basis. The FIP Sub-Committee has been notified 4 weeks prior to any joint mission.

Preparation grant requests

8. As of June 1, 2011, six pilot countries (Burkina Faso, Ghana, Democratic Republic of Congo, Indonesia, Lao PDR and Peru) have requested preparatory grants to support the country in exercising its leadership in developing its investment plans. Consistent with the *FIP Operational Guidelines*, the MDB Committee reviewed and approved grant requests totaling USD 1.45million. The FIP Sub-Committee has been notified of the approved preparation grants. All preparation grant proposals are posted on the CIF website.

9. Table 1 lists the approved preparation grants by FIP pilot country and the MDB through which the grant is being disbursed.

Table 1: Approved preparation grants by FIP pilot country and the MDB through which the grant is being disbursed

Name of Country	Amount of Grant	Approval date	MDB disbursing grant
Burkina Faso	250,000	12/21/2010	IBRD
Democratic Republic of Congo	250,000	1/31/2011	IBRD
Ghana	250,000	2/24/2011	AfDB
Indonesia	225,000	12/21/2010	AsDB
Lao PDR	227,900	1/11/2011	IBRD
Peru	250,000	4/27/2011	ADB

Submission of Investment Plans

10. Two countries, Burkina Faso and the Democratic Republic of Congo, have submitted investment plans for review and endorsement by the FIP Sub-Committee. The remaining six pilot country governments are in the process of developing their investment plans.

Risk monitoring for Delivery of investment plans, projects and programs

11. In its November 2010 meeting, the Sub-Committee requested the CIF Administrative Unit to include the following information in the semi-annual report on FIP operations:

- a. progress in the development and implementation of investment plans,
- b. key risks identified and
- c. corrective measures put in place.

12. Based on this request, the FIP MDB Committee agreed on a simple tracking system to enable early identification of potential risks to the timely development and implementation of investment plans, projects and programs. This tracking system will be further developed once all investment plans have been endorsed and additional information on investments becomes available.

13. The following “traffic light” system is proposed to flag the delivery status of investment plans, projects and programs:

Green	MDB(s) confirms that delivery dates will be met or delays will not exceed 5 months.
Yellow	MDB(s) acknowledges delays between 6 and 8 months but is reasonably confident that no further delays will occur.
Red	MDB(s) acknowledges delays of more than 8 months with uncertainties whether delivery will occur within 1 year of first anticipated delivery date

14. In addition to the delivery status, information is provided on reasons for delays and proposed corrective measures that have been agreed to avoid further delays in submitting the investment plans, projects and programs.

15. Annex 2 presents for each pilot country comprehensive information on

- (a) dates for submitting investment plans to the FIP Sub-Committee for endorsement;
- (b) dates for submitting requests for approval of FIP funding for project or program;
- (c) risk rating suggested by the MDB; and
- (d) corrective measures to address any delays.

16. Once an investment plan has been endorsed, more detailed information will become available on delivery dates for projects and programs, including targeted and actual FIP Sub-Committee and MDB Board approval dates. This information will then be presented in the next operations report.

17. Consistent with the FIP results framework, an annual monitoring report will be submitted by the MDBs to the Sub-Committee on the implementation of FIP financed programs and projects. This annual monitoring report will complement the information provided in the semi-annual report on FIP operations.

OTHER KEY OPERATIONAL ISSUES

Development of a Proposal for a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities under FIP

18. Representatives from indigenous peoples and local communities have participated in a series of four regional meetings consistent with the *Terms of Reference for Developing the Dedicated Grant Mechanism* (Document FIP/SC.3/5) which were approved by the FIP Sub-Committee in March 2010. Each regional meeting discussed fundamental themes relevant to the grant mechanism, concluding with a written summary statement on views expressed during the

meeting. The form and content of these four documents vary by region, but all address elements important to the design of the proposed mechanism. These elements contributed to a global meeting of self-selected representatives from indigenous peoples and local communities held in April 2011 to prepare a “global meeting draft” of a design proposal for the grant mechanism that was subsequently shared more widely for comments and inputs.

19. Reports from the regional and global conferences and associated materials are available on the CIF website, at <http://www.climateinvestmentfunds.org/cif/node/1956> .

Status of Activities in FIP Pilot Countries

Brazil

Country Focal Point:	Carlos Márcio Cozendey Secretary for International Affairs Ministry of Finance T: + 55 61 3412 2227 / 2290 F: + 55 61 3412 1722 e-mail: sainmf@fazenda.gov.br
MDB Focal Points (country level):	<p><u>IBRD:</u> Garo Batmanian Sr. Environmental Specialist gbatmanian@worldbank.org</p> <p><u>IDB:</u> Gloria Visconti Sr. Climate Change Specialist Gloriav@iadb.org</p> <p>Eirivelthon Lima Natural resources Specialist elima@iadb.org</p> <p><u>IFC:</u> Frederico Benite Principal Business Development Officer fbenite@ifc.org</p> <p>Carlos Klink Senior Program Officer Cklink@ifc.org</p>
Date of Confirmation of Interest:	September 2, 2010
Expected submission date for Investment Plan (IP):	November 2012
Expected submission dates of projects under the IP:	FY13
Date for scoping mission:	May 24 - 26, 2011
Tentative date for first joint mission:	September 2011

Information on readiness activities supported by FCPF and UN-REDD Programme:

Brazil is not participating in either the FCPF or the UN-REDD Programme

Burkina Faso

Country Focal Point: M. Samuel YEYE
Technical Advisor to the Minister of the Environment and
Standard of Living
Email: jeanneye@yahoo.fr
Telephone: Office (00226) 50 35 03 28 / Cell: (00226) 76
60 96 19
Fax: (00226) 50 31 06 75

MDB Focal Points (country level): AfDB:
Modibo Traore
Chief Natural Resources Management Officer
d.traore@afdb.org

IBRD:
Taoufiq Bennouna
Sr. Natural Resource Management Specialist
tbennouna@worldbank.org

IFC:
Not participating

Date of Confirmation of Interest: March 17, 2010
Expected submission date for Investment Plan (IP): June 2011
Expected submission dates of projects under the IP: FY12
Tentative dates for next joint mission: April 2011

Information on readiness activities supported by FCPF:

Burkina Faso will submit its investment plan for endorsement by the FIP Sub-Committee in June 2011. The REDD readiness process will be fully integrated with the preparation of investments and technical assistance projects and programs. FCPF and FIP will work closely together to ensure consistency with the FCPF methodology for readiness-related activities which will enhance the future investment opportunities to be supported under FIP.

During the sixth meeting of the FCPF Participants Committee (PC6) in Georgetown, Guyana (June 28-July 1, 2010), the PC recommended the FMT to invite Burkina Faso to observe future PA/PC meetings and to submit a Readiness Preparation Proposal for TAP and PC review (not for FCPF grant allocation). The FMT would propose that the costs of such involvement (e.g., costs of the TAP review) be borne by the FIP. The proposal was made on the basis of Burkina Faso's participation in the Forest Investment Program (FIP).

Democratic Republic of Congo

Country Focal Points: Victor Kabengele Wa Kadilu
Project Coordinator
Ministry of Environment
Email: abckab@gmail.com

Jean Ilunga Muneng
Chef de Division A.I. Services Environnementaux
Direction du Développement Durable
Email: Jean_muneng57@yahoo.fr

MDB Focal Points (country level): AfDB:
Modibo Traore
Chief Natural Resources Management Officer
d.traore@afdb.org

IBRD:
Simon Rietbergen
Sr. Forestry Specialist
srietbergen@worldbank.org

IFC:
Miriam Van Gool
Operations Officer
MvanGool@ifc.org

Date of Confirmation of Interest: July 8, 2010

Expected submission date for Investment Plan (IP): June 2011

Expected submission dates of projects under the IP: FY12

Tentative dates for next joint mission: June 2011

Information on readiness activities supported by FCPF and UN-REDD Programme:

The Democratic Republic of Congo is a participating country in the FCPF and the UN-REDD Programme.

FCPF: USD 200K FCPF Formulation Grant has been fully disbursed and the R-PP Implementation Grant (USD 3.4 million) was signed in March 2011. For more information on REDD readiness, please see the REDD Readiness Progress Fact Sheet prepared by the FCPF.³

UN-REDD Programme: During its fourth policy board meeting in Nairobi on March 17-19, 2010, the UN-REDD Programme Policy Board approved USD 5.5 million for the Democratic Republic of the Congo (DRC). With the beginning of its full national program, activities have moved from strategic planning to results, including completing key studies, testing REDD+ pilot projects, training of personnel, sharing knowledge at a regional level, completing in-country consultation processes and launching the country's first university curriculum on REDD+. In March 2009, the UN-REDD Programme Policy Board had approved USD 1.9 million in funding for the DRC's initial UN-REDD national program strategy. Up-to-date information on UN-REDD Programme activities in DRC is available under <http://www.un-redd.org/UNREDDProgramme/CountryActions/DemocraticRepublicofCongo/tabid/1027/language/en-US/Default.aspx> information

Ghana

Country Focal Points:

Hon. Mike Hammah
Minister
Ministry of Lands and Natural Resources
P.O. BOX M212
Accra
Ghana
Tel. (233) 302-672336
Fax (233) 302-666801
E-mail: Hammah_mike@yahoo.com

Mr. Abu Musa Juam
Technical Director
Ministry of Lands and Natural Resources

Mr. Kwesi Tabi
Director of Research
Ministry of Environment Science and Technology

Mr. Franklin Ashiadey
Coordinator

Ghana Natural Resources and Environmental Governance
Program
Ministry of Finance and Economic Planning

MDB Focal Points (country level): AfDB:
Albert Mwangi
Senior Forestry Officer
a.mwangi@afdb.org

IBRD:
Flavio Chaves
Natural Resource Management Specialist
fchaves@worldbank.org

IFC:
Miriam Van Gool
Operations Officer
MvanGool@ifc.org

Date of Confirmation of Interest:	April 27, 2010
Expected submission date for Investment Plan (IP):	November 2011
Expected submission dates of projects under the IP:	FY12
Date for next joint mission:	May 30-June 2, 2011

Information on readiness activities supported by FCPF:

The REDD Readiness Preparation Note (R-PIN) for Ghana received FCPF approval in July, 2008. A USD 200K FCPF Preparation Grant Agreement for the Readiness Preparation Proposal (R-PP) was signed on 1 April, 2009. The REDD Readiness Preparation Proposal (R-PP) was submitted to FCPF in December, 2009, assessed and approved subject to revision by FCPF PC at PC5 in Gabon as per Resolution PC/5/2010/3 of March, 2010. A revised R-PP was submitted to the FCPF in accordance with the PC 5 resolution in December, 2010. The FCPF Readiness Grant is in preparation (fiduciary arrangements to be finalized, WB due diligence ongoing, preparation of R-PP Assessment Note ongoing). For more information on REDD readiness in Ghana, please see the REDD Readiness Progress Fact Sheet prepared by the FCPF⁴.

Indonesia

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http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Ghana's%20Fact%20Sheet_Feb%202011_0.pdf

Country Focal Point: Dr. Hadisusanto Pasaribu,
Senior Advisor to the Minister for Institutional Affairs,
Ministry of Forestry
Jakarta, Indonesia
Phone: 62-21-5730205
Fax: 62-21- 5738732
Email: hadispsaribu@yahoo.com

MDB Focal Points (country level): AsDB:
David McCauley
Principal Climate Change Specialist
dmccauley@adb.org

IBRD:
Werner Kornexl
Sr. Technical Specialist
wkornexl@worldbank.org

IFC:
Quitos Bengzon
Senior Investment Officer
QBengzon@ifc.org

Date of Confirmation of Interest: June 11, 2010
Expected submission date for Investment Plan (IP): November 2011
Expected submission dates of projects under the IP: FY12
Tentative date for next joint mission: June/July 2011

Information on readiness activities supported by FCPF and UN-REDD:

FCPF: The R-PP was assessed by FCPF PC at PC4 (June, 2009). The FCPF R-PP Assessment Note is under preparation and expects signature in March/April 2011. USD 200K FCPF Formulation Grant was not requested by the Government. Strong collaboration is sought with the REDD+ Task Force which works under the directive of the President of Indonesia. For more information on REDD readiness in Indonesia, please see the REDD Readiness Progress Fact Sheet prepared by the FCPF⁵

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<http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Indonesia%20Progress%20Sheet%20030111.pdf>

UN-REDD Programme: In March 2009, USD 5.6 million was approved by the UN-REDD Programme Policy Board for the Indonesia national program. In March 2010, funds were released from the MDTF, marking the start of the program's inception and implementation phase. Up-to-date information on UN-REDD Programme activities in Indonesia is provided under <http://www.un-redd.org/UNREDDProgramme/CountryActions/Indonesia/tabid/987/language/en-US/Default.aspx>

Lao PDR

Country Focal Points:

Oupakone Alousavath
Director, Planning Division
Department of Forestry
Ministry of Agriculture and Forestry
Vientiane, Lao PDR
Tel: +856 21 219561. Fax: +856 21 219561
Email: dofadm@gmail.com

Khampay Manivong
Deputy Director
Department of Forestry
Vientiane, Lao PDR
Tel: +856 21 770094. Fax: +856 21 770093
Email: kpmanivong@gmail.com

MDB Focal Points (country level):

AsDB:
Ms. Sisavanh Phanouvong
Senior Implementation Officer
sphanouvong@adb.org

IBRD:
Peter Jipp
Senior Natural Resource Management
pjipp@worldbank.org

IFC:
Mr. Aimilios Chatzinikolaou
Head of Office, IFC Lao PDR
AChatzinikolaou@ifc.org

Phongsavanh Phomkong
Investment Officer
PPhomkong@ifc.org

Date of Confirmation of Interest: June 22, 2010
Expected submission date for Investment Plan (IP): November 2011
Expected submission dates of projects under the IP: FY12
Date for next joint mission: June 6-10, 2011

Information on readiness activities supported by FCPF:

The R-PP for Lao PDR was assessed by the FCPF PC at PC7 in November, 2010. A revised version of the R-PP was submitted to the FCPF Secretariat in February 2011. USD 200K FCPF Formulation Grant was requested by the Government and signed in October 2009. The FCPF Assessment Note is under preparation. The expected date for grant signature is May 2011. For more information on REDD readiness in Lao PDR, please see the REDD Readiness Progress Fact Sheet prepared by the FCPF⁶.

Mexico

Country Focal Point: Ricardo Ernesto Ochoa Rodriguez
Head of the International Financial Affairs Unit
Ministry of Finance and Public Credit
Mexico
Ricardo_ochoa@hacienda.gob.mx

Juan Manuel Torres-Rojo
Director General National Forest Commission
Mexico
directorgeneral@conafor.gob.mx

MDB Focal Points (country level): IBRD:
Laurent Debroux
Sr. Environmental Specialist
ldebroux@worldbank.org

IDB:
Gloria Visconti
Sr. Climate Change Specialist
Gloriav@iadb.org

Sergio Ardila

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<http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Lao%20PDR%20DRAFT%20Progress%20Sheet%20022811.pdf>

Principal Specialist
sergioar@iadb.org

IFC:
Hector Gomez Ang
Senior Business Development Officer
HGomezAng@ifc.org

Date of Confirmation of Interest: July 28, 2010

Expected submission date for Investment Plan (IP): September/October 2011

Expected submission dates of projects under the IP: FY12

Tentative date for next joint mission: August 2011

Information on readiness activities supported by FCPF:

Mexico's R-PP was assessed by FCPF PC at PC5 in March 2010, and readiness preparation grant funding was authorized by the PC. Mexico was asked by PC to revise and resubmit R-PP – the revisions are currently in progress. The World Bank due diligence process is ongoing (ensure key issues are identified, process being developed to address those issues, fiduciary arrangements to be finalized, preparation of R-PP Assessment Note). The total grant amount will be USD 3.6 million. For more information on REDD readiness in Mexico, please see the REDD Readiness Progress Fact Sheet prepared by the FCPF⁷

Peru

Country Focal Point: Eduardo Durand
General Directorate of Climate Change, Desertification and
Water Resources
Vice Ministry of Strategic Development of Natural
Resources
Ministry of Environment
Lima, Peru

MDB Focal Points (country level): IBRD:
Gerardo Segura
Sr.Rural Development Specialist
gsegura@worldbank.org

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http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Mexico%20Progress%20Sheet_Feb%202011.pdf

IDB:
Gloria Visconti
Sr. Climate Change Specialist
Gloriav@iadb.org

Eirivelthon Lima
Natural resources Specialist
elima@iadb.org

IFC:
Marc Tristant
Senior Investment Officer
MTristant@ifc.org

Steve Gretzinger
Senior Forestry Specialist
SGretzinger@ifc.org

Date of Confirmation of Interest:	May 12, 2010
Expected submission date for Investment Plan (IP):	November 2011
Expected submission dates of projects under the IP:	FY12
Tentative date for next joint mission:	June 2011

Information on readiness activities supported by FCPF:

During PC8 of the FCPF, which took place in Da Lat, Vietnam, on March 23-25, 2011, the PC assessed the readiness preparation proposal (R-PP) submitted by Peru and its review from the ad hoc Technical Advisory Panels (TAPs), PC members, the World Bank and the United Nations Development Programme (UNDP). It was decided to allocate readiness preparation grants of USD3.6 million to Peru. For more detailed information on Peru's R-PP, please refer to <http://www.forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Mar2011/Peru%20R-PP-%20Final%20English%20Translation-March7%20version-March16%2C%202011.pdf>

Delivery status of investment plans, projects and programs

Country	Anticipated Submission Date	Data Source	Comment	Risk Rating	Corrective Measures
Brazil					
Investment Plan	FY2013	MDB	IP to be submitted in November 2012	Green	
Projects and Programs	FY2013	MDB			
Burkina Faso					
Investment Plan	June 2011	Preparation Grant Proposal	IP to be submitted in June 2011	Green	
Projects and Programs	FY2012	Preparation Grant Proposal			
Democratic Republic of Congo					
Investment Plan	August 2011	Preparation Grant Proposal	IP to be submitted in June 2011	Green	
Projects and Programs	FY2012	Preparation Grant Proposal			
Ghana					
Investment Plan	June 2011	Preparation Grant Proposal	IP to be submitted in August 2011	Green	
Projects and Programs	FY2013	Preparation Grant Proposal			
Indonesia					
Investment Plan	August 2011	Preparation Grant Proposal	IP to be submitted in November 2011	Green	
Projects and Programs	FY2012	Preparation Grant Proposal			
Lao PDR					
Investment Plan	November 2011	Preparation Grant Proposal	IP to be submitted in June 2012	Yellow	
Projects and Programs	FY2013	Preparation Grant			

		Proposal			
Mexico					
Investment Plan	FY2012	Joint Mission Report	IP to be submitted in September/October 2011	Green	
Projects and Programs	FY2012	MDB			
Peru					
Investment Plan	December 2011/ January 2012	Preparation Grant Proposal	IP to be submitted in June 2012	Green	
Projects and Programs	FY2013	Preparation Grant Proposal			