

March 7, 2014

Comments from the United States—Approval by mail: FIP Democratic Republic of the Congo (DRC): Improved Forested Landscape Management Project

Dear Patricia,

We thank World Bank staff for their detailed answers to our questions about this project.

This is a particularly interesting project that provides significant potential for learning. We thank the Government of DRC and the World Bank team for bringing it forward. We also appreciate that the project proposal builds on and makes connections to other REDD+ processes and programs.

The United States supports approval of this project, on the understanding that the two issues outlined below will receive further consideration.

1. The potential link between this project and the FCPF Carbon Fund is an important learning opportunity for the FIP and other REDD+ finance providers. One question that this linkage brings up is how activities and emissions reductions funded by the FIP should be treated with respect to payments for results under a potential ER Program in the FCPF. We suggest further consideration of this issue in the FIP, and encourage the FCPF Carbon Fund and BioCarbon Fund to consider this question as well.

2. We strongly support efforts in the FIP to include work with the private sector. The approach to providing such support, however, requires careful consideration in order to produce the desired outcome. We are concerned that, by themselves, grants for private sector entities, extended without connection to the existing financial sector, may have limited effectiveness in spurring sustainable and scalable increases in private sector activity once FIP funding is gone. We therefore suggest inclusion, in the PAD that is presented to the World Bank Board, of measures the project will take to maximize the chances that support from other finance providers will be forthcoming once FIP funding winds down. In addition, we suggest that the PAD include a detailed outline of items that will be contained in the Project Implementation Manual (such as eligible activities and recipients, financing criteria, and safeguards), and information on the proposed composition (by type of organization/type of expertise) of the Screening Committee. With respect to process, we recommend that the PAD provide for World Bank review and approval of the Project Implementation Manual, as well as of the first several financing (grant) agreements, given the need for accumulation of experience in provision of such grants by the project implementing entity. The PAD should also include information on how implementation of environmental and social safeguards will be monitored under this component.

Thank you once again for the opportunity to review this interesting project.

Sincerely,

Katie Berg
US Department of the Treasury