



CLIMATE INVESTMENT FUNDS

Semi-Annual Report on FIP Operations (FIP/SC.12/3)

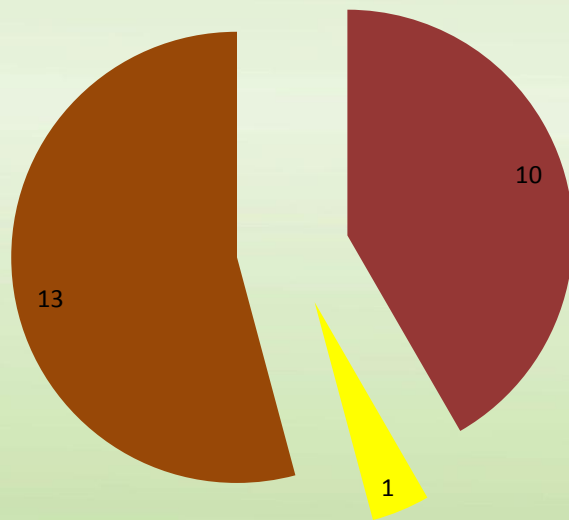
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Montego Bay, Jamaica
June 27, 2014





Status of Program



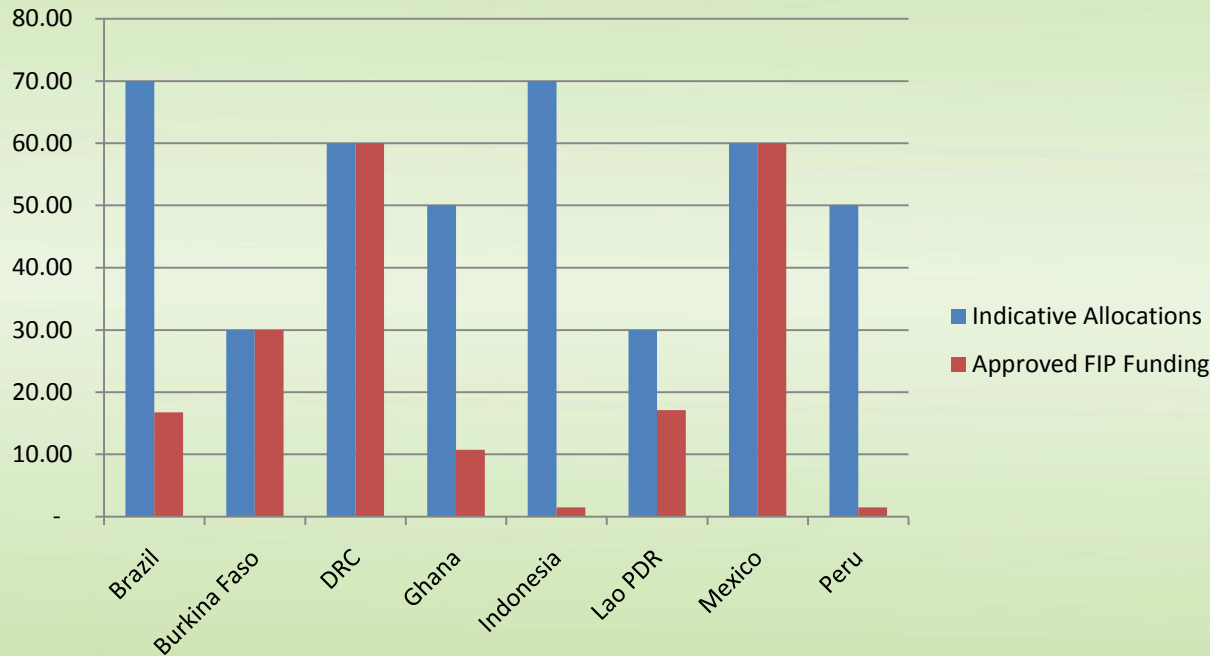
- # of projects with FIP Sub-Committee funding approval and MDB project approval
- # of projects with FIP Sub-Committee funding approval being processed for MDB approval
- # of projects under development for submission to FIP Sub-Committee

- ✓ All FIP Investment Plans endorsed
- ✓ 2 projects under implementation and disbursing
- ✓ Pipeline is active, FIP funding approval request steadily flowing in



Portfolio Trends

Indicative Allocation and FIP Funding Approvals by FIP Pilot (USD Millions)



- ✓ Burkina Faso, DRC, and Mexico 100% FIP funding approval
- ✓ Mexico and Burkina Faso – 100% MDB approval as well
- ✓ FIP Funding Approval expected to rise to 78% of endorsed IP funding at end of upcoming reporting period



Portfolio Trends

Pipeline Management – Traffic Lights

Milestone: Sub-Committee Approval of FIP Funding



4 projects and programs



6 projects and programs

Brazil (2); Ghana (2); Indonesia (2)



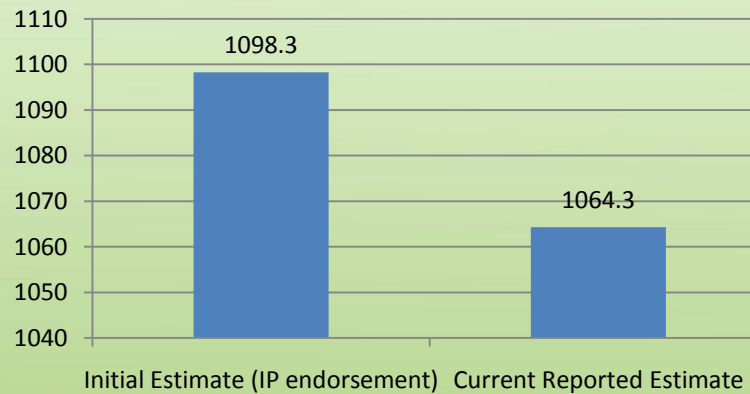
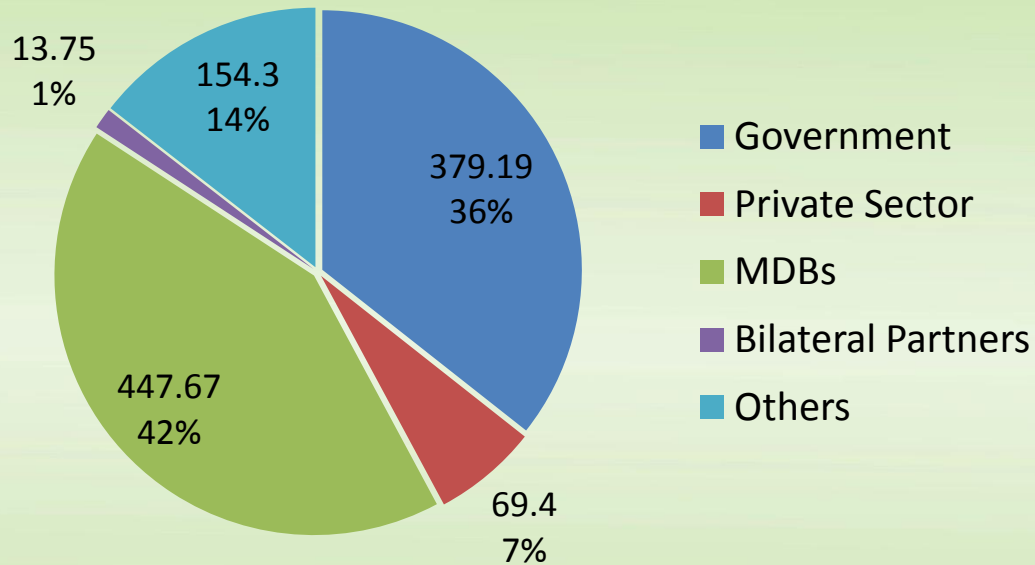
3 projects and programs

- *Lao PDR's Protecting Forests for Sustainable Ecosystem Services, (ADB) USD 13.34 million*
- *Brazil's Implementation of Early Warning System for Preventing Forest Fires and a System for monitoring the Vegetation Cover, (IBRD) USD 9.25 million*
- *Indonesia's Community-Focused Investments to Address Deforestation and Forest Degradation(CFI-ADD+), (ADB) USD 17.50 million*



Portfolio Trends

Co-financing across endorsed IPs



Co-financing Partners:

- Governments
- MDBs
- European Commission
- Agence Francaise de Development
- GEF
- JICA
- FCPF
- KFW
- Moore Foundation

Change in Co-financing:
- USD 34 million



Emerging Strategic Lessons

(1) Link between FIP investment funding and performance-based payment mechanisms

- 4 of 8 countries propose to participate in a performance-based payment scheme such as the FCPF Carbon Fund, using FIP upfront investments for activities resulting in GHG emission reductions: DRC, Ghana, Mexico, and Peru.

- Specific concerns have been expressed around **three main issues**:

sustainability of FIP results – can be but should not depend on performance-based payments.

potential “double funding” - challenge of ascribing GHG emission reductions achieved with FIP finance in payments for performance through other REDD+ programs

potential “double results reporting” - concerns about the same results in the FIP being reported in a performance-based mechanism as their results



Emerging Strategic Lessons

(2) Understanding and improving slow disbursement rates in the FIP

- Disbursements in the FIP have been increasing during the reporting period but remain low and far below projections.
- FIP disbursements during the first half of FY14 have fulfilled approximately 19% of the annual projection for FY14, while cumulative disbursements is at approx. 22% fulfilment of the projected level for end FY14.
- Strong link between the actual status of the FIP pipeline and the lower than expected disbursement rate; project and programs developed less quickly than anticipated due to complexity of issues common to forest projects



Emerging Strategic Lessons

(3) Taking stock on progress with the implementation of the FIP investment plans and identifying actions to overcome challenges

- Programmatic and partnership-based approach to FIP planning and implementation.
- To maintain the programmatic approach in the FIP pilots throughout implementation, stakeholder meetings should be held to discuss the progress in the implementation of the investment plan.
- Discussion topics for the meeting could include: status of the investment plan implementation; updates on the status of projects and programs; show-casing successes from project and programs; discussion of challenges and lessons learned and identification and application of corrective measures etc.
- Two FIP pilot countries, Mexico and Indonesia, have organized a stakeholder meeting reviewing the progress with the implementation of their investment plans.



Thank you
www.climateinvestmentfunds.org



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