

CLIMATE INVESTMENT FUNDS

FIP/SC.9/CRP.1
November 5, 2012

Meeting of the FIP Sub-Committee
Istanbul, Turkey
November 5, 2012

**PROGRESS UPDATES SUBMITTED BY FIP PILOT COUNTRIES TO THE
MEETING OF FIP PILOT COUNTRIES
OCTOBER 31, 2012 - ISTANBUL, TURKEY**

Introduction

1. FIP pilot countries met on October 31, 2012 in Istanbul, Turkey to share experiences and lessons learned from the programming and implementation process of FIP investment plans, programs and projects. A report prepared by the International Institute for Sustainable Development (IISD) on the meeting is included in this note.

2. Leading up to the meeting, all pilot countries were requested to submit a written update on their planning and implementation progress.

3. This note provides the collection of all received updated which were submitted by the FIP pilot countries to the CIF Administrative Unit. These updates are also posted on the websites for each FIP pilot. The following countries provided an update:

- Brazil
- Burkina Faso
- Democratic Republic of Congo
- Ghana
- Indonesia
- Lao PDR
- Mexico
- Peru



CIF Pilot Country Meetings

Daily Report - FIP

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FIP PILOT COUNTRIES MEETING HIGHLIGHTS: WEDNESDAY, 31 OCTOBER

The fourth meeting of pilot countries participating in the Forest Investment Program (FIP) convened today in Istanbul, Turkey, in association with the Climate Investment Funds (CIF) 2012 Partnership Forum that will meet on 6-7 November. The FIP is one of the three targeted programs under the CIF's Strategic Climate Fund (SCF).

MEETING OF FIP PILOT COUNTRIES

OPENING AND INTRODUCTION: Jeff Brez, Senior Communications Officer, CIF Administrative Unit, highlighted recent improvements to the CIF website, and invited participants to write and blog about their CIF experiences.

Andrea Kutter, FIP Coordinator, CIF Administrative Unit, announced that Indonesia, Ghana and Burkina Faso will present their investment plans to the Sub-Committee meeting on 5 November for endorsement. She reported that 13 projects were in the FIP pipeline, two of which have been approved, with one, in Mexico, already receiving funds. She described the Dedicated Grant Mechanism (DGM) for indigenous peoples and local communities, and stressed it is intended to work closely with investment plans. Highlighting the DGM's unique nature, Kutter said its first meeting will convene prior to implementation and be led by indigenous peoples' representatives, with governments attending as observers.

UPDATES FROM PILOT COUNTRIES AND

DISCUSSION: Pilot countries presented updates on the status of their investment plans. The presentations will be made available on the CIF website.

Brazil reported that the FIP has improved integration of several federal government initiatives on mitigation and reducing deforestation in the Cerrado region. He highlighted a "biome" approach to information sharing among the three FIP projects and with relevant government ministries, including finance. Responding to a question about administrative structure, he highlighted the creation of a permanent coordination mechanism linking implementing agencies in the Cerrado states with national and inter-ministerial discussions, and relating these to national-level initiatives, such as Brazil's low-carbon agriculture plan.

Burkina Faso noted the designation of representatives for various committees to support the REDD+ process, and validation of Readiness Preparation Proposals (RPP). Referring to advances made to date, he stressed stakeholder involvement, and an ongoing inter-ministerial national program on rural development. He also stressed that although institutions have been established, fiduciary arrangements still require strengthening. Responding to an inquiry from Mexico on the rural development program and budget allocation, Burkina Faso said the program: engages three ministries with the same development objectives; is part of the national growth strategy, and is based on bilateral financing. Participants also praised the increased dialogue with stakeholders during the RPP process.

The Democratic Republic of Congo (DRC) noted the investment plan's advances, including on setting up focal points in eleven provinces and consultations with stakeholders. As

challenges, he noted: access to bank loans; lack of flexibility in managing financial resources for the preparation process; and technical aspects, such as M&E and environmental impact studies. He identified lessons learned, including the need for: combining internal and external expertise; a permanent communication channel with civil society; and supporting local structures and NGOs with related on-the-ground experience. Global Witness enquired about the status of the presidential community forestry decree, with the DRC replying that it will be signed shortly. On different reporting formats, the DRC said that work on measurement, reporting and verification (MRV) under the Congo Basin Forest Fund will assist relevant work under the FIP.

Ghana noted Sub-Committee comments and peer reviews had helped focus the investment plan, stating it emphasizes areas that achieve the greatest greenhouse gas emission reductions and co-benefits. He noted challenges include: improving coordination among MDBs and bringing in other Ghanaian sectors; delays in releasing funds; and sustaining private sector interest. He discussed lessons learned, including the need to: engage stakeholders at all levels and balance their interests; and build synergies among agencies. He identified as successes a multi-stakeholder platform and a bottom-up approach. Responding to a World Bank representative's inquiry on linkages between the REDD+ and FIP investment plan processes and if mutual synergies existed, Ghana noted considerable integration.

Indonesia said the country's size, cultural diversity and geographic dispersal presented challenges for consultations and achieving consensus among stakeholders. He observed the FIP can help transform governance practices through promoting broad coordination and dialogue. He urged partners to hasten the project and financing approval process in order to begin implementation in early 2014, before the general election and cabinet appointments. Responding to a question from Brazil, he clarified that the government handles grant activities while facilitating MDB engagement with the private sector, adding that the FIP may reduce Indonesian banks' perceptions of forestry as a high-risk investment.

Lao PDR reported on civil society consultations organized at national and subnational levels, stating that civil society diversity is a challenge, noting lack of organization as a single forum with agreed representatives who may come forward to access FIP grant funding. He noted the government's schedule to complete national forest management plans by 2015 based on different protection levels for forests.

As advances, Mexico noted: establishment of institutional arrangements for projects; significant progress in project development, reinforced by the new Climate Change Law; and monitoring and evaluation (M&E). He highlighted challenges, including the need for: a broad platform for monitoring policy interventions; regional leadership development; better balance of loans, grants and private funding; and technical capacity building. He said that implementing FIP projects is like "lifting a piano" where everyone contributes to a common task, but it is difficult to assess every individual contribution. In the ensuing discussion, participants addressed whether the CIF should work on enhancing technical capacity in countries.

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They also discussed how to manage the FIP resources which despite concessional terms can be quite expensive for recipient countries due to exchange rates induced by the financial crisis. On aligning a national MRV system for forestry with project-level M&E, Mexico said they are developing a national MRV system as mandated by the Climate Change Law, with financial assistance from Norway.

Peru described advances in preparing its investment plan, including: establishment of a technical working group to assemble information and draft a consolidated document; work towards incorporating concerns of all stakeholders, including indigenous peoples' organizations; and updated information related to, *inter alia*, deforestation drivers. As lessons, he stressed: the investment plan must be flexible; participatory processes demand political commitment; and the FIP must complement other innovative funding initiatives. Referring to FIP impacts, he noted: consolidation of inter-institutional cooperation; enhanced attention to indigenous peoples' needs; improved coordination between national and regional government entities; and integration of forestry policy and current initiatives.

In a general statement, a Samoan representative of indigenous peoples' organizations welcomed the "powerful" remarks in country presentations on the DGM and integration of indigenous peoples' concerns. However, he lamented lack of discussion on the future of REDD+, referring to its current status in the climate change negotiations and the "poor" state of carbon markets. On how the CIF would relate to the Green Climate Fund (GCF), recalling the sunset clause, he expressed concern that the CIF will be taken over by the GCF, which, he said, currently has no financial contributions.

Mexico highlighted a related debate regarding how to bring together negotiating a REDD+ mechanism under the UNFCCC and taking concrete actions to reduce emissions under the CIF.

PRESENTATION OF FIP LEARNING PRODUCT DRAFT AND DISCUSSION: Andrea Kutter introduced the CIF-commissioned report on REDD+ Stakeholder Collaboration at the Country Level. She explained it draws on interviews with REDD+ stakeholders and field visits to four pilot countries, who then shared their experiences.

Peru discussed issues regarding indigenous peoples and land tenure status, highlighting that forests, oil and mineral resources are owned by the state, and that perverse incentives exist for deforestation in order to acquire land tenure. He highlighted the FIP's usefulness in taking forward current work to improve the land tenure system, and that the government is discussing how FIP funds can benefit indigenous peoples.

Indonesia described intra- and inter-ministerial collaboration, and noted that while many issues require national-level coordination, the country's Forestry Management Units operate at the local level, and concern local government.

The DRC said that, apart from the FIP, other agencies support development of national REDD+ policies, including UN-REDD, FAO and UNDP. He mentioned related MDB-supported activities, such as the World Bank (Forest Carbon Partnership Facility); the African Development Bank (Congo Basin Forest Fund); and the GEF (conservation of carbon stocks).

Burkina Faso said his country's decentralization program enables enhanced local participation and highlighted community-run forests. He noted the government's work in improving land management, and that, as part of the FIP, it cooperates with NGOs working on rural, agriculture and forestry issues. He stressed the important role of women in implementing forest policies and combating poverty.

Pilot countries that did not participate in the field visits then reflected on lessons related to stakeholder collaboration at a country level. Brazil reiterated that the FIP helped improve inter-ministerial collaboration and link various forestry initiatives. He noted an existing national strategy and considered the FIP as a tool to foster national collaboration and goals. For local-level collaboration, Ghana stressed the role

of communication and referred to a stakeholder platform that identifies local groups and conducts consultations to develop REDD+ activities.

Lao PDR noted that national-level collaboration occurs within a national environment committee and in sectoral working groups that include various stakeholder groups. Mexico highlighted: collaboration building on past experiences; the need for a flexible approach; capacity building to enhance stakeholder engagement and collaboration; and that greater specificity leads to increased complexity.

In the ensuing discussion regarding additional themes going forward, participants stressed: a transformational approach requires creating trust and confidence at the grassroots level; the need for concrete activities to foster collaboration; improving community welfare through the FIP; emphasizing capacity building in future FIP activities; tackling multisectoral collaboration as the FIP addresses more than just forests; and distinguishing between different private sector actors.

FIP M&E SHOWCASES: Guido Geissler, CIF Administrative Unit, encouraged sharing practical experiences and using FIP M&E to make evidence-based decisions and contribute to accountability, not only to donors but also within recipient countries.

Lao PDR presented on current draft M&E guidelines at national, sectoral and project levels, highlighting a national target to increase existing forest cover by 70% by 2020, and presenting 32 intended indicators in nine categories. He noted difficulty in comparing data from different sources. Responding to questions on the absence of quantification of values within the indicators, he noted that the Lao forest strategy does include targets, drawn from a 2009 draft prepared with the assistance of Japan.

On governance indicators, including on cross-border trade in timber, he mentioned increasing staff capacity and education levels. Brazil queried the cost of monitoring 32 indicators, with Lao PDR responding that satellite images can be purchased for monitoring some of the indicators, but that poverty-related indicators will be difficult to measure. As an example, the Asian Development Bank offered Cambodia's estimate of US\$1 million a year to monitor its national development plan.

Mentioning his country's experience of introducing a biodiversity component into forestry program monitoring, Mexico noted the challenge of choosing indicators that will bring specific issues to the forefront, cautioning against adopting those that are either too complex or too simplistic.

BRIEFING ON CONSULTATIONS FOR SUB-COMMITTEE SEATS: Funke Oyewole, Deputy Program Manager, CIF Administrative Unit, informed participants that consultations for selecting members of the Trust Fund Committees and Sub-Committees will convene on Monday evening, 5 November. Stressing equitable governance and a self-selection process, she urged countries to participate in the consultations to ensure active, engaged committee membership. She said Committee members serve for 18 months until the next Partnership Forum; Trust Fund Committees have 16 seats with equal representation between recipient and contributor countries; and each Sub-Committee has six seats for each group. She said no hard rules exist for FIP Sub-Committee representation, but stressed regional representation. In the past, she noted, four seats were taken by pilot countries and two by non-pilot countries, but said this is not a rule, and that, in contrast, for the PPCR, the six recipient country seats are reserved for pilot countries.

Brazil stressed the importance of discussing any new rules related to FIP governance in the FIP Sub-Committee meeting, noting some decisions regarding FIP governance had been taken by the SCF Trust Fund Committee, and asked why the PPCR has a different rule regarding the number of pilot country seats. Oyewole replied that the three programs were negotiated at different times as part of the CIF design, and a process exists to change the governance rules if needed.

Brazil

Investment Plan: Endorsement date: May 4, 2012

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. Approval of FIP concessional loan by the Brazilian government institution responsible for foreign financing (COFIEX), for the project 1.1 (FIP-CAR). The other projects, as they refer to grants, are subject to a simplified internal process.
2. Beginning of phase of detailing projects, with definition of strategies and indicators, considering the characteristics and needs of each project. Terms of Reference for detailed studies have been prepared and scheduling of public consultations with key stakeholders is under way for the different projects (the FIP-CAR project will hold public consultation already in November/2012).
3. Cooperation with the MDBs has intensified. Brazilian government agencies involved in design and implementation of the Investment Plan are improving their knowledge of MDBs procedures and the necessary steps that should be followed for the approval of the projects.
4. A meeting/consultation held on September with the Environment agencies of the States included in the area of the project 1.1 gave new insights on the institutional capacity building needs and has reinforced mobilization on the execution of the new Brazilian regulatory framework for forest and landscape management (Forest Code) – Law n.º 12651/2012, including the Rural Environmental Cadastre.
5. The different agencies involved on project 2.2 and FIP partners held in October a one day workshop led by the Ministry of Science, Technology and innovation. The seminar served to map the existing activities and to launch the process to define a draft results framework for the project.
6. The different agencies involved on project 1.2 and FIP partners held in October a one day workshop led by Ministry of Agriculture, Livestock and Food Supply. The seminar served to discuss the diagnostic and draft set of project goals and indicators.
7. The executing agencies for projects 1.1, 1.2 and 2.2 were identified. The World Bank started the relevant institutional assessment.

Challenges:

1. Technical capacity is not always sufficient to carry on the activities on the pace preferred by participating institutions. Projects have faced difficulties, for instance, finding consultants with profiles that fit their needs. Additionally, the implementation of the projects will require the

development of technical capacity in States Environmental Organizations of the Cerrado, in order to guarantee a participatory, timely and efficient implementation process.

2. Some projects have been facing problems to access the resources of the project preparation grant (PPG). In the case of project 2.1, the SFB is encountering complex bureaucratic processes in formalizing the agreement between SFB/MMA and IDB. The support of the MDBs is critical to overcome these obstacles.

3. Given that Brazil's Investment Plan includes many organizations, a permanent mechanism to coordinate the efforts of all project's National Executing Agencies is needed – as envisioned on the Investment Plan. It will be challenging to design and implement in the short term an appropriate coordination mechanism among projects that maximizes synergies and results.

Lessons learned:

1. National Executing Agencies have acquired enhanced knowledge of MDBs fiduciary procedures and consultant services and events cost. Nonetheless, Agencies should be more familiar with MDB procedures and FIP requirements. It has been noted that the whole administrative, formal process is very time-consuming.

2. A well planned consultation process is essential for mobilizing target audiences. Separation by interest segments (government, companies, traditional communities and family farming) is convenient when there is a great need of a high level of detail and time is short. Also, projects can be greatly improved as a result of the consultation process.

3. Processes outside the immediate realm of the IP can feed into the preparation of the projects, providing subsidies for the enhancement of implementation strategies. As an example, a series of Rural Environmental Cadastre projects is being finalized in the Amazon region, bringing many lessons on how to execute registering projects in priority municipalities – a valuable subsidy for project 1.1 (FIP-CAR).

What is the most important value added and/or benefit from the FIP process in your country?

The FIP process has promoted a better integration of several isolated initiatives of the federal government aimed to tackle deforestation and mitigate GHG emissions in the Cerrado region. It will optimize the country's ability to advance an agenda that is of great importance, leveraging existing skills and improving capacity for accountability, monitoring, planning and use of information on the Cerrado.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

A management unit will be assigned the responsibility for the monitoring, publicity and evaluation of the plan as a whole, for the period of projects implementation. USD 1 million was estimated to cover this need.

It is expected that the sharing of successful experiences among the projects will be facilitated by the creation of a permanent coordination mechanism, improving upon the current state of affairs.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

Project: FIP-ABC(1.2 Sustainable production in areas previously converted to agricultural use (based upon the ABC Plan))

1. Simplified internal process for approval.
2. Inter-institutional cooperation with institutions committed and interested in the project outcomes.
3. Integration of the project with an existing national policy (ABC Plan) that is already being implemented, and which established a broad participatory mechanism, encompassing State and Local Plans, and participation of different actors that deal with the theme.
4. Prior existence of information and indicators of GHG emissions in the agricultural sector, as well as the technological potential to mitigate these emissions.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Finalize the preparation of implementation/executive projects, fulfilling MDBs requirements and having the projects approved by the FIP Subcommittee. Define the financial and governance aspects, such as procurement plans and mechanisms for resource transfer in the context of each project.
2. Select institutions with capacity to implement each project and conduct fiduciary arrangements (some projects have had their implementing institutions selected, still pending the formalization of agreements).
3. Establish a permanent coordination mechanism to support the implementation and monitoring of the projects, with the participation of the National Executing Agency for each project (MMA, SFB, MCTI, MAPA). The need for such a mechanism was considered since the design of the IP, and its details are currently being framed by the National Executing Agencies.

Burkina Faso

Investment Plan: Endorsed in Principle: June 30, 2011

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. In May 2012, through a series of workshops, designation of the representatives for the various committees that will support the REDD+ process
2. In June 2012, validation of the the R-PP equivalent after it was favorably received by the FCPF
3. In October 2012, submission of the final version of the Investment Plan to the Sub-Committee after it followed the same quality control as the World Bank documents

Factors contributing to progress:

1. Dedication of the people
2. Shared interests between the civil society, private sector and the government
3. The Ministry of Agriculture, The Ministry of Animal Resources and the Ministry of Environment have an integrated rural development (PNSR). The cross-sectoral structure that is coordinating (SP CPSA) has shown more and more interest on REDD+

Challenges:

1. Formal adoption of the Investment Plan by the Sub-Committee.
2. Making the institutional arrangement in place
3. Ensuring the practical coordination with the other projects supporting the PNSR – in particular the PASF and the PNGT.

Lessons:

1. Burkina Faso has a track record in terms of implementation of forest friendly systems consistent with REDD+ approach. The proposed FIP projects will strengthen and expand this experience

What is the most important value added and/or benefit from the FIP process in your country?

- The FIP provides an open a space for dialogue and cooperation within civil society and between the civil society and the government.

- The various delays in the Investment Plan approval had also an impact on the credibility of the whole process. This credibility and trust will have to be rebuilt very quickly in early stages of project(s) preparation.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

What is working:

- Potentially, all institutional actors are on board and eager to contribute to the success of the FIP/REDD+ agenda

What needs improvement:

- During project preparation greater clarity will be sought in order to strengthen fiduciary efficiency

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

- Formal adoption of the Investment Plan by the Sub-Committee (November 2012)
- Signing and set up of the Project Preparation Grant (Jan/Feb 2012)
- Preparation mission for both projects to define the area of intervention after a participatory process (Jan 2012)
- Ensure the Designated Grant Mechanism activities are set up consistent with the FIP objectives (January to June 2012)

Democratic Republic of Congo (DRC)

Investment Plan: Endorsement date: June 30, 2011

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. During the second quarter of this year, the two MDBs supporting the process (World Bank and African Development Bank) conducted field consultation missions to finalise their concept note related to the components of their programmes for internal use with the objective of getting to an agreement for going ahead and putting in place the preparation grant for project . The AfDB's preparation grant was signed in October 6, 2012. The one for WB is expected by mid-December.
2. The deployment of the REDD process has begun in June 2012 and the REDD Focal Points for the eleven Provinces have begun their job in August, giving the way for national appropriation for the REDD and FIP process throughout the country.
3. Structured consultations with the private sector, including the bank sector, and the civil society at national and international level, has been very crucial for developing feasible and realistic operations for the FIP

Challenges:

1. Access to the loan from the bank system, remains a big issue in the context of engaging the private sector and local community in the country. This problem makes difficult to put in place financial mechanisms for the involvement of the private sector.
2. Lack of flexibility in the management, by the FIP national team, of the financial resources available for the preparation process.
3. How to integrate technical aspects of monitoring and environmental impact evaluation with the definition of the National REDD Strategy and FIP projects.

Lessons learned:

1. Need for the FIP team to combine internal and external expertise in order to manage the schedule for the preparation of the FIP projects.
2. Need for a permanent communication channel with the civil society in order to facilitate a clarification on the respective roles during the preparation of the National REDD Strategy and the preparation of FIP projects.
3. Need for support to local structures/NGOs in the country, with good technical competences to accompany projects in many fields concerned by the FIP (agroforestry ...).

What is the most important value added and/or benefit from the FIP process in your country?

The FIP will make the transition before the REDD is fully operational, and it will be a pilot for many basic mechanisms of the REDD : benefits sharing mechanisms; payment for environmental services; MRV; farmers organisation for managing innovations; involvement of private sector in

agroforestry and local community; etc. Doing so, the FIP will maintain the credibility of the all REDD process in the country.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

The Forest Investment Plan of the DRC has proposed institutional arrangements for the FIP :

- a) The National Steering Committee of the FIP is represented by the National REDD Committee. Their roles are to direct, give support and advise the executive structures of the FIP. By doing so, it makes the necessary link between the REDD process and the FIP activities. Unfortunately, the missions of the Committee and its action plan in the framework of the FIP have not been defined yet. On the other hand, the National steering Committee has to supervise the work of the Provincial steering Committees which must be closely associated to the preparation and the implementation of the FIP in the Provinces.

Due to the fact that the deployment of the REDD process in the Provinces has been launched only in June 2012, the concerned Provincial steering Committees are not in place yet, although the work on the preparation of the FIP programmes is in progress.

- b) The responsibility for the financial management of the all projects of the Ministry of Environment, including the resources for the preparation of the FIP projects , is entrusted to a Unit which has no antennas in the Provinces. It is urgent to assure that this will be effective as soon as possible because it is essential to rely on them for implementing FIP agencies.
- c) Concerning the activities to be implemented by the private sector, we are still considering the suitable partnership for the future structure to be in charge.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

Project:

All our projects are in the preparation phase. TOR are achieved, and the TOR of the REDD SESA, which is in process, are mentioning the production of an ESMF for the FIP, to be finalised for end of December. The survey for private agroforestry techniques and business plans is also in process (consultant recruited and on work) and it will provide the broad lines of the TOR for a call for proposal. The concept of integrated projects in the “bassins d’approvisionnement” (supplying areas) of the great towns is fairly well designed (Kinshasa, Kananga-Mbuji Mayi and Kisangani). It will comprise activities of capacity building (NGOs, state services, farmers, villages), of participative natural resources planning, extension of sustainable farming and PES will be used to encourage evolutions. There are some discussions about the so called “small grants” component of the investment plan – we are on the way to limit this

component to small integrated projects, in a limited number to avoid dispersion. Another not concluded discussion is about the energy component of the Investment Plan (how to limit charcoal production – improving production techniques seems not to be quite efficient – and consumption – have we to encourage industrial or semi industrial local production of improved charcoal stoves, or can they be imported at a first step ...).

The factors that have contributed to these progress are :

- 1. A very good communication channel with the civil society on the Investment Plan consultations and on the TOR of the projects ; good working relationship also with national and international NGOs for the conception of the projects.*
- 2. The ongoing initiatives in line with the Clean Development Mechanism in the country, coupled with 30 years old of successful agro forestry experience in DRC and the acute rural development and conservation analyses and experiments of these last ten years.*
- 3. The good collaboration between the MDBs and the Ministry of Environment through the CN REDD Coordination and FIP Coordination*

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. To produce on time the complete concepts of the projects and call for proposals, and to gather required materials for the official formulation, not forgetting a full communication plan managed with the Civil Society to validate the projects concepts.
2. To organise a joint evaluation mission of the projects finalised with the support of the World Bank and the African Development Bank.
3. The validation of projects at local and national levels before submission to the FP Sub-Committee, during year 2013.

Ghana

Investment Plan: Expected endorsement date: November 2012

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. Two peer reviews as well as comments from FIP Sub-Committee received on May 4th led to the following advances
 - Transformation
 - Focus
 - Calculation of GHG Emissions
2. Transformation
 - Widened Stakeholder Consultations
 - More consultations with the private sector & MDBs
 - Lesson's learnt of existing programmes – what is transformational in them.
 - Outcome - what are the key transformational elements
3. Focus
 - 1st draft GIP had a nationwide focus
 - However latest version of GIP is focused in 2 Regions which have the greatest potential for GHG reduction and increased co-benefits
 - Support of IUCN in determining priority regions.
4. Calculation of GHG emissions
 - On-going programme with FPP (Japan), Oxford Univ., Katoomba Group, FORIG etc. have led to the dev. of the Carbon map of Ghana.
 - Now able to calculate carbon savings of IP

Challenges:

1. MDB Co-ordination
2. Delays in Release of Funds – Bank of Ghana
3. Sustaining the Interest of the Private Sector in the Planning Process – Long planning process affects the interests of the private sector

Lessons learned:

1. Need to engage key stakeholders & establishment of stakeholder platforms – Has led to better stakeholder and Institutional Co-ordination
2. Building the requisite Capacity to bring stakeholders to the same level for equitable participation
3. Building Synergies among existing programmes and the FIP

What is the most important value added and/or benefit from the FIP process in your country?

- Created multi-stakeholder platform to discuss sector-related problems

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

Institutional Arrangements

- Natural Resources Advisory Committee (NRAC)
- Technical Steering Committee (TCC⁺) – which is integration of all committees guiding Ghana's REDD+ agenda - VPA, NFF, NLBI, FCPF

What is Working

- Multi-Stakeholder platform
- Bottom-up approach

What Needs Improvement

- MDB Co-ordination could be improved

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Secure approval of GIP
2. Develop Concept Notes into projects
3. Initiate Implementation Arrangements & Structures
 - Capacity building
 - Stakeholder Institutions

Recommendations:

1. Investment Plan preparation has created stakeholder interests
2. Transformational issues have generated the greatest interests
3. After Approval of the IP there is the need to quickly build on this and work on Projects

Indonesia

Investment Plan: Expected endorsement date: November 2012 Sub-committee meeting

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. **The Indonesia National REDD+ Strategy (SATGAS)** was formally launched in June 2012 at a side event of the World Council on Sustainable Development in Brazil (Rio+20). Alignment of the Investment Plan with the launched version of the SATGAS was confirmed. **The National Forest Council (DKN)**, FIP's main platform for stakeholder consultations, underwent a change in leadership, which strengthened the consensus-building process for the investment plan. Under the new leadership, a process for developing and agreeing on protocols for public consultation within the DKN was initiated. The final draft of the FIP Investment Plan for Indonesia was posted on CIF web site on 12 October 2012 for review and feedback by the FIP subcommittee. The Government of Indonesia will present the IP at FIP subcommittee meeting on 5 November.
2. **A technical mission to West Kalimantan** was held to assess the: (i) status of pilot forest management unit (KPH) and ownership at province and district levels; (ii) capacity and willingness of district and province to engage with local communities on land-use planning and sustainable livelihood development; and (iii) strategic fit with REDD+ objectives, including potential for REDD+ project development and collaboration with partner programs.
3. **A meeting on the Dedicated Grant Mechanism (DGM)** was held in September to discuss modalities of implementing the DGM in Indonesia.

Challenges:

1. The presentation of the investment plan was moved to November 2012 to accommodate **further consultations**, in part due to the DKN leadership transition. The Ministry of Forestry requested the new DKN leadership to facilitate a dialogue on FIP in April 2012, in response to public comments received on the first draft of the investment plan posted on the web in March 2012. A series of dialogues were held throughout August and September, which became the basis for subsequent drafts of the investment plan uploaded to the Forestry Ministry website on 10 September, 26 September and 10 October.
2. As demand for FIP investments in other provinces outside Kalimantan is also high, satisfying **the variety of demands** during project design stage would be a challenge, along with challenges in agreeing on targets, baselines and methods to capture data for indicators to refine estimates of GHG emissions reductions from FIP investments, in relation to the "one-map movement".
3. Indonesia's size, geographic dispersal and cultural diversity pose a challenge to setting up a

well-grounded **DGM National Steering Committee (NSC)**. It is hoped that the emerging DKN protocol for public consultations can help to fast track the national decision-making process for DGM.

Lessons learned:

1. **Managing multiple expectations** of stakeholders is critical to building trust in REDD+ initiatives.
2. The investment plan **consultation process can be logistically difficult, expensive and long**, especially in large countries with geographically dispersed and culturally diverse stakeholders, like Indonesia.
3. REDD+ initiatives, including FIP, can help to transform **governance** practices, through promoting coordination within and between ministries, and through supporting broadly-agreed consultation processes.

2. What is the most important value added and/or benefit from the FIP process in your country?

With the National Action Plan for Reducing GHG Emissions (RAN GRK) and the National REDD+ Strategy in place, the FIP Investment Plan leverages existing political will as well as large amounts of pledged and emerging REDD+ funding, through addressing remaining barriers to REDD+ implementation at the sub-national level. Key entry points for the Investment Plan to address sub-national barriers will be the **national system of forest management units (KPH)** and ongoing tenure reform processes. Target areas include provinces facing rapid deforestation and peatland degradation.

The investment plan contributes to a transformative process toward good forest governance and sub-national REDD+ readiness in Indonesia, through focusing on the following three themes: Institutional Development for Sustainable Forest and Natural Resource Management; Forest Enterprises and Community Based Forest Management; Community land use planning and livelihoods development.

The investment plan supports cross-cutting analytical work to address critical issues, providing guidance to the project design process and/or the development of national policies. Priority issues include:

- Policies related to community participation in sustainable forest management;
- Forest concession licensing processes and impacts on local communities;
- Support for national safeguards development, e.g. through piloting a district-level safeguards information system.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

Investment Planning Phase:

Within government, the process is being coordinated with different units of the Ministry of Forestry, the Presidential Unit for REDD+ Delivery (UKP4), National Planning Agency (Bappenas), and the Finance Ministry. Across multiple stakeholders, coordination is happening through the National Forest Council (DKN) that has a matrix structure comprising five chambers (government, local community, private sector, academe, NGO) and four commissions (forest governance; conflict mediation & community capacity building; forest economy; environment & climate change). The investment plan is coordinated with initiatives of multilateral as well as bilateral development partners, including FCPF, GEF, UN-REDD, Norway, Australia, US, UK, and Japan. UN-REDD ends in October 2012, but its work will continue through the UN Office for REDD+ Coordination in Indonesia (UN ORCID).

Implementation Phase:

A Steering Committee will be established to perform coordination and oversight functions during program implementation. The Steering Committee will be formed at the Director General level and will be composed of the principal agencies involved (including Ministry of Forestry, the REDD+ Task Force, Ministry of Finance, Ministry of Home Affairs, Bappenas, the National Council on Climate Change) and will include representation from non-Government stakeholders including civil society and the private sector. The MDB's will be given observer status. Steering Committee meetings will be held every 6 months to evaluate activities and progress. Technical coordination meetings, organized by the Ministry of Forestry, will be held 2-4 times per year.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

The investment plan is yet to be endorsed. Endorsement of the investment plan will pave the way for the design and implementation of 3 projects:

1. Community-Focused Investments to Address Deforestation & Forest Degradation
2. Promoting Sustainable Community Based Natural Resource Management and Institutional Development
3. Strengthening Forestry Enterprises to Mitigate Carbon Emissions

Given the geographic nature of some countries, **provisions must be made for travel** in order to be inclusive of all regions.

Cultural and linguistic diversity in Indonesia also means that **translated documents and simultaneous translation of meetings** must be provided.

In addition, stakeholders at all levels still need education about REDD+ and FIP. It takes **targeted and iterative communications with each stakeholder group** to ensure common understandings.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

Assuming investment plan endorsement in November 2012, major tasks include:

1. **Project preparation, including stakeholder consultations at project level**, is expected to run from December 2012 to March 2013. Multilateral review and refinement of project documents is targeted to occur during the 2nd and 3rd quarter of 2013.
2. **Requests for project approval** are targeted for submission to FIP SC in April 2013 (IFC) and November 2013 (ADB and WB).
3. **Submission to the MDB Boards & signing of grant agreement with GOI** are projected to occur in 2nd quarter 2013 (IFC) and 1st quarter 2014 (ADB and WB).

To ensure effective links and complementarities between the Investment Plan and the DGM for Indonesia, close coordination is needed with the DKN chamber for local communities, in charge of facilitating discussions to nominate representatives to the DGM National Steering Committee and appoint a national Intermediary Institution as well as one of the MDBs to act as the national Executing Agency.

Lao PDR

Investment Plan: Endorsement date: October 31, 2011 (in principle) and in full in January 31, 2012

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. All approved projects highlighted in the FIP Investment Plan have commenced their missions to prepare the project concept note.
2. The Project 3 on Scaling-Up Participatory Sustainable Management to be implemented with the World Bank has recently completed its Project Preparation Mission and field visit to the target areas for initial consultations and data collection.
3. Representatives of the local Civil Society Organisations (CSOs) organised an information dissemination workshop on the FIP Dedicated Grant Mechanism (DGM) on July 3 with participation from CSOs, ethnic group representatives, relevant government ministries, MDBs and AIPP (Asia Indigenous People Pact) representative.

Challenges:

1. The underlying causes of deforestation and forest degradation in Lao PDR are complexity and linked to many different actors. To identify effective options for dealing with each driver, and describe how to implement such options are key challenge during the FIP Project Design, while during the project implementation, the main challenges are linked to coordination, commitment and involvement of all stakeholders.
2. It was expected that the DGM will be an important instrument that can support the local communities and ethnic groups in Lao PDR in building their awareness on REDD+ and Participatory Sustainable Forest Management so that they can effectively participate in the design and implement the planned FIP Investment Plan projects. While all proposed FIP projects have made constant progress in terms of project preparation, the start up of the FIP DGM has been delay including the transfer of the additional requested fund to support the start up of the FIP DGM in the pilot country. This causes some serious concerns among the government and the MDBs.
3. The government of Lao PDR is committed in completing management plans for all conservation, protection and production forests in Lao PDR by 2015 as stated in the Prime Minister's Decree Number 032 dated March 06, 2012 as well as exiting the LDC status in 2020. A timely delivery and approval of all proposed FIP projects with co-financing funds from MDBs in 2013 will be one important contribution in assisting the government of Lao PDR to reach this target and advancing its REDD+ Readiness.

Lessons learned:

1. The consultations and participation of all the relevant stakeholders in the national and sub-national levels in the design and preparation of the FIP Investment Plan are the key to the quality

and timely delivery of the Plan for FIP SC approval.

2. New focus areas of the project no.3 of the FIP targets the northern Lao PDR where social and environmental conditions are not familiar by the current PSFM projects. Thus, different approaches are being explored by the FIP. This provides the opportunity of different working environment for our forest and FIP design teams.

What is the most important value added and/or benefit from the FIP process in your country?

Joint partnership between different line ministries and between government and development partners including bilateral and MDBs. The FIP fund has been incremental in leveraging the funds from the MDBs and bilateral donors as well as complimentary to the FCPF fund of \$3.6 million that the government of Lao PDR received to build their REDD+ Readiness at the national and sub-national levels.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

The FIP should be linked with the National REDD+ Program. In Lao PDR, the proposal of institutional arrangement for REDD+ has been proposed and set up. Ministry of Agriculture and Forestry and its agencies are responsible for the REDD+ issue from 2009 up to now. However, due to the rearrangement within the Government in 2011 (Ministry of Natural Resource and Environment was established), the transition of the Government agency on leading REDD+ issue is expected in the near future as the Ministry of Natural Resource and Environment, in general, has the mandate to lead the REDD+.

While REDD+ issues have made progressed and advanced in Lao PDR in the last few years, and the agencies who have direct responsibilities have picked up on building capacities, it is clear that some less involvement agencies and local stakeholders are behind. Thus, national REDD+ awareness raising program may be required.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

Project 3: Scaling-up Participatory Sustainable Forest Management (SUPSFM)

1. Government commitment and strong partnership with development partners and CSOs.
2. Effectively collaboration and coordination between the Department of Forestry under MAF who is an interim FIP focal point, and the line ministries concerned, including the MDBs
3. Clear milestone and plan on preparing the project and effective communication with other stakeholders on these plans and targets.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Prepare the project document for the Sub-Projects of the FIP, and carry out public consultations with relevant stakeholders at national and sub-national levels for FIP Project 3: Scaling-up Participatory Sustainable Forest Management (SUPSFM) with World Bank before submitting to the FIP SC for approval in late December 2012 to early January 2013.
2. Conduct public consultations on the draft Project Concept Note for FIP Project 2: Small holders forestry with IFC in late November 2012.
3. Start the project scoping mission with ADB on Project 1: Protecting forests for ecosystems services in late November 2012.

México

Investment Plan: Endorsement date: November 15, 2011

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. Mexico has made significant advances in the implementation of projects 1 and 2, both executed by the National Forestry Commission. This has involved the creation of the institutional structures that will be providing oversight for the activities and making initial changes to our operations.
2. On September 4, Project 3 of the FIP “Financing Low Carbon Strategies in Forest Landscapes” was approved by the FIP Sub-Committee. Regarding Project 4, the project is being prepared, with all the background additional work already made. We expect to submit it early next year to the FIP Sub Committee. This means that more than 90% of the FIP resources have been approved in projects and some 70% will start being implemented before the end of the year.
3. Mexico’s overall direction of forest policy, with great emphasis on community forestry, recognition of environmental services, policy alignment and the aspirational goals of achieving zero net carbon loss in original forest ecosystems have been incorporated into our new Climate Change Law and further amendments to our Forest Development Law. This greatly enhances the relevance of the FIP.

Challenges:

1. A multipurpose and multiscale monitoring system will be needed to both report on progress and assess public policy and inform local actions. The new legal framework created a policy assessment mechanism, a 3-year limit to establish an MRV system for REDD and a national system for information on climate change. We anticipate that these systems will need to be developed as part of an integrated multiagency system. Developing this system is an important challenge for the Mexican government and we are simultaneously developing new procedures, testing approaches and developing new tools.
2. A second major challenge relates to the institutional and cross-sectoral assimilation of the operative model included in the project. The territorial units that will be the focus of policy integration have diverse set of actors with different degrees of coordination. At the same time, the natural leadership of key program managers will change from region to region, e.g. areas where agroforestry will be a dominant strategy, versus areas where conservation or where wood production will be the key articulating factor. A related challenge is the coordination with other sectors.

3. One of the major challenges for project 3 will be to effectively transition from subsidies to credit and private financing mechanisms in the forest sector, and identifying how to appropriately encourage, both communities and financial services providers, to adopt a diverse mix of financing sources. One of the objectives is that *ejidos* and communities see their productive activities as enterprises and that financial services providers see sustainable rural activities (including sustainable forest management) as business opportunities.
4. The financial arrangements to receive FIP resources have been challenging, particularly in project 3 where Financiera Rural acts as an executing agency to implement a dedicated credit line. As individual credits will be given to small landholders in national currency, FIP resources would be more effective if disbursed to Financiera Rural in national currency and not USD. Despite the concessionality in FIP resources the exchange rate coverage is quite significant

Lessons learned:

1. The institutional challenges around implementation of innovative policies should not be overlooked nor the necessary efforts to encourage managers and operators to buy into the new model.
2. While preserving principles and objectives, flexibility in implementation is key for success. The multiplicity of readiness efforts and fast-start finance does not automatically create synergies. Synchronizing work plans, combining outputs and avoiding duplications of these projects and initiatives require a dedicated effort.
3. MDBs need to find practical solutions to overcome the transaction costs involved in small scale financing for these types of projects. Most investments in the forest area for developing countries, particularly those targeting community forestry, will be small in size and agents capable to serve as intermediaries to handle those resources and disperse them are not easily found.

What is the most important value added and/or benefit from the FIP process in your country?

The challenge to innovate in existing approaches to address drivers of deforestation and degradation, coupled with resources at scale enabled us to meaningfully think outside the box in policy design and with sufficient impact to make it politically visible beyond a demonstration activity.

It was key for us to set up the plan in a short time span. And the agility of the process to access financing was equally important for Mexico.

Finally, the FIP has served as a central link between the small scale intervention and demonstration activities and national policy. The design process enabled us to extract and enhance valuable experiences in other projects and initiatives.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

Mexico's overall plan is being coordinated through CONAFOR, which is also the main focal point for the FIP.

Two of the projects are being implemented through CONAFOR directly, while the other two are being implemented by Financiera Rural, a national development bank, and IDB's MIF. A close collaboration between Financiera Rural, MIF and CONAFOR has developed over the preparation period, which has been critical to ensure coordination.

Within CONAFOR, the FIP components were included as part of a wider operation that will multiply the impact of the FIP investment. The overall operation, almost USD 400m in size, is coordinated through a Management Committee presided by the Head of CONAFOR, and an Operational Committee led by the Director of Planning. In addition, the Unit of Foreign Affairs and Financing provides overall oversight for the project and is the main point of contact with the IBRD.

The Federal Government generally appoints a financial agent to ensure that all aspects of the project are being complied with. In this case, the Ministry of Finance has appointed Nacional Financiera, another development bank with this mandate.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

Projects implemented by CONAFOR have advanced the most, only awaiting effectiveness, Project 3 implemented by Financiera Rural will be negotiated in October 2012, and the last project is still being developed.

1. Both projects implemented by CONAFOR projects have been an institutional priority, with significant resources being dedicated to setting them up. In fact, both projects are part of a broader model of operations. The close collaboration with the TTL and IBRD staff has been also a key factor.
2. In the case of the Financiera Rural project, a similar alliance exists with IDB. In fact, there are other operations related to the FIP which enhance its institutional visibility.
3. CONAFOR had worked previously with its current local partners for the early action areas selected for focused implementation, enabling a rapid consultations, project design and implementation.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Implementation of the Project 3: “Financing line for low carbon strategies in forest landscapes”. Currently, CONAFOR and FinRural, helped by an external consultant, are working together with the design of the credit line financing schemes. They are integrating the first draft of the project’s Program Operational Rules.
2. Development of the Draft Loan Proposal and implementation of project 4: “Strengthening of the financial inclusion of ejidos and communities through technical assistance and capacity building for low carbon activities in forest landscapes”. It is a priority to coordinate with the local partners of the TAF.
3. With Project 1 and 2 being implemented already, it is now required to determine a baseline for the impact evaluation. This will be done after the MRV system deployment.

Peru

Investment Plan: Expected endorsement date: May 2013

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. **Substantial advance** in the preparation of the Investment Plan: the international and national **consultants have submitted fundamental information in their final draft reports**, which have been revised and discussed with stakeholders (civil society organization, private sector representatives, and indigenous peoples). MDBs have provided technical inputs to the reports, and recommendations have been stated by the Oversight Committee (OC) members for the revised **final report will be openly shared with all stakeholders** through the web.
2. **Working technical group** has been formed under the OC in order to assemble the information collected and **propose a draft consolidated document of the Plan, which will be completed in March 2013**, after a process of participatory consultations with all relevant actors.
3. **Good prospects for the inclusion of expectations from all stakeholders, including Indigenous organizations; a rational balance** of resources for public-civil society-private actors and transformation-implementation activities is expected.
4. **Important and up dated information on crucial issues** related to deforestation drivers, spatial identification of problems, and statistical information will allow for a **firm base for investment** in the sector, and its relationship with concomitant plans, programs and projects at the national and regional levels.

Challenges:

1. The FIP Investment Plan is being designed in a **context of structural and institutional changes in the country** including decentralization processes, and forest governance and management rules (new Forestry Law, new authorities, new institutional arrangements). This changes are **precisely oriented to solve the various problems found during the diagnosis and data collection** for the FIP in Peru.
2. **The assembling of the Plan has started** using the information gathered and the proposals devised by the consultant firms. The various **expectations of the stakeholders will be incorporated, harmonized and synthesized into an innovative conceptual framework**.
3. Difficulties to **coordinate and synchronize plans and priority investments** due to

simultaneous initiatives regarding forestry and REDD+ being carried out by several **public and civil society actors, with diverse interests.**

Lessons learned:

1. Country complexity and singularity of problems call for **higher flexibility and provisions for alternative courses** in plan formulation and implementation, within a clear **conceptual framework.**
2. **Participatory processes demands political preparation and attitude** that exceed the capacity and timing for technical response. A particular challenge is the need to ensure that FIP funds complements other innovative thematic and geographic public and private initiatives.
3. Terms of reference for **external consultancies must be clear and precise as to the final expected results and its logical iteration from analysis to outputs.**
4. **Present FIP resources for investment have to be complementary with other funding sources** in order to have a significant impact.

What is the most important value added and/or benefit from the FIP process in your country?

Among other positive impacts, it is **expected further consolidation of inter-institutional cooperation** regarding the forestry sector management, and synergies from initiatives and investments of various sources;

Enhanced attention to indigenous people's needs and its incorporation into the public and private development agenda;

Improved coordination between national and regional government entities for REDD+ implementation; and,

Integration of forestry policy and initiatives into an organic approach and action frame will leverage the dynamic action of Peruvian entrepreneurial spirit to manage forests, promote ecotourism, engage in sustainable agriculture, and other endeavors.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

The experience and lessons learned during the preparation of the Plan have proven very useful to extend it to a more stable and coordinated stage for implementation. Regional governments and sectors like Agriculture and Economy and Finance, are working together in several initiatives, and prospect for improvement is becoming higher in time.

What is working:

- Coordination with Indigenous people organizations is improving.
- Ongoing revision of the forestry sector legal and statutory framework.
- Enhanced level of coordination with, and involvement of, regional governments in the forestry governance.

What needs improvement:

- Improved trust, mutual reliability, and accountability of public and private institutions, and inclusion of additional actors.
- Coordination between central government and regional governments need to be institutionalized.
- Convergence of actions under a shared vision for forestry sector and national development.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Completion of the Investment Plan document and setting up of implementation mechanisms (March 2013)
2. Positioning of the subject and involvement of actors at the highest political decision making levels (in progress).
3. Improved and converging action coordination of FIP and REDD+ initiatives (on-going)