

CLIMATE INVESTMENT FUNDS

FIP/SC.8/CRP.1

May 4, 2012

Meeting of the FIP Sub-Committee

Washington, D.C.

May 4, 2012

Agenda Item 4

**Report from Meeting of
FIP Pilot Countries
(Brasilia, Brazil
April 2-4, 2012)**

CLIMATE INVESTMENT FUNDS



Farm SLC Agricola

**FIP Pilot Countries Meeting
Brasilia, Brazil
April 2-4, 2012**



Overview

Outcomes

- **Country Updates**
- **Innovation and Private Sector Engagement**
- **Results Monitoring**
- **Working with Indigenous Peoples and Local Communities**

Topics for the next meeting of FIP Pilot Countries



Host:

- **Government of Brazil**

Venue:

- **Head Quarters of Embrapa in Brasilia**

47 Participants:

- **27 pilot country representatives**
- **4 civil society**
- **14 from supporting MDBs**
- **2 from other development partner agencies**

Investment plans:

- Democratic Republic of Congo
- Lao PDR
- Mexico
- Brazil has submitted investment plan for endorsement by the FIP Sub-Committee

Country programming process continues:

- Burkina Faso to submit a revised investment plan based on outcomes from FCPF R-PP process
- Ghana
- Indonesia
- Peru

Projects approved:

- Mexico Forests and Climate Change Project

Challenges and Successes identified by FIP Pilot Countries



Challenges:

- Institutional barriers
- Balancing stakeholder interests and managing expectations
- Secure local financing for REDD+

Successes:

- Enhanced inter-institutional collaboration at the national level
- Improved communications and stakeholder engagement
- Improved understanding of national needs for REDD+ agenda

Innovation (including Private Sector Engagement)

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Innovation in FIP and REDD+:

- in FIP pilot countries – there is potential to further enhance the involvement of the private sector
- recognized as priority

Key message:
FIP investment plans can help develop more innovative investments

Scaling Up Sustainable Charcoal Production (PLANTAR) (Brazil)

Project Components:

- timber plantations were established for conversion to charcoal
- charcoal used as energy source for pig iron production

Benefits/Outcomes:

- reduced pressure on native forests
- renewable source of energy
- cleaner energy source than conventional coal or oil



Sustainable Silvopastoral Management (Colombia)

Project Components:

- silvopastoral and ecosystem management
- payment for ecosystem services
(carbon, biodiversity and water)

Benefits/Outcomes:

- adoption of sustainable farming practices
- Transformed livestock sector
- private sector fully on board (FEDEGAN)
- local communities show increased interest/motivation in learning



Innovation - Private Sector Engagement

Suggestions for Structures and Instruments for Private Sector Engagement

The example of Commodities Roundtable:

- certification scheme
- rigorous and beyond BAU environmental standards
- minimum premium price for producers
- increased adoption of good farming practices
- synergies between market transformation, sustainable agriculture and emissions reductions from deforestation and forest degradation



Key message:

**Private sector can have an important role in FIP
implementation and REDD+**

Suggestions of Structures and Instruments for Possible Private Sector Engagement (cont'd)

Forest bonds:

- use debt securities to access large sums of capital
- investment in income-generating forest conservation projects
- income would then be used to pay off the bonds
- not yet being implemented, possible lessons from green bond schemes

Challenges:

- **high upfront capital costs**
- **institutional barriers to PES**
- **identification of private sector partners and capacity to target and involve them**
- **access to local financial institutions**
- **lack of equity instruments and guarantees**
- **lack of supporting policies (certainty, consistency and transparency)**

Opportunities:

- **concepts and mechanisms adoptable to some degree**
- **private sector has a vested interest since a lot of land is privately held**
- **high level of trust in publicly financed initiatives (but risk of public finance crowding out private finance)**
- **FIP investments can provide the upfront capital to stimulate similar innovations**

Results Monitoring: Challenges

- integrating FIP monitoring objectives with that of other national M&E systems
- attributing emissions reductions to investments
- appropriate indicators, and proxy indicators
- the universality of indicators
- timeframe for measuring benefits
- baseline information to track changes
- proper budgeting, resources, and high costs



FIP Results Framework

New focus:

- **transformative impact and program/project outcomes**
- **now has 32 indicators – needs to be reduced**
- **revised draft for discussion in Summer 2012**

Questions posed:

- **need to change the logic model**
- **choice of core indicators**
- **how to initiate the process of simplifying the FIP results framework**
- **timing for the revision**



Working with Indigenous Peoples and Local Communities

The Dedicated Grant Mechanism:

- integral part of the FIP process, both in design and implementation
- based on three regional and two global consultations
- complements FIP investment plans
- DGM activities need to be consistent with national laws and policy
- should be flexible enough to fit the country circumstances
- Developed in a participatory manner



Government Representative explains how DGM will work in Ghana....

Key message:
Need to align the DGM with the FIP investment plans

Working with Indigenous Peoples and Local Communities

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Key Concerns of Participants:

- DGM must build on existing institutions
- need for clear guidelines and criteria to establish National Steering Committee
- ancillary institutional and legal frameworks need to be constituted
- government needs to have a clear role
- need for extensive stakeholder consultations to manage expectations
- experience sharing and knowledge exchange on stakeholder engagement
- need to ensure communication between national and local levels



Ideas for Topics for next FIP Pilot Countries meeting

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Programmatic Issues:

- **Monitoring and Evaluation (attribution issues)**
- **Innovations in FIP – based upon countries examples during implementation**
- **Updates on the investment plans**
- **Adaptation to climate change and FIP activities**

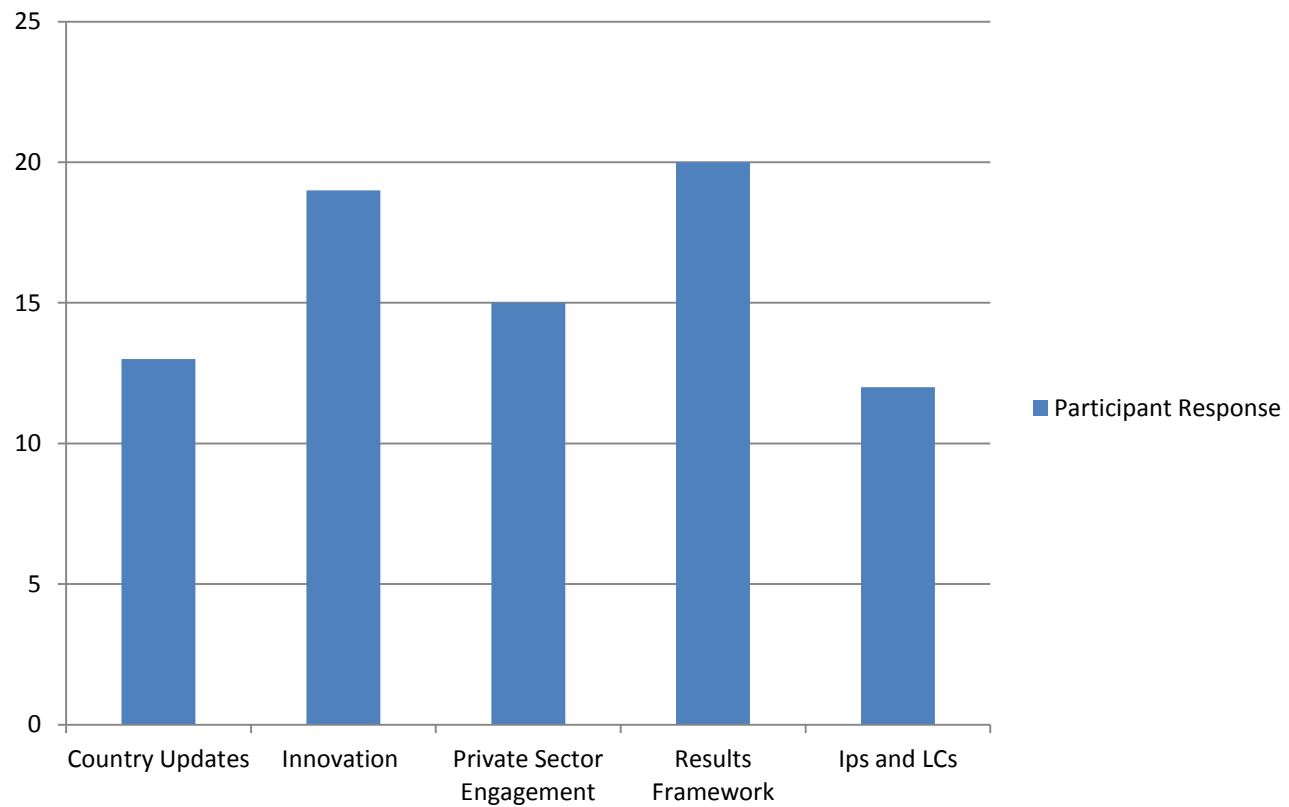
Administrative issues:

- **Co-ordination opportunities among other sources of funding (FCPF, UN-REDD etc)**
- **Disbursement and/procedural issues of the MDBs**

Knowledge Management Issues:

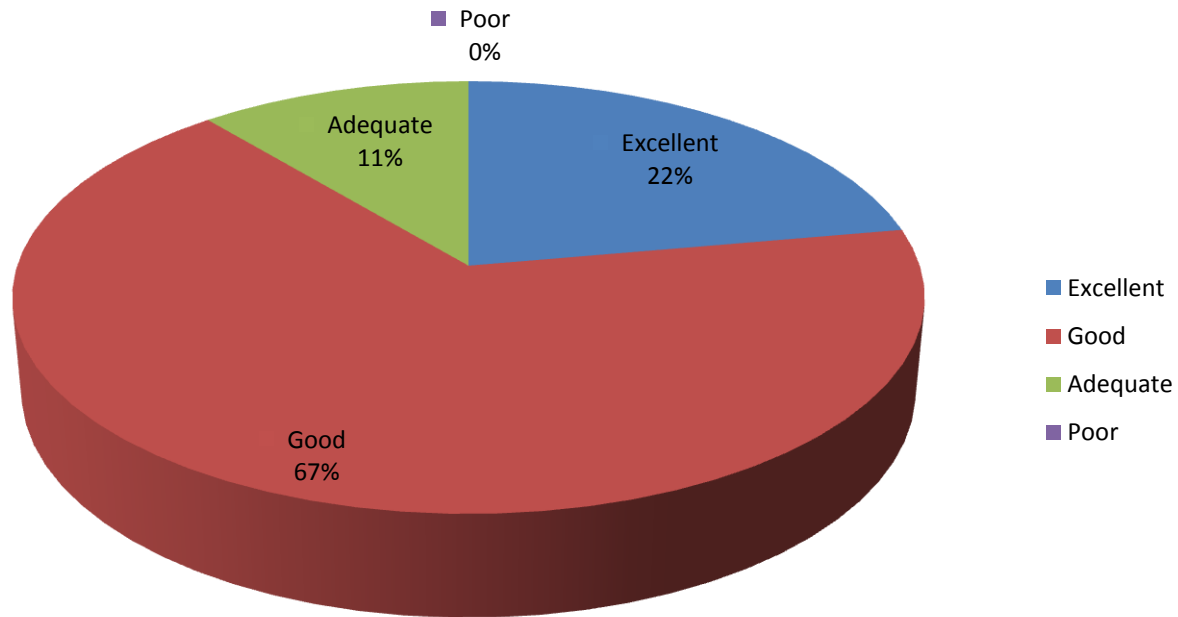
- **Information sharing in the context of CIFnet**
- **South-South learning**

Which sessions did you find most useful?



Meeting Evaluation

How would you rate your overall experience of the FIP Pilot Country Meeting?



Field Trip- Organized by Government of Brazil

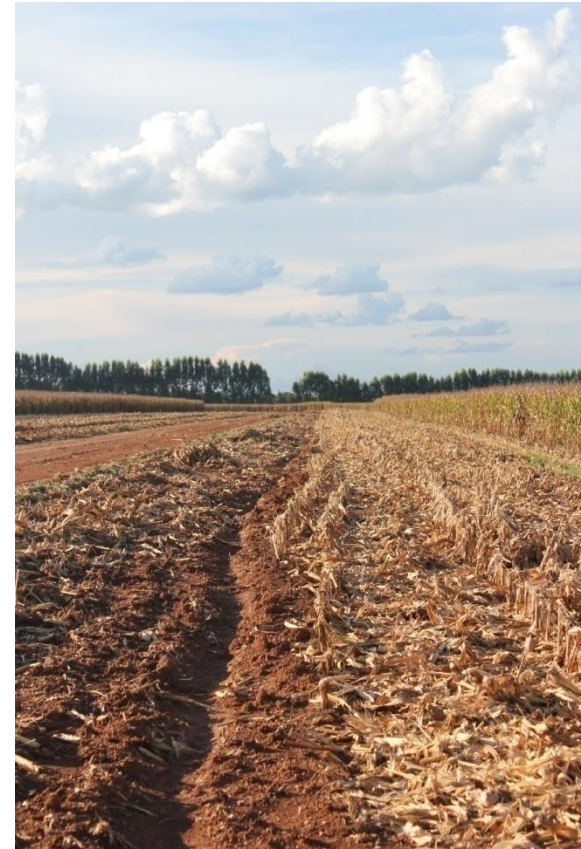
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Site 1: Environmental Protection Area of the streams Gama and Cabeça de Veado – IBGE Ecological Reserve and Botanical Garden of Brasília



Field Trip- Organized by Government of Brazil

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Site 2: Farm registered by the Commodity Round Table on Sustainable Soy close to Brasilia.

Many Thanks !

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