

# CLIMATE INVESTMENT FUNDS

FIP/SC.2/3Rev.1  
January 21, 2010

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Meeting of the FIP Sub-Committee  
Washington, D.C.  
February 3 and 4, 2010

## **Elements of FIP Operational Guidelines**

# CIF Climate Investment Funds



## FOREST INVESTMENT PROGRAM

### Status of FIP Introduction to FIP Sub-Committee

Sub-Committee Meeting  
February 2 and 3, 2010





- **Status of FIP Operationalization**
- **Elements of FIP Operational Guidelines**
- **Elements of FIP Investment Criteria and Financing Modalities**



FIP Design Document prepared through multi-stakeholder consultation process and approved by SCF Trust Fund Committee

Pledges To Date		
Donor	Contribution Type	Pledge in US\$eq. million
Australia	Grant	9
Denmark	Grant	10
Norway	Grant	150
UK	Capital	162
USA	Grant	20
<b>TOTAL</b>		<b>351</b>

As of December 31, 2009



## FIP SC composition up to March 2010 Partnership Forum

### Country Members

- ❑ 6 developing countries: Brazil, DR Congo, Indonesia, Morocco, Nepal, Romania
- ❑ 6 contributor countries: Australia, Denmark, Norway, UK, US, 1 seat vacant

### Observers

- ❑ Non-profit civil society: Greenpeace, Network for the Environment (Tapumu Community – Ghana; Sandhan Foundation – India)
- ❑ 2 indigenous peoples, 2 private sector (+ 2 alternates each)

### Others

- ❑ FCPF Secretariat, UN-REDD technical secretariat, GEF Secretariat, UNFCCC Secretariat, MDB Committee, Trustee and pilot countries under the FIP

# CIF



## FIP Purpose

The main purpose 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 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 past efforts to do so.



### Pre-Programming Phase

FIP-SC agree on pilots and selection criteria



Expert Group recommends short-list



AU through MDBs informs countries – invites expression of interest



FIP-SC selects pilots and invites confirmation of interest

### Programming Phase

Country-led joint MDB missions to develop Investment Strategy



FIP-SC endorse Strategy



FIP investment projects and programs prepared by country



FIP-SC decides on FIP financing for projects or programs



Further processing of projects in accordance with MDB procedures



## Flow Chart – Status of FIP Programming

FIP-SC approved of number of pilots; criteria for country and regional pilot selection and composition and TORs for Expert Group

5 (+3) country and regional pilots

AU through MDBs to inform countries – invite expression of interest

Deadline for submission: January 22, 2010, extended to February 1, 2010

Expert group to recommend country and regional pilots

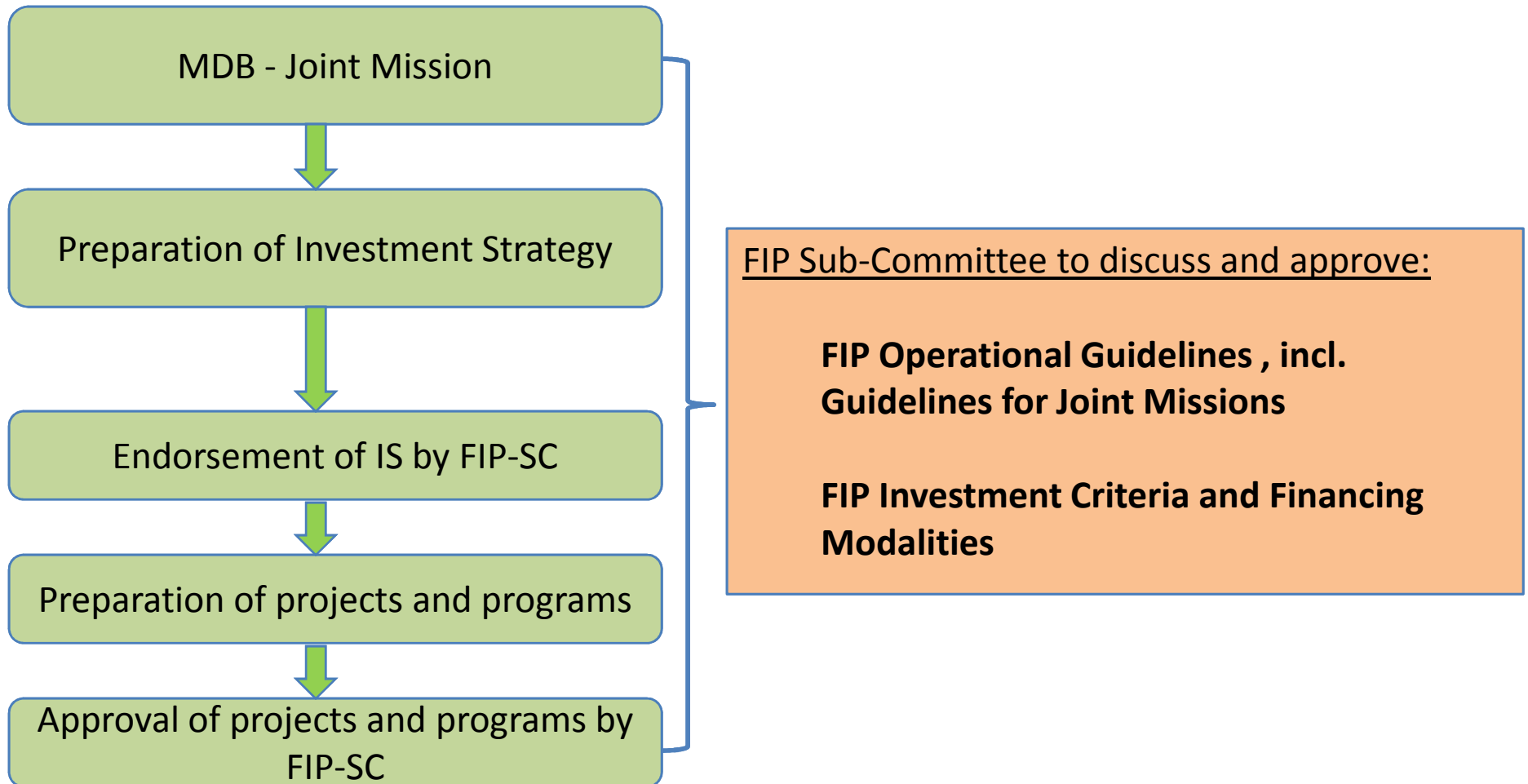
FIP Expert Group formed and approved by FIP SC (January 2010)

Selection of pilots by FIP-SC and confirmation of interest

Report of Expert Group to FIP SC for review (March 2010)



## Flow Chart -FIP Programming



# CIF Climate Investment Funds



## FOREST INVESTMENT PROGRAM

### Elements of FIP Operational Guidelines

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## Elements of FIP Operational Guidelines





## Country-led Joint Missions

**Purpose:** to help pilot country prepare its FIP Investment Strategy (IS)

### *Country request*

- ☐ Country prepares mission in collaboration with MDBs and other partners; FIP focal point sends request to CIF AU

### *Initial preparation*

- ☐ Country consolidates array of in-country background documentation
- ☐ Country and MDBs prepare Joint Mission TOR: composition, budget, contacts, schedule

### *TOR approval and division of labor*

- ☐ MDB Committee approves TOR/budget to be allocated from joint programming budget

### *Undertaking Joint Mission*

- ☐ Government leads, MDBs, other development partners (bi and multilateral), indigenous peoples, civil society, private sector participate
- ☐ Focus on diagnosis, stakeholder consultation, results orientation
- ☐ Report of missions prepared before mission end; mission report on web

If requested, FIP can provide a grant to the country between \$100,000 and \$150,000 to cover up-front costs of Investment Strategy preparation



- ☐ IS reviewed and approved by government
- ☐ IS submitted by government to FIP SC through CIF AU
- ☐ FIP SC reviews IS taking into account country forestry and climate goals, and FIP investment criteria
- ☐ FIP SC endorses IS as a basis for moving forward to develop proposed projects ideas and approves funding requested for project preparation.
- ☐ FIP SC provides comments on draft Project Concept Note at time of endorsement of the investment strategy
- ☐ Program and project activities will be prepared and implemented in accordance with relevant MDB procedures



## FIP Investment Criteria

- ☐ Climate change mitigation potential
- ☐ Addressing drivers of deforestation and degradation
- ☐ Forest-related governance
- ☐ Country ownership, preparedness and ability to undertake REDD+
- ☐ Leveraging additional financing including private sector
- ☐ Integrating sustainable development
- ☐ Inclusiveness of process and participation of stakeholders
- ☐ Capacity building measures
- ☐ Coordinating with other REDD+ efforts
- ☐ Demonstration, learning and impact capacity
- ☐ Safeguarding the integrity of natural forests
- ☐ Measurable outcomes and results-based approach



On endorsement by FIP SC → Project preparation phase begins

**A preparation grant** can be made available to enable country to prepare each project or program component, following MDB procedures

The grant amount will be included in the FIP funding available for the pilot to be approved by the FIP Subcommittee but will be made available up-front for country-driven preparation activities



## Indigenous Peoples and Local Communities Grant Mechanism

FIP design calls for dedicated grant mechanism for indigenous peoples and local communities.

Eligible activities may include support for:

- ☐ strengthening the capacity of these groups to play an informed and active role in national REDD processes in general and FIP processes in particular
- ☐ recognizing and supporting their tenure rights, forest stewardship roles, and traditional forest management systems
- ☐ participation of these groups in the development of the FIP investment strategies, programs and projects
- ☐ implementation of projects as an integral component of county pilots

Terms of Reference for the design of the dedicated grant mechanism will be drafted by indigenous peoples and local communities and presented to the FIP-SC.



- ☐ IS monitoring must be participatory, transparent, verifiable
- ☐ FIP Results Framework applied
- ☐ Independent forest monitoring should be adapted to include REDD+ to enable independent assessment of forest governance dimensions
- ☐ Pilot country government should establish multi-stakeholder national level steering committee to assist in planning, implementation and monitoring
- ☐ FIP SC reports to SCF Trust Fund Committee on results, outcomes and lessons learned
- ☐ Independent evaluation of FIP to be carried out after three years



Section 1	Description of the country and sector context (including development, climate change and forestry strategies) (3 pages)
Section 2	Identification of opportunities for GHG abatement (2 pages)
Section 3	Enabling policy and regulatory environment (1-2 pages)
Section 4	Rationale for individual investments to be co-financed by FIP (4 pages)
Section 5	Implementation potential with risk assessment (1-2 pages)
Section 6	Financing plan and instruments (half-page)
Annex	



## **Annex to the Investment Strategy**

The Investment Strategy should include an annex that summarizes:

- the proposed project and program pipeline,
- the notional FIP resource allocation,
- an estimate of resources that would be leveraged, and
- projections of potential carbon emissions reductions from both the co-financed portfolio as well as the larger transformational impact.

For each project concept, a project outline annex (maximum two pages) should be provided that includes:

- Problem statement (1-2 paragraphs)
- Proposed transformation (1-2 paragraphs)
- Implementation readiness (1-2 paragraphs)
- Rationale for FIP financing (1-2 paragraphs)
- Financing plan
- Project preparation timetable
- Requests, if any, for project preparation funding if required