

CLIMATE INVESTMENT FUNDS

FIP/SC.22/3
May 9, 2019

Meeting of the FIP Sub-Committee
Washington DC
Wednesday, June 5, 2019

Agenda Item 3

FIP SEMI-ANNUAL OPERATIONAL REPORT

PROPOSED DECISION

The FIP Sub-Committee reviewed the document, FIP/SC.22/3, *FIP Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the FIP in the pilot countries.

The Sub-Committee appreciates the analysis, conducted by the CIF Administrative Unit in collaboration with the MDBs and the Trustee, on achievements, resource availability, pipeline review, and portfolio updates.

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1 Introduction

1. The Forest Investment Program (FIP), part of the Climate Investment Funds (CIF), was 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 PDR, Mexico, and Peru), and in 2015, it added six new countries (Congo Republic, Cote d'Ivoire, Ecuador, Guatemala, Mozambique, and Nepal) with an indicative envelope of resources of USD 24 million each plus USD 4.5 million for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM), and nine additional countries with no funding envelope (Bangladesh, Cambodia, Cameroon, Guyana, Honduras, Rwanda, Tunisia, Uganda, and Zambia).
2. The FIP Semi-Annual Report (SAR) 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 implementation of projects in the FIP portfolio.
3. This report provides an update of the entire FIP portfolio for the period July 1 to December 31, 2018 (with additional updates to March 31, 2019 on resource availability).

2 Strategic issues

4. It has been over a decade since the global leadership recognized the enormity of the climate change challenge and responded by establishing CIF to empower transformations in clean technology, energy access, climate resilience, and sustainable forests in developing and middle-income countries. Since then, CIF resources have grown to USD 8 billion covering 72 countries worldwide.
5. In January 2019, CIF hosted its 10th Anniversary event titled *Power of 10: Shaping the Future of Climate Action* in Ouarzazate, Morocco. The event brought together key stakeholders including representatives from governments, private sectors, academia, and global and regional development banks, among others to share lessons learned and draw a roadmap forward to address the most daunting challenge of today: climate change.
6. Among other key outcomes, an independent evaluation and evidence synthesis of transformational change in CIF, led by Itad and the Overseas Development Institute (ODI), respectively, were launched, with important findings and lessons relevant to FIP and the global climate finance community at large. These external evaluations looked into CIF's



contribution to transformational change in key markets and sectors over the past decade and identified key factors of success (see Section 4.2 for details).

7. At the CIF anniversary event, ministers from CIF recipient countries called for a [joint statement](#) to be signed and issued by CIF recipient countries, ahead of the next Joint Meeting of the Clean Technology Fund (CTF) and Strategic Climate Fund (SCF) Trust Fund Committees in June 2019. The resulting statement calls to recapitalize CIF in response to worsening consequences of climate change and sweeping finance gaps for low-carbon development. As of April 2019, 42 ministers from CIF recipient countries have signed the statement communicating a shared position on the future of CIF, with more ministers expected to be signing soon.

2.1 Resource availability

8. As of March 31, 2019, the FIP pipeline still under development includes 13 projects that will require USD 46.3 million in grant resources and USD 110.1 million in non-grant resources (see Annex 1 for the list of pipeline projects). With this expected resource commitment of USD 156.4 million¹, FIP has a potential surplus of USD 4.6 million in non-grant funds and a potential shortfall of USD 19.1 million in grants (see Table 1)².
9. It is important to provide a clear assessment of the effect a shortfall would have on the FIP pipeline. Resource availability for FIP varies from month to month because there still are USD 234.9 million in unencashed promissory notes³. While the GBP-denominated promissory notes remain unencashed, they will continue to be exposed to exchange fluctuations and the shortfall may decrease or increase correspondingly with a commensurate effect on the FIP pipeline. Until all promissory notes are encashed, the magnitude of the shortfall and its effect on the FIP pipeline will remain uncertain.
10. Promissory notes are encashed when there is a demonstrable need for encashment to address the cash transfer needs of the multilateral development banks (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, if there is insufficient commitment authority to meet the program's expected commitments, encashment may be required, regardless of cash transfer needs, to enable the Trustee to meet the commitment needs of the program.
11. Table 1 summarizes FIP resources available for commitments, further detailed in Annex 2.

¹ Including USD 149.5 million allocated to projects and an estimated USD 6.9 million in MPIS costs.

² The current available resources for the FIP (not including the potential future resources) is a shortfall of USD 21.1 million in non-grant funds and of USD 29 million in grant funds.

³ As of March 31, 2019, the unencashed promissory notes comprise of USDeq. 170.8 million in capital funds and USDeq. 64.1 million in grants.

Table 1: FIP resource availability schedule summary (March 2019, USD million)

	TOTAL	Capital	Grant
Unrestricted Fund Balance⁴	118.9	89.0	29.9
Future Programming Reserves			
<i>Admin Expenses-Reserve for FY19-28 +Admin Budget Reserve</i>	(12.7)	-	(12.7)
Unrestricted Fund Balance After Reserves (i)	106.3	89.0	17.2
Anticipated Commitments (ii) Program/project funding and MPIS costs	156.4	110.1	46.3
Available Resources (i - ii)	(50.1)	(21.1)	(29)
Potential Future Resources (FY18-FY21) (iii)	35.6	25.6	10
<i>Pledges</i>	0.3	-	0.3
<i>Release of currency risk reserves</i>	35.2	25.6	9.6
Potential Available Resources (i-ii+iii)	(14.5)	4.6	(19.1)

2.2 Pipeline management update

12. The Forest Bond project in Indonesia (totaling USD 34.4 million), submitted for approval in August 2018 by the International Finance Corporation (IFC) and the Government of Indonesia, was not approved by the FIP Sub-Committee. The Government of Indonesia is currently exploring options with other MDBs for the use of those funds. Before a new project can be prepared, it must present a revised investment plan and new project proposal to the FIP Sub-Committee for approval.
13. In accordance to the January 2017 [Pipeline Management Policy for SCF Programs \(FIP\)](#), the MDBs, along with the FIP pilot countries, should present the following submissions for approval/ endorsement before the corresponding deadlines:
- 5 projects (totaling USD 33.8 million⁵) should be submitted to the FIP Sub-Committee for approval by June 30, 2019
 - 7 projects (totaling USD 87.7 million⁶) should be submitted to the FIP Sub-Committee for approval by December 31, 2019
14. Since the FIP pipeline has a first-come-first-served policy, and considering the current resource availability, some projects to be submitted after June 2019 risk not being approved due to a shortage of resources.
15. This shortage affects the preparation of projects in three countries:
- Nepal: Project preparation is under way and expected to be submitted by December 2019. The DGM project may require additional time. While the National Steering Committee has been selected, project preparation requires a very extensive and

⁴ The difference with the amount presented in Annex 2 is the USD 1 million contributed for the TA facility.

⁵ Including MPIS

⁶ Including MPIS

time-consuming stakeholder engagement and consultation process.

- Congo Republic: At the January 2019 FIP Sub-Committee meeting, the U.S. member informed the committee that Congo Republic has been included in the Trafficking in Persons Tier 3 list of countries. As a result, they would oppose funding any project until the country is no longer included on the Tier 3 list or obtains a waiver⁷. The World Bank and African Development Bank (AfDB) continue to support the Government of Republic of Congo in the preparation of FIP projects.
- Ecuador: Project preparation had already experienced some delays and currently the World Bank is consulting with the government to decide if they will go forward with project preparation due to the uncertainty in grant availability.

3 Status of FIP

3.1 Portfolio overview

16. As of December 31, 2018, USD 686.9 million have been endorsed by the FIP Sub-Committee as indicative allocations to the participating countries, totaling 53 projects included in investment plans, DGM, and the FIP Private Sector Set Aside (PSSA). Table 2 provides a summary of the portfolio status.

Table 2: Overview of FIP portfolio (USD million)⁸

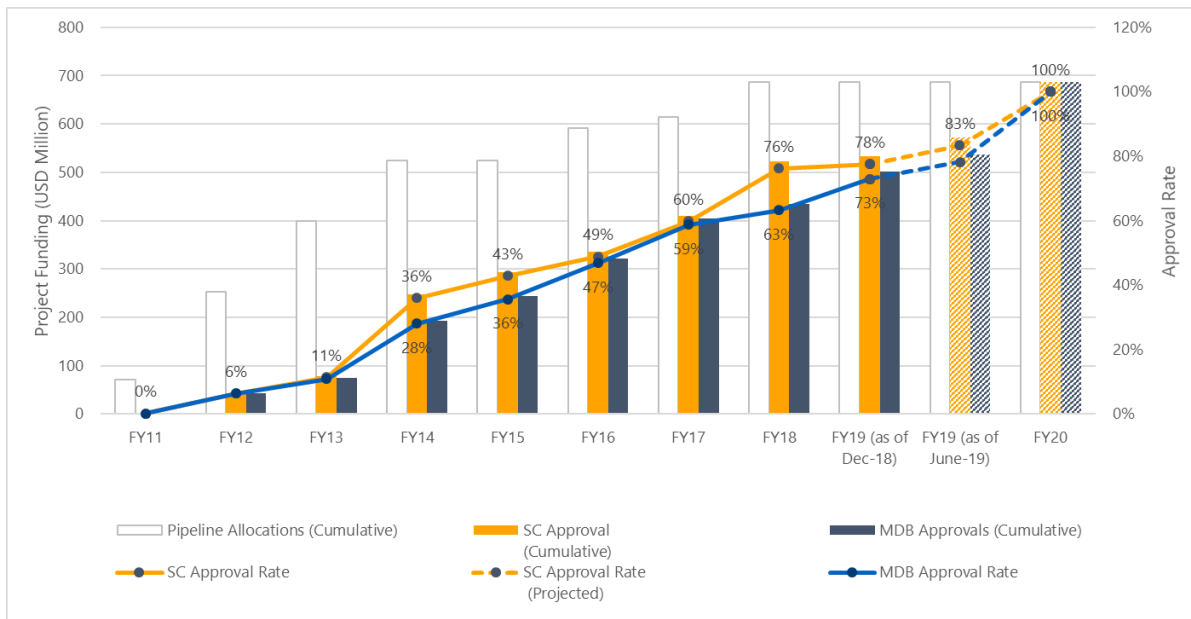
	Indicative Portfolio Allocation				Approved funding		Disbursement (cumulative)
	TOTAL	IP	DGM	PSSA	Committee	MDB	
FIP Amount (in USD M)	686.9	594.1	75.5	17.3	532.9	501.3	207.8
Number of projects	53	35	15	3	39	37	32

17. Figure 1 shows cumulative funding approvals continue to increase and, according to current projections, the entire FIP portfolio should be approved by the FIP Sub-Committee by fiscal year 2020 (FY20).

⁷ The public statement can be found here: <https://www.whitehouse.gov/presidential-actions/presidential-memorandum-secretary-state-15/>

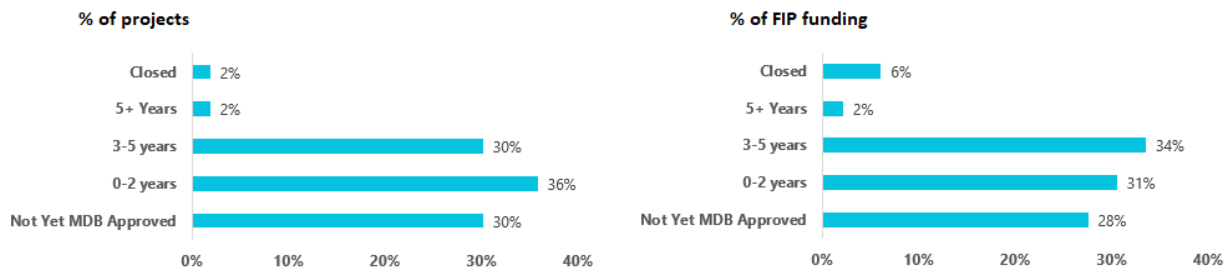
⁸ Amounts include Project Preparation Grants (PPGs).

Figure 1: FIP funding approval rates by fiscal year (Projections until FY20) ⁹



18. As Figure 2 shows, 30 percent of the FIP portfolio has yet to be MDB approved and a significant part of the portfolio is still in the early stage of implementation with 36 percent of projects approved by the MDBs in the past two years.

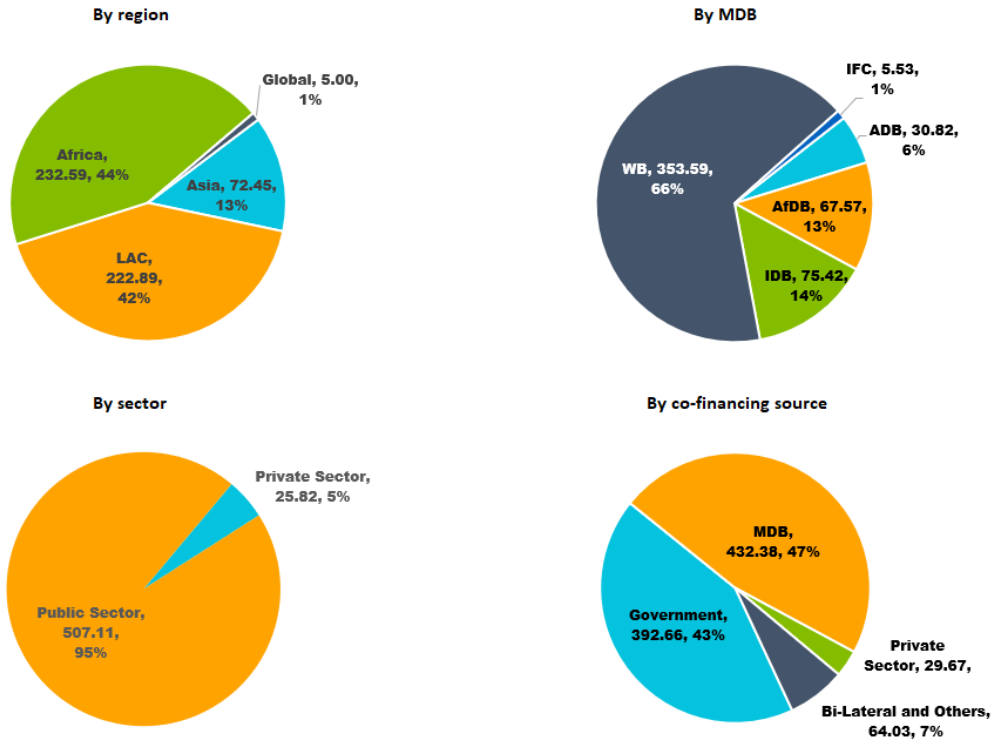
Figure 2: Maturity of MDB approved projects



19. Figure 3 presents the distribution of FIP Sub-Committee approved projects by region, MDB, sector (public or private), and source of co-finance. The majority of FIP funding is split evenly between Latin America and Africa. The World Bank implements most of the Sub-Committee-approved portfolio. Private sector projects represent only 5 percent of funding. The co-finance ratio is 1:1.7, with MDBs and beneficiary governments being the main sources of co-financing (representing 47 and 43 percent, respectively).

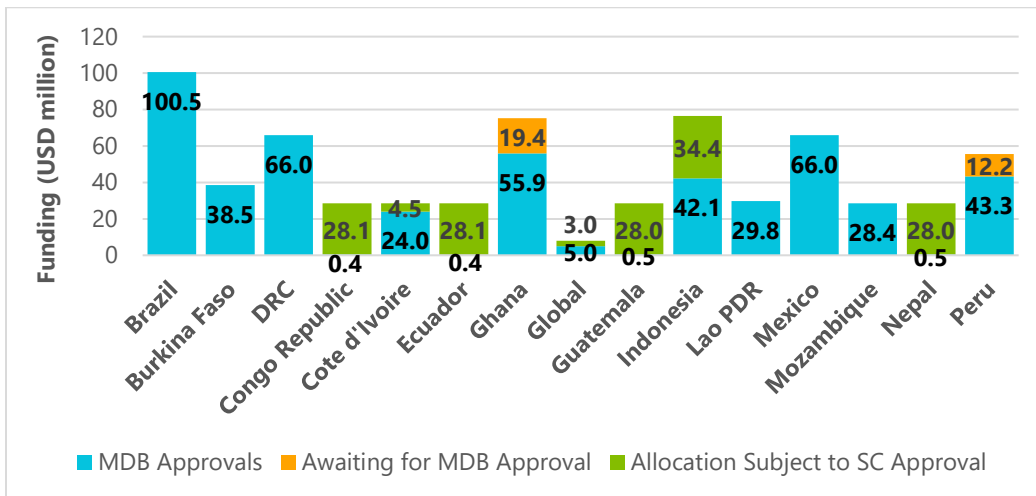
⁹ Expected MDB approval dates are not available for many projects that are still under design. This explains why the expected MDB approval rate in the chart does not increase in the coming years. MDB board approval must be obtained within nine months after FIP Sub-Committee approval for public sector projects.

Figure 3: FIP portfolio overview (as of December 31, 2018 in USD million)



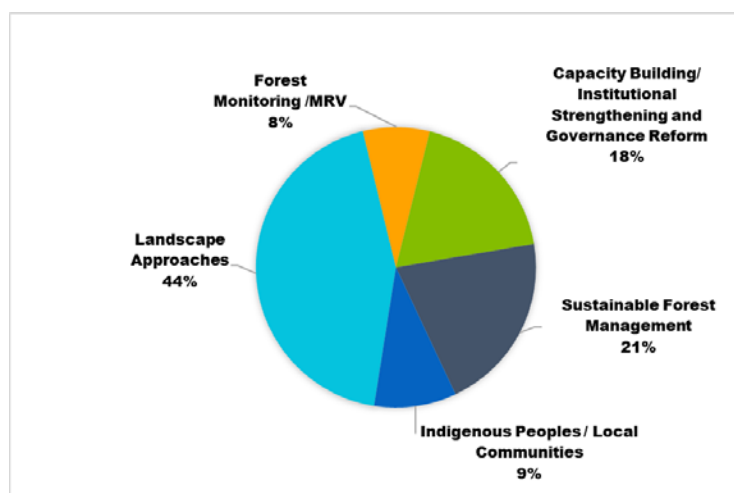
20. Figure 4 shows the approval levels of endorsed FIP funding by pilot country and the DGM Global Project. Eight pilot countries have achieved 100 percent FIP Sub-Committee approval of their indicative funding, and six of those also have their entire portfolio approved by the respective MDBs.

Figure 4: Funding approval of indicative allocations by country



21. Regarding the portfolio of FIP Sub-Committee-approved projects, the largest portion of funding focuses on landscape approaches, followed by sustainable forest management and capacity building (see Figure 5).

Figure 5: Thematic focus of FIP Sub-Committee-approved projects



3.2 Portfolio updates

3.2.1 FIP Sub-Committee approvals

22. During the reporting period, one project in Côte d'Ivoire was approved by the FIP Sub-Committee for a total of USD 9.0 million (see Table 3). Box 1 provides a highlight of the project.

Table 3: FIP Sub-Committee approved projects and programs (July 1-December 31, 2018)

Country	Project Title	MDB	Project Funding ¹⁰ (USD M)	Approval Date
Côte d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Cote d'Ivoire	AfDB	9.0	August 2018
TOTAL			9.0	

¹⁰ Excluding PPG that was approved in previous reporting periods

Box 1: Maximizing the use of different funding sources to achieve national objectives



Project: Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire

FIP Financing: USD 9.0 million

Implementing MDB: AfDB

Objective: Help improve the population's resilience and increase the carbon sequestration capacity in the country

In order to achieve greater efficiency and economies of scale, the Government of Côte d'Ivoire decided to integrate the FIP project as a component of the Integrated Development and Climate Change Adaptation in the Niger Basin Program (PIDACC). The PIDACC Côte d'Ivoire is also one of the first programs within the framework of the country's National Determined Contributions (NDCs).

The project's total investment is estimated at USD 30.2 million and will be jointly financed by the AfDB, FIP, the Green Climate Fund (GCF), European Union and the Government of Côte d'Ivoire. AfDB will contribute a loan of USD 4.26 million and a grant of USD 2.84 million from its African Development Fund.

The program includes three components: 1) forest cover recovery and resilience Improvement in the Center region, 2) improving the resilience of ecosystems and populations in the Niger sub-basin, and 3) project management activities. FIP is financing the implementation of all activities associated with the first component.

The project will benefit, directly or indirectly, the entire population of the intervention zones, which includes over 1.8 million inhabitants, nearly half of whom are women. The carbon likely to be sequestered by the project over a 25-year period is estimated to equal 7 million tons of CO₂ equivalent.

Planned activities with women comprise both individual and group project activities, including water and soil conservation, forest nursery development, value-addition to non-timber forest products, and production, and processing of cassava and vegetable crops, among others. Work on charcoal development is also expected to reduce women's time poverty tied to fuelwood collection. Women will be encouraged and empowered to participate and assume leadership responsibilities in the committees and decision-making bodies that will be established under the project.

3.2.2 MDB approvals

23. Three projects were approved by their respective MDB boards during the reporting period for a total of USD 66.3 million (see Table 4). Box 2 highlights Brazil's Integrated Landscape Management in the Cerrado Biome Project.

Table 4: MDB approved projects and programs (July 1-December 31, 2018)

IP/DGM/PSSA	Country	Project Title	MDB	Project Funding ¹¹ (USD M)	Approval Date
IP	Peru	Forest Investment Program	IDB	36.3	Sep 2018
IP	Cote d'Ivoire	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	AfDB	9.0	Nov 2018
IP	Brazil	Integrated Landscape Management in the Cerrado Biome	WB	21.0	Oct 2018
TOTAL				66.3	

Box 2: Using an integrated landscape management approach to improve forest governance and sustainable use of the Cerrado Biome



Project: Integrated Landscape Management in the Cerrado Biome

FIP Financing: USD 21.0 million

Implementing Agency: World Bank

Objective: Strengthen adoption of environmental conservation and restoration practices, and low-carbon emission agricultural practices in selected watersheds of Brazil's Cerrado Biome

This project will assist rural landowners in complying with national environmental legislation (Forest Code) and enable them to access government rural credit and technical assistance services. This may lead to 1) improvements in land-use systems and the management of natural resources on which rural landowners principally depend for their livelihoods, food security, income, and quality of life, and 2) increased job and income opportunities for landowners and other stakeholders in the value chains generated by agricultural activities.

In addition, the project will develop the capacity of public authorities to sustainably manage the natural resources of the Cerrado Biome to protect the interests of future generations and promote social resilience in the face of the expected effects of climate change. The total number of beneficiaries is expected to reach at least 15,000 (including landholders' families, jobseekers, and government officials), of whom 25 percent are expected to be women.

¹¹ Excluding PPG that was approved in previous reporting periods

3.2.3 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: 1) time elapsed between investment plan endorsement and FIP Sub-Committee approval and 2) time elapsed between FIP Sub-Committee approval and MDB approval.
25. Regarding project pending Sub-Committee approval, as of December 2018, two projects in the pipeline have exceeded the agreed benchmark of 24 months or more, both part of the DGM (Global and Cote d'Ivoire¹²).
26. The DGM global project was endorsed by the FIP Sub-Committee on October 2015, and it is an extension of the ongoing DGM global project implemented by World Bank with Conservation International. The project will be submitted for FIP Sub-Committee approval by June 2019.
27. The four projects under preparation highlighted in yellow correspond to Guatemala. The latest update from MDBs indicates that three projects will seek an extension on the approval deadline from the FIP Sub-Committee to submit after June 2019.

Table 5: Projects pending approval by FIP Sub-Committee(left) and projects pending approval by MDB (right) (USD million, as of December 31, 2018)

IP Endorsement to SC Approval Time Lapse			SC Approval to MDB Approval Time Lapse		
Time Elapsed	# projects	Funding	Time Elapsed	# projects	Funding
< 16 months	7	84.6	< 6 months	1	19.4
16-24 months	4	28.5	6-9 months	1	12.2
> 24 months	2	7.5	> 9 months	0	0
TOTAL	13	120.6	TOTAL	2	31.6

28. Regarding projects pending MDB approval, Peru's Integrated Land Management in Atalaya Project (World Bank) and Additional Financing for Ghana's Forest Investment Program: Enhancing Natural Forest and Agroforest Landscapes Project (World Bank) will be presented for Board Approval before the nine-month deadline¹³.
29. A complete list of projects in the FIP pipeline is presented in Annex 1, and an update on the status of the delayed projects is included in the [FIP Countries Portfolio document](#).

3.2.4 Disbursements

30. The cumulative disbursements by MDBs total USD 212.2 million, including USD 4.43 million disbursed from Investment Plan Preparation Grants (IPPGs). Project disbursements total USD 207.8 million¹⁴ corresponding to 32 projects under implementation, including Project Preparation Grants (PPGs).

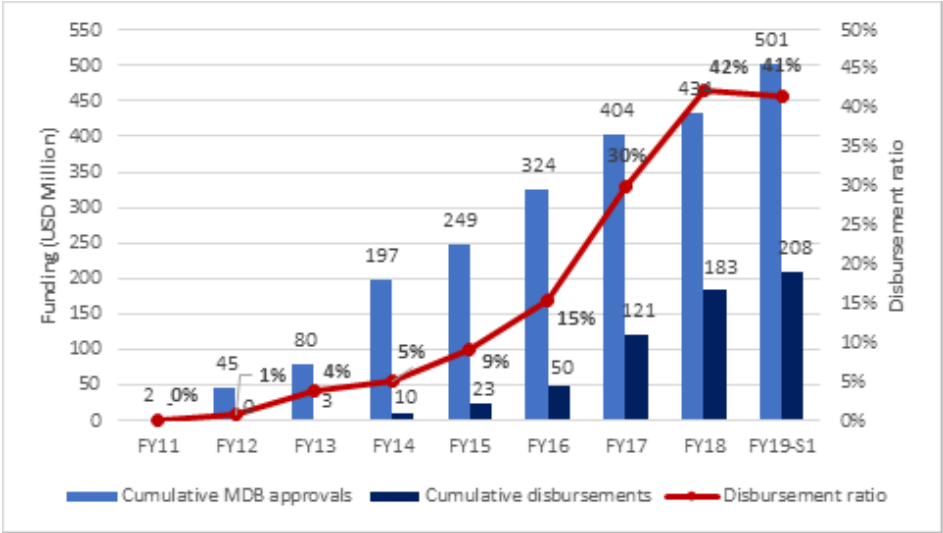
¹² The DGM project in Cote d'Ivoire was approved by the FIP Sub-Committee in March 2019.

¹³ The Peru project was approved by the WB Board in January 2019 and the Ghana project is expected to be approved in May 2019.

¹⁴ USD 196.36 million disbursed for projects under implementation, and USD 11.43 million disbursed for PPGs.

- 31. As the FIP portfolio continues to mature and more projects enter the implementation phase, the cumulative amount of disbursement will continue to increase but the level of disbursement ratio (cumulative MDB approval amount vs disbursement amount) will likely continue to decrease in the upcoming reports until all FIP portfolio is approved and projects start actual implementation on the ground. The current rate of portfolio disbursement is 41 percent (see Figure 6).
- 32. Detailed disbursement data is presented in the Annex of the [CIF Disbursement Report](#).

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



3.2.5 Project implementation

- 33. Thirty-two MDB-approved projects are currently ongoing and disbursing FIP funds (including DGM). As figure 4 shows, the FIP pilot countries are at different stages of project approval.
- 34. Out of the eight original pilot countries only Indonesia is still pending the FIP Sub-Committee approval of its entire portfolio. Mexico is the most advanced with the highest disbursement rates (83 percent), while in Peru the two projects proposed in the Investment Plan are yet to start implementation on the ground.
- 35. From the six pilot countries added to the FIP in 2015 only Mozambique has achieved 100 percent approval of its Investment Plan, while Guatemala, Nepal, Ecuador and Republic of Congo are still in project preparation phase.

36. Boxes 3 and 4 present highlights of two different FIP projects. An update of FIP portfolio implementation by country is included in Annex 3.

Box 3: Brazil: Sustainable production in areas previously converted to agricultural use project (FIP ABC Cerrado Project).

Approved by the World Bank in July 2014, this project aims to promote the adoption of sustainable, low-carbon agricultural technologies by mid-sized producers in the Cerrado Region of Brazil. It consists of two main components: 1) training to rural producers and farm technicians in climate-smart agricultural technologies, which include no-tillage farming systems, recovery of degraded pasture land, crop-livestock-forestry integration, cultivated commercial forests, and farm management, and 2) field technical assistance to rural landowners. Such activity starts with the training of technical supervisors and field technicians and ends with the actual technical assistance to the rural producers.

SENAR (National Rural Learning Service), a private institution house in the Brazilian Confederation of Agriculture and Livestock, is carrying out operations on behalf of MAPA (Brazilian Ministry of Agriculture, Livestock and Food Supply) and with the scientific validation of EMBRAPA (Brazilian Agricultural Research Corporation). So far, the project has engaged over 18,000 rural producers and enabled field technical assistance to be performed on 1,957 properties, meaning low-carbon agricultural technologies have been adopted in these rural properties. Additionally, for every USD 1 invested by the project, landowners invest USD 7.94 to improve their agricultural practices. The project has already fostered the implementation of climate-smart agricultural technologies in 734,000 hectares. By improving their agricultural practices and recovering degraded land, landowners are achieving higher production levels while reducing their carbon emissions rate.



Box 4: Burkina Faso: Decentralized Forest and Woodland Management Project

The project was approved by the World Bank in 2013. Municipal Integrated Development Plans (PDIC/REDD) is an innovative approach developed by FIP in Burkina Faso in order to design (through an inclusive participatory process), and implement (under local leadership), an integrated REDD+ investment plan. Municipal plans include three types of activities: climate mitigation activities (landscape management), land tenure securing, and alternative socio-economic activities, which are conceived and implemented in a coordinated manner.

At the end of July 2018, PDIC/REDD were formally endorsed by the municipal councils in 26 communes and later, in three additional communes (over 32 communes joined the project). Municipal Council have been able to approve land zoning guidelines to identify community conservation areas (community forests) and launch their securing process. Simultaneously, the Ministry of Environment, Green Economy and Climate Change (MEEVCC) and the communes signed the PDIC/REDD implementation contracts and structured payments for environmental services (PES) for a total of about USD 8 million. Work started immediately, and the first payments to the communes were made in September 2018.

To share good practices, each commune hosted a training for lead farmers switching to improved agriculture practices. A first round of training targeted 320 farmers on nine improved sustainable land management techniques. An evaluation confirmed that 72 percent of them had adopted at least two improved practices. Diffusion of improved practices is part of communal efforts to reduce direct and indirect the pressure on forest.



Left: Signature of the PES contract between MEEVCC and the Mayors for the implementation of PDIC/REDD.
Right: Example of improved SLM practice: fodder stocking.

3.2.6 Dedicated Grant Mechanism for Indigenous Peoples and Local Communities¹⁵

37. As of December 2018, DGM is empowering Indigenous Peoples and local communities in Brazil, Burkina Faso, DRC, Ghana, Indonesia, Mexico, Mozambique, and Peru to develop and implement their own actions to reduce deforestation and forest degradation and promote natural resource management.

¹⁵ Detailed information of DGM can be found in the Seventh Semi Annual Reports produced by Conservation International, available at www.dgmglobal.org/documents.

38. The Global Learning and Knowledge Exchange Project of DGM (DGM Global) began the fourth year of its five-year implementation period in July 2018. To demonstrate DGM's effectiveness in its first three years, the project has placed a greater emphasis on monitoring and communicating project results. This began with redesigning the project's results framework, which has streamlined data collection and reporting and prompted the development of an annual survey of DGM exchange participants.
39. A major success for DGM in this reporting period has been the continued support for the engagement of Indigenous Peoples and Local Communities Platform of the United Nations Framework Convention on Climate Change (UNFCCC). This was established by the DGM Global Steering Committee as a major priority for the project as it is an opportunity to have the knowledge and contributions of communities recognized by the UNFCCC. At COP 24, the structure of the Facilitative Working Group for the Platform was decided, featuring equal representation between Parties and Indigenous Peoples and local communities' representatives. This historic decision was announced to a full audience at a COP 24 side event hosted by DGM Global, Conservation International, and the Government of Costa Rica.
40. An update on the implementation of each country's DGM project is included in the previous section and Box 5 highlights an example of the DGM project in Burkina Faso.

Box 5: Supporting women-led entrepreneurship



Project: DGM Burkina Faso

Amount: USD 4.5 million

MDB: World Bank

National Executing Agency: IUCN Burkina Faso

This photo depicts the inauguration of a cassava processing unit to benefit women of Kyon/Sanguié. It is one of more than 20 micro-projects under the Burkina Faso DGM led by and supporting women. A total of 53 micro-projects are being funded under sub-component 2.1 of the Local Forest Communities Support (PAPF), whose grants support income-generating initiatives in local communities, especially for vulnerable groups of women. Other micro-projects focusing on women include those that support women weavers, livestock breeders, and shea butter processing. Over 60 percent of all DGM micro-project beneficiaries are women, who are gaining vital skills, such as bookkeeping and monitoring and reporting. More information can be found at <https://www.facebook.com/DGM-Burkina-Faso-1241249689339422>

4 Cross-cutting themes

4.1 Knowledge management

41. In January 28-29, 2019, CIF commemorated its 10 years of work and partnership with developing countries to promote low-carbon and climate-resilient development. The event was successfully held in Ouarzazate, Morocco where CIF partners, including country government high level officials and representatives, donors, private sector, civil society organizations, and community representatives, gathered to celebrate and share experiences and lessons learned in implementing transformative investments and programs from across CIF's portfolio.
42. During this event, following three forestry sessions were organized to highlight FIP achievements, share knowledge and lessons from the ground, and provide insights on issues such as DGM and forest management.
 - a. **Transformational Change: Key lessons and insights from the forestry sector:** This session examined forestry-related findings and recommendations from the transformational change reports with a focus on the challenges and opportunities in FIP countries of bringing in transformative impacts on the ground through the implementation of FIP programs.
 - b. **The voice of Indigenous People and Local Communities: Because it matters:** The DGM learning review was launched during the session, and panelists discussed their experience with DGM, lessons learned, and what this means for Indigenous Peoples and local communities' involvement in the future.
 - c. **Forests – critical for climate, the foundation of rural development:** This session focused on highlighting the multiple roles that forests can play in the fight against climate change and poverty, while maintaining ecosystem services and delivering profitable business models that are becoming increasingly attractive.
43. The World Bank published a case study of the Brazil Forest Investment Program entitled [*An Innovative Approach to Forest Investments in the Cerrado Biome, 2012-2018*](#). This study focuses on the program level, with attention to synergies between projects and programs that have the potential to change the country's climate change policies and assist it in meeting its international climate change commitments. It provides a qualitative analysis of five key topics: Strategy; Institutional Arrangement; Engaging with Stakeholders; Policy Approach; and Program Design It highlights innovative aspects or promising methodologies that may be useful to other FIP country programs.
44. Work with the World Bank Development Impact Evaluation (DIME) further progressed on Burkina Faso's Gazetted Forests Participatory Management Project for REDD+ (AfDB). During the reporting period, the following three briefs were produced as part of the Impact Evaluation Early Evidence Series.

- a. [*Designing Effective Payment for Environmental Services*](#) explains that linear payments appear to outperform threshold payments both in terms of the absolute number and quality of surviving trees. An additional finding indicates that there may be a significant linkage between environmental conservation incentives and improved food security outcomes. This evaluation shows that PES contracts (while certainly context-specific) can be designed to support communal land resources while enhancing food security and increasing household incomes. This is especially significant given that the forests in the project area are state-owned and considered common property resources.
- b. [*Innovative Dry Forest Mapping*](#) explains the importance of forest cover mapping and how this innovative, low-cost scheme provides essential information on survival rates that could guide and prioritize both national and international forest conservation policies. The ability to establish accurate baseline reforestation survival rates provides the ability to measure and quantify forest conservation methods in a way that was previously not possible.
- c. [*Overview of Leveraging Innovation to Improve Forest Policy Interventions*](#) provides a summary of the overall early findings of the evaluation work, whose intended audience is forest policymakers who implement, plan, or monitor reforestation/afforestation programs, including community PES schemes.



Box 6: Generating knowledge about the future of climate action

In early 2018, CIF and the Institute for the Future (IFF) joined forces to task some of the brightest minds in the climate field to answer one question: What does the future of climate action hold, and how can we—from manufacturers to individuals to governments to investors—do our part to accelerate progress?

The result is a forward-looking map, [*The Future of Climate Action*](#), that seeks to answer that question. The map presents forecasts and identifies new opportunities for change over the next decade to reframe our collective story around climate change to accelerate action today.

The map identifies numerous signals that positive change is happening now—from an increase in women leaders who are more likely to take action on climate change, to the use of ‘good bots’ to initiate climate action globally. Numerous opportunity zones for climate action over the next decade are identified, including artificial intelligence, digital engagement, youth movements, and the new climate economy, that can accelerate progress toward a low-carbon world. Discussions about future innovative climate change actions as it relates to forests should take these findings into consideration.

Following its launch at the Global Climate Action Summit in September 2018, the map has since been featured in numerous venues, including COP24 and the CIF@10 Anniversary Event, and is now being utilized as a tool to help CIF and its MDB partners be more forward-looking in operations.

45. Field work from the collaboration with the PROFOR team on the use of its Forest Governance Assessment and Monitoring Tool was completed in Côte d'Ivoire and is well advanced in Guatemala. The final workshop on the Forest Governance Assessment and Monitoring Tool took place in Côte d'Ivoire on September 20-21, 2018. The 45 participants were asked to identify the top five indicators and to brainstorm concrete solutions to address them. The results and findings from this workshop will be published in May 2019.

4.2 Evaluation and Learning

46. An [independent evaluation and evidence synthesis of transformational change in CIF](#), led by the CIF Evaluation and Learning (E&L) Initiative, were launched in January 2019, with important findings and lessons relevant to FIP. Overall, the evaluation and evidence synthesis found that FIP's design and investment planning processes are highly relevant to supporting transformational change, with programs demonstrating interim signs of systemic change and laying the foundations for future potential scaling and sustainability. Inclusive, multi-sector planning and a systems-level approach focusing on drivers of deforestation were found to be particular strengths. FIP is fostering new partnerships and cross-sector cooperation, increasing government commitment, empowering Indigenous Peoples and local communities, and contributing to shifts in market perceptions. The studies also highlighted challenges inherent to scaling and sustaining investments in sustainable forestry and achieving wider progress in the sector, including lack of large-scale financing, prevailing perverse economic incentives, and long timelines needed to realize change.

47. The [Learning Review of the Dedicated Grant Mechanism](#), conducted by Itad, was launched during the CIF @10 event. It found that the DGM is leading to broader and potentially more transformational effects than initially predicted, with benefits both for Indigenous Communities and local communities and the wider community involved in DGM and REDD+. The review identified two key pathways to arrive at desired outcomes: 1) the project pathways through the cumulative contribution of sub-projects and 2) the empowerment pathway through capacity building and creation of platforms where Indigenous Communities and local communities can raise issues at national and global levels. These interconnected pathways lead to both substantive and enabling outcomes that are beyond the original expectations of the DGM. A four-page brief is available [here](#).

48. A total of six studies focused exclusively on FIP are being funded under the call for proposals window of the E&L Initiative. Annex 3 lists all FIP-related activities and their implementation status.

4.3 Gender

49. As requested by the FIP Sub-Committee, this semi-annual SAR report shifts gender scorecard reporting to provide information on trends in the FIP investment plan and project portfolio over time in gender quality at entry. Note that this form of reporting contrasts with the previous SAR practice of reporting only on investment plans and projects approved during the current reporting period. Table 6 shows an increase in the quality of the FIP investment plan and project portfolio from the June 2014 baseline (i.e., the start of the CIF

Gender Action Plan), in all three scorecard indicator areas (i.e., presence of sector-specific gender analysis; women-targeted activities; and sex-disaggregated monitoring indicators).

Table 6: Gender scorecard indicators for FIP investment plans and projects

Indicators	Investment plans		Projects	
	Inception - Dec 2018 % (n)	Baseline 2014, % (n)	Inception - Dec 2018 % (n)	Baseline 2014, % (n)
Sector-specific gender analysis	90% (19)	50% (4)	67% (26)	29% (5)
Women-targeted activities	90% (19)	13% (1)	72% (28)	53% (9)
Sex-disaggregated M&E indicators	71% (15)	75% (6)	72% (28)	65% (11)

50. The first phase of the E&L study undertaken by the World Bank’s Mexico Country Office in collaboration with the EMBED Mind, Behavior, and Development Unit of the World Bank was concluded. It investigated behavioral norms and identified women’s behavioral bottlenecks that limit their participation in forest programs. The second phase of the study is now underway, with a randomized trial of messaging designed to induce women’s expanded formal participation in productive forest project activities through attention to clear messaging and procedures appealing to women’s sense of identity and self-efficacy. Lessons learned will have implications for future scale-up in Government of Mexico forest programs which still strive to improve gender outcomes in productive forests for women at the level of ejidos and adjacent communities.

Annex 1: List of pipeline projects (as of March 2019 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	Tbd - Pending approval of revised Investment Plan (to replace original project proposal: Indonesia Forest Bond – IFC)	tbd	Private	1.85	32.5	November 2012	Pending approval of revised IP
IP	Guatemala	Access to Funding (private and public)	IDB	Public	0.5	2.0	June 2017	June 2019
IP	Guatemala	Sustainable Forest Management	IDB	Public	1.25	8.45	June 2017	June 2019
DGM	Global	DGM for Indigenous Peoples and Local Communities	WB	Public	3.0	-	June 2015	June 2019
IP	Guatemala	Strengthening governance and livelihood diversification	WB	Public	1.4	11.4	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	17.9	December 2017	Dec 2019
DGM	Nepal	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	Dec 2019
IP	Ecuador	Sustainable Landscape Management for Forest Preservation in Coastal Ecuador	WB	Public	2.71	20.85	December 2017	TBD
DGM	Ecuador	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	TBD
IP	Congo Republic	Northern Congo Agroforestry project	WB	Public	3.58	12.0	December 2017	TBD
IP	Congo Republic	Community and fuelwood agroforestry in the departments of Pool and Plateaux	AfDB	Public	2.0	6.0	December 2017	TBD
DGM	Congo Republic	DGM for Indigenous Peoples and Local Communities	WB	Public	4.5	-	December 2017	TDB

Annex 2: Resource availability in the Forest Investment Program

FIP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS			
<i>Inception through March 31, 2019</i>			
<i>(USD millions)</i>			
		Total	Capital
			Grant
Cumulative Funding Received			
Contributions Received			
Cash Contributions		502.1	80.7
Unencashed promissory notes	b/	234.9	170.8
Total Contributions Received		737.0	251.5
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)		751.5	251.5
Cumulative Funding Commitments			
Projects/Programs		558.0	151.82
MDB Project Implementation and Supervision services (MPIS) Costs		30.0	-
Administrative Expenses-Cumulative to 1st Feb 2016	c/	25.6	-
Country Programming Budget from 1st Jan 2018	c/	0.3	0.3
Total Cumulative Funding Commitments		613.9	151.8
Project/Program,MPIS and Admin Budget Cancellations	d/	(16.5)	(15.0)
Net Cumulative Funding Commitments (B)		597.4	136.8
Fund Balance (A - B)		154.2	114.7
Currency Risk Reserves	e/	(35.2)	(25.6)
Unrestricted Fund Balance (C)		118.9	89.0
Future Programming Reserves:			
Admin Expenses-Reserve (includes Country Programing 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		
Technical Assistance Facility Reserve	i/	(1.1)	(1.1)
Unrestricted Fund Balance (C) after reserves		106.3	89.0
Anticipated Commitments (FY19-FY21)			
Program/Project Funding and MPIS Costs		156.4	110.1
Total Anticipated Commitments (D)		156.4	110.1
Available Resources (C - D)		(50.1)	(21.1)
Potential Future Resources (FY19-FY21)			
Pledges	a/	0.3	0.3
Contributions Receivable	h/	2.1	2.1
Potential Technical Assistance Facility Payable	i/	(2.1)	(2.1)
Release of Currency Risk Reserves	e/	35.2	25.6
Total Potential Future Resources (E)		35.6	10.0
Potential Available Resources (C - D + E)		(14.5)	4.6
Reflows from MDBs	g/	0.4	0.4

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 CFAU 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

h/ Contribution Receivable from Denmark for DKK 14.3 million (USD 2.1M)

i/ The CTF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

Annex 3: Update on FIP portfolio implementation

51. **Brazil:** In December 2016 the Government of Brazil enacted a Constitutional Amendment that established fiscal space for government-managed public expenditure (including donations). This delayed four projects originally included in Brazil's FIP investment plan that had already started implementation and classified two projects under implementation risk.
52. The CIF Transformational Change Evaluation¹⁶ found early and interim signals of systemic change, such as forest policy reforms, new financing approaches, and cross-institutional collaboration, in the work FIP is financing in Brazil.

Brazil Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
May 2012	8	100.5	20.6

53. Environmental Regularization of Rural Lands in the Cerrado of Brazil: Approved by the World Bank in July 2015. The Brazilian government and the World Bank are currently preparing a project restructuring request and an action plan, which will include a partial cancellation. An official request for restructuring the project is expected by mid-June 2019.
54. Forest Information to Support Public and Private Sectors in Management Initiatives: Approved by Inter-American Development Bank (IDB) in December 2013. At the request of the Government of Brazil, the project was extended by 24 months with partial cancellation that reflects the government budget ceiling. The amount partially canceled will be redirected to a second project phase with the same objective. At request of the Brazilian government, IDB is negotiating with a potential executing agency for Phase 2 to avoid implementation challenges faced in phase 1 caused by government internalization of resources.
55. Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado: Approved by WB in March 2016. Overall project progress has been accelerated. The following technical activities are ongoing: 1) development of tools to customize a modeling platform (EGO Dynamics), 2) development of cartographic bases for a Cerrado modeling system, 3) web-GIS project to estimate the accuracy and precision of deforestation polygons, and 4) time series analysis based on satellite images.
56. Investment Plan Coordination Project: Approved by the World Bank in November 2017. This project provides a platform for knowledge sharing among forest investment projects in Brazil, including FIP, DGM, and other programs and projects. It is helping to strengthening

¹⁶ More detail and a link to the evaluation is included in section 4.2 of this report.

coordination and synergies among projects throughout the implementation phases. Quarterly produced newsletters, videos, and other materials are produced and disseminated with all relevant stakeholders.

- 57. Macauba Palm Oil in Silvicultural System: PSSA project approved by IDB in July 2017. In October 2018, Inocas concluded the first investment round. It used this to plant 93 hectares of Macauba in silvopastoral systems, collect 46 tons of wild Macauba, and process them at the community oil mill (lower than planned as the closing was later than anticipated). Oil samples were sent to potential customers in Brazil, U.S., and Europe.
- 58. Integrated Landscape Management of the Cerrado Biome: Approved by the World Bank on October 2018 and starting implementation in 2019. (see Box 2).
- 59. DGM project: Approved by the World Bank in March 2015. The 19 subprojects approved in DGM Brazil’s second call for proposals were contracted. DGM Brazil now supports a total of 64 community initiatives located in 10 states of the Cerrado with a variety of focuses, such as replenishment of the Cerrado with native species, recovery of springs and degraded areas (15); agroecological production (10); small agro-industries, improving and marketing products of the socio-biodiversity of the Cerrado (15); and surveillance and territorial and environmental management (11); among others.
- 60. **Burkina Faso:** FIP investments continue to provide important support to the government priorities related to their REDD+ strategy and decentralization policies. According to the CIF Transformational Change Evaluation, Burkina Faso’s ability to adopt a national systems approach—with the context, drivers, and barriers to forest conservation identified in its FIP investment plan— and to promote cross-institutional collaboration has been key to securing action at scale that could lead to systemic change.

Burkina Faso Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Nov 2012	4	38.5	13.6

- 61. The Decentralized Forest and Woodland Management project (World Bank) has been flagged under implementation risk. The project is financed by two grants, FIP (USD 16.5 million) and European Union (USD 7 million). The EU grant was prioritized over the FIP grant due to its earlier closing date, set for August 31, 2018. The EU grant has been entirely disbursed as of September 1, 2018 so disbursement of FIP grants should pick up significantly in next reporting period.
- 62. Gazetted Forests Participatory Management Project for REDD+: Approved by AfDB in November 2013. The project has made good implementation progress during the reporting

period with most physical implementation and infrastructure sub-activities now completed or near completion. For example, it has covered all 7,482 hectares targeted for reforestation and all 284,000 hectares targeted for gazetted delimitation. The project implementation unit is now focusing efforts on enabling mechanisms for sustainability of the investments made before the project is expected to close at the end of 2019.

63. Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso: PSSA project approved by AfDB in January 2017. A baseline study was completed in December 2018. The project has launched a call for proposals to procure local implementing entities for several sub-components. Procurement of local implementing entities has not been finalized as of the reporting period.
64. DGM project: Approved by the World Bank in September 2015. Since July 2018, the project has officially launched 27 sub-projects. Together with 53 micro-projects, which were selected from two calls for proposals held in November 2016 and March 2018, the project is now overseeing 80 of its planned 85 community initiatives. It also continued implementing its training plan, focusing on engagement with micro-project promoters from the project’s second call for proposals.
65. **DRC:** The country was the first to have its FIP investment plan endorsed in 2011. Both projects under the plan had a slow start (the World Bank project began implementation in April 2015 and the AfDB project in August 2014) and both experienced delays after approval, in the case of the AfDB project related to a procurement issue.

DRC Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
June 2011	3	66	39.1

66. Improved Forested Landscape Management Project. Approved by the World Bank in June 2014. The implementation of the PIREDD Plateau (Component 1) has progressed significantly. A total of 215 Local Development Committees (CLDs) are operational in the four territories of the Plateau District, out of which 199 are formally registered with proper articles of association and recognized by the decentralized administration. These CLDs are supporting the management planning exercise of 161 territories as validated by the four Councils for Agriculture and Rural Management at the territory level with the view to reduce pressure on native forests by promoting alternatives to slash-and burn in forested landscapes. Under Component 1, and through the implementation of priority investments as defined in the Natural Resources Management Plans (NRMPs), 156 CLDs (7,282

households) have already benefited from Payments for Environmental Services (PES) with around USD 1 million paid.

67. Integrated REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani Basins: Approved by AfDB in September 2013. The project has not yet begun the physical implementation phase, following a long and challenging procurement process for the local implementing agencies that will carry out most of the project's core activities. The bidding process was flagged by AfDB following an allegation of irregularities from one of the bidders, which triggered AfDB's internal investigation mechanism. An independent review stretched until Q4 2018, but ultimately determined the bidding process to be in accordance with procurement requirements. The bidding process will conclude in early 2019. AfDB expects that the project will award local implementing agency contracts and accelerate implementation of the project in 2019. Owing to these delays, AfDB approved a two-year extension of the financial closure date, which is now scheduled for June 30, 2021.
68. DGM project: Approved by the World Bank in March 2016. Some of the most significant activities of DGM DRC in this reporting period have included identifying micro-project ideas, identifying sites for Local Community Forest Concessions (CFCLs) or Areas of Indigenous and Community Heritage (APACs) in the Kiri and Mambasa territories, and supporting the legal recognition and land tenure processes of indigenous peoples in Kiri (Mai-Ndombe province) and Lusambo (Sankuru province).
69. **Ghana:** The CIF Transformational Change Evaluation mentions that, in Ghana, institutional cooperation has helped find cross-sectoral solutions and promote ownership and economic gains at the local level. It also highlighted the successful piloting of commercial forest financing model.

Ghana Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Nov 2012	5	55.9	37.6

70. Enhancing Natural Forest and Agroforest Landscapes Project: Approved by the World Bank in February 2015. At mid-term, there was good progress of activities on the ground, good partnership between Forestry Commission and the communities, good work on the Community Resource Management Areas (CREMAs), and quite dynamic civil society engagement with the committees, working in partnership with the implementing agencies. The project reported four out of the five main indicators are either on track or have exceeded their target.

71. Engaging Local Communities in REDD+/Enhancement of Carbon Stocks: Approved by AfDB in January 2014. Mid-Term Review was conducted in early 2018; disbursement has increased to 62.8 percent during reporting period.
72. Public-Private Partnership for restoration of degraded forest reserve through Verified Carbon Standard (VCS) and Forest Stewardship Council (FSC) certified plantations: PSSA project, approved by AfDB in September 2016. Implementation made notable strides in 2018. A significant area of plantations was established, including approximately 1,400 hectares of teak and 300 hectares of indigenous trees. Additional funded landscape activities around the Tain II forest reserve have also achieved great synergies with the FIP investment plots. For instance, the fire program of the landscape project is helping to embed cooperation between Form Ghana and the local communities on fire prevention. This, alongside other community engagement activities undertaken in 2018, has greatly strengthened the relations between Form Ghana and the surrounding communities, benefitting the overarching work of the project.
73. DGM project: Approved by the World Bank in April 2017. The project continued its capacity building in climate change and land use training in the project operational landscape. The project has engaged 10 radio stations of community choice with a tailored program to deliver project components, scope, and objectives through education of landscape level stakeholders. Risk assessments are being carried out on the sub-projects selected by each community to ensure sustainability and to avoid any issue that may affect the success of the project.
74. **Indonesia:** FIP portfolio in Indonesia has less than two years of actual implementation on the ground, which is reflected in the low rate of disbursement (13 percent). In addition, it is the last of the original eight FIP countries still pending approval of all funds under its endorsed investment plan.

Indonesia Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Nov 2012	3	42.1	5.5

75. Community-Focused Investments to Address Deforestation and Forest Degradation: Approved by ADB in September 2016. ADB conducted an inception mission from 11 to 18 July 2018, and a review mission from 8 to 15 November 2018 to address various challenges (e.g., high and unexpected turnover of consulting experts and government staff, change of villages due to reorganization of forest management units [FMUs], delays in procurement) highlighted in previous semi-annual report. Reorganization of FMUs in West Kalimantan Province (regrouping of 34 FMUs into 17 FMUs, and reclassification of some production

FMU areas as protection FMU areas) led to the reduction of targeted FMUs from five to four and substitution of as many as nine out of seventeen forest villages for implementing REDD+ activities under output 1. The consulting team spent considerable time in collecting baseline data from new villages during the review period. Simultaneously, suitable areas for agroforestry (target: 1,880 hectares), assisted natural regeneration (target: 6,000 hectares), forest fire management (target: 5,000 hectares directly and 91,000 hectares indirectly), and community-based forest management agreements (target: 17,000 hectares) are being identified.

76. **Promoting Sustainable Community-Based Natural Resource Management and Institutional Development:** Approved by the World Bank in April 2016: Although still moderately behind schedule, the pace of implementation has improved markedly and progress toward project outputs and outcomes is steadily getting back on track. Some project areas were affected by natural disasters (earthquake and tsunami), which also caused temporary implementation delays at those sites. Activities undertaken so far to strengthen capacity for decentralized forest management include a range of training for the staff of local forest management units and other agencies, investments in information and knowledge management systems, and preparation of proposals for regulatory measures, technical guidelines, and operating procedures related to forestry, forest management planning, community development and land use inventories, and mechanisms for addressing stakeholder conflicts in forest areas. Community empowerment activities and livelihood investments, which will account for a large share of project costs, are still at an early stage.
77. **DGM project:** Approved by the Word Bank in March 2017. One of the most significant activities conducted in this reporting period is the completion of contracting with 21 sub-projects and commencement of their activities. The sub-projects involve 28 organizations with activities located in seven geographical regions/19 provinces in Indonesia.
78. **Lao PDR:** According to the CIF Transformational Change Evaluation, the likelihood of sustainability and systemic impact of the FIP portfolio has been strengthened by the increased government commitment reflected in, for example, new forest policy reforms.

Lao PDR Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Jan 2012	3	29.8	19.3

79. **Protecting Forests for Sustainable Ecosystem Services:** Approved by ADB in August 2016. Main implementation highlights include the completion of land use plans for 17 villages, 331 ha afforested (enrichment and bare land planting) on both community and individual land with a further 1,936 ha under assisted natural regeneration (ANR). Planning for a

further 1000 ha of ANR in progress for implementation in 2019. Regular patrolling of forest areas is being implemented in 17 villages. A study on the potential for support for patrolling and ANR activities in the communities through a PES process in two watersheds (Xekaman and Namkong) is in progress. The contract for assessment of carbon and the potential for 'carbon funding' for forest conservation commenced. Training of staff in the use of the Planet/GIS system and other tools to support REDD+ activities was completed.

80. Smallholder Forestry Program: Approved by IFC in July 2013: The cooperation agreement with the new client company was signed in the previous reporting period, and during this reporting period, the team worked with the new client to continue designing the pilot and adapting it to the wood supply and community characteristics of the company's operations.
81. Scaling-up Participatory Sustainable Forest Management: Approved by the World Bank in May 2013. Implementation is on track and most key outcome targets have already been achieved, including implementation of participatory forest and landscape management plans and enhancement of carbon storage and reduction of greenhouse gas emissions. Project activities continue to support and help advance Lao PDR's National Socio-Economic Development Plan, Forestry Strategy 2020, and green growth and REDD+ initiatives. One of the most successful activities has been improvement of the legal and regulatory framework for participatory forest management, which has supported development of numerous regulatory proposals (some already officially adopted) that would create a stronger enabling environment for modern and effective management, including strong measures for regulating and ensuring the sustainability of private-sector investments.
82. **Mexico:** The FIP portfolio in Mexico is the most advanced, reaching a disbursement rate of 82 percent. Mexico's FIP investment plan is built on the strong engagement that both World Bank and IDB had in the country's forestry sector and long-term strategy and work of CONAFOR.
83. The CIF Transformational Change Evaluation mentions that early signals of scaling and sustainability in Mexico include successful pilots to increase areas under sustainable forest management and early replication of financing models by intermediaries at a small scale. It also affirms that new partnerships and cross-sectoral cooperation have helped find cross-sectoral solutions and promote ownership and economic gains at the local level.

Mexico Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Oct 2011	4	66	55.1

84. Forests and Climate Change Project: Approved by the World Bank in January 2012. Completed on November 2018.
85. Financing Low Carbon Strategies in Forest Landscapes: Approved by IDB in November 2012. The credit line has reached almost full disbursement (92 percent), while the non-reimbursable component not already disbursed (around 50 percent) will provide collateral for co-financing loans. This is a good example of efficiency and synergies in the utilization of FIP resources.
86. Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos: Approved by IDB in April 2013. This program consists of a private sector loan and a grant. The loan has been fully disbursed and closed. The grant has supported 59 Community Forestry Businesses (EFC, for its Spanish acronym) by providing: 1) technical assistance from seven Local Support and Technical Assistance Suppliers (PLAAT, for its Spanish acronym), and 2) credit loans from the microfinance institution: Financing the Development of the Field (FINDECA, for its Spanish acronym). Exchange visits and workshops on market niches have been performed.
87. DGM project: Approved by the World Bank in May 2017. On August 15, 2018, the project published its first calls for proposals for sub-projects (via the financial inclusion and social inclusion windows), Local Community Promoters, and exchange workshops. A total of 106 submissions were received, and the National Steering Committee ultimately selected 43 market-oriented subprojects, including 29 focused on sustainable forest management, six on agroforestry systems, two on silvopastoral systems, and six on ecotourism.
88. **Mozambique:** This country was the first among those accepted to FIP in 2015 to have its entire investment plan approved and under implementation. Similar to the case of Mexico, the strong engagement and portfolio that the World Bank was preparing and implementing in the country is a reflection of the priority that the Government of Mozambique has given to promoting sustainable development with a landscape approach.

Mozambique Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Jun 2016	3	28.4	8.4

89. Mozambique Forest Investment Project (MozFIP): Approved by the World Bank in March 2017. After 11 months of procurement process, the implementing firm quit during negotiations. The government had to start again the procurement process and the contract is expected to be signed in early 2019.

90. Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors: Approved by IFC in June 2017. During the reporting period, there was more progress with the land registration component and the training component on conservation agriculture. Several community visits were held to ensure and strengthen community ownership and consultations.
91. DGM project: Approved by the World Bank in December 2017. The project was officially launched in September 5, 2018. It initiated and contracted a consultancy to conduct a capacity needs assessment and develop a capacity building strategy. It also supported the identification of potential areas for development of community projects.
92. **Peru:** This is the only country where the DGM project started implementation significantly earlier than the investment plan projects. It took more than four years for the first investment plan project to be approved by the FIP Sub-Committee.

Peru Investment Plan approved	Approved by MDB		Disbursement USD M
	# projects	Amount USD M	
Oct 2013	2	43.3	4.6

93. Forest Investment Program: Approved by IDB in September 2018. The investment grant will reach effectiveness on January 2019.
94. DGM project (DGM Saweto): Approved by the World Bank in June 2015. The project underwent a mid-term evaluation. One of the most significant achievements of the project in this reporting period was the development of the first Indigenous Economy Forum with funding of the complementary project “Indigenous Peoples, Forest Entrepreneurs.”

Annex 4: 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 12/2018	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		Completed	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	April 2019
1st Round				
1.1. The Story of the FIP – Taking Root in International Climate Finance and Branching out to Sustainable Development	MDB: WBFIP Focal Point Team	50,000	Final report under review	June 2019
1.2 Fiscal Incentives for Decreasing Deforestation	MDB: WB FIP Focal Point Team	150,000	First draft being developed	July 2019
2nd Round				
2.1 Evaluation of alternative private sector investment models for commercial forestry in Africa (Uganda, Mozambique Ghana)	MDB: AfDB with Observer (WWF-Kenya)	130,000	Final report under review	May 2019
2.2 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	Interim report under development	August 2019
2.3 Bringing evidence of FIP contribution to welfare improvements	MDB: WB	150,000	Data collection phase.	November 2019
2.4 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	July 2019