Climate Investment Funds

March 3, 2010

Meeting of the FIP Sub-Committee
Manila, Philippines
March 17, 2010

REPORT OF FIP EXPERT GROUP:
RECOMMENDATIONS FOR PILOTS UNDER THE FIP

RECOMMENDATIONS FOR THE SELECTION OF PILOTS UNDER THE FOREST INVESTMENT PROGRAM (FIP)

Report of the Expert Group to the FIP Subcommittee

February 2010

CONTENTS

ACKNOWLEDGEMENTS

The FIP Expert Group wishes to acknowledge with thanks the substantial volume of information collated and made available by the CIF Admin Unit.

We also wish to acknowledge the support of the CIF Admin Unit and the very useful inputs from the technical and regional units of the Multilateral Development Banks, the Forest Carbon Partnership Facility (FCPF) Management Team and the UN-REDD Programme Secretariat. The insights provided by all the aforementioned enhanced and contributed much to our discussions as an Expert Group.

The Expert Group also wishes to commend the quality of the documentation provide by the CIF Admin Unit prior to the meeting. The documentation was well presented and thorough in content.

EXECUTIVE SUMMARY

Deforestation and forest degradation are the leading sources of GHG emissions in many developing countries, particularly in the tropics, contributing at least a third of their collective emissions. The Strategic Climate Fund (SCF) was established to provide finance piloting new development approaches or to expand activities aimed at a specific climate change challenge or sectoral response through targeted programs. The Forest Investment Program (FIP) was established as a targeted program under the SCF to catalyze policies and measures as well as mobilize funds to facilitate the reduction of deforestation and forest degradation and to promote sustainable management of forests, leading to emission reductions and protection of forest carbon stocks.

The FIP is designed to achieve four major objectives:

1) To initiate and facilitate steps towards transformational change in developing countries' forest related land-use policies and practices;

2) To pilot replicable models to generate understanding and learning of the linkages among the implementation of forest-related investments, policies and measures and long-term emission reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries;

3) To facilitate the leveraging of additional financial resources for REDD leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests; and

4) To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD.

A FIP Expert Group (EG) was established by the FIP Sub-Committee (FIP-SC) to advise the Sub-Committee on the selection of country or regional pilots for the FIP. Consistent with the criteria for the selection of country and regional pilots, and following the working modalities approved by the Sub-Committee, the EG has been invited to recommend five country or regional pilots that meet the criteria and other considerations agreed by the FIP-SC.
The EG has also been asked to propose a list of up to three additional pilots for consideration by the FIP-SC as it sees fit, including in the circumstances where additional funds become available to finance additional pilots or should some of the selected pilots prove not to be feasible.

The CIF Administrative Unit informed eligible countries, through the country offices of the MDBs, of the FIP program and invited interested governments to submit a brief expression of interest (EOI) to be considered as a pilot country. The EOI received by the CIF Administrative Unit by the deadline were made available to the EG for its consideration.

The FIP design document calls for the coordination with other REDD+ efforts. Arrangements were therefore made for the EG to interact with the representatives of the MDBs to discuss, on a regional basis, countries and their potential to be included as a FIP pilot. Similarly, the EG received inputs from the FCPF Management Team and from the UN-REDD Programme Secretariat.

In performing its task, the EG was guided by the FIP design document and the decisions of the FIP-SC which stipulates that the following five criteria (not listed in order of priority) should be used to select the country or regional pilots:

a) Potential to lead to significantly reduced greenhouse gas emissions from deforestation and forest degradation or lead to further efforts to conserve, sustainably manage or enhance forest carbon stocks whilst protecting biodiversity and supporting rural livelihoods.

b) Potential to contribute to FIP objectives and adherence to FIP principles (as described in design document),
c) Potential of mainstreaming FIP investment in ongoing policy framework and ongoing development activities especially the potential for FIP investments to have a significant impact that would initiate transformational change while working in synergy with ongoing efforts to mitigate climate change and to promote forest sector development.
d) Country preparedness, ability and interest to undertake REDD+ initiatives and to address key direct and underlying drivers of deforestation and forest degradation. Government efforts to date and its willingness to move to a strategic approach to REDD+ and to integrate the role of forests into national sustainable development strategies, as well as government's ability to effectively absorb additional funds, recognizing on-going forest programs.
e) Country distribution across regions and biomes, ensuring that pilots generate lessons on how to go to scale with respect to: (i) immediate action to curb high rates of deforestation and forest degradation; (ii) conservation of existing forest carbon stocks within primary forests; (iii) enhancement of forest carbon stocks on degraded lands; and (iv) building effective capacities for sustainable management of forests. Recognizing the emphasis on lesson learning through the FIP, the pilots should be representative of the broad spectrum of forest issues, such as various degrees of deforestation and degradation as well as potential for carbon- and other GHG-related mitigation approaches.

In presenting its recommendations to the FIP-SC, the EG has been requested to elaborate upon how we incorporated the above criteria and took other considerations into account.
The Expression of Interests (EOIs) included 45 from national governments, two from regional multi-national government initiatives (COMIFAC in the Congo Basin and Greater Mekong Sub-Region in Southeast Asia), and one from a sub-national entity (the Brazilian State of Amapa). Overall, though some EOIs were quite informative and detailed, some were very brief. Since the CIF Administrative Unit had requested only brief indications of interest and not full proposals, this is to be expected. These relatively brief submissions then required assessment based on context and the recommendations to be based on additional background material. Thus, for the purposes of EG deliberations, the overall quality of EOIs was such as they were solely used by the EG as exactly what they were intended to be - an expression of interest. The EG did not use the EOIs for evaluating the comprehensiveness or quality of each country's actual or potential approach to REDD+.

Country distribution across regions and biomes, was addressed by the EG early on in its deliberations ensuring that pilots generate lessons on how to go to scale. The EG decided that it should first attempt to clarify in which regions and biomes FIP investments have the best potential to fulfil its objectives by mainly initiating transformational change and fostering "replicability". In the views of the EG, FIP objectives – at least in these initial pilot activities - would be served best by focusing in three major tropical regions (and their affected biomes) – a) Africa, b) Asia-Pacific, and c) Latin America and the Caribbean.

The EG undertook a systematic process to prioritize within 11 pilot proposals from Africa, 14 from Latin America and Caribbean and 10 from Asia and the Pacific. By examining the regional context and exploring opportunities contained within each cluster, proposed pilot countries/regions were identified within each region and biomes. At this stage, the other four criteria for selecting pilots were considered simultaneously.

Throughout the analyses and selection process, the EG consistently asked when comparing between competitive and high quality choices, which pilot selection "would have the greatest near-term potential to initiate transformational change", given various qualitative and quantitative factors for each pilot area. The EG was constantly debating and exploring several additional factors pertaining to the 5 selection criteria and tapped its members' knowledge of particular ecological, socio-

economic and policy characteristics of the countries/pilots that were clustered at sub-regional level for comparative analyses.

The EG was invited to recommend five country or regional pilots that meet the criteria and other considerations agreed by the FIP-SC. In addition, the EG was also invited to propose a list of up to three additional pilots to be considered by the FIP-SC. The rationale for allocation between the two groups depended on a suite of factors. For example, considering for either the first group of five pilots or second group of three could depend on the relative ability (or inability) for a pilot to access other near-term resources to initiate implementation. Another factor was the EG became awareness of ongoing deliberations within a region among various funding mechanisms. In each case, the rationale for allocation is described in the brief justification of the EG recommendation on each of the suggested pilots.

Based on the above described methodology and after comparative analyses, the EG recommend the following five countries/regions as pilots for the consideration of the FIP-SC (in alphabetical order): Burkina Faso, Ghana, Indonesia, Lao P.D.R. and Peru, while the three proposed "additional" pilots are COMIFAC, Mexico and the Philippines.

In its early deliberations, the EG considered the eight proposed countries/regions (pilots) listed above as a group that addressed the stated requirements of the FIP-SC criteria and in particular represents distinct opportunities for transformational change, diversity surrounding forest situation (e.g. reducing deforestation or afforestation) and the potential to serve as a demonstration for other countries and regions with comparable conditions. These selected pilots span three continents, comprise a variety of tropical biomes and climate risks, cover a range of forest-based adaptation and mitigation potentials and represent a diversity of environmental and developmental circumstances.

This proposal includes six countries/regions where the predominant forest ecosystems are located in the tropical humid climate zone (average precipitation > 1500 mm annually), a country (Mexico) with semi-humid climate and another country (Burkina Faso) in the semi-arid belt (precipitation <800 mm annually). Three countries (Mexico, Indonesia and Peru) and one region (COMIFAC Congo Basin countries) contain large land areas greater than 1 million km2 and forest cover > 500,000 km2 each.

These eight proposed pilots could be re-grouped into four clusters based on present forest cover and 2000-2005 deforestation rates: 1) low forest cover with low deforestation; 2) high forest cover with low deforestation; 3) low forest cover with high deforestation and 4) high forest cover with high deforestation. All of these four clusters are represented in this proposal.

The EG also assessed several additional characteristics within the regional subsets, including forest carbon stock and estimated mitigation potential as well as some institutional characteristics. In the views of the EG, the eight proposed pilots as a group represent most countries and regional entities potentially eligible for FIP support. It is important to note the tremendous variability both within and between this subset such as the bio-physical characteristics of their forests as well as a range of national forest policies, institutional and governance issues. Equally important, as a group, they comprise a broad spectrum of the historical and current drivers of deforestation and thus, encompass the range /diversity of measures required and sometimes employed to mitigate GHG's emissions from land use change. These eight countries/regions also represent differential capacities for transformative potential and investment needs as well as absorptive capacities to manage an investment program such as proposed by FIP.

The EG felt that numerous countries and relevant regional bodies would also be suitable as FIP pilots and may be considered should additional funds become available. For the EG current task,

collaboration and “twinning” between some proposed countries and some of their neighbouring countries (who may share similar ecological and socio-economic characteristics) under a South-South collaboration scheme merit consideration by the FIP-SC.

With the deliberate intention of proposing such diverse spectrum of Pilots (models), the EG is under the impression that the FIP-SC likely would allocate variable funding levels to these proposed pilots, depending on the twelve criteria for initiating transformational change (see FIP Design Document) in each pilot. The absorptive capacity in each country and regional entity is expected also to determine the relative level of appropriate financial support.

Finally, evaluating and proposing the most appropriate group of pilots among a large suite of strong proposals was a challenging task for the EG. It has to be underlined that the EG’s task was not to reject EOI’s, but instead to identify those with the relatively greatest near-term potential and opportunity for transformational change.

1. INTRODUCTION

A Forest Investment Program Expert Group (EG) has been established by the FIP Sub-Committee (FIP-SC) to advise the Sub-Committee on the selection of country or regional pilots for the FIP (FIP/SC.1/4/Rev.1). Consistent with the criteria for the selection of country and regional pilots, and following the working modalities approved by the Sub-Committee, the EG was invited to recommend five country or regional pilots that meet the criteria and other considerations agreed by the FIP-SC. The EG was also invited to propose a list of up to three additional pilots to be considered by the FIP-SC as it sees fit, including in the circumstances where additional funds become available to finance more pilots or should some of the selected pilots prove not to be feasible.

It is important to emphasize that the EG has been appointed to serve as an expert advisory group. As stated in the Criteria for Selecting Expert Group members and its Terms of Reference (FIP/SC.1/4/Rev.1) , "*the experts should be internationally recognized senior professionals, acting in their personal capacities, chosen on the basis of their expertise, strategic and operational experience and diversity of perspectives, including knowledge of scientific, economic, environmental and social aspects of conservation and sustainable use of forest ecosystems and climate change, gender and forestry, private sector, governance and institutional and development planning. The Expert Group should be gender balanced, include experts from both developed and developing countries on an equal geographical basis, indigenous peoples and local communities, and should receive support required to fulfil their functions properly. The Expert Group should be an inter-disciplinary team in order to reflect the wealth of knowledge and experience on climate change and a broad range of forest mitigation policies and measures".*

Through a decision by mail, the FIP-SC approved the composition of the EG tasked with making recommendations on the selection of country or regional pilots to be financed under the FIP. A list of the membership of the Expert Group and their areas of expertise is given in Annex 1.

Once the *Criteria for Selecting Pilot and Regional Pilots* (FIP/SC.1/5/Rev.1) had been approved by the FIP-SC, the CIF Administrative Unit informed eligible countries, through the country offices of the MDBs, of the FIP program and invited interested governments to submit a brief Expression of Interest (EOI) to be considered as a pilot country. Countries were invited to submit expression of interest in advance of the working meeting of the EG. At its meeting on 3-4 February, 2010 the FIP Subcommittee set a February 5, 2010 deadline for EOI submissions to be received at the CIF Administrative Unit. All expressions of interest received by the CIF Administrative Unit which met the deadline were submitted to the EG for its consideration. According to the guidance provided by the FIP-SC, countries submitting an expression of interest would be given priority consideration by the EG when formulating their recommendations for country and regional pilots. In total, 48 EOIs were received before the deadline (Annex 2).

The work of the EG began with an organizational meeting through a conference call with the CIF Admin Unit on January 18, 2010. The EG then met on February 8-12, 2010 in Washington, D.C. (Annex 3) to carry out its tasks which included the development of methodologies and carrying out technical analyses and reviewing countries and regional entities that have expressed an interest in participating in the program. The Terms of Reference (ToR) set by the FIP-SC also invited the EG to discuss and take note of the country and regional portfolios of the MDBs (Multi-lateral Development Banks), and to formulate its recommendations to the FIP-SC on the selection of country or regional pilots.

The EG was assisted by the CIF Administrative Unit during the course of its work. Arrangements were made for the EG to meet with the MDB representatives to discuss, on a regional basis, countries and

their potential to be included in the FIP. In particular, the MDBs have shared their experience and knowledge with respect to the criteria for "*country preparedness and ability – institutional or otherwise – to undertake REDD plus activities and to address key direct and underlying drivers of deforestations and forest degradation, taking into account government efforts to date and government willingness to move to a strategic approach to REDD plus and to integrate the role of forests into national sustainable development*."

In accordance with the FIP Design Document which calls for the coordination with other REDD+ efforts, "*the FIP should complement, be coordinated with, and cooperate closely with other REDD demonstration and implementation initiatives and ongoing REDD efforts, such as FCPF and the UN-REDD Programme, based on their comparative advantages*". In response to this charge, the EG also engaged in information exchange sessions with the FCPF Management Team and the UN-REDD Programme Secretariat on how to achieve scale and transformational impact in the implementation of REDD plus activities.

As stipulated in FIP/SC/1/4/Rev1.: "*in reporting to the FIP Sub-Committee, the Expert Group outcome document should include information on:*

a) methodology and analysis leading to the group's recommendations regarding proposed country and regional pilots;

b) an assessment of key issues and challenges for the recommended pilots; and

c) conclusions and recommended list of five country or regional pilots that meet the criteria and other considerations agreed by the Sub-Committee. The Expert Group is also invited to propose a list of up to three additional countries to be considered by the FIP Sub- Committee should funds become available to finance additional pilots or should some of the selected pilots prove not to be feasible."

At the conclusion of the meetings, EG members agreed on a consultative process for drafting, reviewing and finalizing its draft report and recommendations to be submitted to the FIP Sub-Committee. The report with recommendations of the EG was submitted to the CIF Administrative Unit on March 1, 2010 for transmittal to the FIP-SC. The Co-Chairs of the EG have been invited to present the report to the FIP-SC and to respond to questions from its members. The report and recommendations should be made publicly available at the same time as it is submitted to the FIP-SC for consideration.

After a short introduction and background based on the FIP Design document, guidance provided by the FIP-SC, this report outlines in some detail the methodology adopted by the EG and procedures for the analysis undertaken in proposing the Pilots. The results (proposals) are presented in Chapter 4 of this report beginning with a general overview of the regions where the proposed pilots which have been recommended are located, then detailed rational and justification for each suggested pilot. The EG followed, to the best extent possible, the sequence of the five criteria stipulated in the FIP Design Document and the guidance provided by the FIP-SC. The final chapter summarizes the conclusions reached by the EG and its recommendations for future consideration. A list of documents consulted and references cited as well as additional information pertaining to the pilots proposed are appended to this report.

2. BACKGROUND

Land use change, deforestation and forest degradation are the leading source of GHG emissions in many developing countries, particularly in the tropics, contributing at least an estimated third of all their country GHG emissions. Although there are divergent opinions as to how deforestation and forest degradation should be included in any future UNFCCC international climate change regime

agreement, there is an emerging consensus that Reducing Emission from Deforestation and Forest Degradation (REDD) as well as increasing carbon sequestration through afforestation/reforestation must be effectively addressed. Several reports indicate that tackling forest loss is a critical activity in achieving stabilization of GHG concentrations in the atmosphere at levels predicted the most likely to avoids catastrophic effects resulting from climate change. However, measures to mitigate climate change must be integral parts of national development strategies in order to be fruitful.

The Strategic Climate Fund (SCF) was established to provide financing to pilot new development approaches or to scale-up activities aimed at a specific climate change challenge or sectoral response through targeted programs. The FIP has been established as a targeted program under the SCF to catalyze policies and measures and to mobilize significantly increased funds to facilitate the reduction of deforestation and forest degradation and to promote improved sustainable management of forests, leading to emissions reductions and the protection of forest carbon stocks.

The overarching objective of the FIP is to support developing countries' REDD+-efforts, providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD+ readiness strategy building efforts, while taking into account opportunities to help them, at the same time, adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements. The FIP will finance efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered previous efforts to improve forest management and governance.

The FIP is designed to achieve four specific objectives:

(1) To initiate and facilitate steps towards transformational change in developing countries' Forest-related policies and practices, through:

i. serving as a vehicle to finance investments and related capacity building necessary for the implementation of policies and measures that emerge from inclusive multi-stakeholder REDD1 planning processes at the national level;
ii. strengthening cross-sectoral ownership to scale up implementation of REDD strategies at the national and local levels;
iii. addressing key direct and underlying drivers of deforestation and forest degradation;
iv. supporting change of a nature and a scope necessary to help significantly shift national forest and land use development paths;
v. linking the sustainable management of forests and low carbon development;
vi. facilitating scaled-up private investment in alternative livelihoods for forest dependent communities that over time generate their own value;
vii. reinforcing ongoing efforts towards conservation and sustainable use of forests; and
viii. improving forest law enforcement and governance, including forest laws and policy, land tenure administration, monitoring and verification capability, and transparency and accountability.

2) To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission

[1] For purposes of the Forest Investment Program, REDD means REDD+ and should be construed to include activities consistent with paragraphs 1 (b) (iii) of the Bali Action Plan and modified, as necessary, to be consistent with the decisions taken by the Conference of the Parties to the UNFCCC.

reductions and conservation, sustainable management of forests and the enhancement of forest carbon stocks in developing countries. By committing to apply a priori and ex post impact assessment of programs and projects, the FIP will ensure that the outcomes and effectiveness of FIP-supported interventions in reducing deforestation and forest degradation can be measured.

3) To facilitate the leveraging of additional financial resources for REDD leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests.

4) To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD.

To seek to achieve the objectives of the program, the FIP will support and promote*, inter alia*, investments in the following areas:

a) Institutional capacity, forest governance and information such as: implementation of systems for forest monitoring, information management and inventory; support for legal, financial and institutional development including forest law enforcement, cadastral mapping and land tenure reform; removal of perverse incentives favoring deforestation and degradation; cross-sectoral and landscape based planning exercises; transfer of environmentally sound technology; and building capacities of indigenous peoples and local communities.

b) Investments in forest mitigation measures, including forest ecosystem services such as: forest conservation; promotion of payments for environmental services and other equitable benefit-sharing arrangements; restoration and sustainable management of degraded forests and landscapes; afforestation and reforestation on previously deforested land; restructuring of forest industries and promotion of company-community partnerships; forest protection measures; improved land management practices; and promotion of forest and chain of custody certification.

c) Investments outside the forest sector necessary to reduce the pressure on forests such as: alternative livelihood and poverty reduction opportunities; alternative energy programs; agricultural investments in the context of rationalized land-use planning; and agricultural intensification including agro-forestry.

3. METHODOLOGICAL APPROACH AND ANALYTICAL PROCEDURE

3.1 General methodology

Through a decision by mail, the FIP-SC approved the criteria for the selection of country and regional pilots as described in document *Criteria for Selecting Country and Regional Pilots under the Forest Investment Program* (FIP/SC.1/5/Rev.1), and requested the EG to apply the criteria in formulating their recommendations of country and regional pilots.

In performing its task, the EG was guided in particular by paragraph 15 of the FIP design document and the guidance provided by the FIP-SC which stipulates that the following criteria (not listed in order of priority) should be used to select the country or regional pilots:

a) Potential to lead to significantly reduced greenhouse gas emissions from deforestation and forest degradation or lead to further efforts to conserve, sustainably manage or enhance forest carbon stocks whilst protecting biodiversity and supporting rural livelihoods.

b) Potential to contribute to FIP objectives and adherence to FIP principles (as described in sections II and III of FIP Design Document). In particular, countries should be assessed for their potential to initiate transformational change taking into account their institutional capacities, investment climate, forest governance, and involvement and empowerment of civil society, including indigenous peoples and local communities as well as the private sector. The objectives and principles of the FIP design document, as well as Annex II, *Initial Guidance on how Transformational Change will be Defined and Assessed under the FIP*, should be taken fully into account.

c) Potential of mainstreaming FIP investment in ongoing policy framework and ongoing development activities: The potential for FIP investments to have a significant impact that will initiate transformational change while working in synergy with ongoing efforts to mitigate climate change and to promote forest sector development should be considered. This should include assessment of complementarity with national forest action plans, readiness plans for reducing deforestation and forest degradation or other relevant planning frameworks, coordination with on-going forest programs support by national sources or development partners, including the potential to build on planned and on-going investments through the MDBs, and possibilities to leverage funds from the private sector or other sources of investments.

d) Country preparedness, ability and interest to undertake REDD+ initiatives and to address key direct and underlying drivers of deforestation and forest degradation, taking into account government efforts to date, government willingness to move to a strategic approach to REDD+ and to integrate the role of forests into national sustainable development, and government ability to effectively absorb additional funds, recognizing on-going forest programs. The FIP design document calls for the CIF Administrative Unit to inform eligible countries, through the country offices of the MDBs, of the FIP program and invite interested government to submit a brief expression of interest to be considered as a pilot country. Countries submitting an expression of interest should be given priority consideration by the Expert Group in formulating their recommendations for country and regional pilots.

e) Country distribution across regions and biomes, ensuring that pilots generate lessons on how to go to scale with respect to: (i) immediate action to curb high rates of deforestation and forest degradation; (ii) conservation of existing forest carbon stocks within primary forests (high forest, low deforestation countries); (iii) enhancement of forest carbon stocks on degraded lands; and (iv) building effective capacities for sustainable management of forests. Recognizing the emphasis on lesson learning through the FIP, the pilots should be representative of the broad spectrum of forest issues, such as various degrees of deforestation and degradation as well as potential for carbon- and other GHG-related mitigation approaches.

Furthermore, the EG took note of the draft Consolidated FIP Investment Criteria as reviewed by the FIP-SC of February 3-4, 2010, including the climate change mitigation potential, demonstration potential, cost-effectiveness and additionality, integration sustainable development (co-benefits); and safeguards, including consultations.

In presenting its recommendations to the FIP-SC, the EG has been requested to elaborate upon how the group incorporated the above criteria and other considerations in preparing its recommendations.

Working Modalities

The first organizational meeting of the EG took place through a teleconference on January 15, 2010. The group decided on the following items:

a) Selection of two co-chairs: According to the FIP Design Document, one co-chair of the EG should be from an eligible recipient country and another co-chair from a contributor country;

b) Confirmation of arrangements for the EG to meet for a week to undertake its analysis and work; and

c) Agreement on the preparatory work, including collection of relevant information, to be undertaken by EG members, MDBs or the CIF Administrative Unit in advance of the meeting.

Analytical Background Material

Based upon the request of the EG, the CIF Admin Unit has provided, with the support of the MDB Committee, analytical background material in the following categories:

1. Categorization of countries across regions and biomes (HFLD, HFHD, Degraded forests etc.),
2. Overview of FCPF/UN-REDD or comparable processes by country,
3. Analysis of drivers of deforestation by country and region,
4. Statistical background on forest characteristics in potential pilot countries,
5. Indexes characterizing forest governance, FLEG situation, investment climate,
6. Maps of deforestation hotspots and restoration potential,
7. Forest land ownership situation by country,
8. MDB and bilateral development assistance by country on forests and climate change
9. Private sector investments, including large scale investments in agribusiness, bio-energy and forest plantations, by country and region.

The EG was also able to draw upon reference materials brought into the discussions by EG members themselves, ranging from analyses of investment climate, governance or biodiversity values, to Forest Law Enforcement and Governance (FLEG) experiences, the state of Forest Law Enforcement, Governance and Trade (FLEGT) initiatives, climate-related funding, issues related to indigenous and local people and global deforestation.

During 8-12 February, 2010 the EG convened meetings with the MDBs to discuss, on a regional basis, the potential and capacities of countries and regions to be included in the FIP. In particular, the MDBs have shared their experience and knowledge with respect to the criteria for country preparedness and ability – institutional or otherwise – to undertake REDD plus activities and to address key direct and underlying drivers of deforestations and forest degradation, taking into account government efforts to date and government willingness to move to a strategic approach to REDD plus and to integrate forest related investments into national/regional sustainable development frameworks. In addition to the information exchange with MDBs, the EG received input from the FCPF Management Team and the UN-REDD Programme Secretariat about their REDD+ portfolios.

3.2 Review and preparation of background material

Core Task of the EG

The EG began by reviewing the documents forwarded to its members by the CIF Administrative Unit before arriving to Washington, DC. Among those were: the FIP design document; Criteria for Selecting Country and Regional Pilots and Criteria for Selecting Expert Group members under the Forest Investment Program, Terms of Reference and Working Modalities.

The CIF Administrative Unit availed the 48 Expressions of Interest (EOIs) that had been submitted by national and regional entities. They included 45 from national governments, two from regional multi-national government initiatives (COMIFAC in the Congo Basin and Greater Mekong Sub-Region in Southeast Asia), and one from a sub-national entity (The Brazilian State of Amapa). The complete list of submissions is given in Annex 2. However, the EG has debated in its deliberations, as instructed in its ToR, additional countries and regional entities as potential pilots, but none outside those submitted EOI have been proposed for the FIP-SC.

Cautionary Note on Expression of Interests (EOIs)
Overall, though some EOIs were quite informative and detailed, others were very brief. Because the CIF Administrative Unit had requested only brief indications of interest and not full proposals, the submissions needed to be considered in context. Thus, for the purposes of EG deliberations, the EOIs were used solely by the EG for their intended purpose - an expression of interest. The EG did not use the EOIs for evaluating the comprehensiveness or quality of actual or potential approach to REDD+. The EG assumes that such assessment will occur at later stages through subsequent implementation steps/phases in the FIP process.

3.3 The review process

A Starting Point - Criterion 5: Country Distribution across Regions and Biomes –
The EG embarked on its collective work by reviewing in detail the criteria for selecting pilots in terms of their specific contents as well as their interrelationships and inter-dependencies. The EG deliberated on all of the EOI submissions, and defined a critical path for reaching closure on EG proposals by the end of the main meeting.

Early on in its deliberations the EG decided that it should first attempt to clarify in which regions and biomes FIP pilots, as articulated in Climate Investment Fund (CIF) design documents, could have the **highest transformational change potential**. Then the EG took as a clear priority the need to distribute FIP investments across regions and biomes – as a strategy for the FIP to have the maximum transformational impact globally and foster "replicability". The EG was also cognizant of the forest mitigation spectrum stated in the first criterion namely the potential of reducing emissions of GHG's from deforestation and forest degradation or effort to further conserve, sustainably manage or enhance carbon stock whilst protecting biodiversity and supporting rural livelihood.

This discussion led to a decision that FIP objectives would be served best by focusing the FIP pilot activities in three major regions (and affected biomes within them): Africa, Asia-Pacific and Latin America and the Caribbean. The EG did not take this decision lightly. Countries from other regions (for example the three countries from the Middle East and North Africa Region (MENA) and the nine countries from the Balkans and Eastern Europe as well as Russia; all of them submitted EOIs) clearly can and should have a positive impact going forward. Nevertheless, given the current focus of REDD+ processes on tropical and sub-tropical countries, the EG decided to capitalize on such experience and take advantage of methodologies being developed.

3.4 Application of FIP selection criteria

With the three major regions for FIP focus selected, this meant that the EG would now have to prioritize within 11 pilot proposals from Africa, 14 from LAC and 10 from Asia and the Pacific. Based on the five criteria for selecting pilots as provided in the FIP Design Document and the document *Criteria for Selecting Country and Regional Pilots under the Forest Investment Program* (FIP/SC.1/5/Rev.1) as approved by the FIP-SC, the EG considered first the distribution across main tropical regions and biomes. Thus, as described in subsequent sections, the EG examined the regional context and explored opportunities contained within each cluster, and then proposed pilot countries/regions within each region and biomes.

Regional Clusters and Ultimate Emphasis on Initiating Transformational Change

Based on the above selection procedure, the EG had 3 regional clusters from which to recommend 5 pilots plus 3 alternatives. The EG then embarked on a detailed analysis and discussions around each of

the three clusters, using all of the FIP Criteria, and keeping in mind FIP's design objectives and other expectations as outlined in the decision of the FIP-SC.

Throughout the analysis and selection process, the EG consistently asked, above all, when assessing competitive and high quality choices, which pilot selection "*would have the greatest near-term potential to initiate transformational change".* The EG was constantly considering a series of factors that would yield the transformational change, including the quality of civil society engagement or forest governance, perceived capacities of the entities within a pilot to deliver on FIP objectives, actual data on deforestation or degradation, existing or ongoing support that FIP could complement, potential for engaging indigenous and local communities, etc. Ultimately the EG saw its task as making recommendations that would, in its collective judgment, have the greatest potential for initiating transformational change using the FIP Criteria and the competence and the experience of EG members as well as analyses of available information as a framework for proposing recommendations. At the end of this phase, the EG agreed to propose a total of eight pilots.

The "5+3" dynamic

The EG has been invited to recommend five country or regional pilots that meet the criteria and other considerations agreed by the FIP-SC. The EG has also been invited to propose a list of up to three additional pilots to be considered by the FIP-SC as it sees fit, including in the circumstances where additional funds become available to finance more pilots or should some of the selected pilots prove not to be feasible.

Based on this, the EG allocated the identified pilots from each cluster to either the five initial pilots to be recommended or the three additional ones to be proposed. The rationale for allocation between the two groups was based on a number of factors. For example, being in the first or second group could depend on the relative ability (or inability), for X pilot to access other near-term resources for beginning implementation. Another factor was some ongoing deliberations within a region between different funding mechanisms that the EG became aware of. In each case, the rationale for allocation to the first or second group is described in the brief description of the EG recommendation on the selected pilots.

In fine-tuning the choice between potential pilots within regional/biome clusters, the EG considered some additional parameters outlined in Table (3) above and in Annex (4), Tables A and B, and in the background material that was made available by the CIF Administrative Unit for the deliberations of the EG (see Annex 5).

4. RESULTS

4.1 Recommendations by regions/biomes:

4.1.1 Africa

As a region, Sub-Saharan Africa collectively emits the greatest proportion of its GHG from forest and savannah land use and land cover change. This region harbours the world's largest tropical arid and semi-arid biomes and the World's second largest continuous tropical moist forest massif, the Congo Basin.

Sub-Saharan Africa deserves special consideration for FIP investments by virtue of the environmental, economic and social importance of its forestry sector and the potential impacts from REDD+ activities. The continent and its variable biomes experience high rates of deforestation with subsequent negative effects. Countries within this region display considerable range of ecological, demographic, socio-economic, geo-political and governance characteristics that would potentially facilitate replication and adoption elsewhere. The region is possibly the one facing the largest climate change adaptation challenges as well.

The continent needs policies and technologies to curb its high rate of deforestation and forest degradation. Without large investments, such as FIP, it is possible that Africa may miss on undergoing essential transformational changes if it is to depend only on meagre current national budgets. For example, very few forest-related CDM projects have been approved globally and with the exception of projects using CDM methodology but being financed through the voluntary market – none of the A/R CDM projects are located in Sub-Saharan Africa. However, it should be kept in mind that while FIP may initiate transformational changes, additional funding is needed to achieve meaningful results.

Africa has solid potential to contribute to the global mitigation of climate change through REDD+ and the majority of African countries and regional entities are willing to ensure that the planning and execution of REDD+ occur in partnership with relevant stakeholders, including civil society. Many countries are being prepared on building on national strategies and on nationally- and internationally-supported projects where they exist. In this regard, the overwhelming majority of African countries require support for institutional capacity building and technology transfer. The potential level of FIP funding for each pilot likely would reflect the "absorptive capacity" of the particular country or regional entity and should be coordinated with other major funding efforts as well.

Several countries in Sub-Saharan Africa have incurred considerable issues with instability, conflicts and rapid or violent regime changes. Despite substantial donor investments and previous efforts to assist in natural resource sector issues and governance, REDD programs appear to have potential to alter these conditions given the need for multi-sectoral commitments, increased global focus and initiatives, transparency and performance-based financial flows as well as trans-boundary, regional and global agreements.

Across the Sub-Saharan region, the EG considered eleven EOIs from Burkina Faso, Cameroon, the Democratic Republic of Congo, Ethiopia, Ghana, Liberia, Madagascar, Mozambique, Nigeria and Uganda, as well as an EOI submitted by a regional organisation (COMIFAC) that comprised six countries that form the Congo Basin (Cameroon, Central African Republic, Democratic Republic of Congo, the Republic of Congo, Equatorial Guinea and Gabon). With the exception of Burkina Faso and Nigeria, all countries are members of the FCPF. Mozambique receives support from the Pilot Program on Climate Resilience (PPCR).

4.1.2 Asia

As a region, South, Mainland and Southeast Asia emitted around 55% of GHG from land use and land cover change between 1990 and 2005. Given the magnitude of these emissions, Asia is of critical global importance for the success of REDD. It harbours considerable areas of humid and dry tropical forests including more than 20 M ha of high-carbon containing tropical peat lands as well as highly degraded or previously forested lands spanning an estimated 250 Million ha. Asian humid forests sequester relatively high amounts of carbon and conditions are extremely favourable for rapid re-growth and recovery. From 1990-2005, Asia forests have incurred major increases in tropical deforestation rates (see Annex 4).

Collectively, the countries in Asia represent considerable heterogeneity in immediate and near future returns of carbon sequestered or avoided emissions as a result from REDD+ policies and investments:

- **First,** this region comprises countries with some of the highest current rates deforestation and areas of forest conversion coupled with extensive areas of intact and highly degraded humid tropical forest (e.g. Indonesia) as well as several countries with previously high deforestation and land conversion yet, relatively low current rates of conversion (e.g. Thailand and Vietnam). These nations hold great potential for reforestation efforts (e.g., Philippines and Vietnam). In addition, the Asian region spans several major bio-geographical regions which contain tremendous variation in

biomes from mangrove, peat swamp forest, lowland humid, to subtropical and upper mountain forests. Several countries are described as 'hotspots' of biodiversity coupled with total areas of forest cover loss (*e.g.* Philippines, Indonesia and the Mekong region, particularly Cambodia).

- **Second,** the socio-economic, institutional and political drivers of land use change vary considerably both within and across countries and sub-region (e.g., Mekong). These drivers involve national and international conglomerates invested in the forestry sectors (*e.g*, timber concessions, pulp and paper plantations) as well as agribusiness (e.g., oil palm, bio-fuel and rubber plantations), combined with labour movements, urban-rural population flows, and small-holder farming practices as well as conflicts over land rights and benefit-sharing.

- **Third,** several countries have received support from FCPF and others to prepare REDD readiness and considerable bi-lateral and multilateral funds for REDD preparation and reforestation, while others have received relatively little financial support to date. In addition, several voluntary pilot REDD carbon projects have been developed with both private sector and international private investments, yet are concentrated within a few countries (primarily Indonesia).

In summary, FIP investments can have considerable transformative potential in Asia but the appropriate policy approaches will differ from one country to another, thus several models are needed. Under REDD funding requirements, civil society engagement - especially local communities representing diverse ethnic and indigenous groups – are expected to have increased opportunities to voice their concerns in land use decisions as well as receive financial benefits. With such efforts in Asia, high potential to increase transparency of land use decisions as well as financial flows resulting from these investments are envisioned.

Across the Asian region, the CIF Admin Unit received nine EOI's from Bangladesh, Indonesia, Nepal, Lao P.D. R., Papua New Guinea, The Philippines, Thailand, Vietnam and the Mekong Region plus an EOI from Tajikistan from Northern Asia. These countries, with the exception of Bangladesh and the Philippines, are FCPF countries while Vietnam is a Biocarbon Fund country. Nepal, Bangladesh, Indonesia and Tajikistan also receive support from the Pilot Program for Climate Resilience.

4.1.3 Latin America and Caribbean

The Latin American and Caribbean region is large and complex. This region spans a broad range of tropical island and mainland ecosystems, a diversity of land use and associated rights, leases and tenure arrangements such as a range of indigenous and community entities and large commercial interests, countries with forest concession systems, small landowner-dominated forest complexes or regions with large industrial-scale plantations or logging operations. Latin America harbours the world's largest tropical rainforest ecosystem – the Amazon basin. This region is also exceptional for containing the greatest percentage of land formally demarcated for community or indigenous lands with forest tenure compared with all other tropical forest regions worldwide.

The following countries submitted EOI: Argentina, Bolivia, Brazil, the Brazilian State of Amapa, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Jamaica, Mexico, Panama, Peru and Surinam.

The EG assessed the various EOIs according to the FIP Criteria. In addition, within this regional cluster, the following important regional and national dynamics and distinctions or contextual elements, however not specific for the region, were considered particularly important when the EG deliberated between the various EOIs submitted within this region:

- The degree of threat from illegal logging or large scale conversion and relative importance that a FIP pilot might have in affecting these at this point in history;

- Relative stability of national governance;
- Previous or ongoing demonstrations of commitment on the part of national government to engage in forest related climate actions;
- Relative strength of multi-sector forest climate approach by the government that addresses key drivers of degradation or deforestation;
- Strength of engagement of civil society in forest governance;
- Location in terms of transformational change on climate issues and the potential impact that FIP investment might make;
- Where country X is positioned for near-term transformational change on climate issues and the relative change that a FIP investment might make;
- Opportunity for forest interventions that by definition will benefit the poor, indigenous, and local communities (e.g. forest tenure or concession initiatives, formal acknowledgement of customary tenure);
- Relative need for FIP pilot presence in critical ecosystems that have global significance (e.g. Amazon); and,
- The commercial investment dynamic, as evidenced already by either existing or ongoing (knowledge of FIP or EP members) voluntary forest carbon investment initiatives (agroforestry, natural forest, plantations), commercial tree plantations for multiple end uses (paper, packaging, lumber, etc.), small and medium-sized enterprises (SME) investments, perceived interest on the part of IFC or other similar commercial banks.

4.2 Recommendations and rational for selecting pilots

After agreeing on the three regions as described above, EG considered eight countries/regions (pilots) as a group that fulfils the requirements of the FIP-SC criteria in general and particularly represents distinct potentials for initiating transformational change, diversity in respect to the forest situation and the potential to act as a demonstration for other countries and regions with comparable conditions. Table (1) lists the countries/regions proposed as FIP pilots (in alphabetical order) for the consideration of the SC.

Table 1: Country/regional pilots proposed to the FIP-SC (in alphabetic order)

5 countries recommended	Burkina Faso
	Ghana
	Indonesia
	Lao P.D.R.
	Peru
3 additional countries/regions	COMIFAC, comprising the 6 FCPF countries
	Mexico
	Philippines

The selected pilots span over all three continents, comprise a variety of tropical biomes and climate risks, cover a range of forest-based adaptation and mitigation potentials and represent a diversity of environmental and developmental circumstances. Table (2) presents a synoptic overview of the forest situation and forest mitigation potential of the eight proposed pilots and Figure (1) illustrates their comparative forest situation.

Table 2: Forest data of the 8 proposed pilots (quantitative data based on FAO, 2009)

Country	Land Area '000 ha	Forest Area '000 ha	% Forest area of land area	% Annual Change (2000 05)	Forest cover change/yr '000 ha	Direct activities of deforestation* (based on FCPF R-PINS)
Burkina Faso Tropical dry	27,400	6,800	29	-0.3	-24	Overgrazing, fuelwood, forest fire
Ghana Tropical humid	22,700	5,500	24	-2.0	-115	Logging, fuelwood, Agricultural expansion
Indonesia Tropical humid	181,000	88,500	49	-2.0	-1,900	Commercial agriculture expansion, logging
Lao P.D.R. Tropical humid	23,000	16,100	70	-0.5	-80	Shifting cultivation, firewood
Perú Tropical humid	128,000	68,700	54	-0.1	-94	Shifting cultivation infrastructure (roads)
"COMIFAC" Tropical humid	398,000	223,000	56	-0.3	-631	Shifting cultivation, illegal logging, fuelwood
Mexico Trop. semi-hum	194,000	64,200	34	-0.4	-260	agriculture coversion/biofuel), fire
Philippines Tropical humid	30,000	7,100	23	-2.1	-160	Shifting agriculture, cattle ranching, illegal logging

The proposal includes six countries/regions in which the main forest ecosystems are located in the tropical humid climate zone (precipitation > 1500 mm per yr.), one country (Mexico) with semi-humid climate and one country (Burkina Faso) in the semi-arid belt (precipitation <800 mm). Three countries (Mexico, Indonesia and Peru) and one region (COMIFAC Congo Basin countries) are large countries with land areas more than 1 million km2 and forest cover above half a million km2 each.

Figure 1: which has been constructed for comparison reasons but not to scale, shows that the 8 proposed pilots could be re-grouped into four clusters based on forest cover and deforestation rates: low forest cover with low deforestation; high forest cover with low deforestation; low forest cover with high deforestation and high forest cover with high deforestation.

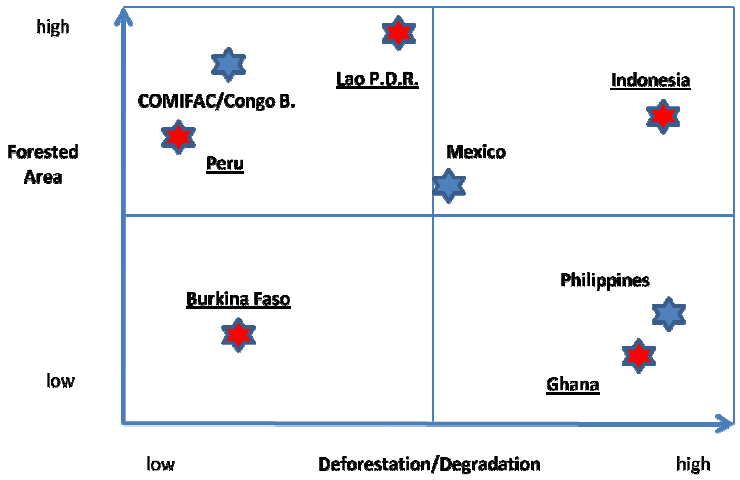


Figure 1 Comparative position of the 5 (red) proposed and the 3 (blue) additional countries/regions with respect to their forest cover and rates of deforestation and degradation. (Relative position weighed among percentage of total land area, deforestation rate and absolute forest and deforestation areas). Only dense forest area as defined by FAO (2009) is considered in order to better reflect the carbon stock situation).

All of the four clusters are represented here, though with unequal numbers within each cluster. Burkina Faso represents a country with relatively low forest cover (due to natural conditions and land use activities leading to desertification), while the Philippines and Ghana also contain a relatively low forest area but exhibit high deforestation rates. Three proposed pilots (Lao P.D.R., COMIFAC/Congo Basin and Peru) represent the high forested/low deforestation situation; however the drivers of deforestation vary within this sub-group. Two countries (Indonesia and Mexico) are classified as highly forested with high deforestation rates.

Additional characteristics that were analysed by the EG in proposing the eight pilots included forest carbon stock and estimated mitigation potential (Table 3) as well as some specific forest and institutional characteristics as summarised in (Table 4). Below, the EG provides a brief description of the rational for evaluating the specific context including a constellation of some characteristics considered by the EG.

An important criterion to illustrate the variation among proposed pilots is the capacity to reduce emissions of GHG's resulting from land-use activities. In this regard, all forest-related mitigation measures were considered. Table 3 summarizes an attempt to estimate the REDD+ potential for the period 2011-2030 of the 8 pilots. A rough estimate of the forest mitigation potential is presented according to the different mitigation approaches of REDD+ (2). Nevertheless, these estimates should be taken with some caution, as the calculations were made by the EG based on carbon estimates of the living biomass only. The carbon amount counting all 5 carbon pools is much higher (e.g. in Indonesia, the large amount of carbon stocked in peat lands is not accounted for in the estimate).

[2] The estimates have to be taken with caution as there is no literature available on quantitative forest mitigation potentials. The figures are to be considered mainly for their comparative value, and not in absolute terms. The basis of calculation are data sets of FAO (2001, 2009), ITTO (2006) and IPCC default values. Corrective factors have been developed by expert knowledge. Calculation base is available in excel tables on request.

The total REDD+ mitigation potential for 2011-2030 (living biomass only) of the 8 selected countries is 3160 million tons out of which 1480 million tons (47%) is in one single country, Indonesia. The highest potential in Indonesia is from deforestation, though the figure might be misleading as a large share of avoiding deforestation is linked with high opportunity costs. Large countries with high forest endowment and deforestation rates generally have the highest REDD+ potentials. Countries that have lost a significant part of their forested areas have their forest-based mitigation potential in further reducing degradation, combined with ecological restoration and reforestation. From the total forest mitigation potential 65% could be classified under reducing degradation combined with enhancement of sinks and 35% could be classified under reducing deforestation.

Table 3. Some forest characteristics and rough estimates of the forest-based mitigation potential (2010-2030) for the 8 pilots (in '0000 tons).

Pilot	Total Forest Carbon Stocks	De-forestation *	De-gradation **	SFM Natural Forests ***	Active Forest Restoration ****	Afforestation/ Reforestation	Total Mitigation Potential 2011-30
Burkina Faso	300,000	600	1,400	90	350	1,500	3,940
Ghana	500,000	5,200	5,500	150	500	2,800	14,150
Indonesia	5,850,000	63,000	57,000	1,800	6,600	20,000	148,400
Lao P.D.R.	1,450,000	3,600	4,800	320	400	1,000	10,120
Peru	6,500,000	4,700	6,000	1,360	6,900	1,500	19,100
Total	***14,600,000***	***77,100***	***74,500***	***3720***	***14,750***	***26,800***	***196,870***
COMIFAC	17,800,000	17,200	24,000	4,400	5,300	4,000	54,900
Mexico	4,200,000	8,400	13,000	500	4,800	9,000	35,700
Philippines	830,000	9,200	17,500	140	1,700	10,000	38,540
Total	***22,830,000***	***34,800***	***44,500***	***5,040***	***11,800***	***23,000***	***119,140***
Total all 8	***37,430,000***	***111,900***	***119,000***	***8,760***	***26,550***	***49,800***	***316,010***

Estimates inspired by Blaser&Robledo, 2008; WRI 2009 and IPCC default values (IPCC Good Practice Guidelines). *based on the assumption that deforestation can be reduced by 50% until 2030; **based on the estimate that "degraded" means an average loss of biomass of a given forest type by extractive activities; ****incremental gain through forest conservation (instead of logging/gathering fuelwood) and/or reduced impact logging estimated to be applied in 50% of the total production forest area (as defined by ITTO 2006); ****based on a assessment in each country a certain part of the degraded forests are on disposal for ecological restoration through planned carbon sequestration (natural regeneration; enrichment planting; local-species reforestation and initiation of secondary forest growth). Estimation base for mitigation values are available in excel shields; they can be obtained upon request.

Of the eight proposed pilots, Indonesia has considerably greater GHG mitigation potential than the other pilots via both reductions in deforestation and degradation. Figures in Table 3 are high since both mixed diptrocarp forest biomass, commercial timber and, thus, logging levels/volumes impart relatively high losses in carbon stock and sequestration compared with other tropical regions.

The Philippines, a country that converted most of its forest cover has relatively high potential for ecological restoration, but the absolute figure remains low due to the current relatively low forest area potentially available for restoration. However, because much of the deforested land is classified as degraded, the sink potential from afforestation and reforestation – coupled with high productivity and re-growth rates – has immense carbon capturing potential.

Burkina Faso is a unique case among the eight pilots and may be questionable for inclusion in this proposal, considering its low potential for carbon sequestration and carbon storage per hectare.

Nonetheless, Burkina Faso represents the semi-arid ecosystem where forests play an important role for livelihoods and where forest-based adaptation and mitigation need to be developed simultaneously. Semi-arid areas in the tropics extend to an area of more than 5 million km2. The overall carbon potential, although low on a per hectare basis, is important for communities (see also Table 4). A FIP pilot in Burkina Faso may be developed into a model for the potential of REDD in semi-arid tropics including mitigation and adaptation to climate change.

The COMIFAC region contains >200 million hectares of forests – yet appear to have relatively low carbon mitigation potential. Because these forests have limited gains from reduced pressure on the forests and only relatively limited areas are available for increase carbon sequestration and enhancement, carbon gains are perceived as relatively small at least in the near future. The real potential in the COMIFAC countries, as with Lao PDR and several areas of the Peruvian Amazon is gained from reduced deforestation and increased protection of existing carbon stocks. COMIFAC has total estimated forest carbon stocks of about 18 mega ton, larger than Indonesia's above-ground carbon estimates (e.g. peat lands excluded).

Table (4) summarizes the demonstration and up scaling potential of the selected pilots. This table is based on the EG's own assessment on the countries/region the specific pilot could have across the region or as a model that expands application or imparts a "learning" effect. This scaling potential is estimated to contribute an additional 4200 million tons of carbon (above-ground biomass) from 2011 to 2030, adding to the estimated 3160 million tons C estimated across the 8 pilots combined. The EG again emphasize that these calculations must be considered solely as rough approximation suitable our general comparison and thus used appropriately.

Table 4. EG's comparative assessment of the demonstration and up scaling effects of the eight pilots. The extension estimate is made singly on the distribution of biomes, and does not consider specifically possible distinct drivers of deforestation and forest degradation

Country	Total Land Area '000 ha	Mitigation potential per ha of land area ton C/ha	Possible countries/regions concerned (based on similar biomes)	Extended Demon-stration Area '000 ha	Extended mitigation potential* '0000 t
Burkina Faso Tropical /dry	27,400	0.16	Sahel: incl. Senegal, southern and central Mali, Niger, southern Chad, northern parts of Togo, Nigeria, Benin, Ghana, Côte d'Ivoire, Guinea), Ethiopia, Sudan, Eritrea, Somalia, northern part of Cameroon, Central African Republic. Also (but not counted in area and mitigation figures): Semi-arid India and Pakistan, semi-arid East Africa including semi-arid Madagascar	450,000	72,000
Ghana Tropical /humid	22,700	0.62	Tropical West Africa, including humid parts of Nigeria, Benin, Togo, Côte d'Ivoire, Ghana, Liberia, Sierra Leone, Guinea, also Uganda, tropical parts of Madagascar, Angola	140,000	87,000
Indonesia Tropical/ humid	181,000	0.82	Countries with permanent forest estate and mix and commercial logging: Malaysia (Sabah and Sarawak), Myanmar	60,000	49,000
Lao P. D.R. Tropical /humid	23,000	0.44	High forest countries, with active logging: Cambodia, PNG, also Guyana, Suriname, some States in the Brazilian Amazon	23,000	74,000
Peru Tropical/ humid	128,000	0.24	Amazon countries including Bolivia, Colombia, Ecuador, Venezuela, some states in Brazilian Amazon	128,000	57,000
"COMIFAC" Tropical /humid	398,000	0.18	Includes already 6 countries (Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon.	0	0

Mexico Trop. S./humid	194,000	0.24	Semi-arid Central America, some Caribbean States	194,000	11,000
Philippines Tropical /humid	30,000	1.27	Vietnam, parts of Hainan and Yunnan in China, parts of Indonesia, Myanmar, Thailand Also parts of Madagascar, Sri Lanka, trop. India	30,000	67,000

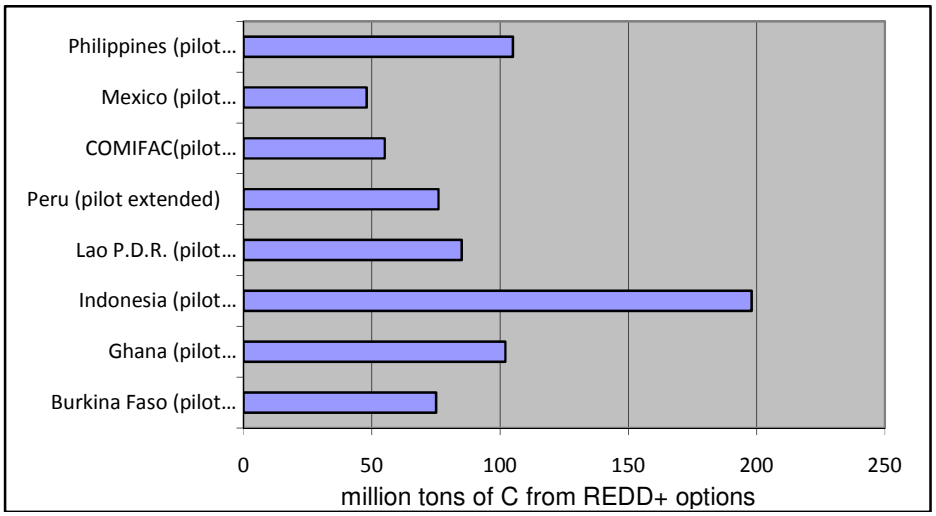
* based on the average forest carbon mitigation potential of the respective pilot country, extrapolated on the total area of the extended area.

Information generated from Table (4) suggest that the largest demonstration effects in terms of geographical extent is the proposed Burkina Faso pilot, which is likely to influence forest carbon strategies across an area of nearly 500,000 km2. Although Burkina Faso has the lowest carbon mitigation potential per ha of the eight countries/regional interties (0.16 tC/ha), it may have one of the greatest transformational effects if benefits and experience acquired from this pilot are considered with its potential to stimulate regional change.

Proposed pilots for Ghana, Lao P.D.R. and the Philippines may also have a large effect, especially when considering the estimated carbon uptake from REDD+. All over, the 8 pilots represent a wide spectrum of different situations and fully comply with the requirements stipulated in Criterion 5.

Figure 2 illustrates the total demonstration effect of the proposed pilots. COMIFAC area and Indonesia emerge as pilots where the most important REDD+ effect (i.e. GHG reductions) would potentially occur.

Figure 2: Roughly estimated total REDD+ mitigation potential of the 8 proposed pilots and their respective area of influence (demonstration and multiplication effect). Pilot extended means: estimated REDD+ carbon potential of the pilot with the addition of carbon potential of similar biome conditions, as outlined in table 4.



Finally, Table (5) summarizes some specific qualitative characteristics of the eight pilots proposed to FIP-SC.

In the views of the EG, the eight proposed pilots as a group represent most countries and regional entities potentially eligible for FIP support. This group contains appreciable variability both within and among the 8 countries in terms of bio-physical characteristics of their forests as well as a broad range of government policies, institutional and governance issues. Most importantly they span a wide spectrum of diverse history and drivers of deforestation and thus incorporate a suite of appropriate measures employed to mitigate GHG emissions. At present, these countries/regions also represent differential capacities for potential transformative effects, investment needs as well as absorptive capacities to manage financial resources such as FIP. These characteristics and additional indices were explored by the EG for comparative analyses to base the proposals as provided in Tables A and B in Annex 4.

Table 5: EG's assessment of some specific characteristics of the proposed 8 pilots.

Country	Countries/regions concerned
Burkina Faso Tropical dry	▪ Globally, only large pilot for REDD+ in semi-arid areas ▪ Potential to develop a combined forest-based mitigation and adaptation approach ▪ Wider land-use approaches including forests and agriculture, community-based ▪ Challenge to develop a meaningful program with emphasis on demonstration effects
Ghana Tropical humid	▪ Representative of many countries with a mix of deforestation and forest degradation drivers (domestic and international) ▪ Potential for community-based forest management with specific up scaling effects to neighbouring countries, in particular Liberia
Indonesia Tropical humid	▪ High absolute and relative deforestation and degradation ▪ High opportunity costs for REDD (commercial agriculture; highly profitable commercial logging and mining. ▪ Potential for decentralized forest management ▪ Potential to coordinate with several REDD initiatives in the country
Lao P.D,R. Tropical humid	▪ Highly forested countries with increasing threat due to commercial logging and cross border timber smuggling. ▪ High potential for sustainable forest management combined with conservation ▪ Potential for community and indigenous people involvement ▪ Challenge at the level of absorptive capacity of FIP funding if not a long-term approach
Peru Tropical humid	▪ Potentially high future threats on forests due to infrastructural development and commercial interest ▪ Good prospect for SFM and conservation
"COMIFAC" Tropical humid	▪ Includes already 6 countries (Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, Equatorial Guinea and Gabon) with similar development paradigms ▪ Challenge to coordinate in between countries and identifying a meaningful niche with the Congo Basin Partnership Fund
Mexico Tropical semi-humid	▪ Community based forest management and emphasis on forest restoration ▪ Demonstration effect for semi-humid areas
Philippines Tropical humid	▪ Huge potential to develop a meaningful enhancement of sink agenda based on forest restoration and reforestation ▪ Community-based forest management and spreading across the archipelago.

In accordance with the FIP design document, the following information was given additional attention by the EG:

- The degree of threat from illegal logging or large scale conversion and relative importance that a FIP pilot might have in affecting these issues in the near future;;
- Relative stability of national governance, improved transparency and other reforms;
- Previous or ongoing demonstrations of national government's commitment on the part of national governments to engage in forest related climate actions;
- Relative strength of multi-sector forest climate approach by the government that seek to addresses key drivers of degradation or deforestation;
- Strength of engagement of civil society in forest governance;
- Where a country may impart transformational change on climate issues and the relative change that a FIP investment might induce;
- Opportunity for forest interventions that by definition will benefit the poor, indigenous, and local communities (e.g. forest tenure or concession initiatives, formal acknowledgement of customary tenure);

- Relative need for FIP pilot presence in critical ecosystems with global significance (e.g. Amazon basin, Sahel/desertification belt); and
- The private investment potential and dynamics, as evidenced already by either existing or ongoing voluntary forest carbon investment initiatives (natural forests, planted forests, agro-forestry), multi-purpose commercial tree plantations (pulp and paper, lumber, etc.), small and medium-sized enterprises (SME) investments, as well as perceived of interest (e.g. IFC, commercial banks and private funds for potential investment in the country/region.

4.3 Rational for individual pilot recommendations

4.3.1 Five proposed countries (presented in alphabetical order)

4.3.1.1 BURKINA FASO

Land area (km2):	274,000	Population: Living in rural areas	14,4 million 82%
Forest area (km2): % Forest of land area:	68,000 29	Drivers of deforestation:	Overgrazing, fuelwood, fire, desertification
Annual forest loss (ha) **Ann. forest loss (%)**	24,000 -0.3	Carbon in biomass Forest carbon per ha	298 million tons 44 tons

*Data source: FAO (2009); Assessment of drivers: authors' compilation

(i) REDD+ Potential

Burkina Faso lies in the tropical dry belt where forests and trees have relatively low carbon sequestration potential and generally significant lower carbon stocks in the five carbon pools compared with tropical humid ecosystems. For example, the average carbon stock of living biomass per ha in Burkina Faso is 44 tons, compared to Ghana with 90 tons per ha. Nonetheless, due to extremely high dependence of the growing rural population on natural resources, land and forest degradation account for a major share of GHG emissions in Burkina Faso, estimated to be about 60% of the entire GHG emissions of the country. The REDD+ potential in Burkina Faso comprises reducing deforestation and forest degradation, sustainably managing existing forests and agroforestry systems and enhancing forest carbon stocks. This will contribute to a positive carbon balance while supporting rural livelihoods and protecting the considerable remaining biodiversity of the natural semi-arid forests in the southern part of the country.

(ii) Country distribution across regions and biomes

Burkina Faso represents the tropical dry forest biome in Africa that covers the Sahel belt (Senegal, Mali, Burkina Faso, Niger, Chad and the northern parts of Nigeria, Benin, Togo, Ghana, Côte d'Ivoire and Guinea). The Sahel forests are an important element in the fight against desertification and the remaining natural forests harbour a unique ecosystem containing endemic species of global importance, including medicinal trees, gum-producing species as well as essential oils and fats (e.g. Shea butter). The potential of emission reductions is limited though due to the low carbon content of semi-arid lands in general.

A special reason for proposing a FIP pilot in Burkina Faso is the fact that it can offer new experiences in the development of a forest investment that can bridge between the role of forests and trees in

reducing vulnerability, adaptation to climate change while at the same time mitigating emissions of GHG's and increasing carbon stocks. Developing investment schemes that address simultaneously nationally and locally appropriated mitigation and adaptation actions are thus a specific characteristic of the Burkina pilot besides, if selected, it would be the only major REDD+ investment pilot in tropical dry forests worldwide.

(iii) Potential to initiate transformational change

Burkina Faso has a significant potential to initiate transformational change taking into account the high planning and implementation capacities of the institutions dealing with rural development, forest and environment, a recognized high level of forest governance, and the generally high involvement of an empowered civil society and local communities in rural development activities. Forest and trees play an important role in the overall development strategy of the country. Burkina Faso has prepared sectoral strategies for the Environment, Forestry, Adaptation and Mitigation, along with a 10-year global investment plan (2008 – 2018), covering: a) natural forests management, b) degraded land rehabilitation; c) community forestry management; d) sustainable land management; e) fight against wild fires; and f) watershed management. In addition, the country has national and local expertise in natural resources management that could ensure efficiency and effectiveness for managing FIP resources.

(iv) Potential of mainstreaming FIP investment

In the views of the Expert Group, Burkina Faso offers a good potential for mainstreaming FIP investment in ongoing policy framework and development activities. Over the past 30 years, the Government of Burkina Faso has shown strong commitment to the environment. The country recently has prepared concrete investment proposals that have a significant development impact. These investments can be valorised through the FIP and they have the potential to initiate transformational change. For example, FIP could support the scaling up of various successful past pilot projects in the field of forest conservation, agro-forestry, as well as re-establishment and restoring lost carbon stock. In addition, the current state of degradation of some of the country's natural resources (including major water sources) calls for immediate larger-scale interventions. FIP investments could be planned to work in synergy with ongoing efforts to adapt to climate change and to promote forest sector development that aim at improving rural livelihoods with the potential to make a significant contribution to the country's voluntary commitments to reduce GHG's in the atmosphere. A planned FIP investment will occupy a niche in Burkina Faso, as there are, besides some capacity building efforts, no considerable land-use based mitigation activities in the country. Coordination with on-going forest and land-use programs supported by national sources and other development partners has a long tradition in Burkina Faso. A main challenge of a FIP investment will be to leverage funds from the private sector or other sources of investments.

There is also a considerable potential to build on planned and on-going investments through the MDBs and other development partners. The World Bank, SIDA Sweden, the Swiss Development Cooperation and the Netherlands have supported Burkina Faso's efforts towards sustainable development and natural resources management since the droughts of the 70's and 80's through various operations,. For example, the Swiss and Dutch supported "Bois de Villages" Program (1985 – 1999), the World Bank's Natural Resources Management Project (1992-2000); access to Energy/Management of forest blocks (since 2008). Among the main results achieved by these operations are: (a) Reforestation and recuperation of degraded areas of several tens of thousands of hectares of degraded land and village land; New low-cost technologies for plant production; development of various techniques for rehabilitating degraded land, etc; (b) New protected areas have been created; and (c) forest management responsibilities and rights to communities have been devolved to local communities. Forest management associations *(Groupements de Gestion Forestière)* have been supported tasked with the management of common natural resources.

Community fire brigades have been supported that are a key piece of the fight against wild fires in the country today. As a direct result of activities above, it was possible to establish sustainable supplies of fuelwood to certain villages; revenues to local communities have been created and resources sustainability has been assured by exploitation rotation cycles of 20 years. Such models have the potential to be up streamed in the country and beyond and bring considerable new mitigation benefits.

(v) Country preparedness for REDD+

Burkina Faso does not have a proven track record in REDD+ yet, but has integrated forest conservation, forest management and the enhancement of sinks through restoration, afforestation, reforestation and agroforestry development in its national climate change strategy. There is a clear and demonstrated willingness by the Government to integrate forest-based adaptation and mitigation into national sustainable development plans. Considering the past track record of the Government and national civil society partners with the MDBs, UN-organizations and bilateral donors, there is a proven ability to effectively absorb additional investment and development funds such as provided by the FIP.

4.3.1.2 GHANA

Land area (km2):	227,000	Population: Living in rural areas	23 million 52%
Forest area (km2): % Forest of land area:	55,000 24	Drivers of deforestation:	Logging (domestic), fuelwood, agricultural expansion
Annual forest loss (ha) Ann. forest loss (%)	115,000 -2.0	Carbon in biomass Forest carbon per ha	496 million tons 90 tons

*Data source: FAO (2009); Assessment of drivers: authors' compilation

(i) REDD+ Potential

Deforestation in Ghana usually commences with degradation of well-stocked forests by excessive (often illegal) logging, mining and quarrying and fuelwood collection. Degraded forests are then often completely deforested through wildfires, illegal land occupation, and/or commercially driven land-use changes (e.g. full light cocoa plantations).

Ghana is developing a comprehensive Low Carbon Growth Plan that will address climate change as a part of national and sectoral development strategy, slash and burn agriculture. This plan would put FIP/REDD+ activities into a wider national context. In addition, Ghana has a number of instruments and policy frameworks with a potential to mainstream FIP investment into development activities. Examples include Voluntary Partnership Agreement on Forest Law Enforcement as well as the Governance and Trade and Community Forest Biodiversity Project.

(ii) Country distribution across regions and biomes

Ghana belongs to the tropical humid biome, with nearly one-quarter of its land area under forest cover. Ecologically, the country is divided into (a) high forest zone in the south covering about a third of the land area (*ca.* 8 million ha), (b) a savannah zone in the north (*ca.* 15 million ha) and (c) a transition zone in between (*ca.* 1 million ha).

About three-quarters of Ghana's high forests are managed for timber production while the rest is managed for protection and environmental services. Historically, the rates of deforestation and

forest degradation in Ghana have been among the highest in Africa, if not globally with an estimated loss of 85% of the forest area in the last century. The annual change in forest cover between 2000 and 2005 averaged -115,000 ha, representing a loss of approximately 2% of the forest cover annually. Baseline estimates of emissions of GHG's in Ghana, currently underway may reveal a declining capacity of forests as a carbon sink and the country may emerge as a net emitter of GHG's.

(iii) Potential to initiate transformational change

Over the years, Ghana has attracted relatively substantial bi- and multi-lateral loans, development assistance funds and grants including from MDB's such as the World Bank and the African Development Bank, and a FIP pilot is expected to initiate a serious transformational change and cross-sectoral ownership in the country. In the views of the Expert Group, such a transformational change would be a good example for other countries belonging to the same biome (see Table 4) and would ultimately result in reduced emissions of GHG's and enables a shift towards a strategic approach to address the drivers of deforestation and eventually REDD+. The institutional absorptive capacity of the country for external funding is reasonable and should not hinder further investments such as FIP.

Ghana plays an active role in UNFCCC at technical and political levels, including the Adaptation Fund Board, and can provide a feedback in the context of elaborating a global REDD mechanism. It is expected that a FIP pilot would be replicable and would be a precursor for scale-up programs. Ghana is particularly well placed to exchange lessons learned through the FIP process with its neighbouring countries, in particular Liberia. Examples of such collaborations exist such as Ghana's support in the formulation of Liberia's new reforestation policy and afforestation strategy financed by ITTO. Giving the ongoing efforts in a post-conflict Liberia to transform the forest sector in order to reducing emissions from deforestation and forest degradation and maintaining carbon stocks, the EG is of the view that Liberia, with its current implementation capacities, would strongly benefit from collaboration with Ghana under the FIP.

(iv) Potential of mainstreaming FIP investment

Ghana has favourable conditions for sustainable forest management based on its impressive human resources, including traditionally strong Forest Commission and a long history of forest management despite many challenges. Some forest reserves are well managed but others have been over-harvested and off reserve forests are often unregulated. Illegal forest activities such as chainsaw lumber production and poaching are thought to be overspread.

Ghana recognizes that a properly planned and executed FIP pilot aiming at significantly reducing deforestation and forest degradation should address macro-economic, demographic, technological and governance-related drivers of deforestation. However, such efforts should be augmented by plans to implement sustainable forest management, forest conservation, enhanced forest carbon stock and sustainable agroforestry systems, while protecting biodiversity and supporting rural livelihood.

(v) Country preparedness for REDD+

As a member country of the Forest Carbon Partnership Facility (FCPF), Ghana submitted its REDD Readiness Plan Idea Note (R-PIN) to the FCPF in 2007 and has recently submitted a REDD+ Readiness Preparation Proposal (R-PP), formulated through a multi-stakeholder consultation process. According to the government, the country has institutional capacities and technical expertise to implement the R-PP. However, Ghana would still need considerable capacity building and institutional strengthening to handle a FIP investment. Furthermore, Ghana is intending to strengthen its cross-sectoral national Climate Change Committee and move towards a dedicated national institutional structure to coordinate the activities of the multiple agencies dealing with

climate change in the country. The Environmental Advisory Council (EAC), a national inter-ministerial advisory body, provides integrated policy coordination regarding national environmental and natural resources issues. A national multi-stakeholder REDD+ Steering Committee has been established to advise the government on REDD issues. Ghana and Mexico have been selected to participate in the Global assessment of forest restoration potential undertaken by IUCN, WRI, PROFOR and UK. Finally, Ghana has an ongoing FLEGT initiative that should provide an enhanced foundation for improved enforcement of legality in terms of forests (planted and natural) throughout the country.

Ghana is generally well regarded for its institutional capacities, good investment climate and active involvement and empowerment of civil society including indigenous peoples and local communities as well as the private sector in decision making processes related to forests and climate change.

4.3.1.3 INDONESIA

Land area (km2):	1,810,000	Population: Living in rural areas	235 million 51%
Forest area (km2): % Forest of land area:	885,000 53	Main drivers of deforestation:	Commercial agriculture, logging, infrastructure
Annual forest loss(ha) Ann. forest loss (%)	1,900,000 -2.0	Carbon in biomass Forest carbon per ha	5,900 million tons 67 tons

*Data source: FAO (2009); Assessment of drivers: authors' estimates

(i) REDD+ Potential

With some of the greatest absolute levels of global GHG emissions from land use changes from 1990-2005, Indonesia is a key global actor in any successful implementation of REDD+. Several Indonesian regions especially the 'Outer Islands' of Sumatra, Kalimantan and Papua contain some of the highest stands of forest biomass and thus, above ground carbon stocks recorded across all tropical ecosystems. Also, these humid tropical forests exhibit some of the largest annual rates of global net primary productivity and thus rapid re-growth potential of secondary, logged and highly degraded forest areas. Moreover, Indonesia harbours 83% of SE Asia's tropical peat lands or 22.5 M ha concentrated in Kalimantan, Sumatra and Papua. These peat areas range from 1->20m in depth and their below ground carbon stocks using a average 5m depth have been roughly estimated to sequester ~ 2,500 t/ha.

(ii) Country distribution across regions and biomes

Indonesia is a 'mega diverse' country containing three major bio-geographical zones: Sundaland, Wallacea and New Guinea. For example, the island of Borneo alone contains the highest plant diversity recorded across the tropics and at least 12 eco-regions. In addition, Indonesia comprises tropical forest formations that span from sea-level to glacier-covered Mt. Lorenz, each with distinctive vegetation composition. As a result of distinctive bio-geographical history, Indonesia contains more than 30 terrestrial eco-regions, spans several biomes and harbours tremendous floral and faunal diversity. However, Indonesia also has the most CITES listed endangered and vulnerable vertebrates of any tropical forest nation largely as a result of habitat loss.

From 1990 to 2005, Indonesia had one of the highest rates and extent of tropical land use change – conversion and degradation – worldwide. In addition, considerable GHG emissions occur in major droughts associated with ENSO events and these fires have not only become more frequent in non-ENSO years but continue to be extensive. These fires not only consume valuable timber and

productive agricultural lands, but are also concentrated on highly degraded 'open access' lands and especially the highly vulnerable peat ecosystems. Yet, increased global awareness of both the direct and indirect causes and impacts of these fires via REDD+ monitoring and transparency (e.g GOFC) and associated REDD incentives may create the necessary suite of conditions to transform business as usual and thus mitigate the frequency and intensity of fires and trans-boundary smoke/haze.

(iii) Potential to initiate transformational change

Indonesia is in a unique position to reduce carbon emissions from both deforestation and degradation in the immediate and relatively near future. Indonesia has over the past decade made substantial progress in governance such as financial transparency and other judicial reforms also reflected in several indices (e.g. Corruption Perception Index 2009 CPI; Doing Business, 2009). Despite such progress, Indonesia faces a daunting suite of complex challenges especially conflicted views surround land use and resources, inertia and entrenched "Business as usual" constituencies, coordination across governmental agencies, financial flows from central to local districts and communities and enforcement of improved regulatory mechanisms. Such efforts will require much negotiation and institutional agreements among several national ministries as well as provincial and district governments. Yet, recent donor investments and REDD+ have served to expand such dialogue and have led to several policies being altered or created to address several of these issues. However, implementation and enforcement as well as transparency of financial flows (including donor assistance) have been the critical issues especially surrounding natural resource sector. Moreover, given the sheer geographical scale and logistical conditions of coordinating such endeavours, Indonesia requires substantial investments to ensure continuous and expanded participation and active involvement of civil society, local non-governmental organizations and rural communities and indigenous people in land use decisions and to develop robust process for local communities to contest and to negotiate equitable arrangements especially with REDD+. Such efforts must require considerable coordination and likely compromise among districts, provinces and national governmental agencies and ministries.

Indonesia's forestry, agribusiness, mining and plantation sectors generate substantial revenue but also considerable GHG emissions. Across all tropical countries examined, Indonesia national government holds the largest areas of forest land in concession leases for commercial timber extraction, pulp and paper plantations as well as oil palm plantations. Forest lands are almost exclusively controlled by the State.

(iv) Potential of mainstreaming FIP investment

Given the recent and considerable attention and investments from the donors, international and national NGOs with projected financial transfers, Indonesia is now in a unique period of potential transformation and transition of land use and governance. With continuous and relatively bold efforts with inclusive decision-making with enforcement, Indonesia could generate conditions to transform previous business-as-usual-practices, to increase transparency and to require more equitable distribution of revenues and to remove contradictory policies with perverse incentives. Not only would this require coordination among several sectors involved in land use change, but fully represent local livelihood needs and concerns across the country. However, this potential window of opportunity must be seized given the current rates of change and trajectories – especially with planned and projected agribusiness development. In this current favourable investment arena, if Indonesia works toward creating an innovative means to broker competing interests and generates an equitable and effective means to recognize, negotiate and defend land claims, the transformative contribution of FIP and other complimentary donor and private sector funds would be tremendous.

(v) Country preparedness for REDD+

The Government of Indonesia has facilitated considerable investment and demonstrated commitment to REDD+; it has been an active participant and coordinator of international meetings and regional discussions as well as developed REDD+ plans, GHG country portfolios and forest cover assessments. The Indonesian National Council on Climate (DNPI) has held several participatory meetings and diverse discussions. Several documents were developed in the past five years.

Since UNFCCC CoP-13 in Bali, Indonesia has developed legal system to support the implementation of REDD+ program. Three Ministerial Decrees have been issued concerning the implementation of demonstrating activities of REDD, the mechanisms of REDD, and the permission procedures for projects on carbon sequestration and/or storage in production and protection forests respectively.

The President of Indonesia recently announced highly ambitious national GHG reduction targets of –26% from Business as Usual (BAU) scenarios by 2020 with more than 40% of these coming from the forestry sector including ~ 9% from peat forests alone. These targets alone translate to approximately 21 M ha of forest area to be protected or reclaimed by 2020. Indonesia substantially increased capacity in several critical REDD+ areas including forest monitoring, sub-national GHG assessments, FLEGT programs and other dialogues across nations and institutions.

Several voluntary carbon pilot projects involving an international NGOs and investment banks are underway in across the islands including Aceh, West Kalimantan and Papua. Therefore, private sector interests and investments in REDD+ in Indonesia would likely increase with reduced transactions costs (e.g., carbon stocks, monitoring and other safeguards) as well as reduced perception of risk through regulations, enforcement and active local participation.

Given Indonesia's central role in REDD policy dialogues including their highly visible roles as hosts of UNFCCC COP 13 in Bali, several highly promising conditions and opportunities exist for redressing many constraints to REDD+. Many NGOs, bi-lateral and multilateral donors, and researchers are highly invested in building local to national capacities in documenting forest cover through both multi-sensor satellite imagery, conducting forest inventories and monitoring, establishing carbon baselines and stocks as well as assessing the complexity of drivers coupled with potential scenarios across the country. Although this is a tremendous challenge given the diverse conditions and logistics as well as challenges to obtain cloud free satellite imagery, substantial progress has been made in just the last few years. At present, only Tier I carbon assessments are available in scattered regions but many extensive Tier II & III carbon studies are underway. With the sheer heterogeneity of land types and uses in the 'Outer islands' of Sumatra, Kalimantan and Papua, Indonesia requires considerable resources to produce suitable information for effective REDD implementation. Finally, the government of Indonesia has recently put in place a new, more rigorous requirements for the enforcement of legality at the forest level, in all forest jurisdictions (from plantation to natural forests) and in estate crop areas – an initiative that could create a more stable policy and enforcement foundation for climate-related investments.

4.3.1.4 LAO P.R.

Land area (km2):	230,000	Population: Living in rural areas	6 million 79%
Forest area (km2): % Forest of land area:	161,000 70	Drivers of deforestation:	Shifting agriculture, firewood, illegal, weak policy enforcement
Annual forest loss(ha) Ann. forest loss (%)	80,000 -0.5	Carbon in biomass Forest carbon per ha	1,500 million tons 92 tons

*Data source: FAO (2009); Assessment of drivers: authors' estimates

(i) REDD+ potential

In the greater Mekong region, Lao PDR has the highest relative forest cover (70% of the total land area). Lao's forests contain huge biodiversity and considerable timber resources. The country has an extensive protected area. Surrounded by five countries (Burma, Cambodia, China, Vietnam and Thailand), Lao PDR is a landlocked country. With 83% of population residing in rural areas and with high population growth rate (1.7% annually) the pressure on forests is increasing. Shifting cultivation with short fallows (mainly in upland areas), uncontrolled logging, and conversion to agriculture and other land uses are among the most serious treats to Lao's forests. Coupled with this, external pressure is quite high as demand for timber and wood products from three neighbouring powerful economies: Thailand, Vietnam and China is increasing. Illegal timber trade across the border, particularly to Vietnam is important. With weak law enforcement and forest governance, it is expected that deforestation and degradation will continue in the near future if no serious efforts are taken to reverse this trend.

The government of Lao PDR has reported their major objective is to increase forest cover in order to reduce pressure on natural forests and to increase wood availability to meet processing capacity requirements. The plantation program is also geared towards bio-energy plants (*Jatropha* spp.) and economically valuable trees such as *Aquilaria* spp. In addition, forest protection is becoming an increasingly important agenda in Lao P. D. R. as forests are important for clean water supply, supporting conservation, preserving biodiversity and as buffers for natural disasters. Lao has at least 21 national protected areas distributed throughout the country, 2 corridor zones, 57 provincial protected areas and over 100 district protected areas. Water is particularly important for hydropower and irrigation. In this regard, potential areas for forest protection for 51 watersheds along main Mekong tributaries and 25 existing and proposed hydropower dams have been preliminarily identified. It is important to note that all these protected area are subjected to treat from deforestation and degradation.

A FIP pilot in Lao PDR can certainly support the government to comprehensively address issues related to forest conversion and at the same time provide an opportunity to enhance carbon stock through increased forest plantations and forest protection. Another area that FIP can address is the competition over land, which has led to increased number of conflicts. Zoning and land classifications (Land-use planning) has become an urgent need in Lao PDR, which can benefit from FIP.

(ii) Country distribution across regions and biomes

Lao PDR represents a tropical humid forest biome in the mainland Southeast Asia characterized by three distinct ecosystems: plains, plateaus and mountains. The plains are mainly distributed along the Mekong River, one of the most important rivers in Asia. The Annamite Range cuts through Indochina forming a spine adjacent to the Lao-Vietnam border and claiming a small area in northern

Cambodia. Mountainous region is found in the northern part of the country with average height 1,300 - 1, 500m. Various forest ecosystem types can be found in Lao, among others, tropical evergreen, dry evergreen, tropical deciduous, dry dipterocarp, mix deciduous, sub-tropical in the North, limestone forest, etc. These forests are home to various plants and animal species, some are endemics and endangered. In short, Lao's forests represent some unique widely intact ecosystem types in the mainland Southeast Asia that are undergoing an increased pressure of deforestation and forest degradation.

Lao P D R could be an important country for generating lessons in terms of how reduced deforestation and addressing the causes of degradation can be achieved by adequate investments in a relatively small country that generally has only limited absorption capacities. A number of smaller countries in the tropics are in this situation (see Table 4). A main challenge here is to define adequate investments and scale them over a sufficiently long time span.

(iii) Potential to initial transformational change

Lao PDR has high potential for transformational change in the following areas, among others:

- Governance: addressing the lack of capacity of state institutions, particularly the weak law enforcement and widespread corruption.
- Land zoning and classification: leveraging ongoing initiatives on zoning, titling by National Land Management Authority (NMLA) together with development partners, such as JICA and the World Bank
- Civil society engagement and Indigenous Peoples Organisations (IPOs) bringing various IPs together and develop a national approach for IP engagement in REDD+ activities.
- Alternative livelihoods strategies: exploring alternative livelihoods strategies to reduce pressure on forests, e.g. small scale enterprise development, cash crops, NTFPs, etc.

(iv) Potential of mainstreaming FIP investment

In the EG views, Lao PDR is in a unique position for mainstreaming FIP investment. Recently, Lao PDR has renewed its commitment to tackle underlying drivers of deforestation and at the same time expressed high interest in forest protection. Lao PDR is participating in FCPF and now is formulating the R-PP. With the support from international community, Lao PDR has developed the Forestry Strategy 2020 (FS 2020), which guides forestry development in the country. FS 2020 provides a platform for an integrated foundation and multi-stakeholder process for forestry development. A FIP pilot can support the government to further strengthen and implement FS 2020. Tackling poor governance, poverty and corruption remain a key challenge in Lao. FIP can potentially contribute to enhancing the role of rural population in environmental protection and at the same time promote rural livelihood strategies that can address poverty related issue. In line with this FIP investment can add value to a number of ongoing investments. For example, since 2004 the World Bank has been supporting Participatory Sustainable Forest Management over more than 1.3 million hectares of natural production forests including supporting the improvement of policies related to forest management, benefit sharing, transparent timber sales, and industry restructuring. The project further helps to establish monitoring, forest management control, independent forest certification, and forest law enforcement.

A FIP pilot is anticipated to add significant value to several emerging REDD related activities currently underway. Examples include:

- Lao PDR has just initiated preparation of the RPP for FCPF.
- Analysis of drivers of deforestation, general facilitation on REDD+ issues and capacity building conducted by NGOs and research agencies.
- Forest Strategy implementation Promotion Project (JICA + SIDA)
- Inventory support and carbon monitoring (World Bank)

- Participatory Forest Management for Reducing Deforestation (JICA)
- Mapping potential for REDD especially high forest cover/high deforestation risks.

(v) Country preparedness for REDD+

Since 2008, the Asian Development Bank has been supporting Lao PDR with preparing a national strategy and action plan on climate change. Through this process several institutional and technical capacity gaps have been identified (those gaps are mentioned above. Under the Biodiversity Conservation Corridor Initiative program (BCI), ADB has been promoting biodiversity in the Greater Mekong Region (GMS) of which Lao PDR is a participant. This experience can help demonstrate and showcase efforts in terms of avoidance of deforestation and preserving carbon stocks.

The EOI submitted to the CIF Admin Unit shows a high interest by the government of Lao PDR to benefit from FIP. The main idea proposed in EOI is to enhance government capacity to further improve land/forest zoning, forest management, law enforcement and governance, and promotion of alternative livelihood options. These are important issues to be tackled in Lao PDR as they all contribute to various problem in the forestry sector as well as several other sectors, e.g. land conflict, illegal timber trade across the border, shortened period of fallow and corruption. A FIP support to Lao PDR, however, needs to be planned in a longer-term perspective, as the country is barely prepared for a huge, short term forest-based investment.

4.3.1.5 Peru

Land area (km2):	1,280,000	Population: Living in rural areas	28 million 27%
Forest area (km2): % Forest of land area:	687,000 54	Drivers of deforestation:	Shifting cultivation, infrastructural dev., unsustainable logging
Annual forest loss (ha) Ann. forest loss (%)	150,000 -0.2	Carbon in biomass Forest carbon per ha	5700 million tons 90 tons

Data source: FAO (2009); Assessment of drivers and carbon estimate: authors' estimates

(i) REDD+ potential

There was a general consensus among the Expert Group that Peru as a major tropical forest nation within the Amazon basin has a very high potential to significantly reduce emissions from deforestation and forest degradation while at the same time contributing to further efforts to maintain globally important environmental services and biodiversity. Peru has a positive blend of potential areas of REDD+ investments aiming at addressing direct drivers of deforestation, restoration and forest degradation, consolidation of protected areas in private and indigenous reserves guaranteeing the conservation of ecosystem services, carbon stocks and promoting integrated rural development. Recent creation of different legal, technical and institutional instruments related to forest management and conservation, stakeholder consultations, national strategy for climate change and increasing understanding of the cost and benefits of forest conservation and its relation to climate change at high political levels, generate good enabling conditions for REDD+ investments with a high potential to reduce GHG emissions.

(ii) Country distribution across regions and biomes

Peru has the fourth largest extension of tropical forests in the world, after Brazil, DRC and Indonesia. It has the second largest forest estate in Latin America and the eighth largest in the world (FAO 2009). These forests are some of richest in the world, both in terms of biological diversity and natural resources (timber, water, carbon stocks, minerals, oil and gas). Half of the country is under forest cover (Amazon) of which 70% of it is natural forests. Peru is regarded as a high forest country with increasing threat of deforestation (due to economic development) and considerable rates of forest degradation. The present situation of the forest sector is a direct consequence of inadequate policies and regulations with an extractive -oriented institutional framework. As a result and despite the natural wealth of the country, the revenues from the forest related activities represent only 1% of the NGP (2005) and the areas with the largest forest coverage show extreme poverty rates over 50%.

Carbon emission from deforestation and forest degradation in Peru accounts for more than 70% of total national emissions. It has been estimated that a total of 7 million hectares have been deforested in Peru since 2000 at an average rate of 150,000 annually. A steady increase in deforestation is expected under business as usual (BAU) scenario, as major extractive activities like mining and oil drilling, and road infrastructure are developing in the Amazonian region. In general, deforestation rates at the national level are not homogeneous, due to the differences in geographical, institutional, cultural and social characteristics. Weak public institutions, lack of integrated national planning, scarcity of resources, unreliable data and lack of high qualified human resources are also key issues that contribute to the loss of forests and natural ecosystems.

(iii) Potential to initiate transformational change

The recently established Ministry of Environment is responsible for the coordination and implementation of the climate change strategy, the administration of the protected areas and biodiversity among many other responsibilities. The Ministry of Agriculture, with a productive and a extractive based approach, however, is still the agency responsible for national policies regarding the agrarian sector which includes issues related to forest conservation, forest use and management. This is a challenging institutional arrangement where considerable coordination efforts are needed between the two agencies for potentially successful REDD+ policies and programs.

Peru has good prospects to embark on transformational and structural changes. The intra agency effort for cross cutting planning between the Environment and Agriculture Ministries, the role of civil society and the work done in the National Climate Change Strategy and the political commitment by the Peruvian government by setting a zero deforestation target for 2020, are a good platform for the FIP. The FIP can strategically contribute and upscale the transformational change in forest related policies and practices, provide valuable experiences and lessons through pilot projects that can be replicable models to generate a clear understanding of the links between good sound forest related investments and emission reduction, conservation of biodiversity and poverty alleviation. Particularly important and relevant are the efforts to improve forest governance through new political commitments, which includes an increased role of civil society, and indigenous groups.

(iv) Potential of mainstreaming FIP investment

The Peruvian Climate Strategy stresses the critical need to mainstream forest and biodiversity conservation into national development policies. Recent institutional reforms may furnish suitable conditions for a good potential for FIP to strengthen the ongoing policy reforms and development activities. For this to be realized, the EG recommends the establishment of a cross ministerial arrangement within the Peruvian government where Environment, Planning, Finance, Agriculture

and Energy and Mining are jointly planning and executing actions related to the Climate Change Strategy, REDD+ national plan and the FIP financial support (if it materializes). The role of private sector and ONG's are also strategically important in this process.

(v) Country preparedness for REDD+

The recent political commitment in COP-15 of the Peruvian Government for zero deforestation by 2020, is a political landmark that has strong and very positive implications at the global and national levels. The country is in the early stages of preparedness to undertake REDD initiatives (preparation of an FCPF Readiness Preparation Plan) and to address key direct and underlying drivers of deforestation. FIP investment can make a difference in this process by supporting the government's efforts to move to a strategic approach on REDD+ by integrating the role of natural ecosystems into national planning and development strategies, and complementing ongoing private sector initiatives that include exploration of REDD+ investments in Peru by various parties, and complementing third party certification of forest management (a growing trend, particularly in lowland forest areas).

4.3.2. Three Pilots proposed as alternative (In alphabetical order)

4.3.2.1 Commission des Forêts d'Afrique (COMIFAC) /Congo Basin countries

COMIFAC has expressed interest in being considered for a FIP pilot as a regional organisation. The COMIFAC Expression of Interest restricts the areas of application for FIP funding to the six COMIFAC Congo Basin countries and the Expert Group has respected this restriction in its consideration. The Congo Basin member countries are: Cameroon, Central African Republic, Republic of Congo, Democratic Republic of Congo, Equatorial Guinea and Gabon. Together, these countries represent the largest moist forest massif in Africa.

The 2005 Yaoundé Declaration recognises the protection of the Congo Basin ecosystem as an integral component of the development process and reaffirms the signatories' commitment to working together. Subsequently, the Conference of Ministers in charge of forests established the Central Africa Forestry Commission (COMIFAC) with a mandate to co-ordinate and monitors the implementation of the declaration. The COMIFAC Convention consists of ten strategic axes including: Harmonizing forest policy and taxation; Resource, knowledge and inventory of forest assets; Ecosystem management; Biodiversity conservation, and sustainable use of resources; Alternative income generation, capacity development and training; Research, innovation of new financial systems. The Convention favours cooperation and partnerships within the region. This frames a receptive environment for the introduction of FIP funds, and demonstrates the willingness and commitment of the COMIFAC countries to ensure that sustainable management of forests is enhanced in the region.

COMIFAC/Congo Basin countries (including Cameroon, Central African Republic, Congo Republic, Democratic Republic of Congo, Equatorial Guinea, and Gabon)

Land area (km2):	3,986,000	Population: Living in rural areas	82 million 61%
Forest area (km2): % Forest of land area:	2,230,000 56	Main drivers of deforestation:	Shifting agriculture, illegal logging, fuelwood
Annual forest loss (ha) Ann. forest loss (%)	630,000 -0.3	Carbon in biomass Forest carbon per ha	20,000 million tons 90 tons

*Data source: FAO (2009); Assessment of drivers and carbon: authors' estimates; carbon estimates are very rough and have to be interpreted with great caution

(i) REDD+ potential

The large extent of the Congo Basin forests means that the area has continental and global importance in terms of its function as a "green lung". It is felt that the Congo Basin should be recognised for its strategic continental and global importance, and the introduction of FIP funds will emphasise the importance of the Basin globally, and assist in the harmonisation of climate change actions already taken. It is felt further that economies of scale will be demonstrated visibly in the Congo Basin countries and that the introduction of FIP funds will help to build capacity at national and regional level which will assist with enhanced forest management in these countries. The potential of the area to demonstrate good results, particularly in managing existing carbon stocks, is very high and the political commitment of the countries is high.

It is understood that the COMIFAC Congo Basin countries have the political will and reasonable institutional capacity for REDD+ activities utilising FIP funds if they are so allocated. However, there may be a need for additional technical assistance to make optimal use of the funds. It appears that these countries have clear understanding of the limitations of the technical skills they already have and those which they still require assistance with. This is seen as a positive enabling environment to ensure that adequate and appropriate support is provided to the countries to optimize the contribution which the FIP funds could make.

Forest governance does remain challenging in some of the COMIFAC Congo Basin countries, but it is believed that positive policy developments are underway in most of these countries, which is encouraging. The investment climate in the COMIFAC Congo Basin countries appears to have improved over the past years in many of the COMIFAC countries and private sector investment is mainly observed in forest industry and mining. Third party certification is growing fast in the region and enhanced enforcement of legal forest management is capitalizing on FLEGT initiatives in various COMIFAC countries (e.g. Cameroon and DRC). In terms of empowerment and involvement of civil society, it is noted that the UN-REDD secretariat have been encouraged by the actions taken by the DRC in utilising its UN REDD readiness funds, in terms of the manner which the DRC has ensured the participation and involvement of indigenous peoples and local communities. Similarly strong involvement has occurred through the FLEGT initiative in Cameroon. It is felt that should the COMIFAC Congo Basin countries receive FIP funding, it could derive lessons from both the DRC participatory process and similarly positive FLEGT initiatives.

(ii) Country distribution across regions and biomes

The total land area in the COMIFAC countries is estimated at 398 million hectares, of which 223 million hectares are forests. The percentage of forest cover of total land area is therefore estimated at 56%, which makes the group a very significantly forested area. The rate of annual deforestation is relatively low, estimated at 0.3%, but in absolute terms this is equivalent to an annual loss of 631 000 hectares each year from the sub-region. The rates of deforestation do, however, vary within the six COMIFAC Congo Basin countries.

Some areas of the COMIFAC region may be classified as high forest cover, with high deforestation rates, whilst other areas are more likely to be classified as highly forested but with low deforestation.

(iii) Potential to initiate transformational change

FIP pilot funds may have a strategic role to play complimenting other resources that have been flowing to the COMIFAC Congo Basin countries. Although there are different rates of progress amongst some countries within the COMIFAC Congo Basin countries, there is a general complimentarity with respect to national forest action plans, readiness plans for reducing deforestation and forest degradation in the COMIFAC Congo Basin countries. There is potential to build on planned and on-going investments through the MDBs, and there exists a large probability

of leveraging funds from the private sector or other sources of investments. It is noted that several private sector initiatives are being undertaken in the COMIFAC Congo Basin countries already. FIP funding, (which may not be a large source of funding in absolute terms relative to other donor funds allocated to the COMIFAC Congo Basin countries), could play a transformational role through harmonisation of the roles and role-players within the COMIFAC. The opportunity to institute a REDD+ agenda using FIP pilot funding would greatly assist COMIFAC Congo Basin countries in developing appropriate methodology and technology needed to address the REDD+ agenda. It is also felt that investments accessed through FIP would allow the COMIFAC Congo Basin countries to position and strengthen themselves to implement a REDD+ strategy, and allow COMIFAC Congo Basin countries to harmonise roles around their respective REDD agendas.

The Expert Group noted that all 6 Congo Basin countries had submitted an R-PIN to FCPF and that UN-REDD is operating in the DRC already, with an initial programme allocation of $1.9 million and that the programme is progressing well. The UN-REDD secretariat has also received a request to include COMIFAC as a regional recipient. Potential investment of FIP resources into the COMIFAC structure would complement the work which has already begun in DRC.

(iv) Potential for mainstreaming FIP investment

The EG is aware that there are various other resources going into the Congo Basin countries, but remain convinced that a FIP investment in this region would be a strategic utilisation of the funds. A FIP pilot may initiate transformational change in that it may allow for greater harmonisation of the roles of the various players in the COMIFAC Congo Basin countries. Yet, there is a danger that the additional funds may not make a large impact on its own due to the scale of forestry activities in the COMIFAC Congo Basin countries. It is felt however that a FIP investment might be the additional financial resource which will allow to substantively address the REDD+ agenda.

(v) Country preparedness for REDD+

There are inter-governmental differences in terms of efforts to date regarding REDD readiness across the COMIFAC Congo Basin countries. Nevertheless, there appears to be a willingness and consensus to move towards a common strategic approach to REDD+ and to integrate the role of forests into national sustainable development strategies. A question mark does arise, however, about the ability of the COMIFAC Congo Basin countries to absorb additional funds to the existing support through the Congo Basin Partnership Fund. COMIFAC as an organization and its member countries would need additional technical and administrative support required for implementation of a FIP pilot.

4.3.2.2 Mexico

Land area (km2):	1,940,000	Population: Living in rural areas	106 million 24 %
Forest area (km2): % Forest of land area:	642,000 34	Drivers of deforestation:	Shifting cultivation, infrastructural dev., unsustainable logging
Annual forest loss (ha)	260,000	Carbon in biomass	3900 million tons
Ann. forest loss (%)	-0.4	Forest carbon per ha	65 tons

*Data source: FAO (2009); Assessment of drivers and carbon estimate: EP/authors' estimates

(i) REDD+ Potential

Mexico has the third largest area of forest in Latin America, after Brazil and Peru. Rural communities own the majority of that forest. The forests are roughly evenly divided between coniferous and tropical broad leaf forests. There are also large areas of shrubs and woodlands. The country suffered rapid deforestation and degradation in the 1970s and 1980s, but the rate of net forest loss has gradually diminished since then. Traditionally, most land cleared of forest ended up as pasture or maize fields. At present the outcomes are more diverse. Unsustainable logging, forest fires, grazing in forests, fuel wood harvesting, and shifting cultivation are the main direct causes of forest degradation. Various factors helped to reduce forest loss in recent years: Greater government support for forestry and conversation; declining agricultural subsidies, low agricultural prices, and massive rural out-migration; poor suitability for agriculture of most remaining forest lands; among others. One cannot necessarily assume these trends will continue.

Mexico is a promising candidate to use international funding to reduce emissions from deforestation and degradation. It has greater capacity to implement community forestry and environmental service programs and to monitor land use change than many other countries. A significant minority of communities actively manage their forests and it should be possible with appropriate support to greatly increase the area under management and improve the quality of management. Opportunity costs for much of the forest land are relatively low. Since deforestation and degradation rates are already declining, REDD+ efforts can consolidate and re-enforce the trend.

(ii) Country distribution across regions and biomes

Mexico is a diverse country from a forest perspective. Mexico interventions can include a broad range from both deforestation and degradation perspectives, that would result in both curbing deforestation and enhanced carbon stocks through agroforestry, sustainable forest management and tree plantations, and thus can be representative of pilot activities addressing a broad spectrum of forest issues.

From an eco-climatic perspective, Mexico can be divided into three zones with approximately equal areas: tropical, sub-tropical/temperate and semi-arid/arid. It is worth noting that the tropical region includes rainforests, which originally covered 6% of the country, but probably down to half now.

(iii) Potential to initiate transformational change

Mexico has an established land tenure system that puts most forest areas under local communities or ejidos management, though there is some private tenure arrangements in some locations. This land tenure system has resulted in clear linkage between the various benefits and values of forests and local communities and beneficiaries. From a business perspective this tenure and management system, wherein community structures make decisions, has proven challenging from a commercial perspective. Notwithstanding the challenges the ejido system faces, and current national government challenges (negative influence of narcotics trafficking, particularly in the north), there is a strong community basis upon which to build for REDD+, with strong benefits to civil society, in addition to generally strong governance at the national level, strong leadership on climate issues at the government (led by CONAFOR, the forest agency), a strong and interested NGO sector, and both civil society and commercial interests that are supportive of REDD+. The World Bank and the Inter American Development Bank as well as bilateral supporters and special programs such as FCPF, UN-REDD, GEF all are making, or are supportive, of continuing, complementary investments.

(iv) Potential of mainstreaming FIP investment

Various non-profit and for-profit organizations have already placed some REDD+ investments in Mexico and there is strong interest to continue, with each organization differing in focus from a geographic or implementation type investment. Interactions of Mexico with development banks

indicate continuing and strong interest in REDD+ and other forest-related investments. The country continues to rank positively in terms of the investment climate (though again, there are concerns about the negative influence of the narcotics trade, particularly in the north). Based on the observations related to this and the previous criterion, the stage seems set for the various interests to come together in support of a strong REDD+ effort in Mexico, and transformational change matching to FIP objectives.

(v) Country preparedness for REDD+

Mexico is now working through the R-PP process with the FCPF. A review of the most recent (January 2010) draft of the R-PP demonstrates that Mexico has been gradually putting in place the fundamental elements at the national level and there is strong support and leadership on the part of CONAFOR. One of the gaps of the effort so far has been the involvement of the critical agriculture, planning and other development-related agencies in the R-PP process, something that has already been identified as an issue that will come up in the forthcoming R-PP review. There are also on-the-ground efforts through the work of various NGOs and their collaborators (e.g. Plan Vivo, ProNatura, Reforestamos Mexico, TNC, Conservation International, Rainforest Alliance, etc.) focused on improved forest management, forest conservation, agroforestry, and restoration (riparian zones, etc.) – some initiatives have been in place for years but lacking consistent financial support; others are new. Mexico has a strong foundation of trained professionals to contribute to these efforts; with some strategic input of international specialists where necessary (it occurs, not a dominant dynamic).

4.3.2.3 The Philippines

Land area (km2):	298,000	Population: Living in rural areas	86 million 37%
Forest area (km2): % Forest of land area:	71,000 23	Drivers of deforestation:	Shifting cultivation, cattle ranching, illegal logging
Annual forest loss(ha) Ann. forest loss (%)	160,000 -2.1	Carbon in biomass Forest carbon per ha	970 million tons 136 tons

*Data source: FAO (2009); Assessment of drivers: authors' estimates

(i) REDD+ potential

The total land area of the Philippines is around 30 million ha, 7 million ha of which (23%) is forested. Generally, forests in the Philippines are regarded as non-frontier medium carbon storage forests. From this perspective alone, the Philippines REDD potential may be considered relatively low. However, the Philippines is a net carbon sink and has above ground carbon stocks estimates to be comparable with its other countries in the region such as Cambodia, Lao PDR and Indonesia. The Philippines is estimated to hold between 750 to 2500 megatons of above ground forest carbon found in primary and secondary dipterocarp forests, peatland, etc. While the intensity of logging has declined due to the decline of forest resources and the ban of lumber export, the Philippines still looses about 160,000 ha of forests annually due to illegal logging, shifting cultivation, forest fire and conversion to other land use types.

Under a FIP pilot, REDD+ would enhance the opportunity for the Philippines to play active role as it compensates the conservation of existing carbon stocks, carbon stock enhancement and sustainable forest management. Since 1960, the Philippines has reforested 1.7 million ha of degraded land (grassland and bushland) though both government and private sector initiatives. Rehabilitation of watersheds has been a priority. Biodiversity conservation and protected areas development have

received considerable attention in recent years. It is expected that more protected areas will be established in the near future. With relatively strong forest institutions and decentralization and through a FIP investment, the Philippines has considerable potential to demonstrate mitigation and adaptation strategies through forest management (including restoration of degraded land), forest protection and conservation, agroforestry and sustainable forest management.

(ii) Country distribution across regions and biomes

The Philippines lies in the tropical humid Asia with relatively low forest cover. Although much of the primary forests have been converted, the Philippine retains 0.8 million ha of old growth dipterocarp forest, 1 million ha of mossy forest and relatively significant mangrove areas. Most of remaining forests are already classified as protected forests (e.g. bioreserve, national park, protected forests). Large forest tracts can be found in Palawan, Mindanao and northern Sierra Nadre Mountain in Cagayan and Isabela province. The Philippines is among the high biodiversity countries in the world. It is home to a large number of endemic species, some are endangered and threatened (situation is most serious in the low land). The remaining old growth dipterocarp forests are the richest in terms of biodiversity.

With its current relatively low forest cover and high deforestation rates as well as the high potential for forest restoration, the Philippines could be a suitable pilot to demonstrate REDD+ activities (restoration, sustainable forest management, biodiversity protection) in countries with comparable environmental, economic and social characteristics.

Due to its geographical position, the Philippines is highly vulnerable to various natural disasters, such as volcanic eruptions, earthquakes, tropical monsoon and extreme weather conditions. The high rate of deforestation and low forest cover also play significant role in damage due to the increased incidences of flooding in recent years, thus a FIP investment may also address this issue through environmental protection.

(iii) Potential to initiate transformational change

FIP can initiate and enhance a number of transformational changes in the Philippines in a number of areas, such as forest governance since illegal logging and high rate of deforestation is often attributed to weak governance in the forest sector. Corruption remains a problem that needs special attention. With the perceived current political will to improve the situation, transformational changes through institutional reform and human capacity building at all government levels will be an area that a pilot FIP could facilitate.

The Philippines is one of the most advanced countries in Asia in terms of engaging local communities and indigenous people in forest management. Community Based Forest Management (CBFM) has been a strategy for forest management for at least three decades. Under this program people organizations (POs) coordinate community to manage forests for their livelihood benefits. Lessons learned from CBFM will be instrumental for engaging local people in FIP implementation. In addition, in 1997 the Philippines passed the landmark legislation, the Indigenous People Rights Act, which recognizes, protects, and promotes the rights of local communities and indigenous peoples. At a national level, there is a National Commission on Indigenous People (NCIP). The EG believes that with strong civil societies including IPs, the likelihood to achieve real impacts / transformational change that benefit them and their livelihoods is quite high.

(iv) Potential of mainstreaming FIP investment

FIP pilot is expected to strengthen the current efforts of the government together with civil society organisations and bilateral development partners (e.g. Swiss SDC) to develop a viable National REDD Plus Strategy (NRPS). It will also contribute to recent initiative to engage IPs in resource management through land titling program.

In the past years, incremental efforts have been conducted to increase forest cover through forest rehabilitation and reforestation schemes, e.g. by the Department of Environment and Natural Resources (DENR), private land owners, CBFM Agreements, etc. In addition, the Philippines government and civil society have been very active in terms of forest conservation. As of July 2007 there were 77 proclaimed terrestrial Protected Areas covering about 1.85 million ha and many areas are still to be identified. A FIP pilot can strengthen and scale up this national initiative.

Within the context of ASEAN, the ASEAN Multi-Sectoral Framework on Climate Change: Agriculture and Forestry towards Food Security (AFCC) is currently being developed to provide a regional framework on cooperation and coordination of climate change issues in the 10 ASEAN nations. The Philippines is an active member of ASEAN and plays an important role through DENR in AFCC.

(v) Country preparedness for REDD+

Until recently, the Philippines were not very active in terms of FCPF and UN-REDD. However, it has made major steps in taking on REDD-plus opportunities through the development of the Philippine National REDD Plus Strategy (NRPS). DENR formally applied to the UN-REDD program in January 2010. Consolidation of the NRPS multi-stakeholder consultations have been conducted with various interest groups including experts, local government units, civil societies, etc since April 2009.

The Philippines has great promise for REDD-plus implementation considering its potential to deliver co-benefits such as biodiversity conservation, ecological restoration and equitable benefit distribution given its progressive pro-community land tenure and forest management policies.

In terms of scientific preparedness, there has been recently an good study on related aspects such as CDM, carbon sequestration and REDD undertaken by various organizations including ICRAF, Universities and NGOs. The Philippines is quite strong in terms of scientific research – thus very promising in terms of its ability to share lessons effectively within the country and beyond.

5. Conclusions and Recommendations

The FIP has been established as a targeted program under the SCF to catalyze policies and measures and mobilize significantly increased funds to facilitate the reduction of deforestation and of forest degradation and promote improved sustainable management of forests, leading to emissions reductions and the protection of forest carbon stocks. The FIP-SC set up an EG with specific Terms of Reference. After a call by the CIF Admin Unit, a total of 48 Expression of Interests were submitted by countries and regional entities within the deadline set by the FIP Sub-Committee, which varied in details and contents. The EG was briefed by the relevant MDB`s, FCPF and UN-REDD secretariat, and was provided a voluminous background material collated by the CIF Admin Unit, in close collaboration with the MDB Committee. The principle guidance was that provided by the criteria for selecting country and regional pilots set by the FIP-SC. Based on its terms of reference and working modalities, the EG elaborated a methodology and rigorous analysis for the selection process. The EG used its collective judgment in addition to its Terms of Reference.

The EG has recommended five country pilots that meet the criteria and other considerations agreed by the FIP–SC. The EG has also been asked to propose a list of up to three additional pilots for consideration by the FIP-SC as it sees fit, including in the circumstances where additional funds become available funds to finance additional pilots or should some of the selected pilots prove not to be feasible. In response to this request, the EG proposed a list of two countries and one regional pilot to be considered by the SC should funds become available to finance additional pilots or should the selected pilots prove not to be feasible. The five recommended pilots are (in alphabetical order): Burkina Faso, Ghana, Indonesia, Peru and Laos, P.R., while the three additional proposed pilots are COMIFAC, Mexico and The Philippines.

The EG has concluded that the eight proposed pilots meet the general objectives as well as the specific objectives of FIP including initiating and facilitating steps towards transformational change in forest related policies and practices; replicability; facilitating the leveraging of additional financial resources for REDD+; and providing experience in the context of the UNFCCC deliberations on REDD+. However, the EG felt that more countries and relevant regional bodies could qualify as FIP pilots and may be taken on board should more funds become available. In the meantime, collaboration and “twinning” between some proposed countries and some of their neighbors that share similar ecological and socio-economic characteristics under a South-South collaboration scheme merits consideration by the FIP-SC.

The EG gave close attention to one sub-national submission (the Brazilian State of Amapa) and debated its merits. While the proposal deserves consideration, the EG felt that it would be inappropriate to recommend it as a FIP pilot as the initial call for submissions of EOI issued by the CIF Admin Unit was not directed to sub-national entities. Nonetheless, in the future the EG suggested that, sub-national proposals could be considered when submitted in coordination with national governments.

It is clear that the countries and regional entities proposed for FIP pilots vary *inter alia* in ecological characteristics, forest type, forest cover, deforestation rates and drivers of deforestation and forest degradation, and potentials for REDD+ activities as well as the state of national economic, social and governance situations. With the deliberate intention of proposing such a widely variable pilots (models), the EG is under the impression that the FIP-SC would allocate variable funding levels to the proposed pilots, depending on the twelve criteria for initiating transformational change in each pilot. The absorptive capacity and the opportunities for transformational change in each country and regional entity are expected to determine the level of financial support.

In submitting its report to the FIP-SC, the EG recognizes that this process is only one step in a multi-faceted, longer term process of pilot selection with ultimate decisions to be made by the SC- and

subsequent development of pilot design, investment strategies and implementation processes. While realizing the time constraints, the EG would emphasize that the desire of all involved is to begin as quickly as possible the all important work of moving forward. Fortunately, as the EG was able to learn though this process, FIP is not the only source for funding REDD+ and that other support of candidate countries and regional entities may be feasible. The EG's task was one of identifying the best among a pool of good options – the EG's task was not to reject EOIs, but to recommend the ones with the greatest near-term opportunity for transformational change.

6. Documents and references consulted

OECD, 2008. DAC List of ODA Recipients: Effective for reporting on 2008, 2009 and 2010 flows. OECD, Paris.

Web-based databases:

Food and Agriculture Organization: http://www.fao.org/corp/statistics/en/

World Resource Institute: http://www.wri.org/

ANNEXES

ANNEX 1 : LIST OF MEMBERS OF THE FIP-SC EXPERT GROUP

Agricultural Specialist
Prof. Hosny El-Lakany (Co-Chair)
Professor Emeritus, Faculty of Agriculture,
Alexandria University, Egypt
Adjunct Professor, Faculty of Forestry,
University of British Columbia, Canada
Telephone: +604 822 6921
Email: hosny.ellakany@ubc.ca

Forest Industry & Investment Specialist
Linda Mossop-Rousseau
Senior Executive Corporate Services
Komatiland Forest (Pty) Ltd.
South Africa
Telephone: +012 481 3656
Email: lindam@safcol.co.za

Climate Specialist
Prof. Arild Angelsen
Professor, Dept. of Economics & Res. Mgt.
Norwegian Univ. of Life Sciences
Norway
Telephone: +47 64965698
Email: arild.angelsen@umb.no

Development Specialist
Dr. Juergen Blaser (Co-Chair)
Deputy Director
InterCooperation-Swiss and
Foundation Cooperation
Bern, Switzerland
Telephone: +41(0)794012507
Email: jblaser@intercooperation.ch

Forest Specialist
Richard Donovan
Chief of Forestry
Rainforest Alliance
Jericho, Vermont 05465
Telephone: +802 899 1383
Email: rdonovan@ra.org

Indigenous People Specialist
Dr. Yurdi Yasmi
Senior Program Manager
The Center for People and Forests
Bangkok, Thailand
Telephone: +66 815 642 758
Email: yurdi2002@yahoo.com

Multidisciplinary Natural Resource Specialist
Carlos Manuel Rodriguez
Vice President for Conservation Policy
Conservation International
Costa Rica
Telephone: +506 2253 0500
Email: cm.rodriguez@conservation.org

Social Development and Gender Specialist
Prof. Lisa M. Curran
Professor in Environment and
Anthropology
Stanford University
Stanford, CA
Telephone: +1 203 606 4513
Email: lmcurran@stanford.edu

ANNEX 2 : LIST OF COUNTRIES WHICH EXPRESSED AN INTEREST IN BEING CONSIDERED FOR SELECTION AS A PILOT COUNTRY

1. Albania	17. DR Congo	33. Mozambique
2. Algeria	18. Ecuador	34. Nepal
3. Argentina	19. Ethiopia	35. Nigeria
4. Bangladesh	20. Ghana	36. Panama
5. Belarus	21. Greater Mekong Region	37. Papua New Guinea
6. Bolivia		38. Peru
7. Bosnia & Herzegovina	22. Guatemala	39. Philippines
	23. Guyana	40. Romania
8. Brazil	24. Indonesia	41. Russian Federation
9. Brazil – Amapa State	25. Jamaica	42. Suriname
10. Bulgaria	26. Kosovo	43. Serbia
11. Burkina Faso	27. Lao P.D.R.	44. Tajikistan
12. Cameroon	28. Liberia	45. Thailand
13. Colombia	29. Macedonia	46. Tunisia
14. COMIFAC/Congo Basin	30. Madagascar	47. Uganda
	31. Mexico	48. Vietnam
15. Costa Rica	32. Morocco	
16. Croatia		

ANNEX 3: MEETING OF THE FIP EXPERT GROUP

(FEBRUARY 8-12, 2010)

AGENDA

1. Opening
2. Adoption of agenda
3. Methodology and working modalities
4. Analysis of background material
5. Review of investment opportunities in potential pilot countries/regions with Multilateral Development Banks (MDBs), FCPF Facility Management Team and UN-REDD Secretariat
6. Development of recommendations
7. Other business
8. Closing

ANNEX 4 A: **Overview on the forest situation of the 48 countries/regional entities that have submitted an Expression of Interest to the Forest Investment Programme. Table compiled by the FIP Expert Panel**

Country	Predom-inant Biome in respect to forests	Land Area ('000 Ha)	Forest Area ('000 Ha)	% Forest area of land area	% Annual Change (2000 – 2005)	Forest cover change per yr. (00-05) ('000 ha)	High forest cover, high deforest-ation	Low forest cover, high deforest-ation	High forest cover, low defo-estation.	Re-storation potential	Direct drivers of deforestation (as identified in FCPF R-Pins and R-PP, UN-REDD and national country analysis
Algeria	MEDI	238,200	2,300	1	+1.2	+27	-	-	-	+	Overgrazing, agricultural expansion
Morocco	MEDI	44,600	4,400	10	+0.2	+7	-	-	-	+	Overgrazing, agricultural expansion
Tunisia	MEDI	15,500	1,100	7	+1.9	+19	-	-	-	+	Overgrazing, uncontrolled fire
Burkina Faso	TDRY	27,400	6,800	29	-0.3	-24	-	-	+	+	Overgrazing, fuelwood, desertification, forest fire
Cameroon	THUM	46,500	21,200	45	-1.0	-220	++	-	-	++	Shifting agriculture, illegal logging, fuelwood
"COMIFAC"	THUM	398,000	223,000	56	-0.3	-631	++	-	-	+	Shifting agriculture, illegal logging, fuelwood
DRC	THUM	227,000	133,000	59	-0.3	-320	++			+	Shifting agriculture, logging, infrastructure
Ethiopia	TDRY	99,000	13,000	12	-1.1	-140	-	+++	-	++	Fuelwood, agricultural expansion, forest fire
Ghana	THUM	22,700	5,500	24	-2.0	-115	-	+++	-	++	Logging (domestic), fuelwood, Agricultural expansion
Liberia	THUM	9,600	3,200	33	-1.8	-60	-	++	-	++	Shifting agriculture, chain-saw logging, fuelwood, migration

Country	Predom-inant Biome in respect to forests	Land Area ('000 Ha)	Forest Area ('000 Ha)	% Forest area of land area	% Annual Change (2000 – 2005)	Forest cover change per yr. (00-05) ('000 ha)	High forest cover, high deforest-ation	Low forest cover, high deforest-ation	High forest cover, low defo-estation.	Re-storation potential	Direct drivers of deforestation (as identified in FCPF R-Pins and R-PP, UN-REDD and national country analysis
Madagascar	THUM	58,100	12,800	22	-0.3	-37	-	+	-	++	Shifting agriculture, charcoal, rice farming, logging
Mozambique	TDRY	78,600	19,300	25	-0.3	-50	-	+	-	++	Agricultural expansion, fuelwood, fire
Nigeria	THUM	91,100	11,100	12	-3.3	-410	-	+++	-	++	Shifting agriculture, mining, logging, hydropower expansion
Uganda	THUM	19,700	3,600	18	-2.2	-90	-	+++	-	++	Shifting agriculture, illegal logging, charcoal
Bangladesh	THUM	13,000	800	7	-0.3	-2	-	-	-	-	Agricultural expansion, logging, poaching
Indonesia	THUM	181,000	88,500	53	-2.0	-1,900	+++	-	-	++	Commercial agriculture expansion, logging
Lao D.R.	THUM	23,000	16,100	70	-0.5	-80	++	-		+	Shifting agriculture, firewood, weak policy enforcement
"G. Mekong"	THUM	228,000	97,700	43	-0.7	-608	++			+++	Transboundary logging industry, agricultural development, infrastructure
Nepal	THUM	14,300	3,600	25	-1.4	-50	-	++	-	+	Shifting cultivation, logging, poverty pressure in the Tarai
PNG	THUM	45,300	29,400	65	-0.5	-140	++	-	-	+	Shifting agriculture, logging, mining, forest fire
Philippines	THUM	29,800	7,100	23	-2.1	-160	-	+++	-	+++	Shifting agriculture, cattle ranching, illegal logging
Tajikistan	TDRY	14,000	400	3	0	0	-	-	-	-	Fuelwood, firess

Thailand	THUM	51,000	14,500	28	-0.5	-60		+	-	++	Commercial agriculture, rotational agriculture, illegal logging-
Country	Predom-inant Biome in respect to forests	Land Area ('000 Ha)	Forest Area ('000 Ha)	% Forest area of land area	% Annual Change (2000 – 2005)	Forest cover change per yr. (00-05) ('000 ha)	High forest cover, high deforest-ation	Low forest cover, high deforest-ation	High forest cover, low defo-estation.	Re-storation potential	Direct drivers of deforestation (as identified in FCPF R-Pins and R-PP, UN-REDD and national country analysis
Vietnam	THUM	31,100	13,000	40	+2.1	+240	-	++	-	+++	Commercial agriculture, infrastructure, unsustainable logging
Argentina	TEMP	274,000	33,000	12	-0.4	-150	-	+	-	+	Soya bean farming, cattle ranching,forest fires
Bolivia	THUM	108,000	58,000	54	-0.6	-290	++			+	Commercial agriculture, shifting agriculture, mining, infrastructure
Brasil	THUM	846,000	478,000	57	-0.6	-3,100	+++	-	-	+	Commercial agriculture, cattle ranching, encroachment
Brazil-Amapa	THUM	14,300	13,900	97	-0.1	-10	-	-	+++	-	-
Colombia	THUM	111,000	60,700	58	-0.1	-50	-	-	++	++	Commercial agriculture, cattle ranching, urbanization, logging
Costa Rica	THUM	5,100	2,400	47	+0.1	+3	-	-	+	+	Comercial agriculture, infraestructural development
Ecuador	THUM	28,000	10,800	39	-1.7	-200	+		-	++	Mining, infrastrucutre, illegal logging
Guatemala	THUM	10,800	3,900	36	-1.3	-54	++		-	+	Agricultural expansión, livestock, firewood, , ilegal logging
Guyana	THUM	19,700	15,100	77	-0.2	-3	-	-	+++	+	Mining, extensive logging, agricultural expansion
Jamaica	THUM	1,000	300	31	-0.1	1	-	-	-	+	Small scale agrculture, infrastructural development

Mexico	THUM	194,000	64,200	34	-0.4	-260	+		-	+++	Population encroachment (agriculture/biofuel), forest fire
Panama	THUM	7,400	4,300	58	-0.2	-3	-	-	++	+	Shifting agriculture, cattle ranching, mining, infrastructure
Peru	THUM	128,000	68,700	54	-0.2	-100	+	-	++	+	Shifting cultivation infrastructural development (roads)
Suriname	THUM	15,600	14,700	95	0	0	-	-	+++	-	Unsustainable logging, fuelwood, mining
Albania	TEMP	2,700	800	29	+0.6	+5	-	-	-	+	Agricultural expansion, logging, poaching
Belarus	TEMP	20,700	7,900	38	+0.1	+9	-	-	+	-	No deforestation
Bosnia Herz.	TEMP	5,100	2,200	42	0	0	-	-	+	-	No deforestation
Bulgaria	TEMP	10,900	3,600	33	+1.4	+50	-	-	+	-	No deforestation
Croatia	TEMP	5,600	2,100	38	+0.1	+1	-	-	+	-	No deforestation
Kosovo	TEMP	10,900	450	4	-	-	-	-	-	-	No deforestation
Macedonia	TEMP	2,500	900	35	0	0	-	-	-	-	No deforestation
Romania	TEMP	23,000	6,400	28	0	0	-	-	-	-	No deforestation
Russia	BORE	1,638,000	809,000	48	0	-90	-	-	++	+	Illegal logging
Serbia	TEMP	8,800	1,300	15	-	-	-	-	-	-	No deforestation

Source of data and qualitative assessment: FAO Report (2005 – 2009, 2010, draft figures), ITTO (2005, 2010) and own estimates and assessment; FCPF R-Pins, FCPF R-PPs

All figures rounded.

Forest Biomes: TEMP: Temperate; THUM: Tropical Humid; TDRY: Tropical Dry; MEDI: Medditerrenian; BORE: Boreal

+++ strong link; ++ considerable link; + some link; - not linked to a respective parameter

ANNEX 4 B: **Governance indexes and overview on main forest and climate change funding (as per Feb. 2010)**

X. active programs; (X) planned/requested

Country	FCPF country	Biocarbon Fund	UN-REDD	Pilot program Climate resilience	Major Bilateral REDD Support	MDB Forest Lending and GEF	Other REDD Invest..	Remarks
Algeria							X	CTF endorsed investment plan MENA
Morocco							X	CTF endorsed investment plan MENA
Tunisia							X	CTF endorsed investment plan MENA
Burkina Faso								
Cameroon	X				X	X		IBRD/IDA: Sector Adjustment
"COMIFAC"	X		(X)		X	X		Congo Basin Partnership Fund, Norway and DfiD fund through ADB
DRC	X		X			X		Sectoral Adjustment, Development Lending, carbon sink project
Ethiopia	X	X				X		Carbon offset regeneration
Ghana	X	X					-	
Liberia	X	X			X	X		GEF protected areas and support CI
Madagascar	X	X			X	X		FORECA (Germ, Swit,), CI, WCS
Mozambique	X	X		X	X			Good prospect to become an additional country

								for Norwegian bilateral forest carbon funding
Nigeria			(X)			X		Land Administration Project
Uganda	X	X				X	-	Protected area funding
							-	
Bangladesh				X		X		IDA: Coastal Zone Mgtm.
Indonesia	X		X	X	X	X		KfW, Aus-Aid, Forest Carbon Trust Fund
Lao D.R.	X		X			X		SFM project IDA
"G. Mekong"					X	X		Mekong River Secretariat
Nepal	X		(X)	X	X			DfID, Swiss community forestry
PNG	X			X	X			PPCR regional pilot; AusAid
Philippines			(X)			X	X	Biodiversity, Forest Development, CTF-IP
Tajikistan				X		X		GEF
Thailand	X						X	CTF Investment Plan (CTF-IP)
Vietnam	X	X	X		X	X	X	GEF, Forest Sector Support, CTF-IP
Argentina	X		(X)			X		IBRD/IDA SFM Project
Bolivia	X		X	X				
Brasil					X	X		Amazon Fund Norway; IBRD lending
Brazil-Amapa								-
Colombia	X	X				X		San Nicolas Carbon Sequestration
Costa Rica	X		(X)			X		GEF Funding

Ecuador			(X)			X		GEF small grant
Guatemala	X					X		IDB, GEF
Guyana	X			X	X			Norwegian Forest Carbon Funding
Jamaica								,
Mexico	X		(X)			X	X	IBD, WB IBRD, CTF-IP
Panama	X					X		Land administration IBRD/IDA
Peru	X	X				X		Participatory PA management
Suriname	X					X		IBD
Albania		X				X		Natural resources, afforestation (IIDA)
Belarus						X		EBRDE
Bosnia Herz.						X		EBRD
Bulgaria						X	X	EBRD, EU integration funds
Croatia								
Kosovo								
Macedonia								
Romania						X	X	EBRD, EU integration funs
Russia						X		EBRD, GEF
Serbia								

ANNEX 5 : LIST OF ANALYTICAL BACKGROUND MATERIAL:

- Categorization of countries across regions and biomes (HFLD, HFHD, Degraded forests etc.)
- Overview of FCPF/UN-REDD or equivalent processes by country
- Analysis of drivers of deforestation by country and region
- Statistical background on forest characteristics in potential pilot countries
- Indexes characterizing forest governance, FLEG situation, investment climate
- Maps of deforestation hotspots and restoration potential
- Forest land ownership situation by country
- MDB and bilateral development assistance by country on forests and climate change
- Private sector investments, including large scale investments in agribusiness, bioenergy and forest plantations, by country and region