

CLIMATE INVESTMENT FUNDS

FIP/SC.7/3
October 6, 2011

Meeting of the FIP Sub-Committee
Washington, DC
October 31, 2011

Agenda Item 3

SEMI-ANNUAL REPORT ON FIP OPERATIONS

Proposed Decision by the FIP Sub Committee

The Sub-Committee reviewed document, FIP/SC.7/3, *Semi-Annual Report on FIP Operations*, notes the progress that has been made in advancing the work of the FIP in the pilot countries and welcomes the submissions of the first four investment plans. The Sub-Committee looks forward to the submission of projects and program proposals for approval of FIP funding under the investment plans. The Sub-Committee encourages the remaining countries participating in the FIP and the MDBs to continue to advance their work to develop high quality investment plans to form the basis for FIP investments and learning.

INTRODUCTION

1. The purpose of this note is to provide the FIP Sub-Committee with a semi-annual report on the status of FIP activities. This is the third operational report presented to the FIP Sub-Committee, and it covers the period from June 30, 2011 to October 31, 2011.
2. As FIP has now moved into its operational phase, the semi-annual report will increasingly provide data and information on meeting key benchmarks which are indicators of progress in the FIP pilot countries, including dates on :
 - (a) Endorsement of investment plans;
 - (b) Projects and programs approved by the Sub-Committee;
 - (c) Projects and programs approved by the MDB Boards;
 - (d) Effectiveness of a project or program (signature of grant or loan agreement between the pilot country government and the MDB); and
 - (e) First disbursements.
3. This data will be provided through the SCF pipeline management system¹, which captures all relevant data for the SCF targeted programs, including the Forest Investment Program. An important objective of pipeline management is to contribute to the effectiveness and efficiency of the SCF and its targeted programs by providing predictability and confidence in the management of the FIP funds to the Sub-Committee as well as by the country teams that are responsible for preparing investment plans, programs and projects.
4. The semi-annual report will also be complemented over time with information from annual monitoring reports which will reflect on the progress of projects and programs in the pilot countries.
5. Contact details for pilot country focal points and the status of FIP activities by pilot country are posted on the CIF website (http://www.climateinvestmentfunds.org/cif/fip_pilot_programs).

STATUS OF ACTIVITIES IN FIP COUNTRY PILOTS

Country Programming and Endorsement of Investment Plans

6. Four countries (Burkina Faso, Democratic Republic of Congo, Lao PDR and Mexico) have finalized the country programming process leading to the submission of an investment plan for endorsement.

¹ SCF/TFC.8/4, *Guidelines for Pipeline Management for Targeted Programs under the Strategic Climate Fund*

7. During the reporting period, the FIP Sub-Committee endorsed investment plans for two countries: Burkina Faso² and the Democratic Republic of Congo. The FIP Sub-Committee took note of the requested resources in the amount of US\$ 90million in grants. FIP investments in these two countries are expected to leverage at least US\$111.7million in co-financing. Annex 1 provides an overview of endorsed FIP resources by FIP pilot country.

8. Two countries, Lao PDR and Mexico, have submitted their investment plans for review and endorsement by the FIP Sub-Committee at its meeting on October 31, 2011.

9. In the remaining four FIP pilot countries (Brazil, Ghana, Indonesia and Peru), the programming process is continuing through joint missions and intermediate work. Pilot country governments are preparing their FIP investment plans with support of the MDBs. This work is being carried out in partnership with country stakeholder groups, including indigenous peoples, local communities, private sector and other interested development partner institutions. These countries are in the process of developing their investment plans for submission in 2012.

10. Indonesia and Ghana had expected to submit their investment plans for consideration but due to the recognized need for additional stakeholder consultations, the submission to the FIP Sub-Committee has been delayed. Ghana plans to make a presentation on the preparation of its investment plan at the Sub-Committee meeting on October 31, 2011, and expects to seek Sub-Committee endorsement through a decision-by-mail.

11. Dates for scoping and joint missions, terms of reference for joint missions and mission reports are posted on the CIF website and updated on a regular basis.

Update on Investment Plan for Burkina Faso

12. During the last meeting, the FIP Sub-Committee reviewed document FIP/SC.6/5, *Investment Plan for Burkina Faso*, and endorsed the investment plan in principle, whilst recognizing that further work needed to be done to enhance the plan and proposed activities. The Sub-Committee recognized that the investment plan contains a first phase of readiness activities that will inform the design and final selection of investments. The Sub-Committee agreed to approve up to USD 5 million from the allocation in FIP funding to allow those readiness activities to begin immediately and requested the government to carry out such readiness activities and further elaborate the investment plan.

13. The Sub-Committee requested the Government of Burkina Faso to submit a revised investment plan to the Sub-Committee by mail to confirm its use as a basis for the further development of projects.

14. The Government of Burkina Faso is committed to preparing an equivalent document to a FCPF Readiness Preparation Proposal (R-PP) using the FCPF readiness guidelines. This document will include, among other things, detailed responses to the issues raised by the Sub-

² The investment plan for Burkina Faso was endorsed in principle, whilst recognizing further work needs to be done. The revised investment plan needs to be resubmitted to the Sub-Committee for its consideration.

Committee and a plan for additional readiness activities. It will further describe the pillars of Burkina Faso's REDD+ Readiness Strategy, and the rationale for the revised version of the investment plan.

15. The R-PP equivalent document will also reflect the outcomes of the consultations already conducted in Burkina Faso and will then be further shared with all the stakeholders across the country. It will be shared with the FIP Sub-Committee by the end of 2011.

16. A joint mission is scheduled to take place from October 10-14, 2011. During that mission, the outcomes of the June 2011 meeting will be discussed to ensure that the recommendations by the FIP Sub-Committee regarding the preparation of the equivalent R-PP and the subsequent revisions of the investment plan are on course and well understood by all the stakeholders.

Preparation grant requests for developing investment plans

17. During the reporting period, no new requests for preparatory grants to finance the government's preparation of an investment plan have been received.

MONITORING FOR DELIVERY OF INVESTMENT PLANS, PROJECTS AND PROGRAMS

18. During the last meeting, the FIP MDB Committee agreed on a simple tracking system to enable early identification of potential risks to the timely development and implementation of investment plans, projects and programs. This tracking system is informed by the SCF pipeline management system and will be further developed once all investment plans have been endorsed and additional information on investments becomes available.

19. The following "traffic light" system was agreed upon to flag the delivery status of investment plans, projects and programs to the FIP Sub-Committee:

Green	MDB(s) confirms that delivery dates will be met or delays will not exceed 12 months.
Yellow	MDB(s) acknowledges delays between 12 and 24 months but is reasonably confident that no further delays will occur.
Red	MDB(s) acknowledges delays of more than 24 months with uncertainties whether delivery will occur within 2 years of first anticipated delivery date

20. Once projects and programs have been approved by the FIP Sub-Committee, the traffic light system will be extended to capture the following additional benchmarks:

- (a) date for MDB Board approval,

- (b) date of signature of the grant or loan agreement between the MDB and the Government of the pilot country; and
- (c) date of the first disbursement.

21. The table below presents for each pilot country comprehensive information on

- (a) dates for submitting investment plans to the FIP Sub-Committee for endorsement;
- (b) dates for submitting requests for approval of FIP funding for projects and programs;
- (c) rating suggested by the MDB; and
- (d) if appropriate, reasons for delay and corrective measures to avoid further delays in submitting the investment plan, project or program to the Sub-Committee for a decision.

Table 1: Delivery status of investment plans, projects and programs

Country	Anticipated Submission Date to the Sub-Committee	Data Source	Comment on anticipated actual delivery date to the Sub-Committee	Rating	Corrective Measures/Comments from MDBs
Brazil					
Investment Plan	FY2013	MDB	Investment Plan to be submitted in April 2012	Green	
Projects and Programs	FY2013	MDB			
Burkina Faso					
Investment Plan	June 2011	Preparation Grant Proposal	Investment Plan endorsed in principle in June 2011; need for resubmission Date for resubmission: To be determined after the joint mission.	Green	
Enabling Project : Immediate REDD+ Readiness activities (World Bank)	December 2011				
Democratic Republic of Congo					
Investment Plan	August 2011	Preparation Grant Proposal	Investment Plan endorsed in June 2011	Green	
<u>Project 1</u> : Addressing Deforestation and Degradation in the Kinshasa Supply Area (World Bank)	November 2012	Investment Plan	November 2012	Green	
<u>Project 2</u> : Addressing Deforestation and Degradation in the Mbuji Mayi/Kananga Supply Area (AfDB)	November 2012 (expected board date)	Investment Plan	November 2012	Green	
<u>Project 3</u> : Addressing Deforestation and Degradation in the Kisangani Supply Area (AfDB)	November 2012 (expected board date)	Investment Plan	November 2012	Green	

Country	Anticipated Submission Date to the Sub-Committee	Data Source	Comment on anticipated actual delivery date to the Sub-Committee	Rating	Corrective Measures/Comments from MDBs
<u>Project 4</u> : Small Grants Program to Promising Small-scale REDD+ Initiatives (World Bank)	March 2013 (expected board date)	Investment Plan	Project is expected to be sent to for FIP Sub-Committee for approval in December 2012	Green	
<u>Project 5</u> : Engaging private sector in REDD+ in DRC (World Bank)	March 2013 (expected board date)	Investment Plan	Project is expected to be sent to for FIP Sub-Committee for approval in December 2012	Green	
Ghana					
Investment Plan	June 2011	Preparation Grant Proposal, Joint Mission Report	Investment Plan to be submitted in December 2011	Green	
Projects and Programs	FY2013	Preparation Grant Proposal			
Indonesia					
Investment Plan	August 2011	Preparation Grant Proposal	Investment Plan to be submitted in April 2012	Green	
Projects and Programs	FY2012	Preparation Grant Proposal			
Lao PDR					
Investment Plan	November 2011	Preparation Grant Proposal	Submitted for Sub-Committee Meeting	Green	
Projects and Programs	FY2013	Preparation Grant Proposal			
Mexico					
Investment Plan	FY2012	Joint Mission Report	Submitted for Sub-Committee Meeting	Green	
Projects and Programs	FY2012	MDB			
Peru					
Investment Plan	December 2011/ January 2012	Preparation Grant Proposal	Investment Plan to be submitted in June 2012	Green	
Projects and Programs	FY2013	Preparation Grant Proposal			

Annex 1

	Country	FIP Resources					
		Investment Plan Preparation Phase		Investment Plan Implementation Phase			
		Preparation grant	Approval Date	Requested Grants (US\$ millions)	Requested Near Zero Interest Credits (US\$ millions)	Requested FIP Total (US\$ millions)	Endorsement Date
1	Burkina Faso	250,000	12/21/2010	30	0	30	June 2011 (in principle)
2	Brazil						
3	Democratic Republic of Republic	250,000	1/31/2011	60	0	60	June 2011
4	Ghana	250,000	2/24/2011				
5	Indonesia	225,000	12/21/2010				
6	Lao PDR	227,900	1/11/2011	30	0	30	October 2011
7	Mexico	0	n/a.	32.16	27.84	60	October 2011
8	Peru	250,000	4/27/2011				
	TOTAL			156.16	27.84	180	

Note: Numbers in red are reflecting resources requests in investment plans submitted to the Sub-Committee for endorsement.