

**Bangladesh: Forest Investment Program (FIP)**  
**Scoping Mission**  
**January 19-21, 2016**  
***Aide Memoire***

1. A World Bank team<sup>1</sup> carried out a scoping mission to support the Government of Bangladesh (GoB) to initiate the process of Bangladesh Forest Investment Plan (FIP IP) preparation. As part of the mission, the Bank team had detailed discussions with government officials of Economic Relation Division (ERD), Ministry of Environment and Forests (MoEF) and Bangladesh Forest Department (BFD). The mission also carried out consultations with various bilateral and multilateral development partners, research institutions, financing institutions, NGOs and CSO representatives (see Annex-1 for list of persons met). The mission extends its immense appreciation to the Government of Bangladesh (GoB), development partners and other key stakeholders for their cooperation and participation in the mission.

2. This mission note was formally discussed in a wrap-up meeting on January 20, 2016 chaired by Dr. Kamal Uddin Ahmed, Secretary of MoEF. As agreed at the meeting, this Aide Memoire will be classified “Public Disclosure” under the World Bank’s Access to Information policy and as per requirement of the FIP. The note summarizes the main decisions and outputs from the mission.

3. **Background:** The Forest Investment Program (FIP), a funding window of the Climate Investment Funds (CIF), provides investment finance to support developing countries’ development and REDD+ objectives. Bangladesh submitted an Expression of Interest (EOI) to be selected as a pilot country for the FIP. The FIP Sub-committee selected fifteen countries in May, 2015 for a second round of financing. Six<sup>2</sup> countries are expected to receive investment support of US\$24 million (each) and nine<sup>3</sup> countries received US250,000 each to prepare investment plans. Bangladesh is one of the nine countries selected to prepare an investment plan. While at this time no investment financing is available under the FIP for the implementation of these investment plans, efforts are on to mobilize resources. In addition, each country can also access resources from other internal and external climate finance mechanisms using the investment plan. A quick overview of FIP is provided in Annex-2.

4. **Multi-lateral Development Bank (MDB) Roles and Responsibilities:** The government confirmed that the World Bank would take on the role of the lead MDB and would coordinate the technical, financial and operational responsibilities for developing the FIP IP. Asian Development Bank (ADB) confirmed that they would not have formal involvement in the FIP processes, but may be involved in technical discussions in the course of design of the Plan, as needed. Similarly, the International Finance Corporation (IFC) would not have formal roles but would contribute to the process as and when viable opportunities for engaging with the private sector are identified.

5. **Processing the FIP IP Grant Financing:** The GoB emphasized the need to expedite the grant financing to prepare the FIP IP. The ERD sent a letter to the CIF FIP Administration Unit on August 06, 2015 requesting to take forward the necessary arrangements for effective preparation of Bangladesh FIP IP. It was agreed that the GoB will submit the Preparation Grant Request for Investment Plan to the CIF Administration Unit to this effect to initiate the legal agreement process.

6. **Time Frame:** The mission jointly noted that the GoB will target submitting the final document package to the FIP Sub-Committee for endorsement in May 2017. To meet this proposed timeline, the mission informed the GoB, that the draft FIP IP would have to be ready by February 2017 to allow for stakeholder consultations and final revisions before formal submission. The draft document will be

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<sup>1</sup> Messrs/Mmes: Shakil Ahmed Ferdausi (Senior Environment Specialist and Task Leader), Dora N. Cudjoe (Senior Environment Specialist and Co-Task Leader), Madhavi Pillai (Senior Natural Resources Management Specialist), Gunars Platais (Senior Environmental Economist), Md. Ishtiaq Sobhan (Natural Resource Specialist) and Janet Bably Halder (Program Assistant).

<sup>2</sup> Congo Republic, Ivory Coast, Mozambique, Nepal, Ecuador and Guatemala.

<sup>3</sup> Bangladesh, Cambodia, Cameroon, Rwanda, Uganda, Zambia, Guyana, Honduras and Tunisia.

available in the public domain including posting on the MoEF website to facilitate extensive dissemination and consultations with all key stakeholders. It was agreed that the GoB will hire a consultancy firm to help the GoB prepare the IP.

7. ***Stocktaking of Relevant Documents Related to Forest, Environment Natural Resources and Climate Change:*** To inform the FIP IP design process and ensure complementarity with planned and ongoing activities, the mission carried out a preliminary review to identify the relevant GoB plans/strategies and policies to the FIP IP (see Annex-3 for list of documents). Key documents would include the 7<sup>th</sup> Five Year Plan, Bangladesh Forest Sector Master Plan and Forest Policy, the Sustainable National Development Strategy and the Country Investment Framework being supported by the FAO with the USAID assistance. In addition, lessons from implementation of the Pilot Program for Climate Resilience (PPCR) would be taken into account in this process.

8. ***Consultations with development partners:*** The GoB-led consultations with development partners confirmed opportunities for complementing the FIP IP and other REDD+ readiness activities. Notably the National Forest Inventory, the forest reference emission level assessment and the Measurement, Monitoring Results and Verification activities will inform future REDD+ interventions and the overall National Forest Investment Plan/Strategy in Bangladesh. The stakeholders highlighted population growth as one of the main underlying causes of forest degradation and deforestation and recommended alternative livelihoods initiatives targeting forest dependent communities as one of the main viable solutions in the Bangladesh context. The importance of timely sharing of draft frameworks and plans was also underscored.

9. ***Consultations with other key stakeholders:*** The GoB led consultations with other key stakeholders including participants from NGOs, CSOs, research organizations and financial institutions. The participants highlighted the following as crucial to developing effective FIP IP: (i) need to establish reliable/robust baselines to be able to measure impacts of interventions related to carbon emission reduction, and other critical co-benefits such local community participation, and improved livelihoods; (ii) need to glean from experience on the ground that demonstrate direct linkages between improved livelihoods of forest dependent communities and reduction in forest degradation and deforestation; (iii) that critical sensitive and degraded ecological sites are viable areas to consider for REDD+ investments primarily the Chittagong Hill Tract (CHT), haor (wetland eco-system in north eastern part of Bangladesh), Sundarbans and the coastal forest ecosystems; (iv) need to balance the focus of REDD+ interventions on non-carbon co-benefits such as biodiversity conservation, payment for environmental services etc., to counter the effects of the dwindling carbon market; (v) to broaden the consultation base ensuring participation of indigenous communities and provide ample prior notice to cater to communities living in remote areas; (vi) consider the issue of cultural sensitivity when developing alternative livelihood opportunities for indigenous people; and (vii) review available relevant policies, strategies, framework and plans.

10. ***Potential Topical Issues for the FIP Investment Plan:*** Based on the consultations, meetings and interactions with the government, it was clear that interventions to improve Bangladesh's forest and landscape management would have extensive benefits beyond emissions reduction, including improvements to rural livelihoods, building resilience, conserving biodiversity and enhancing other environmental services. In this context, the FIP investment planning process will eventually identify priority opportunities to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts through targeted investments. One notable area highlighted during the stakeholder consultations was ecotourism.

11. The mission highlighted studies on the valuation of forests and the services they provide as an important input to the long term success of the FIP IP and agreed to include it in the analytical work to be carried out for FIP IP. It was also agreed that including the overarching concept of payment for environmental services (PES) into the REDD+ program is quite complementary on the basis that it could in fact enhance the delivery of the program and perhaps more importantly provide a mechanism through which a sustainable payment mechanism for forest conservation might be developed. In this

vein, the mission noted the importance of establishing a sustainable financing mechanism for forest conservation efforts for Bangladesh. Different alternatives, including international examples, were preliminarily discussed with the Chief Conservator of Forests (CCF) and it was agreed that the team will explore how these different elements might come to fruition in the context of Bangladesh.

12. ***National versus sub-jurisdictional focus:*** In line with the feedback from the NGOs, the mission agreed to consider major vulnerable landscapes such as the haor, Sundarbans, CHT coastal forest ecosystems as viable sub-jurisdictional ecological zones for forest climate mitigation interventions.

13. ***Institutional Arrangements to support the FIP IP design:*** The GoB appointed the Additional Secretary (Administration), MoEF as National (operational) Focal Point for communication and representation of the GoB on FIP issues, including international meetings. To oversee the day to day technical responsibilities of the Investment plan preparation, the GoB has agreed to appoint a Project Director. MoEF and BFD indicated that the CF (Administration) will be the Technical Focal Point, who is also the national REDD+ Focal Point. The mission noted that the multistakeholder collaboration and institutional arrangements adopted for the PPCR Strategic Program for Climate Resilience (SPCR) and the Bangladesh Climate Resilient Afforestation and Reforestation Project would be considered in developing the Plan. MoEF informed that a separate Steering Committee with relevant stakeholders will be formed to oversee the FIP process.

14. ***Agreed Actions and Next Mission:*** Based on the detailed discussion with BFD and MoEF, an action plan was agreed. The agreed action plan is presented in Table1.

**Table 1: Agreed Actions**

<b>Key Action</b>	<b>Date</b>	<b>Responsibility</b>
Submission of Grant Request	February 28, 2016	BFD, MoEF and ERD
Appointment of Project Director	March 15, 2016	MoEF
Submission of the draft ToR for Firm to the World Bank	March 15, 2016	BFD
Publication of EOI of the Firm	March 21, 2016	BFD
Submission of the draft Procurement Plan to the World Bank	March 15, 2016	BFD
Approval of Technical Assistance Project Proforma (TAPP)	March 15, 2016	BFD and MoEF
Inclusion of FIP in FY16 Annual Development Program (ADP)/Revised ADP for approval of Ministry of Finance	March 15, 2016	BFD and MoEF
Signing of Legal Agreement for FIP preparation grant	March 31, 2016	WB, ERD and MoEF

15. It was agreed that the next mission would be tentatively scheduled during March 20-31, 2016.

## **Annex 1: List of Persons Met**

### **Economic Relation Division (ERD), Ministry of Finance**

Mr. Kazi Shofiqul Azam, Additional Secretary

### **Ministry of Environment and Forests**

Dr. Kamal Uddin Ahmed, Secretary

Mr. Abdullah Al Mohsin Chowdhury, Additional Secretary (Development)

Mr. Shamsur Rahman Khan, Deputy Chief (Development & Planning)

### **Bangladesh Forest Department**

Mr. Md. Yunus Ali, Chief Conservator of Forests

Mr. Md. Mozaharul Islam, Conservator of Forests

Mr. Uttam Kumar Saha, Project Director, CRPAR Project

Mr. Oliul Haque, Assist Conservator of Forests

Dr. Ram Avtar Sharma, Forest Management Policy/Institute Specialist, CRPAR Project

Mr. Shaikh Mizanur Rahman, Forest Management Policy/Institute Specialist, CRPAR Project

### **Development Partners:**

Ms. Joyita M. Mukherjee, Senior Operations officer, IFC

Mr. Karl Wurster, Environment Team Leader, USAID

Mr. Shah Riazur Rahman, Program Officer, SDC

Mr. Gerrit Qualitz, Junior Advisor, Biodiversity and Climate Change Adaptation Portfolio, GIZ

Dr. Peter Martin Reckhaus, Project Team leader, Promoting Management of the Sundarbans

Mangrove Forests, GOPA/GIZ

Mr. Marco Boscolo, Project Coordinator, FAO

Mr. Liam Costello, Project Officer, National Forestry Inventory, FAO

### **NGOs/CSOs/Research Organizations/Financing Institutions**

Mr. F.R. Sadeque Ahmed, Project Coordinator, CCCP, PKSP

Mr. Farid Uddin Ahmed, Executive Director, Arannayk Foundation

Mr. Mohammad Shahidul Islam, Director (Remote Sensing Division), CEGIS

Mr. Motaleb Hossain Sarker, Director (Ecology, Forestry and Biodiversity Division), CEGIS

Mr. Moyen Uddin Ahmmad, Senior Manager, BRAC

Ms. Bhthun Mazid, Senior Sector Specialist, Disaster Management and Climate Change, BRAC

Ms. Uchacha A. Chak, Research Coordinator, Maleya Foundation

Mr. Khairul Anam, Coordinator (Communication & Administration), Prokriti O Jibon Foundation

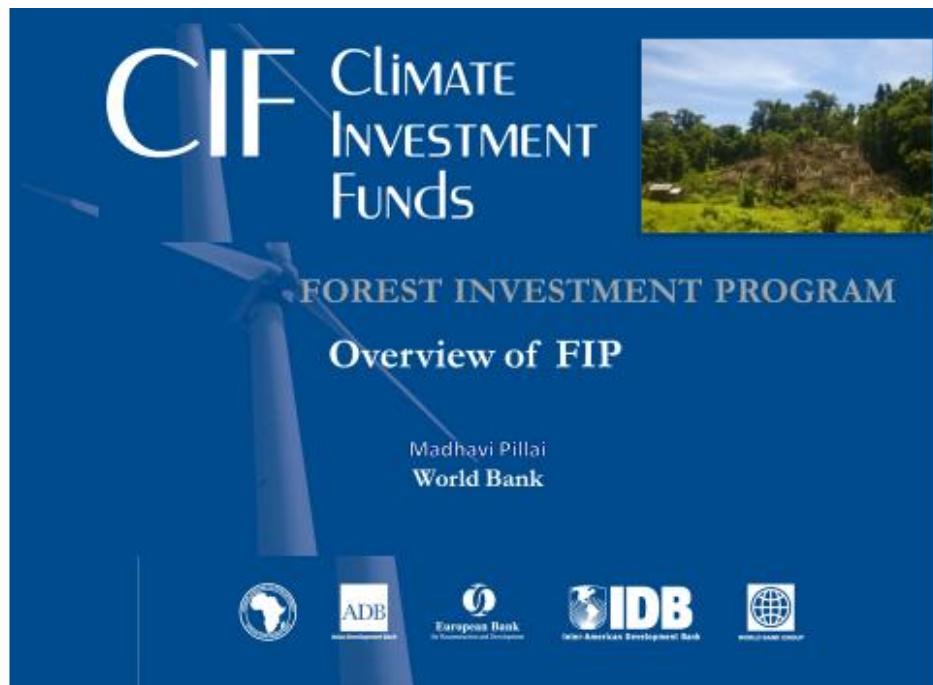
Mr. Shamim Ahmed, Coordinator (Research & Publication), Prokriti O Jibon Foundation

Mr. Mamanur Rashid, Sr. Manager (PMQ), CARITAS Bangladesh

Mr. Nazmul Haque Faisal, Vice President (Corporate Affairs), IDCOL

Mr. M. Mokhlesur Rahman, Executive Director, CNRS

## Annex 2: Overview of Forest Investment Program



### Purpose of the FIP

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





## Objectives of the FIP

- To initiate and facilitate steps towards transformational change in developing countries' forest related policies and practices
- To pilot replicable models to generate understanding of links between SFM, policies measures and long-term GHG ER and conservation
- To facilitate the leveraging of additional financing resources for REDD+
- To provide valuable experience and feedback in the context of UNFCCC deliberations



# CIF



## FIP Investment Criteria

### FIP Investment Criteria

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

Modification from Paragraph 16 a - j, FIP Design Document



### First Tranche of FIP Funding(2009-2015)

#### Pledged Resources

\$ 639 million

#### Countries

Africa - Burkina Faso, DR Congo, Ghana

Asia – Indonesia, Lao PDR

Latin America – Brazil, Mexico, Peru



## Areas of investment

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

## Examples - How FIP resources are currently used

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

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### Lessons from first phase of FIP

#### What worked well:

- Ensuring that the Plan is based on national climate change and REDD+ strategies and priorities.
- Using the FIP process to leverage key actors and catalyze transformation.
- Identifying investment options which address key drivers of deforestation and barriers to sustainable forest management. For example:
  - Unsustainable fuelwood harvesting and charcoal production (DRC)
  - Large scale agriculture (Brazil)
  - Expansion of cocoa farming, unsustainable timber harvest (Ghana)
  - Indigenous Peoples' land tenure (Peru)
  - Misaligned agriculture and forest policies and programs for *ejidos* (forest communities) (Mexico)



## Lessons from first Phase of FIP

### What worked well:

- Robust estimates of GHG emissions reductions/carbon stock enhancement, including estimates of soil carbon (Brazil, Burkina)
- Inter-ministerial steering committees at national level providing the institutional steer for FIP planning
- Innovative approaches to address drivers of deforestation with higher leverage (the project on low carbon agriculture in Brazil is expected to leverage several million \$ in credits for farmers adopting low carbon agricultural practices )



FIP Funding

### Resources 6 new Pilot Countries (US\$ 24 million per country)

Africa – Congo Republic, Ivory Coast, Mozambique

Asia – Nepal

Latin America – Ecuador, Guatemala

### Resources for developing Investment Plans (US\$ 250,000 per country)

- Africa: Cameroon, Rwanda, Uganda, Zambia
- Latin America: Guyana, Honduras,
- Asia: **Bangladesh**, Cambodia
- MENA: Tunisia

# Programming for FIP Resources in Countries

## The Two Phases



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## **Investment Plan Preparation**

- Led by Govt. with support from MDBs
- Multi-stakeholder involvement and input to the process
- Builds on national REDD+ and climate strategies/action plans and analyses from ongoing initiatives
- Identifies investment options to address mitigation and adaptation priorities

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## **Investment Plan Preparation**

- Stakeholder dialogue and sharing of information on proposed projects are important
- Make available draft plans on government websites for domestic stakeholder comments prior to finalizing the IP for endorsement
- Plan needs to be posted for public commenting for at least 2 weeks prior to submission to FIP SC

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# Contents of a FIP Investment Plan

1. Description of the country and sector context
2. Identification of opportunities for Greenhouse gas abatement
3. Enabling policy and regulatory environment
4. Expected Co-Benefits from FIP Investment
5. Collaboration among MDBs and with other Partners
6. Identification and rationale for projects and programs to be co-financed by FIP
7. Implementation potential and risk assessment
8. Financing plan and instruments
9. Results Framework for the Investment Plan

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# Contents of a FIP Investment Plan

## Annexes

**1:** Proposed project pipeline including for the DGM and notional resource allocation

**2:** Stakeholder involvement plan. Assessment of relevant stakeholder groups and how they have been involved in the design and will be involved in the implementation of the Investment Plan and related projects and programs

**3:** FCPF/UNREDD Readiness Preparation Proposal (R-PPs), National REDD+ Strategy, Action Plan or equivalent (if available)

**5:** Technical review of the country Investment Plan by an expert/peer review group (from FCPF roster of experts)

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### **Annex 3: Relevant Policies, Strategies and Plans**

- Seventh Five Year Plan, FY2016-FY2020
- National Sustainable Development Strategy 2010-21(NSDS), 2013
- Bangladesh Climate Change Strategy and Action Plan (BCCSAP), 2009
- Forestry Master Plan, 1993 (currently under updating process)
- Bangladesh Delta Plan 2100 (currently under preparation)
- National Adaptation Programme of Action (NAPA), 2005 and updated in 2009
- National Biodiversity Strategy and Action Plan for Bangladesh (NBSAP,B), 2004 (under updating process)
- Haor Master Plan, 2012
- Integrated Resources management plans for the Sundarbans (2010-2020)
- Environment, Forestry and Climate Change Investment Framework (under preparation)