# CIF CLIMATE INVESTMENT FUNDS

*Investing in the future*

Meeting of the SCF Trust Fund Committee

Washington D.C. (Virtual)

Wednesday, November 18, 2020

**FIP OPERATIONAL AND RESULTS REPORT**

SCF/TFC.14/3.3/Rev.1
November 18, 2020

**PROPOSED DECISION**

The SCF Trust Fund Committee reviewed the document, SCF/TFC.14/3.3, *FIP Operational and Results Report*, and welcomes the progress that has been made in advancing the work of FIP in the pilot countries.

The SCF Trust Fund Committee welcomes the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on achievements and results, resource availability, pipeline review, and portfolio updates.

**Contents**

# 1    Introduction

1.    The Forest Investment Program (FIP) was established in 2008 to provide scaled-up financing to help countries address the drivers of deforestation and forest degradation. It started out working in eight countries (Brazil, Burkina Faso, Democratic Republic of Congo (DRC), Ghana, Indonesia, Lao People's Democratic Republic (Lao PDR), Mexico, and Peru). In 2015, it added six new countries (Congo Republic, Côte d'Ivoire, Ecuador, Guatemala, Mozambique, and Nepal) and nine additional countries with no funding envelope (Bangladesh, Cambodia, Cameroon, Guyana, Honduras, Rwanda, Tunisia, Uganda, and Zambia).

2.    The FIP Operations and Results Report (ORR), identifies key strategic issues, highlights decisions taken inter-sessionally by the FIP Sub-Committee, and provides an update on the status of FIP-funded programs and projects under the endorsed investment plans and related activities. This report also includes projections on future approvals and provides an update on the results achieved by the FIP pilot countries.

3.    This report provides an update of the entire FIP portfolio for the period January 1 to June 30, 2020 (with additional updates to September 30, 2020 on resource availability) as well as the disbursements and results of projects under implementation for the period January 1 to December 31, 2019.

# 2    Strategic issues

## 2.1  Resource availability

4.    As of September 30, 2020, FIP had reached a total of USD 750.4 million[1] in cumulative funding. This amount varies from month to month due to USD 167.6 million in unencashed promissory notes,[2] which will continue to be exposed to currency exchange fluctuations until encashed.[3]

5.    With an expected resource commitment of USD 30.7 million[4] in project funding, FIP has a total surplus of USD 60.4 million. The anticipated pipeline commitments will require USD 12 million in capital resources and USD 18.7 million in grant resources, resulting in a potential surplus of USD 65.4 million in capital funds and a potential shortfall of USD 5.0 million in grants (see Table 1).[5]

6.    The CIF Administrative Unit is currently working with the government of UK to enable the use of up to 10 percent of all its capital contributions as grants. This would solve the grant shortfall constraint and would enable the approval of the pending projects in the pipeline. Regarding the capital surplus, once the total FIP pipeline is approved, the FIP Sub-Committee will determine how the available funding will be programmed.

7.    Table 1 summarizes FIP resources available for commitments, further detailed in Annex 1.

---

[1] Including contributions, pledges, and investment income earned.
[2] This amount represents the equivalent of GBP 130.62 million.
[3] A total of USD 25.1 million has been reserved by the Trustee to account for currency exchange fluctuations.
[4] Including 29.1 USD million allocated to projects and an estimated 1.6 USD million in MPIS costs
[5] Until all promissory notes are encashed, the magnitude of the shortfall and its effect on the FIP pipeline will remain uncertain.

**Table 1: FIP resource availability schedule summary (September 2020, USD million)**

| | TOTAL | Capital | Grant |
|---|---|---|---|
| **Unrestricted Fund Balance** | **76.8** | **52.2** | **24.6** |
| **Future Programming Reserves** | | | |
| *Admin Expenses-Reserve for FY19-28 +Admin Budget Reserve* | (11.2) | - | (11.2) |
| **Unrestricted Fund Balance After Reserves (i)** | **65.5** | 52.2 | 13.3 |
| **Anticipated Commitments (ii)** Program/project funding and MPIS costs | **30.7** | 12 | 18.7 |
| **Available Resources (i - ii)** | **34.9** | 40.2 | **(5.4)** |
| **Potential Future Resources (iii)** | **25.5** | 25.1 | 0.3 |
| *Pledges* | 0.3 | - | 0.3 |
| *Release of currency risk reserves* | 25.1 | 25.1 | - |
| **Potential Available Resources (i-ii+iii)** | **60.4** | **65.4** | **(5.0)** |

## 2.2 Pipeline management update

8. The FIP pipeline is in the final stages of development, including four projects under preparation for FIP Sub-Committee and eventual MDB approval (all World Bank) (see Table 4).

9. The CIF Administrative Unit is tracking closely the preparation of these projects in order to ensure compliance with the approval deadlines as established in the January 2017 *Pipeline Management Policy for SCF Programs (FIP)*.

10. Since the FIP pipeline has a first-come-first-served funding policy, and currently available grant funding can only fully cover two of the four pipeline projects, the grant shortage may affect the approval of the following projects in these countries:

    - Guatemala: Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) project
    - Nepal: DGM project
    - Republic of Congo: Either the DGM project or the Northern Congo Agroforestry project

11. In December 2019, the World Bank informed the CIF Administrative Unit that the incoming Government of Ecuador had not put the FIP program on its list of priorities for World Bank support when discussing its lending envelope, and therefore, the World Bank would not be able to prepare the Ecuador FIP and DGM projects in the foreseeable future. As a result, in early 2020, the CIF Administrative Unit informed the Government of Ecuador that both pending project proposals for a total of USD 28.5 million[6] would be removed from the FIP project pipeline.

## 2.3 Impact of COVID-19 on the FIP portfolio

12. The COVID-19 pandemic constitutes an unprecedented global macroeconomic shock of uncertain magnitude and duration. The urgent objective of most governments during this crisis is to save lives. The duration of the pandemic is difficult to predict at this time, as are the extent and efficacy of economic interventions by governments and central banks. In light of the pandemic, all CIF programs face heightened credit, market, and operational risks.

---

[6] This amount includes USD 24 million endorsed in the IP and USD 4.5 million for the DGM project.

13. More specifically, the CIF Administrative Unit expects the following pandemic-related impacts:

- Delayed project implementation
- Shifts in the volume and timing of disbursements to funding recipients as projects are delayed
- Increased full or partial project cancellations
- Increased demand for more concessionality by MDBs and funding recipients for pipeline projects, including requests to convert non-grant financing instruments into grants
- Shifts in the timing of repayments from loan recipients due to loan restructurings to allow for longer grace periods and maturities
- Increased credit risk and expected credit losses

14. The CIF Administrative Unit notes these impacts are already occurring. Understanding of the length and severity of the impacts of the pandemic will continue to evolve, and the CIF Administrative Unit will provide updates on such developments.[7]

## 2.4 Monitoring and reporting

15. Results reporting for the FIP portfolio is steadily increasing in volume as the portfolio moves deeper into implementation mode. This year for the first time, the MDBs were able to report their data in the CIF Collaboration Hub (CCH) directly. The new results section of the CCH was launched in the spring of 2020, with training sessions for MDBs conducted in June and July. This automation is expected to reduce inaccuracies in data entry and enhance the data quality in the results reporting process. The CCH will also enable further safeguarding and institutionalization of the results database over time.

16. Recognizing the difficulty of in-country capacity building on monitoring and reporting FIP results, the CIF Administrative Unit is developing an online training course in English, Spanish, and French to further train and build capacity of the client countries in the FIP M&R system. This training will be launched, and sessions held in spring 2021 before the next country reporting is due.

17. The current reporting period faced more complexities given the high number of project restructurings taking place. A total of six FIP projects and one DGM project were restructured, resulting in changes in targets, indicators, and achievements. This represents 27 percent of the FIP investment plan portfolio of projects reporting results.[8]

## 3 Status of FIP

## 3.1 Portfolio overview

18. As of June 30, 2020, USD 612 million had been endorsed by the FIP Sub-Committee as indicative allocations to the participating countries, totaling 50 projects included in investment plans, DGM, and the Private Sector Set Aside (PSSA). Table 2 provides a summary of the portfolio status. The portfolio under implementation consists of 39 projects reaching USD 270 million in cumulative disbursements.

---

[7] The FIP Risk Report includes more information on the impacts of COVID-19 on implementation.
[8] Based on the number of projects from the investment plans.

**Table 2: Overview of FIP portfolio** (USD million, as of June 30, 2020)

| | Indicative Portfolio Allocation | | | | Approved funding | | Disbursement (cumulative) |
|---|---|---|---|---|---|---|---|
| | TOTAL | IP | DGM | PSSA | Committee | MDB | |
| **FIP amount** | 612 | 524.4 | 70.3 | 17.3 | 582.9 | 536.8 | 270 |
| **Number of projects** | 50 | 33 | 14 | 3 | 46 | 42 | 39 |

*Note: Amounts include Project Preparation Grants (PPGs).*

19. Compared to the previous FIP ORR, the total number of projects in the FIP portfolio has decreased by three. This is due to the withdrawal of the following project proposals from the FIP pipeline:

- Indonesia: Forest Bond project (USD 34.4 million)
- Ecuador: Sustainable Landscape Management for Forest Preservation in Coastal Ecuador project (USD 24 million)
- Ecuador: DGM project (USD 4.5 million)

20. Figure 1 shows cumulative funding approvals continuing to increase. According to current estimates, the entire FIP portfolio should be approved by the FIP Sub-Committee by January 2021. Approval by the respective MDB boards should be obtained before the nine-month deadline from FIP Sub-Committee approval (October 2021).

**Figure 1: FIP funding approval rates by fiscal year** (projections until FY22)
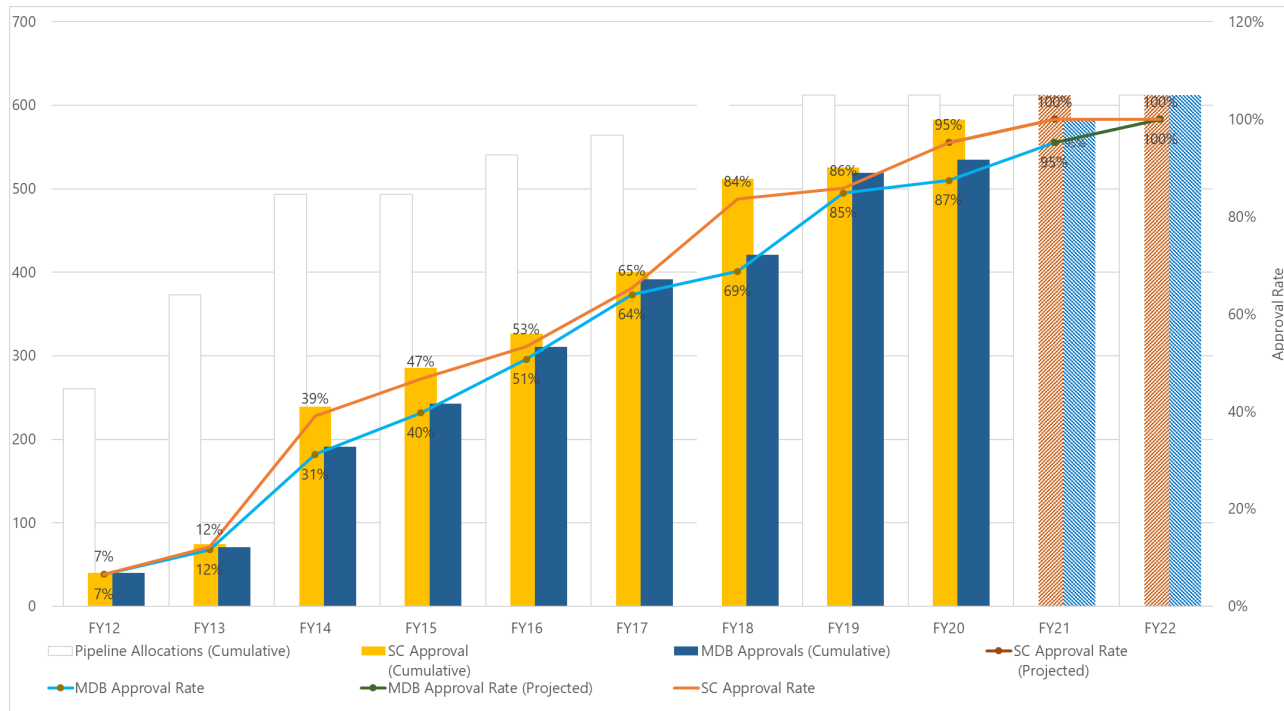


21. Figure 2 shows the approval levels of FIP pipeline projects by pilot country and the DGM Global project. Ten out of the 13 pilot countries with a project pipeline have achieved 100 percent FIP Sub-Committee

and MDB approval of their indicative funding allocation.

**Figure 2: FIP funding approval of project pipeline by country** (as of June 30, 2020)
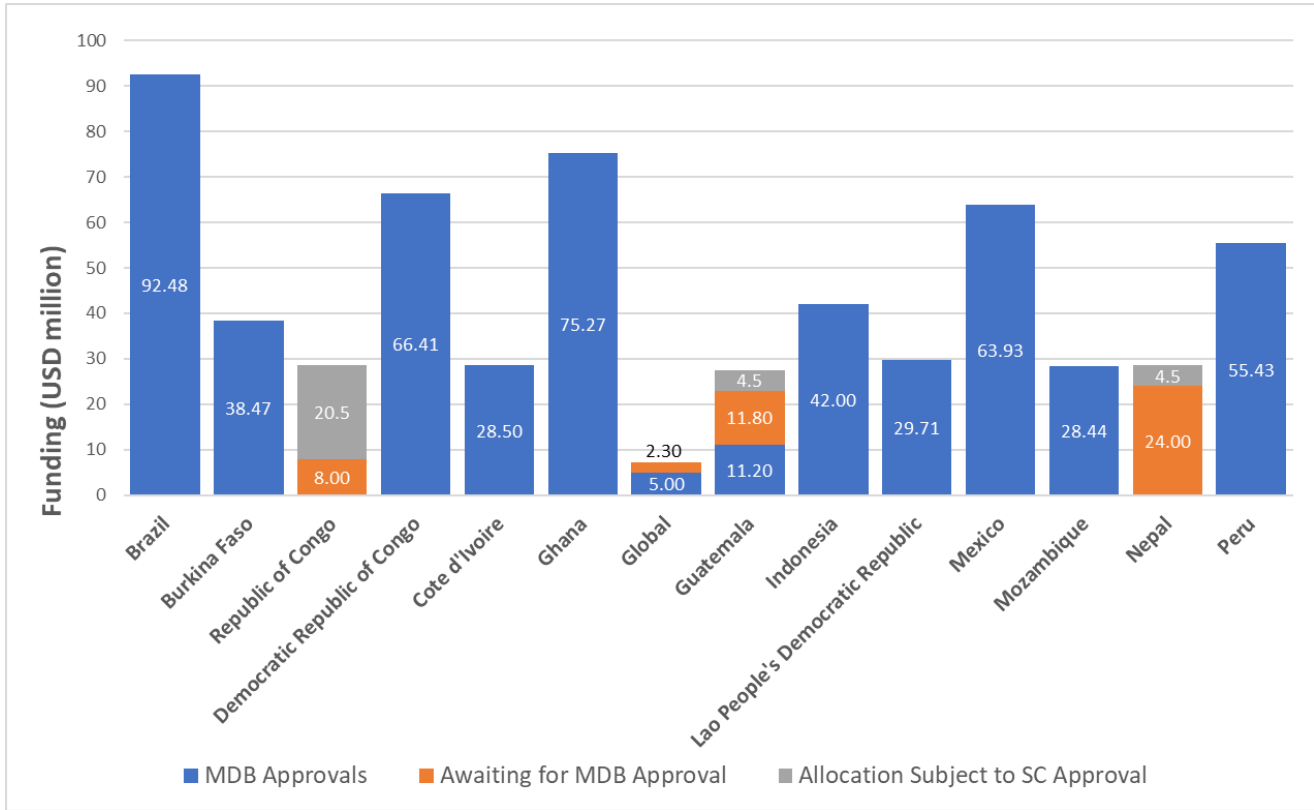


22. Figure 3 presents the distribution of FIP Sub-Committee-approved projects by region, MDB, and sector (public or private). The majority of FIP funding is split almost evenly between Latin America and the Caribbean and Africa. The World Bank implements most of the FIP Sub-Committee-approved portfolio. Private sector projects represent only five percent of funding.

23. Figure 4 shows that the co-financing ratio of FIP Sub-Committee-approved projects is 1:1.6, totaling USD 919.5 million. MDBs and beneficiary governments are the main sources of co-financing.

24. The thematic focus of the portfolio of FIP Sub-Committee-approved projects reflects FIP's objective of working to address the drivers of deforestation and forest degradation. Thus, the largest portion of funding focuses on landscape approaches, followed by sustainable forest management and capacity building (see Figure 5).

**Figure 3: FIP portfolio overview by region, MDB and sector**
(approved by FIP Sub-Committee, as of June 30, 2020)



Latin America & Caribbean
41.5%
$223.04M

Africa
44.2%
$237.06M

Asia
13.4%
$71.71M

Other
0.9%
$5.00M

IFC
1.0%
$5.39M

ADB
5.7%
$30.72M

AFDB
12.6%
$67.54M

IADB
16.0%
$85.72M

IBRD
64.7%
$347.42M

Private Sector
5.0%
$26.76M

Public Sector
95.0%
$510.04M
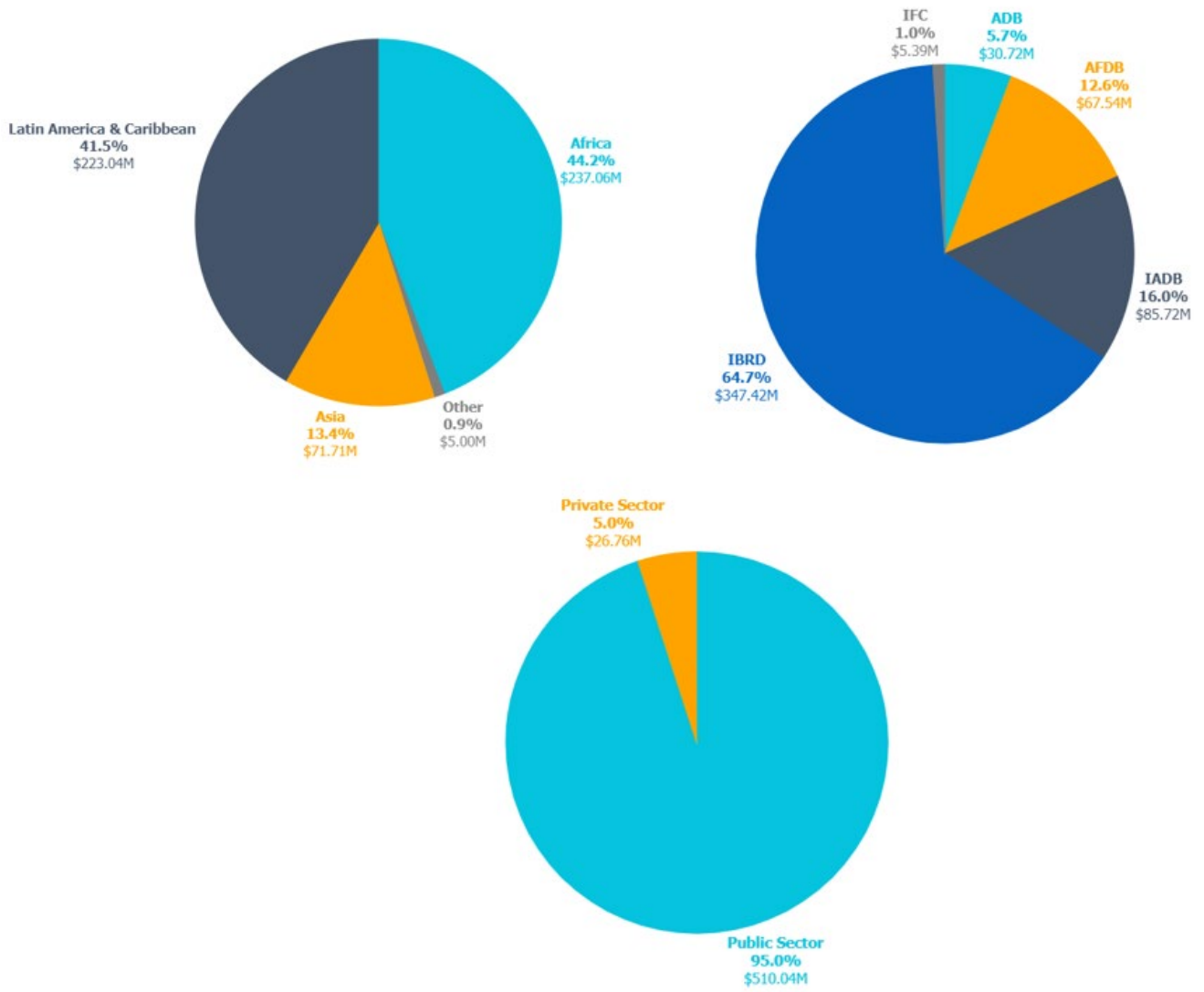
**Figure 4: Co-financing total for FIP Sub-Committee approved projects**
(in USD million, as of June 30, 2020)
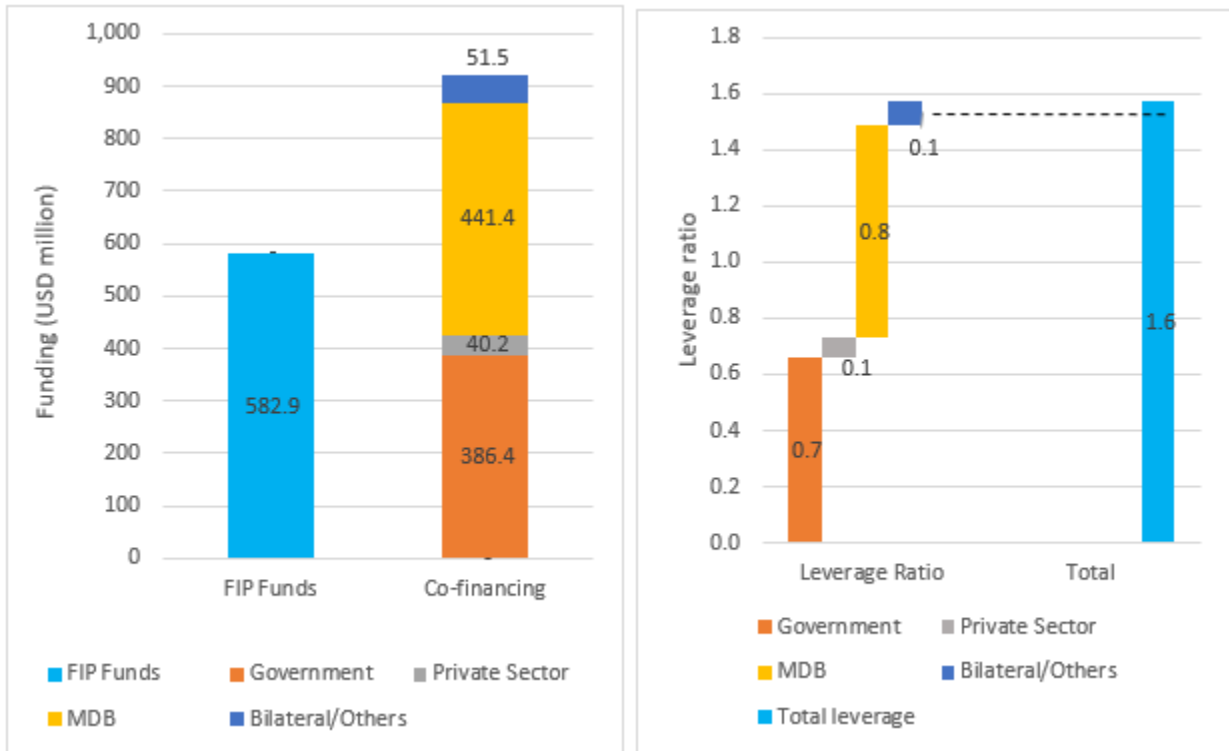


**Figure 5: Thematic focus of FIP Sub-Committee-approved projects**
(as of June 30, 2020)



.
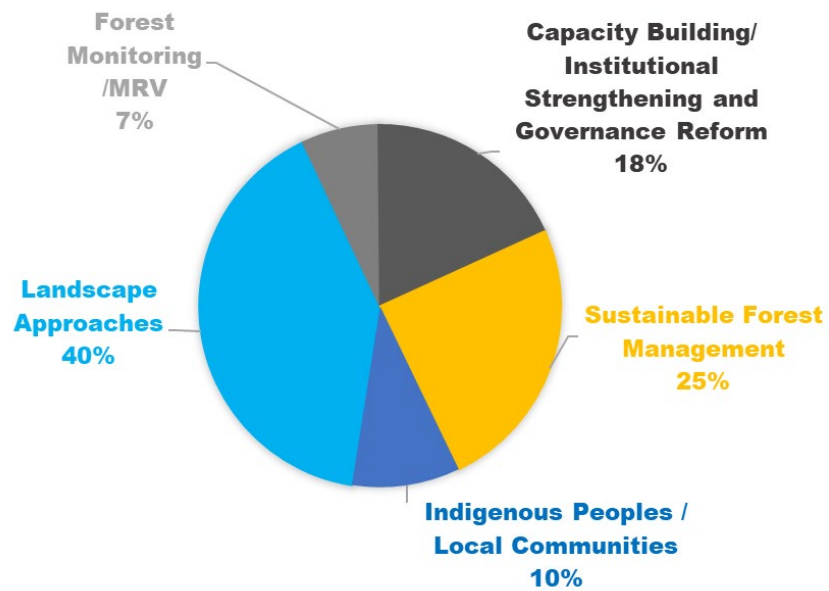
## 3.2 Portfolio updates

### 3.2.1 Project approvals

25. Since the last report, six projects were approved by the FIP Sub-Committee for a total of USD 56.8 million, and three projects were approved by MDB boards totaling USD 15.2 million (see Table 3). Box 1 provides a highlight of the Forests for Prosperity project in Nepal.

**Table 3: FIP project approvals by FIP Sub-Committee and MDB boards** (July 2019–June 2020)

| Country | Project Title | MDB | Project Funding* (USD M) | Approval Date |
|---|---|---|---|---|
| Guatemala | Sustainable Forest Management | IDB Group | 9.2 | July 2019 |
| Guatemala | Green Guarantee for Competitive Landscapes | IDB Group | 1.5 | July 2019 |
| Guatemala | Forest Governance and Livelihoods Diversification in Guatemala | World Bank | 11.8 | Nov 2019 |
| Republic of Congo | Community Agroforestry and Wood Energy Project (PACBE) | AfDB | 8.0 | January 2020 |
| Global | DGM for Indigenous Peoples and Local Communities- Phase 2 | World Bank | 2.3 | January 2020 |
| Nepal | Forests for Prosperity | World Bank | 24.0 | February 2020 |
| **TOTAL APPROVED BY FIP SUB-COMMITTEE** | | | **56.8** | |
| Guatemala | Green Guarantee for Competitive Landscapes | IDB Group | 1.5 | Dec 2019 |
| Cote d'Ivoire | DGM for Indigenous Peoples and Local Communities | World Bank | 4.5 | January 2020 |
| Guatemala | Sustainable Forest Management | IDB Group | 9.2 | January 2020 |
| **TOTAL APPROVED BY MDB BOARDS** | | | **15.2** | |

*Excluding PPG approved in previous reporting periods*

**Box 1: Supporting local communities' pathways to prosperity in forest landscapes in Nepal**



The Forests for Prosperity project in Nepal implemented by the World Bank has received USD 24 million in FIP funding to improve sustainable forest management, increase benefits from forests, and help to address climate change in select landscapes in Nepal. The project is designed to increase the forest area under sustainable, community-based productive management and under private plantations, resulting in greater supplies of wood and non-wood forest products. At the same time, investment in forest-based Small and Medium Enterprises (SMEs) will be stimulated to utilize these products and generate paid employment by removing regulatory constraints and by providing accessible credit for businesses and entrepreneurs. The project aims to establish 220,429 ha of forest land under Community-based Forest Management with productive, sustainable forest management plans.

The project will provide equal employment opportunities in skilled and entrepreneurial positions. It will also identify and train small-business advisors who will work closely with business owners and entrepreneurs in developing business plans and accessing credit for forest-based SMEs on a pilot basis. To support plantations on private land, grants will be offered to incentivize registration of joint land titles. The project will also provide trainings to enhance the capacities of local communities, including women, Dalits, and Indigenous Peoples in close coordination with DGM Nepal.

*3.2.2 Project pipeline tracking and projected submissions*

26. All four projects in the FIP pipeline still pending FIP Sub-Committee approval requested an extension of the approval deadline. The main justification for these extension requests is the slow-down and/or cancellation of preparation activities due to the COVID-19 pandemic.

27. Table 4 presents the complete list of projects in the FIP pipeline and their expected submission date for FIP Sub-Committee approval.

**Table 4: List of pipeline projects** (USD million, as of June 30, 2020)

| IP/ DGM PSSA | Country | Project title | MDB | Public/ Private | Grant | Non-grant | Date project concept / IP endorsed | Expected SC approval date |
|---|---|---|---|---|---|---|---|---|
| DGM | Guatemala | DGM for Indigenous Peoples and Local Communities | World Bank | Public | 4.5 | - | June 2017 | Nov 2020 |
| IP | Congo Republic | Northern Congo Agroforestry project | World Bank | Public | 3.58 | 12.0 | December 2017 | Dec 2020 |
| DGM | Congo Republic | DGM for Indigenous Peoples and Local Communities | World Bank | Public | 4.5 | - | December 2017 | Dec 2020 |
| DGM | Nepal | DGM for Indigenous Peoples and Local Communities | World Bank | Public | 4.5 | - | December 2017 | Jan 2021 |

28. The two projects pending MDB approval also requested five-month deadline extensions. The World Bank requested an extension up to January 2021 for the Forest Governance and Livelihoods Diversification project in Guatemala; the delay is due to difficulties in reaching agreement with the Ministry of Finance on the need to allocate sub-execution of resources to third parties. The AfDB requested an extension up to March 2021 for the Community Agroforestry and Wood Energy Project (PACBE) in Republic of Congo. The Government of Congo approached AfDB in mid-2020 to discuss reallocating the AfDB co-financing amount (USD 2.5 million) earmarked for the project toward the country's COVID-19 response. This delayed the MDB approval process, but the project is now expected to move ahead as originally planned.

*3.2.3 Disbursements and implementation updates*

29. The cumulative project disbursements by MDBs totals USD 270 million, corresponding to 39 projects under implementation.[9] The current rate of portfolio disbursement is 51 percent of funding for MDB-approved projects (see Figure 6).

30. Detailed disbursement analysis is included as part of the CIF Disbursement Report.

31. Table 5 shows that Mexico continues to be the country with the highest percentage of disbursement (90 percent), increasing by 10 percent since the December 2019 ORR. It is followed by Burkina Faso, which almost doubled its disbursement from 43 percent as of [insert date] to reach 78 percent. This reflects progress in implementation—from the initial work of planning, capacity building, and training to actual investments on the ground, which represent the largest part of the budgets.

---

[9] This amount includes disbursements of Project Preparation Grants (PPGs)

**Figure 6: FIP project disbursements by reporting period and fiscal year**
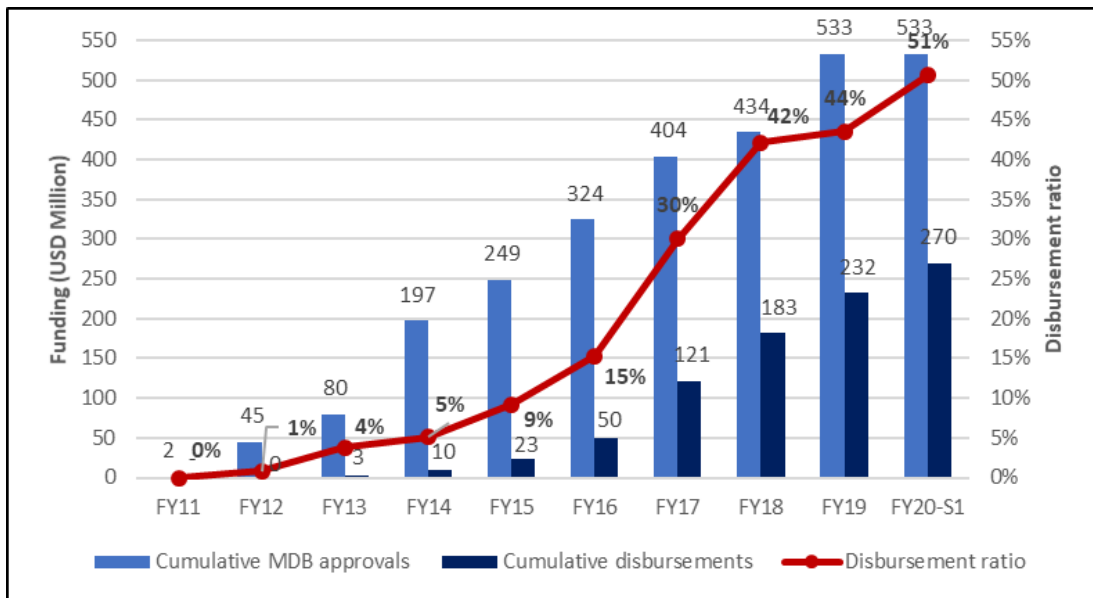


32. All projects in the portfolio of the initial eight pilot countries are currently disbursing. The two projects from Peru's investment plan were the last to start implementation on the ground and, therefore, have the lowest level of disbursement.

**Table 5: Disbursement levels by country** (as of June 30, 2020)

| Country | Date of IP endorsement | MDB approved portfolio | | Disbursement (USD M) |
| --- | --- | --- | --- | --- |
| | | # projects | Amount (USD M) | |
| DRC | Jun 2011 | 3 | 66.0 | 48.2 (73%) |
| Mexico | Oct 2011 | 4 | 63.9 | 57.3 (89.7%) |
| Lao PDR | Jan 2012 | 3 | 29.8 | 22.6 (75.8%) |
| Brazil | May 2012 | 8 | 92.5 | 33.7 (36.4%) |
| Burkina Faso | Nov 2012 | 4 | 38.5 | 30 (77.9%) |
| Ghana | Nov 2012 | 5 | 75.3 | 44.7 (59.4%) |
| Indonesia | Nov 2012 | 3 | 42.1 | 13.8 (32.8%) |
| Peru | Oct 2013 | 3 | 55.4 | 6.0 (10.8%) |
| Global | Oct 2015 | 2 | 7.3 | 4.9 (67.1%) |
| Cote d'Ivoire | Jun 2016 | 2 | 28.5 | 2.6 (9.1%) |
| Mozambique | Jun 2016 | 3 | 28.4 | 13.9 (48.9%) |
| Guatemala | Jun 2017 | 2 | 10.7 | 0.1 (0.9%) |

33. Implementation of many projects has been impacted by the COVID-19 pandemic, causing delays in expected closing dates. Some projects have had to temporarily put on hold or suspend all face-to-face engagements, including meetings, trainings, project acquisitions, workshops, and any other field activities that could put project staff and beneficiaries at risk. As a result, these projects may need to be restructured to change planned activities and reflect updated realistic targets that will be achieved. Detailed information of COVID-19 on the FIP portfolio is included in Annex 2.

34. Projects are adapting to working virtually and are exploring ways to continue implementation while guaranteeing compliance of national health and safety protocols. Prevention measures include the use of technology to enable virtual work (teleworking, video conferencing, and other online meeting options) to consult with partners, finalize contracts, conduct periodic evaluation of activities, and design new workplans among other activities.

35. FIP projects have also been responsive to COVID-19 needs by considering the health needs of extremely vulnerable populations like Indigenous Peoples, and by providing income through jobs and community work and by supporting farmers.

36. During this reporting period, the following two projects reached completion. Information about their achieved results and lessons are included in Section 5.

   - Mexico: Support of Forest Related-Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos (IDB Group)
   - Brazil: Sustainable production in areas previously converted to agricultural use project (under the low carbon emission agriculture plan) (World Bank)

## 4    Cross-cutting themes

### 4.1  Knowledge management, evaluation, and learning

37. In September 2019, the CIF Administrative Unit collaborated with the World Bank and the FIP Brazil team to participate in the XXV IUFRO World Congress on Forest Research and Cooperation for Sustainable Development held in Curitiba, Brazil. They co-sponsored a stand  to showcase FIP work in the Cerrado region of Brazil, and participated in the side session "Creating Partnerships to Improve the Cerrado Biome," which brought together representatives from all eight FIP projects in Brazil to discuss results, synergies, and challenges of implementing the FIP portfolio.



*FIP participation at the XXV IUFRO World Congress on Forest Research and Cooperation for Sustainable Development in Curitiba, Brazil*

38. In October 2019, CIF Administrative Unit collaborated with AfDB and the International Union for Conservation of Nature (IUCN) to deliver a training session at AfDB headquarters in Abidjan, Côte d'Ivoire to AfDB staff on gender and climate, with a focus on CIF's Gender Action Plan and key sector entry points for programming in energy and forest management. Two gender case studies on AfDB projects financed by CIF under the AfDB/ CIF Inclusive Climate Action Initiative were also launched, including  the case of FORM GHANA LTD., which featured gender integration in forest restoration through commercial forest plantation investments. [10]

---

[10] See brief article here https://www.afdb.org/en/news-and-events/project-successes-morocco-and-ghana-offer-lessons-

39. In November 2019, in collaboration with the World Bank, EBRD, and AfDB, the CIF Administrative Unit organized two separate panels at the inter-MDB Global Gender Summit held in in Kigali, Rwanda. The second panel on sustainable landscapes, "Strengthening Women's Assets and Voice through Investments in Sustainable Landscapes" discussed gender issues in relation to World Bank's integrated landscape management portfolio in the Mozambique, to agroforestry, and to expanding women's employment in agroforestry and non-timber forest product global value chains.[11]

40. A total of eight studies focused exclusively on FIP are being funded by the CIF Evaluation and Learning (E&L) Initiative. Annex 3 lists all FIP-related activities completed during the reporting period as well as those pending completion. During this reporting period, the following two FIP studies were completed and published:

    - Assessing the Dedicated Grant Mechanism through an Indigenous Peoples Lens (by the Maori and Indigenous Governance Centre, University of Waikato, New Zealand). The study employed a mix of orthodox and Indigenous (Kaupapa Māori) methods to collect and analyze information based on literature and portfolio reviews as well as country visits and stakeholder interviews in Brazil and Indonesia. It found that DGM effectively recognizes and cultivates Indigenous knowledge and perspectives and has potential to expand the DGM approach to other CIF programs.

    - Early Lessons from the Design and Implementation of the Forest Investment Program (by the World Bank FIP team). The study provides an analysis of important FIP features, such as the development of investment plans, country ownership, cross-sectoral and MDB collaboration, enabling environment, private sector engagement, civil society organizations and gender inclusiveness, and monitoring and information sharing. It concludes that because the nature of the forest sector is increasingly complex, the FIP needs to focus on long-term, adaptive, and highly collaborative investments and technical assistance in order to be transformational.

41. In May 2020, a CIF E&L-funded study undertaken by the Women's Environment and Development Organization (WEDO) on Engagement of Women and Gender-Related Groups in the CIF was published. It assesses the participation of women's groups in CIF governance, investment design, and implementation. The study finds that across the FIP program and project design, women and gender-related groups are engaged particularly as beneficiaries and increasingly as stakeholders consulted. The study emphasizes that in FIP projects, women are recognized not only as beneficiaries but as active agents contributing to the success of project design and development, and that the projects, in turn, provided women with employment, skills, and income. FIP investments also contribute to enhanced capacity of CIF project implementation teams on gender and climate change as well as improved gender mainstreaming in national forest policy and programs.

42. Drawing on recent evidence and experience, the E&L Initiative has developed a learning brief that shares lessons and insights on how climate-related investments can support countries' COVID-19 recovery efforts. The brief aims to inform climate finance and other development policymakers and practitioners by providing insights on how programs and investments can boost green economic recovery, strengthen policies and institutions, and support vulnerable populations and social inclusion (see Figure 7).

43. One of the lessons identified in the brief is that investments in sustainable forestry can generate significant economic returns and employment for COVID-19-affected communities, alongside environmental and climate benefits. Concessional finance and capacity building activities can help

---

gender-and-climate-change-32874 .

[11] See brief article here https://www.afdb.org/fr/news-and-events/press-releases/global-gender-summit-2019-climate-investment-funds-can-cushion-women-adverse-effects-climate-change-33373

mitigate risks to attract increased investment and can advance climate-friendly policy reforms.

44. The brief also highlights how dedicated support to Indigenous Peoples, women, local stakeholders, and other vulnerable or marginalized groups can reduce adverse COVID-19 impacts, while fostering more equitable and inclusive green recoveries. Inclusive engagement in investment planning is especially key for amplifying local benefits and creating support networks that can help sustain climate action in the face of COVID-19-induced disruptions.

**Figure 7: Key lessons from CIF on supporting green recovery**
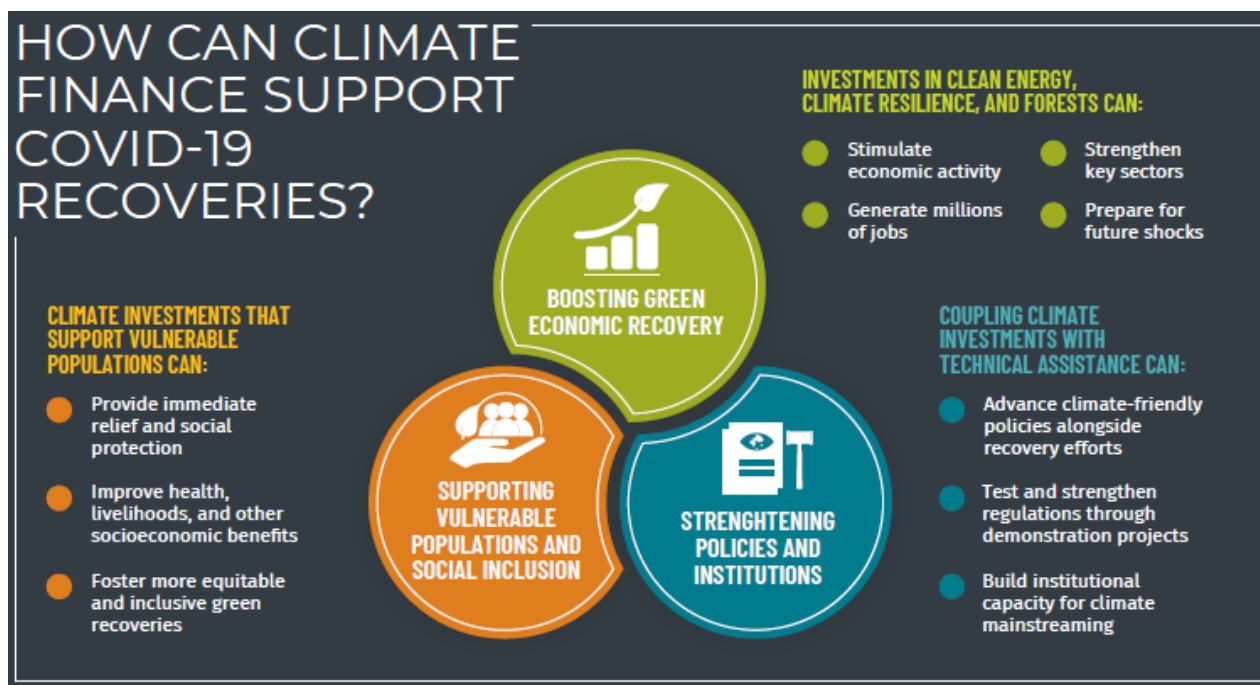


45. As part of its continued partnership with the Global Delivery Initiative (GDI), the CIF Administrative Unit prepared a case study focused on the FIP's Building a Sustainable Macauba Based Silvopastoral System and Value Chain in Brazil, implemented by the Multilateral Investment Fund of the IDB Group. The study was published in May 2020 and delivered to partners and industry audiences via a virtual Delivery Lab in June. The study identified three delivery challenges related to project finance, design, and stakeholder engagement and describes the steps taken to overcome them.

46. The partnership with the World Bank Development Impact Evaluation (DIME) on the Gazetted Forests Participatory Management Project for REDD+ in Burkina Faso project (AfDB) has made significant progress in the reporting period. The evaluation has focused on two activity streams within the project, selected based on learning interests and priorities of the government, and based on design elements that allowed for the integration of rigorous impact evaluation methodologies.

47. Three briefs have been published as part of the CIF-DIME Early Evidence Series on the Payments for Ecosystem Services (PES) that were utilized to increase forest cover as related to, innovative dry forest mapping, food security, and comparing contract designs. The evaluation is ongoing: all data has been collected and is being analyzed, with findings expected to be finalized at the end of 2020 and the full array of lessons shared in 2021-22.

48. The DGM Global project organized the first ever DGM photo contest to promote Indigenous Peoples and Local Communities storytelling. It received over 300 submissions from DGM countries. Winners were

selected by a panel of DGM stakeholders and announced during the Global Landscapes Forum Bonn 2020 Digital Conference. More information about the contest and the winning photos can be found on the [DGM website](#).

49. Case studies on DGM country programs in Brazil and Burkina Faso, entitled "Voices of Women," were published. They explore the impact of DGM on the lives of women who lead DGM sub-projects in these countries. Both case studies involved in-person semi-structured focus groups composed of women beneficiaries and project technical assistants.

   - [Voices of women in the Brazil DGM](#) involved visits to three DGM sub-projects led by women and covering diverse activities, including coconut processing, weaving, and fruit and nut processing. The case study finds that DGM is providing support that women themselves requested: training on project management and for building specific livelihood skills; more frequent meetings; coordination among women when they are unable to meet; and equipment. Many women interviewed said the recognition they received from DGM made them prouder of what they do.

   - [Voices of women in the Burkina Faso DGM](#) included visits to 12 micro and sub-projects either led by women or mostly composed of women beneficiaries. The diverse activities being supported by these small projects include shea butter processing, soumbala processing, beekeeping, and agroforestry, among others.  The case study finds that the Burkina Faso DGM has made gender equality outcomes a priority in the selection and implementation of micro and sub-projects, as evidenced by the proportion of women-led projects. There is a higher percentage of women-led projects in Burkina Faso than in any other national DGM program under implementation.

## 4.2  Gender

50. As requested by the FIP Sub-Committee, gender scorecard reporting is presented on trends over time in FIP investment plan and project portfolios on gender quality at entry (i.e., gender integration in plan and project design). Tables 6 and 7 show an increase in the quality of the FIP investment plan and project portfolios from June 2014 (i.e., start of the CIF Gender Action Plan Phase 1) in the presence of both sector-specific gender analysis and women-targeted activities. There is poorer performance, however, on sex-disaggregated monitoring indicators, which demonstrates the need to increase upstream support and review on gender in FIP investment plan and project preparation. Box 2 provides details of the gender focus of the Republic of Congo PACBE project.

**Table 6: Gender scorecard indicators for FIP investment plans**

(program inception to June 30, 2020)[12]

| Indicators | Gender Action Plan (GAP) Baseline[13] June 2014 % (n) | GAP Phases 1 and 2 (July 2014–June 2020) % (n) | Cumulative (FIP Program Inception–June 2020) % (n)[14] |
|---|---|---|---|
| **Sector-specific gender analysis** | 75% (6 of 8 IPs) | 100% (13 of 13 IPs) | 90% (19 of 21 IPs) |
| **Women-targeted activities** | 88% (7 of 8 IPs) | 92% (12 of 13 IPs) | 90% (19 of 21 IPs) |
| **Sex-disaggregated M&E indicators** | 88% (7 of 8 IPs) | 62% (8 of 13 IPs) | 71% (15 of 21 IPs) |

**Table 7: Gender scorecard indicators for FIP projects** (program inception to June 30, 2020)[15]

| Indicators | Gender Action Plan (GAP) Baseline[16] June 2014 % (n) | GAP Phases 1 & 2 (July 2014–June 2019) % (n) | Cumulative: (FIP Program Inception–June 2020) % (n)[17] |
|---|---|---|---|
| **Sector-specific gender analysis** | 53% (8 of 15 projects) | 77% (24 of 31 projects) | 70% (32 of 46 projects) |
| **Women-targeted activities** | 73% (11 of 15 projects) | 84% (26 of 31 projects) | 80% (37 of 46 projects) |
| **Sex-disaggregated M&E indicators** | 73% (11 of 15 projects) | 84% (26 of 31 projects) | 80% (37 of 46 projects) |

---

[12] The table represents cumulative data for FIP Trust Fund Committee-approved investment plans. The third column reports the period from the start of the PPCR program itself to the end of the current reporting period. The second column reports on performance from July 2014 to the end of the current reporting period (i.e., Gender Action Plan implementation periods).

[13] All baseline figures as of June 30, 2014.

[14] No new FIP Investment Plans were approved during the current reporting period (July 1, 2019 to June 30, 2020).

[15] The table reports quality at entry data for FIP Trust Fund Committee-approved projects approved through June 30, 2020. The third column reports the period from the start of the PPCR program itself to the end of the current reporting period. The second column reports on performance from July 2014 to the end of the current reporting period (i.e., Gender Action Plan implementation periods).

[16] All baseline figures are as of June 30, 2014.

[17] During the current reporting period (July 1, 2019 to June 30, 2020) six FIP projects were approved. Five of these projects scored positively across all three gender scorecard indicators, and one project scored positively across two gender indicators (i.e., women-specific activities and gender-disaggregated indicators).

> **Box 2: Empowering women in agriculture in the Republic of Congo**
>
> The Community Agroforestry and Wood Energy Project (PACBE) in the Republic of Congo, implemented by the AfDB with USD 8 million in FIP funding support, aims to promote sustainable agricultural development in Congo through improved agroforestry practices. The goal is to reduce the pressure on forests caused by agricultural activities and the demand for wood-based sources of energy. The project plans to develop agri-food value chains and improve the business environment for small and medium-sized agricultural enterprises. To empower women in the agricultural sector, the project is investing approximately USD 5 million to finance gender activities that will support women in processing and selling cassava products, fish processing, and improved village poultry farming. It will also organize women's groups and cooperatives and improve women's nutrition and access to hygiene and sanitation services. Success will be measured by focusing on how project participation affects women's roles in household decision-making on agricultural production, their access to productive capital and decision-making regarding loans, control over income use, their individual leadership and social positioning in influential roles within their communities, as well as impacts on women's time poverty.
>
> Specific gender indicators in the project results framework that will measure gender outcomes include number of cassava processing units for women, number of women trained (nutrition education, literacy, etc.), and number of women's groups or cooperatives supported. The project will also establish an innovation fund to promote and incubate entrepreneurship start-ups among young people. Outcomes of these youth-specific activities will be sex-disaggregated to ensure 35 percent of the beneficiaries are women.

51.  In June 2020, the CIF Gender Action Plan Phase 3[18] was approved by the CTF/SCF Trust Fund Committees for implementation from fiscal year 2021–2024. It continues with CIF Gender Program aims of mainstreaming gender in CIF policies and programs and deepening knowledge, learning, and technical support on gender in CIF, while undertaking more scaled-up efforts in capacity building and institutional development (including expansion of outreach, with MDBs and countries, to non-state actors particularly as a feedback mechanism for CIF implementation). The Phase 3 plan also includes new efforts in support on Women's Climate Leadership, in the form of a new multi-year initiative, to enhance women's participation at local and national levels in climate action governance processes. Preparatory steps for development of the Phase 3 Plan included a February 2020 meeting held in London at EBRD headquarters, attended by the CIF Gender Working Group of MDB representatives, the CIF Administrative Unit Gender Team, and invited guest speakers from the International Institute for Environment and Development (IIED).

52.  MDBs are also mainstreaming gender in project executing agencies, providing tools and building awareness among the people who provide services through FIP projects. Box 3 share the experience of FIP Guatemala in that regard.

---

[18] CIF Gender Action Plan Phase 3 is available here https://www.climateinvestmentfunds.org/sites/cif_enc/files/meeting-documents/ctf_scf_22_7_rev.1_cif_gender_action_plan_phase_3_final.pdf

**Box 3: Gender methodology workshop on group facilitation in Guatemala FIP projects**

IDB Group is training executing agencies of FIP Guatemala on gender. Eight face-to-face workshops planned during the months of April and May 2020 were replaced by virtual workshops due to the COVID-19 pandemic.

In June, the 20-hour workshop on Gender Technology of Participation (ToP) Methodology on Group Facilitation took place, aimed at gender focal points working on gender in the Ministry of Environment, the Ministry of Agriculture, the Institute of National Forestry, and the National Council of Protected Areas. It gave them the necessary tools to later train the technicians and local stakeholders working on FIP projects. The course worked on three basic participatory methods that provide methodological tools and processes that seek to obtain different perspectives from the participants, achieve consensus through inclusive participation, and motivate creativity, rationality, and teamwork.

The first two virtual workshops aimed at technicians working in the executing agencies will take place in November. These courses had been organized and will be taught by the gender focal points that received the Gender ToP Methodology.

## 4.3 Risk management

53. The FIP Risk Report provides an update on assessments of the more significant risk exposures facing the FIP. This section presents a summary of the projects under implementation risks, based on data from December 31, 2019 and compares them with projects flagged in the previous FIP Risk Report (which was based on data as of June 30, 2019 for implementation risk), with certain projects using more updated information as indicated.

54. Implementation risk is the risk that a project, once effective, is not implemented in a timely manner. The CIF Administrative Unit has added an additional third criterion for flagging projects for this risk to account for the heightened implementation risk of projects that extend their anticipated dates of final disbursement. The CIF Administrative Unit now flags a project for implementation risk if the project meets at least one of the following three criteria.

  I. The project has been effective for 36 months but has disbursed less than 20 percent of program funds.
  II. The project is within 15 months of the anticipated date of final disbursement but has disbursed less than 50 percent of program funds.
  III. The anticipated date of final disbursement for the project has been extended, and less than 50 percent of program funds have been disbursed.

55. FIP's risk score for implementation risk remains **High**, with six projects representing USD 104 million of program funding flagged for this risk.

56. One project representing USD 32.5 million of program funding has been flagged under the first criterion. It was also flagged in the last reporting period (denoted in yellow in Table 8).

**Table 8: FIP projects effective for 36 months with less than 20 percent of approved funds disbursed** (as of December 31, 2019)

| COUNTRY | PROJECT TITLE | MDB | Funding (USD million) | MDB Board Approval Date | Cumulative Disb. As of Dec 31, 2019 | Disbursement Ratio | Effectiveness Date | Months After Effectiveness Date | MDB Co-Financing (USD millions) |
|---|---|---|---|---|---|---|---|---|---|
| Brazil | Environmental Regularization of Rural Lands in the Cerrado of Brazil | IBRD | 32.5 | 7/21/2015 | 2.0 | 6% | 3/16/2016 | 46 | 0 |

57. Table 9 illustrates that five projects representing USD 82 million of approved funding have been flagged under the second criterion (versus three representing USD 62 million flagged in the previous FIP Risk Report). All of the projects flagged in the previous report under this criterion remain flagged in the current reporting period. Additionally, *Forest Information to Support Public and Private Sectors in Management Initiatives – Brazil (IDB Group)* was flagged under the third criterion in the last report (see Table 10).

**Table 9: FIP projects within 15 months of closing with less than 50 percent of approved funds disbursed** (as of December 31, 2019)

| COUNTRY | PROJECT TITLE | MDB | Funding (USD million) | MDB Board Approval Date | Cumulative Disb. as of Dec 31, 2019 | Disbursement Ratio | Anticipated Date of Financial Closure | Months Before Anticipated Date of Financial Closure |
|---|---|---|---|---|---|---|---|---|
| Burkina Faso | Decentralized Forest and Woodland Management | IBRD | 16.5 | 1/23/2014 | 7.3 | 44% | 12/31/2019 | 0 |
| Brazil | Environmental Regularization of Rural Lands in the Cerrado of Brazil | IBRD | 32.5 | 7/21/2015 | 2.0 | 6% | 2/28/2020 | 2 |
| Lao PDR | Protecting Forests for Sustainable Ecosystem Services | ADB | 12.8 | 8/9/2016 | 5.7 | 45% | 6/30/2020 | 6 |
| Brazil | Forest Information to Support Public and Private Sectors in Management Initiatives | IDB | 16.5 | 12/13/2013 | 4.9 | 30% | 3/30/2021 | 15 |
| Burkina Faso | Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project) | AfDB | 4.0 | 2/16/2017 | 1.0 | 24% | 8/28/2020 | 8 |

58. Table 10 illustrates three projects representing USD 70 million of program funding have been flagged under the third criterion (versus three representing USD 48 million as flagged in the previous FIP Risk Report). The project on development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado (World Bank) is no longer flagged as disbursements have increased above 50 percent.

**Table 10: FIP projects with extended anticipated dates of final disbursement, and less than 50 percent of approved funds disbursed** (as of December 31, 2019)

| COUNTRY | PROJECT TITLE | MDB | Public/ Private | FIP Funding (USD million) | MDB Board Approval Date | Financial Product | Cumulative Disb. As of Dec 31, 2019 (USD million) | Disbursement Ratio | Effectiveness Date | Months Since Effectiveness Date | *Initial* Anticipated Date of Final Disbursement | *Extended* Anticipated Date of Final Disbursement |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DRC | REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani Basins | AfDB | Public | 21.5 | 9/11/2013 | Grant | 7.5 | 35% | 2/20/2015 | 59 | 6/30/2019 | 6/30/2021 |
| Brazil | Brazil Forest Information to Support Public and Private Sectors in Management Initiatives | IDB | Public | 16.5 | 12/13/2013 | Grant | 4.9 | 30% | 6/10/2014 | 68 | 5/29/2020 | 3/29/2021 |
| Brazil | Environmental Regularization of Rural Lands in the Cerrado of Brazil | IBRD | Public | 32.5 | 7/21/2015 | Non-Grant | 2.0 | 6% | 3/16/2016 | 46 | 12/31/2019 | 6/30/2021 |

## 5    Results

### 5.1  Scope

59. This section on FIP results corresponds to the time period from January 1 to December 31, 2019,[19] referred to as reporting year 2019 (RY2019). Due to the challenging situation on the ground caused by the COVID-19 pandemic and the resulting difficulties countries have faced attempting to conduct annual results workshops and data validation among stakeholders, results monitoring and reporting for this reporting period is limited only to project-level reporting by the MDBs. Country-level reporting is expected to continue in the next reporting period, or as soon as conditions allow.

60. This means that there is no data for several sections, including category 2 themes, i.e. biodiversity, governance, tenure rights and access, and capacity development. This also means that it is not possible to directly compare RY2019 results with those from previous years.

61. This year's reporting is further complicated by a high number of project restructuring activities that have taken place. A total of six FIP projects and one DGM projects were restructured, resulting in changes in targets, indicators and achievements. This represents 27 percent of FIP's investment plan portfolio reporting results.[20] Full FIP results reporting will resume and take place in the spring of 2021.

62. Out of the 40 MDB-approved projects (28 under FIP investment plans, nine under DGM, and three under FIP PSSA, totaling USD 533.8 million in FIP funding), 32 projects are currently report results and are included in this results section. The complete list of projects reporting results can be found in the Annex 4.

63. The FIP portfolio of projects contributes to several of the Sustainable Development Goals (SDGs), mainly goals 15, 13, and 1. A detailed breakdown is show in Figure 8.

**Figure 8: FIP contributions to the SDGs**



---

[19] Date from MDB data varies depending on their monitoring calendar. MDB data usually includes updated information until November or December 2019.

[20] Based on the number of projects from the investment plans.

64. The results of the FIP portfolio should be interpreted in the context of the portfolio maturity. In this reporting period, close to one-third of the portfolio (34 percent) of FIP projects had yet to be MDB approved or had only received MDB approval in the previous two years or less. Sixty percent had more than three years of implementation, and only six percent had closed, as shown in Figure 9.

**Figure 9: FIP project portfolio maturity (in years under implementation)**
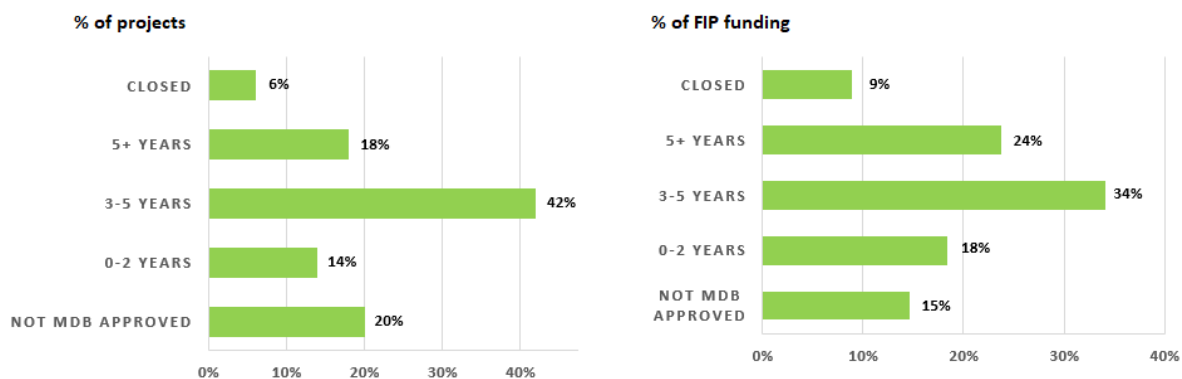


## 5.2 Reporting methodology

65. This year for the first time, the MDBs were able to report their data in the CCH directly. The results section of the CCH was launched in the spring of 2020, with training session for MDBs conducted in June and July. An online training course in English, Spanish, and French has been developed to further support the client countries in the FIP M&R system. This training will be launched in spring 2021 before the next country reporting is due.

## 5.3 Global overview

18.7 MtCO$_2$e
reduced since FIP start

66.     **RY2018** marked the first year most FIP countries reported on their progress achieving **GHG emission reductions/avoidance/enhancement of carbon stocks.**[21] Since the countries did not report this reporting year, GHG achievements presented in this report do not fully represent FIP activity. Nonetheless, from the start of FIP implementation to RY2019, 46 percent of cumulative targets have been met (compared to 43 percent in RY2018), with a total of 18.7 million tons of carbon dioxide equivalent (MtCO$_2$e) reduced or avoided (see Table 12). This progress is due to Brazil's project on sustainable production in areas previously converted to agricultural use, which accounted for 6.6 MtCO$_2$e,[22] an equivalent of 67 percent of the total achievement in this reporting period. It should be noted that aggregating targets and results for this reporting theme is challenging because FIP countries use their own preferred calculations and methodologies.

---

[21] Theme 1.1 results data is reported at projects' mid-term and completion.
[22] This data point comes from the MDB not from the Brazil country focal point team to CIF.

**45.6 million ha**
covered since FIP start

67.    In RY2019, FIP investments reported 14.1 million hectares (ha)[23] covered under sustainable land management practices or other FIP interventions, bringing total cumulative **area covered** to 45.6 million ha (see Table 12). This cumulative progress represents 111 percent against the target of 41 million ha. Brazil is the main contributor with almost 13.3 million ha covered since FIP implementation started, mostly through the landholdings registered in the Rural Environmental Register under the FIP/CAR Project,[24] which stood for 95 percent of the progress achieved on this indicator in this reporting year. Despite a restructuring which adjusted the total area covered from six to 30 million hectares, the overall results have already overachieved this new target by 18 percent.

**0.96 million**
people have benefited directly from the FIP

68.    In RY2019, the total cumulative number of people receiving **livelihood co-benefits** reached over 960,850, or 84 percent of the collective targets of 1.1 million beneficiaries[25] (see Table 11). The main contributors are the Environmental Regularization of Rural Lands in the Cerrado Project in Brazil (World Bank) benefiting a total of 69,460 people and representing 39 percent of results achieved, the Decentralized Forest and Woodland Management Project in Burkina Faso (World Bank) benefiting a total of 33,730 people and representing 19 percent, and the Promoting Sustainable Community-Based Natural Resource Management and Institutional Development Project in Indonesia (World Bank) benefiting a total of 13,135 people and representing 7.5 percent.[26]

**Table 11: Global overview of FIP targets and actual results** (as of December 31, 2019)[27]

|  | Cumulative targets | RY2019 results | Cumulative results | Cumulative progress toward target (%) |
|---|---|---|---|---|
| Theme 1.1: GHG emission reductions or avoidance/ enhancement of carbon stock (MtCO2e) | 40.59 | 9.87 | 18.67 | 46% |
| Theme 1.1: Area covered (ha) | 41,046,519 | 14,048,677 | 45,624,109 | 111.2% |
| Theme 1.2: Livelihood co-benefits (people) | 1,142,789 | 174,824 | 960,852 | 84% |

---

[23] Countries reporting area covered in RY2019 are Brazil, Burkina Faso, DRC, Ghana, Indonesia, and Lao PDR.

[24] Environmental Regularization of Rural Lands in the Cerrado of Brazil project.

[25] Per the revised definition included in the 2018 FIP M&R toolkit: Direct beneficiaries are people receiving monetary or non-monetary benefits as a direct result of activities associated with FIP-supported projects.

[26] The significant scaling down of targets is due to COVID-19 and country results are not reported. Many MDB projects in this core indicator do not take into consideration targets related to FIP Theme 1.2. For example, the Mexico Forests and Climate Change Project, at the MDB level does not have targets that focus on improved livelihoods.

[27] These targets correspond to the approved FIP projects in the reporting period, and the total target is expected to change as more projects are approved. Targets also change due to restructurings of projects during implementation.

## 5.4 Results by reporting theme

*5.4.1.1 Category 1: Common themes*

*5.4.1.2 Theme 1.1: GHG emission reductions or avoidance/enhancement of carbon stocks and area covered (ha)*

*5.4.1.3*

69. In RY2019, results from five FIP countries were reported by the MDBs on GHG emission reductions/avoidance/enhancement of carbon stocks in the form of millions of tons of carbon (MtCO2e) and results from eight countries were reported by the MDBs on area covered (ha), as shown in Table 12.

**Table 12: Targets and actual results by country on Theme 1.1: GHG emission reductions/avoidance/enhancement of carbon stocks and area covered** (as of December 31, 2019)

| Country | GHG emission reductions | | | |
|---|---|---|---|---|
| | Target 1* (MtCO2e) | RY2019 results (MtCO2e) | Cumulative results (MtCO2e) | Cumulative progress towards target (%) |
| Brazil | Not reported | 6.60 | 6.60 | |
| Burkina Faso | 11.82 | 0.67 | 2.19 | 18.5% |
| Côte d'Ivoire | 2.61 | 0.00 | 0.00 | 0.0% |
| DRC | 10.55 | 0.42 | 5.3 | 50.2% |
| Ghana | 8.82 | 0.00 | 0.01 | 0.1% |
| Indonesia | 3.70 | 0.4 | 0.40 | 10.8% |
| Lao PDR | 1.94 | 1.78 | 3.60 | 185.6% |
| Mexico | 1.15 | 0.00 | 0.57 | 50.0% |
| Mozambique | Not reported | | | |
| **TOTAL** | **40.59** | **9.87** | **18.67** | **46%** |

*Target achieved during the implementation of the investment plan*

| Country | Area Covered | | | |
|---|---|---|---|---|
| | Target (ha) | RY2019 results (ha) | Cumulative results (ha) | Cumulative progress towards target (%) |
| Brazil | 30,474,955 | 13,295,943 | 35,954,764 | 118.0% |
| Burkina Faso | 716,600 | 43,547 | 320,527 | 44.7% |
| Côte d'Ivoire | 15,000 | 0 | 0 | 0.0% |
| DRC | 133,400 | 8,068 | 39,271 | 29.4% |
| Ghana | 646,018 | 461 | 603,307 | 93.4% |
| Indonesia | 29,880 | 27,210 | 27,252.50 | 91.2% |
| Lao PDR | 4,086,000 | 672,538 | 5,046,381 | 123.5% |
| Mexico | 3,659,396 | NA | 3,631,696 | 99.2% |
| Mozambique | 906,500 | 911 | 910.6 | 0.1% |
| Peru | 380,500 | 0 | 0 | 0.0% |
| **TOTAL** | **41,047,689** | **14,048,678** | **45,624,109** | **111.2%** |

70. **Brazil's** performance in RY2019 is noteworthy, with results exceeding the target by 17 percent in terms of area covered. [28] Since the start of Brazil's FIP investment plan implementation, sustainable land management and low carbon agricultural technologies have been adopted on 35,954,764 ha, the bulk of which was reported in RY2018 (22,525,523 ha). This rapid increase is due to the CAR project adding two more states (for a total of 11) and new municipalities to the scope of the project. In addition, the fees for CAR enrollment were much lower in RY2018 than in RY2015 and RY2016, which led to new registrations of rural properties in the CAR. Also, there are 401,759 ha (cumulative since project start) where low-carbon agriculture technologies were adopted as a result of the FIP/ABC Project. On average, each dollar invested in this project has led to project beneficiaries, mainly cattle ranchers, investing around USD 7.2 of their own funds to adopt low carbon technology, mainly focusing on pasture rehabilitation and improving farm management. [29]

71. In **Burkina Faso**, FIP helped reduce 2.19 $MtCO_2e$ since FIP started until the end of RY2019. These results were calculated with the EX-ACT tool and through field data collection on the impact of project investments (SLM and SFM[30]). This reduction includes 1,200 $tCO_2e$ in carbon emission savings from 300 bio-digesters provided through FIP, considering that each bio-digester saves 4 $tCO_2e$ compared to a conventional one. Carbon stock enhancement of 76,119 $tCO_2e$ was achieved through the reforestation of 165 ha with 165,000 trees.

72. In **DRC**, 5.3 $MtCO_2e$ were reduced through the Improved Forested Landscape Management Project (World Bank) since the start of implementation. These emissions reductions are derived from the distribution of improved cookstoves,[31] removals generated under afforestation and reforestation schemes in the Kinshasa basin supply and measured using proxies (carbon sequestration for each type of sylvicultural model), and the estimated emission reductions from deforestation and forest degradation against the baseline. The total area covered in RY2019 was 39,271 ha, representing areas of enclosures protected from bush fires and tree plantations (mainly acacia) under various agroforestry schemes in the World Bank project. [32]

73. By RY2019, **Ghana** had achieved much of its targets across two projects implemented by the World Bank and AfDB. Key activities include 10,432 ha of forested area restored, 80,661 ha improved through CREMA[33] management or climate-smart cocoa management practices, 38,658 ha saw increase in shade cocoa, and 11,689 hectares saw increase under agroforestry. Country-wide, Ghana has achieved 93 percent of the 603,307ha target area covered. See Box 4 for more project-level details.

74. In **Indonesia**, via the ADB-led Community-Focused Investments to Address Deforestation and Forest Degradation Project (CFI-ADD+), 26,883 ha saw natural forest protection through community-based forest fire management as a result of 39 patrols that have been implemented in that national park area. Also, indirect protection of another 79,693 ha was achieved, and 327 ha of deforested land was bought under improved-community-based agroforestry systems where 21 farmer groups have signed agroforestry contracts as part of the Cash Advance Program.

75. In **Lao PDR**, the SUFORD-SU project has achieved an estimated 3.6 $MtCO_2e$ in accumulated carbon

---

[28] Due to restructuring on Environmental Regularization of Rural Lands in the Cerrado of Brazil project, target area in Brazil increased from 7.7 million hectares to 30.4 million hectares.

[29] Sustainable production in areas converted to agricultural use (based upon the ABC plan) project

[30] SLM: Sustainable Land Management; SFM: Sustainable Forest Management

[31] GHG Emission reductions measured according to the CDM Small- scale Methodology (AMS-II.G.)

[32] Improved Forested Landscape Management Project

[33] Community Resources Management Area

emissions reductions through efforts to curb deforestation and forest degradation in Protected Forest Areas. Since project start, enhanced carbon storage from improved forest protection and restoration has reached 18,500 $tCO_2e$.

76. In **Mexico**, the target GHG emission reduction was 10 percent of the updated Forest Reference Emission Level (FREL) of 11.469 M $tCO_2eqMtCO_2e$ per year. This target was only partially achieved, as the Forests and Climate Change Project (World Bank) was completed and the actual total accumulated reductions in the project implementation period was 0.57 $MtCO_2e$ (5 percent reduction). Mexico's numbers are final as this was the only FIP project reporting on the GHG emissions indicator. [34]

*5.4.1.4  Theme 1.2: Livelihood co-benefits*

77. FIP countries reporting results in RY2019 made progress supporting livelihood co-benefits, reaching an additional 175,183 people. Cumulatively, FIP has reached 957,598 people, or 84 percent of the total target of 1.1 million beneficiaries. [35,36] The type of livelihood co-benefits generated by each FIP project varies and includes monetary benefits through increased incomes, technical assistance, training, new sustainable jobs, and access to credit, among others.

78. All countries except for Côte d'Ivoire, Indonesia, Peru, and Mozambique have reached at least 50 percent of their targets based on the cumulative progress from RY2012 until RY2019, as shown in Table 13. Three countries have exceeded their targets: Brazil achieving 240 percent, Burkina Faso 103 percent, and Mexico 300 percent.

**Table 13: Livelihood co-benefits targets and results over time (thousands of beneficiaries)**

| FIP Countries | Target | RY19 Results | Cumulative Results (2012-2019) | Cumulative progress achieved (%) |
|---|---|---|---|---|
| Brazil | 94,347 | 82,100 | 226,154 | 240% |
| Burkina Faso | 341,716 | 39,220 | 350,991 | 103% |
| Côte d'Ivoire | 3,200 | 0 | 0 | 0% |
| DRC | 177,500 | 9,476 | 122,307 | 69% |
| Ghana | 133,651 | 9,976 | 99,438 | 74% |
| Indonesia | 131,678 | 20,557 | 28,163 | 21% |
| Lao PDR | 254,845 | 11,059 | 131,363 | 52% |
| Mexico[37] | 350 | 1,051 | 1,051 | 300% |
| Mozambique[38] | 3,202 | 1,385 | 1,385 | 43% |
| Peru | 2,300 | 0 | 0 | 0% |
| **TOTAL** | **1,142,789** | **174,824** | **960,852** | **84%** |

---

[34] The project Implementation Completion Report is available at
http://documents1.worldbank.org/curated/en/132941537212873195/pdf/ICR00004321-08282018.pdf
[35] Sex disaggregated data on number of beneficiaries is not available.
[36] Reduction of target from RY2018 is due to several reasons, such as results framework restructuring in Indonesia to avoid double counting and the lack of country-level results due to COVID-19, which take into consideration livelihood co-benefits and complements some of the MDB-level results for some projects
[37] Most FIP Theme 1.2 targets in Mexico come from country level results
[38] Most FIP Theme 1.2 targets in Mozambique come from country level results

**Box 4: Broadening the benefits of sustainable commercial forestry in Ghana**



Ghana's forests, which once covered one-third of its 24-million-ha landmass, have been degraded at an alarming rate through excessive and often illegal logging, slash-and-burn agriculture, mining and quarrying, and fuelwood collection. Yet, when managed sustainably, these same forests hold tremendous potential for triple dividends: not only in mitigating climate change through their critically important role as carbon sinks, but also in supporting the socio-economic development of local communities, and in driving new business opportunities for high-demand commercial forestry products. The innovative Public-Private Partnership for the Restoration of Degraded Forest Reserve project (AfDB), enabled in part through a $10 million FIP concessional loan, has been trailblazing such an approach since it began implementation in September 2016.

From 2017–2019, over 3,900 ha of degraded forest were replanted by FORM Ghana Ltd (the project client), approximately 77 percent of which were covered by teak. The project has also led to 224 direct job opportunities as of December 2019, of which nearly 30 percent went to women. Through the unique tripartite benefit-sharing agreement that structures the project, dividends of around Ghanaian Cedi (GHC) 79,562 went directly to Ghana's Forestry Commission in the second half of 2019, and 20 percent of this amount flowed directly to local forest-adjacent communities.

Even so, a private sector-led approach to forest management risks displacing informal farmers who may not stand to gain from its formal benefits. FORM Ghana Ltd. has sought to solve this issue by offering local farmers the option to participate in intercropping systems. This takes place during the first two years of tree planting, and afterwards, farmers are able to plant their annual food crops, like maize, okra, and tomatoes, in between seedlings. As the tree planting migrates, so do the farmers, who have access to land that has been cleared and treated on their behalf. The model has proven successful, with many intercroppers already doubling their individual yields.

79. In RY2019, FIP in **Brazil** benefited 82,459 people, and cumulative progress is more than double the target. Most of these results came via the Environmental Regulation of Rural Lands in the Cerrado Project (World Bank), which contributed 69,460 direct project beneficiaries. In this reporting year alone, these

beneficiaries enrolled in the national rural environment cadaster system (SICAR), a monitoring system that ensures compliance of landholders on controlling deforestation. Also, an additional 4,945 direct project beneficiaries were added and a cumulative of 8,044 technicians were trained (of which 1,781 are women) via the Sustainable Production in Areas Previously Converted to Agricultural Use Project.

80. In **Burkina Faso**, the World Bank-led Decentralized Forest and Woodland Management project[39] was the chief contributor to the number of beneficiaries reached for RY2019, with a total of 33,730 people benefiting from investments in sustainable land activities. Other livelihood co-benefits included 4,950 people with sustainable new jobs and 540 farmers trained in organic practices in the AfDB-led PGFC-REDD+ project, added this year.

81. In **Indonesia**, FIP projects reached 20,557 beneficiaries in RY2019. Beneficiaries received community-level capacity building to increase income generation (e.g., home gardening, rubber tapping, weaving techniques, fish farming, harvesting and handling post-harvest forest honey, and handicrafts), develop business proposals, and enhance women's leadership, empowerment, entrepreneurship, and gender-responsive budgeting.

82. In **Lao PDR**, the SUFORD-SU project has benefitted 117,400 people since project start, having already exceeded its target of 115,000 people. Villagers have received a combined total of USD 1 million in wage labor payments since the project start. In the Protecting Forests for Sustainable Ecosystem Services project, 6,860 people benefited in RY2020 for activities such as forage plantation, fruit trees plantation, and rice production, and 4,199 people benefited from strengthened governance incentives under the REDD+ framework. The Smallholder Forestry Project reached 2,863 beneficiaries. Under BAFCO's[40] farmer cooperation, farmers received temporary land-use rights certificates, land lease fees, labor wage payments to work in the plantations, and income generation from planting cash crops and raising cattle on the plantations.

83. In **Mozambique**, the Mozambique Forest Investment Project (World Bank) helped 1,249 farmers adopt agroforestry systems (of whom 425 are women) and supported 136 charcoal producers (52 of whom are women) to practice sustainable charcoal production in the Cabo Delgado region.

## 5.5  Other indicators reporting progress on the FIP portfolio

84. Other monitoring indicators collected from MDB evaluation reports provide additional information on how FIP investment plans are progressing in other important areas (see Figure 10).

85. In RY2019, the information reported by MDBs showed significant progress on the cookstove indicator reported from DRC's Improved Forested Landscape Management project (World Bank), which accounted for 40,351 cookstoves, representing 100 percent of the progress for this indicator. In the same project, 67,998 people have been involved in consultation activities and 11,643 ha of agroforestry plantations management units and staff have received technical support from the project.

86. The indicator on enterprises supported by FIP showed progress with 35 new businesses in Ghana supported by the Engaging Local Communities in REDD+/Enhancement of Carbon Stocks project. Another 1,070 farmers and participants were provided with capacity building support to improve management practices for tree planting or nurseries.

---

[39] Gazetted Forests Participatory Management Project for REDD+ (PGFC/REDD+)
[40] Burapha Agro-Forestry Co., Ltd (BAFCO) is one of the two companies with which Smallholder Forestry Project has signed a cooperation agreement.

87. In Mexico, in each of the Early Action REDD+ Area states where the Support of Forest Related-Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos project is being implemented, 172 projects managed by Indigenous Groups or women are being financed.

88. In Brazil, 15 local government institutions used information provided by the World Bank-led Development of Systems to Prevent Forest Fires and Monitor Vegetation Cover in the Cerrado Region project for policy, deforestation control and fire prevention. Additionally, 19 government institutions were provided with capacity building to improve management of forest resources, exceeding its original target of 15.

**Figure 10: Overview of other FIP indicators reporting progress** (as of December 31, 2019)
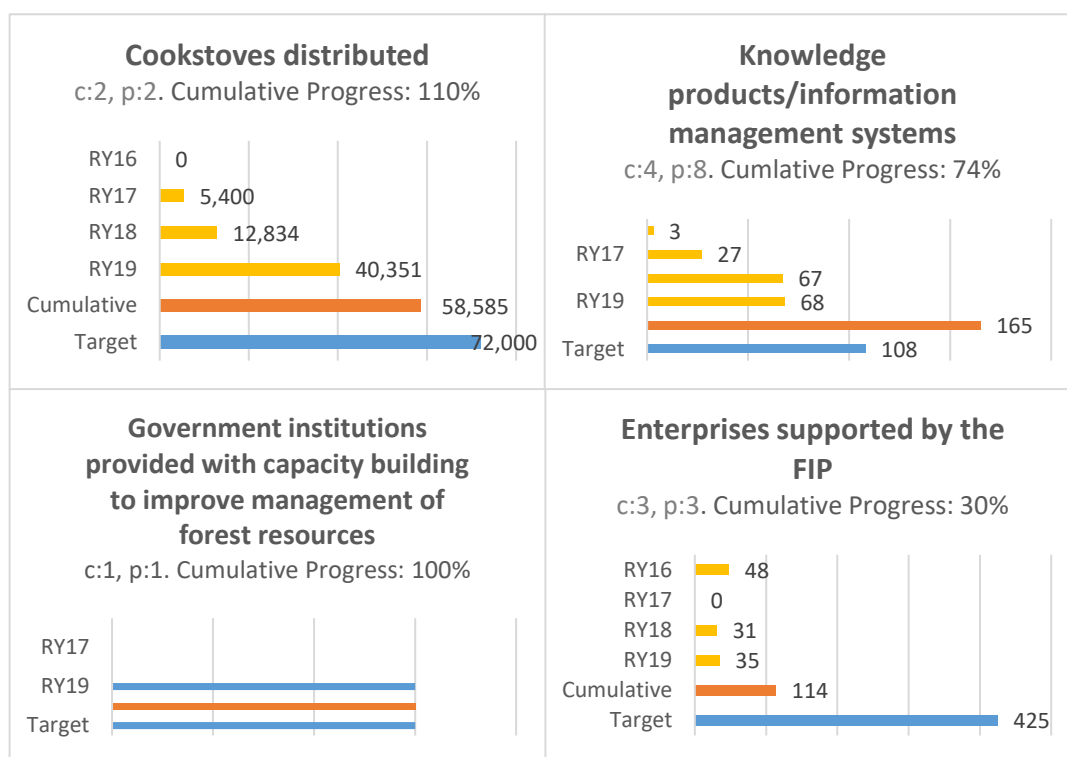


*Note: C is the number of countries, and P is the number of projects reporting on each indicator*

## 5.6 Completed projects

89. The following two FIP projects have been completed during this reporting period:

- Mexico: Support of Forest Related-Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos (IDB Group) See Box 5 for details on achieved results.

- Brazil: Sustainable production in areas previously converted to agricultural use project under the low carbon emission agriculture plan (World Bank)

<div style="border: 2px solid green; padding: 1em;">

**Box 5: Achieved results of the Support of Forest Related-Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos project in Mexico**

This innovative project, with a total funding of USD 2.5 million and implemented by the IDB Group, focused on increasing MSMEs access to financial services achieved the following results:

- 5,974 direct beneficiaries
- 1,315 indirect beneficiaries (employed persons)
- 595,135 hectares of land linked to the operation of CFEs (community forestry enterprises) under sustainable management
- 62 CFEs accessed to accompaniment and TA: financial management, business plan development, soil management, access to markets. TA services local providers (PLAATs in Spanish) supported these activities.
- The knowledge management strategy was implemented and disseminated.
- Four Learning Communities Gatherings took place from 2017 to 2019: 16 CFEs and 5 PLAATs participated in exchange visit and workshops.
- 28 CFEs gained accessed to financial services, 18 CFEs obtained more than one loan, 92 loans were granted.

CFEs that benefited from the program produced coffee, timber, rubber, seeds, and honey. The intervention took place in the states of Jalisco, Oaxaca, Campeche, Yucatan, and Quintana Roo.

</div>

90. To follow is an overview of the lessons that were drawn from the Implementation Completion Report of the Sustainable production in areas previously converted to agricultural use project.

91. **Knowledge provision is a cost-effective public investment to pursue sustainable agriculture and mobilize private funds**. Technological and knowledge gaps among rural producers represent real barriers to innovation and technology adoption. If properly trained and assisted, mid-sized producers are able and willing to make rational investment decisions, tapping into their own resources to apply the concepts they learn. It is recommended that projects investing in technology diffusion be complemented by a capacity-building component.

92.

93. **Training + technical assistance (TA) provides a stronger incentive than training alone to convince producers to apply new concepts such as low carbon technologies.** A combination of training and technical assistance is not only preferred by beneficiaries, it also works substantially better at ensuring assimilation and adoption of new concepts. The impact evaluation shows that producers receiving training plus TA[41] are much more likely to adopt at least one ABC technology than producers receiving training only. Similarly, the increase in the share of land put under ABC technology is significantly higher for the producers receiving training plus TA than training only. TA is more costly than training, so it is

---

[41] Training is usually considered a one-off session/s on a specific topic while TA (technical assistance) is a process that can be a delivered over a length of time and tailored to an individual group and specifically targeted to an identified need or problem.

recommended that its introduction as a companion activity to training curricula carefully weighs the proven benefits against financial considerations.

94. **Even in the absence of financial incentives, free training/technical assistance is an effective approach for cattle herders.** Relative to crop farmers, ranchers are less connected with the financial sector and more likely to finance their investment with their own savings, which they can access by selling heads of cattle. As such, their decision to invest is less exposed to liquidity and credit constraints. For crop farmers, mobilizing private savings and resources is less straightforward. It is recommended that initiatives aimed at easing credit barriers be specifically targeted at crop farmers to maximize their investment incentives.

95. **Addressing private profitability is necessary to promote the adoption of sustainable agriculture**. If the land where sustainable practices are to be applied remains the main source of livelihood for the agents expected to adopt those practices, financial viability cannot be overlooked. The ABC technologies were not only environmentally friendly, they also generated tangible financial gains for producers. In this way, private producers became key allies in the promotion of a public good like ecosystem sustainability. It is recommended that projects aimed at the diffusion of sustainable agriculture look for practices that have been proven to generate both financial and economic gains for producers, and that the link between environmental benefits and financial returns be adequately communicated and demonstrated to target rural producers.

96. **Investing in an impact evaluation that produces reliable information is key to guiding impactful public policy**. A well-designed impact evaluation is an invaluable tool that can support the understanding, incorporation, and dissemination of the knowledge acquired during project implementation. The results of an impact evaluation can foster efficiency and enable incremental innovations in the project and can guide future evidence-based policymaking to leverage impact at a greater scale. It is recommended that projects be designed to more systematically include an impact evaluation study, taking into due consideration its methodological needs. It is also advised that impact evaluation be introduced as a specific project component whose progress can be tracked together with other project results, rather than being generically included in the project's M&E framework.

97. **The results framework is not necessarily the most suitable vehicle for measuring success when projects are built around an experimental design**. Especially when the objective of the impact evaluation is to measure differential impacts across a range of treatment alternatives, a results framework that tracks indicators measured on the beneficiary population at large results in an underestimation of the project's effect. It is recommended that when teams aim to study the impact of a specific treatment option, key indicators in the results framework refer specifically to the sub-population receiving the treatment whose efficacy is being tested.

98. **An accurate prior characterization of target beneficiaries is key to ensuring results**. The importance of understanding the target population cannot be underestimated when designing project components and results frameworks: what could at first sight appear as a homogeneous group can in fact hide substantial heterogeneity that may affect implementation. The group of "mid-sized producers" in the Cerrado turned out to comprise many more producers with smaller landholdings than what had been estimated at Appraisal based on averages and official definitions, which required changing outcome targets at Restructuring. Beneficiaries also turned out to be predominantly cattle ranchers, which resulted in underachievement of the indicator for credit applications because these producers are generally unwilling to rely on the financial sector. It is recommended that, at preparation, rigorous efforts be made to outline a sound profile of relevant characteristics of the beneficiaries to be served, thinking proactively of their potential interplay with project activities and desired results.

99. **Good governance and institutional ownership are the result of continuous learning**. Engaging the PIU[42] and other participating institutions to foster institutional capacity, efficient communication, shared governance, and clear roles among partners pays off in terms of results quality and sustainability. Overlooking inter- and intra-institutional coordination and the political economy of each institution's specific incentives leads instead to delays in implementation and weak project performance. Task teams are advised to go the extra mile in ensuring that, besides any existing project component on institutional strengthening or capacity building, the day-to-day implementation of any project represents an opportunity for the counterpart to learn new approaches, grow institutionally, and achieve a greater understanding and buy-in of the project's objectives and goals.

## 5.7 Progress on DGM[43]

100. After five years since the first two DGM projects were implemented (first phase of the DGM Global project and DGM Brazil) DGM is demonstrating how Indigenous Peoples and Local Communities' (IPLCs) participation in the design and implementation of climate finance programs is critical in addressing the drivers of deforestation in their traditional lands and territories.

101. As a result of successful project implementation, IPLCs in eight countries (Burkina Faso, Brazil, DRC, Ghana, Indonesia, Mozambique, Peru, and Mexico) have made significant progress in obtaining land tenure and recognition, economic improvement, food sovereignty, cultural restoration, Indigenous Peoples inclusion in national policy, and sustainable agroforestry, among other major successes.

102. As a dedicated FIP funding window, DGM identified a set of common indicators to allow for aggregation. These indicators are:

- Percent of subprojects successfully completed and achieved their objectives which are consistent with FIP objectives
- People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests, disaggregated by gender
- Percent of participants in capacity development activities with an increased role in FIP and other REDD+ processes at local, national, or global levels
- Percent of grievances registered related to the delivery of project benefits that are actually addressed

103. As of December 31, 2019, 45 percent of the approved DGM projects had been approved for less than three years (see Figure 11). DGM projects in Burkina Faso, Brazil, and Peru cover 167,881 ha of land, and 237,848 people have benefited from DGM in Burkina Faso, Brazil, DRC, Ghana, Indonesia, Mexico, and Peru.

---

[42] Project Implementation Unit

[43] Information based on the 10th Semi Annual Report of DGM prepared by Conservation International. More detailed information of DGM implementation and results can be found in the DGM website, including annual reports and semi-annual implementation reports.

**Figure 11: DGM project timeline**
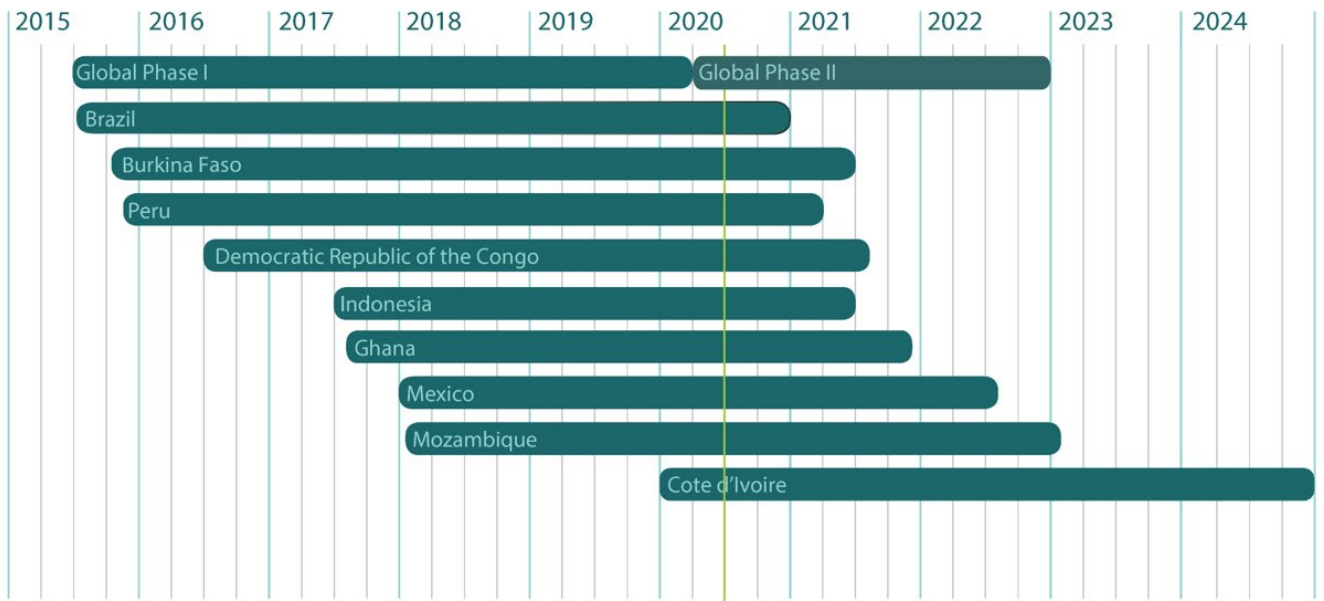


104. In relation to FIP core indicators, DGM has achieved 21.5 percent of its target of 782,600 ha of land restored, re/afforested, under sustainable management, or titled. DGM Peru has the largest target for area covered, given the project's main focus on securing land titling for participating IPLCs. Detailed information per country is presented in Tables 14 and 15.

**Table 14: Targets and actual results by DGM country on Theme 1.1: area covered**

| Country | Area Covered | | | |
|---|---|---|---|---|
| | Target (ha) | RY19 results (ha) | Cumulative results (ha) | Cumulative progress towards target (%) |
| Burkina Faso | 2,000 | 32,256.6 | 33,056.6 | 1652.8% |
| Brazil | 600 | 381 | 381 | 63% |
| Peru | 780,000 | 119,444 | 134,444 | 17% |
| **TOTAL** | 782,600 | 152,081 | 167,881 | 21.5% |

**Table 15: Livelihood co-benefits targets and actual results (number of people)**

| Country | Target | RY19 results | Cumulative results | Cumulative progress achieved (%) |
|---|---|---|---|---|
| Burkina Faso | 58,200 | 33,516 | 155,446 | 267.1% |
| Brazil | 32,160 | 0 | 34,780 | 108.1% |
| DRC | 35,000 | 917 | 967 | 2.8% |
| Ghana | 17,482 | 120 | 120 | 0.69% |
| Indonesia | 700,000 | 242 | 242 | 0.03% |
| Mexico | 2,570 | 61 | 61 | 2.4% |
| Peru | 48,920 | 15,632 | 46,232 | 94.5% |
| **TOTAL** | 894,332 | 50,488 | 237,848 | 26.6% |

105. Through DGM, IPLCs in seven countries are directly managing 587 subprojects with a combined value of over USD 12 million (see Table 16). These subprojects range from support for land tenure and sustainable natural resource management to support for sustainable livelihoods. Many of these initiatives are just starting, while others are at the peak of implementation, and some are in the process of closing.

**Table 16: DGM subproject numbers and amounts approved by country**

| | Brazil | Burkina Faso | Indonesia | Peru | Mexico | Ghana | DRC | Overall |
|---|---|---|---|---|---|---|---|---|
| **Quantity** | 64 | 85 | 49 | 133 | 41 | 212 | 3 | **587** |
| **Total (USD)** | 2,480,905 | 2,342,382 | 3,266,555 | 1,556,125 | 2,047,518 | 2,650,055 | 191,648 | **12,427,187** |

106. The Global Learning and Knowledge Exchange Project (DGM Global) serves as a platform for capacity building, network strengthening, and partnerships among and between IPLC organizations and to serve a coordinating role for the program as a whole. The objective of DGM Global is to strengthen networks and partnerships for DGM IPLCs at regional and global levels. It also serves to extend the learning and knowledge from DGM to a wider IPLC community.

107. The DGM Global Executing Agency kicked off DGM Phase 2 activities in April 2020, which addresses all lessons learned from the first phase, particularly improved clarity of the Project Development Objective, strengthened project components, clear indicators, and respective targets. DGM Global continues to effectively coordinate the DGM program but has had to adapt due to the impacts of COVID-19. For example, this year the 6th Annual Global Steering Committee Meeting was organized via Zoom.

## Annex 1: FIP resource availability

| FIP TRUST FUND - RESOURCES AVAILABLE for COMMITMENTS<br>*Inception through September 31, 2020*<br>*(USD millions)* | | Total | Capital | Grant |
|---|---|---|---|---|
| **Donor Pledges and Contributions** | | | | |
| Contributions | | 735.9 | 248.3 | 487.6 |
| Pledges | a/ | 0.3 | - | 0.3 |
| **Total Pledges and Contributions** | | **736.2** | **248.3** | **487.9** |
| **Cumulative Funding Received** | | | | |
| **Contributions Received** | | | | |
| Cash Contributions | | 568.3 | 80.7 | 487.6 |
| Unencashed promissory notes | b/ | 167.6 | 167.6 | - |
| Total Contributions Received | | 735.9 | 248.3 | 487.6 |
| **Other Resources** | | | | |
| Investment Income earned -up to Feb 1, 2016 | c/ | 14.5 | - | 14.5 |
| Total Other Resources | | 14.5 | - | 14.5 |
| | | | | |
| **Total Cumulative Funding Received (A)** | | **750.4** | **248.3** | **502.1** |
| **Cumulative Funding Commitments** | | | | |
| Projects/Programs | | 624.5 | 195.6 | 428.9 |
| MDB Project Implementation and Supervision services (MPIS) Costs | | 32.5 | - | 32.5 |
| Administrative Expenses-Cumulative to 1st Feb 2016 | c/ | 25.6 | - | 25.6 |
| Country Programming Budget from 1st Jan 2018 | c/ | 0.5 | | 0.5 |
| Technical Assistance Facility | h/ | 3.0 | | 3.0 |
| **Total Cumulative Funding Commitments** | | 683.0 | 195.6 | 490.5 |
| **Project/Program,MPIS and Admin Budget Cancellations** | d/ | (37.6) | (24.6) | (12.9) |
| **Net Cumulative Funding Commitments (B)** | | **648.4** | **170.9** | **477.5** |
| **Fund Balance (A - B)** | | **101.9** | **77.4** | **24.6** |
| **Currency Risk Reserves** | e/ | **(25.1)** | **(25.1)** | **-** |
| **Unrestricted Fund Balance ( C)** | | **76.8** | **52.2** | **24.6** |
| **Future Programming Reserves:** | | | | |
| Admin Expenses-Reserve (includes Country Programing budget/Learning and Knowledge exchange reserve) and for FY 20-28 (net of estimated investment income and reflows). Breakup of various components are provided below. (Model Updated as of December 31,2017) | f/ | (11.1) | | (11.1) |
| **subtract** | | | | |
| Administration Expense reserve for CIFAU, MDB & Trustee　　　　USD 20.9 Million | | | | |
| Country Programming Budget Reserve　　　　　　　　　　USD 1.2 Million | | | | |
| Learning and Knowledge Exchange Reserve　　　　　　　USD 1.1 Million | | | | |
| **add** | | | | |
| Estimated Investment Income Share for FIP　　　　　　USD 5.4 Million | | | | |
| Projected Reflows　　　　　　　　　　　　　　USD 6.6 Million | | | | |
| Technical Assistance Facility | h/ i/ | **(0.1)** | | (0.1) |
| **Unrestricted Fund Balance ( C) after reserves** | | **65.5** | **52.2** | **13.3** |
| **Anticipated Commitments (FY21)** | | | | |
| Program/Project Funding and MPIS Costs | | 30.7 | 12.0 | 18.7 |
| Technical Assistance Facility | h/ i/ | - | | - |
| **Total Anticipated Commitments (D)** | | **30.7** | **12.0** | **18.7** |
| | | | | |
| **Available Resources (C - D)** | | **34.9** | **40.2** | **(5.4)** |
| **Potential Future Resources** | | | | |
| Pledges | a/ | 0.3 | | 0.3 |
| Contributions Receivable | | - | | - |
| Release of Currency Risk Reserves | e/ | 25.1 | 25.1 | - |
| **Total Potential Future Resources (E)** | | **25.5** | **25.1** | **0.3** |
| | | | | |
| **Potential Available Resources (C - D + E)** | | **60.4** | **65.4** | **(5.0)** |
| | | | | |
| Reflows from MDBs | g/ | 1.6 | | 1.6 |

a/ The balance of the pledge amount from the U.S

b/ This amount represents USD equivalent of GBP 130.62 million.

c/ From Feb 1, 2016, Investment income across all SCF programs has been posted to a notional Admin "account", from which approved Administrative Budget expenses for the Trustee, Secretariat and MDBs are committed. The Country Programming budgets are recorded under individual programs.

d/ This refers to cancellation of program and project commitments approved by the SCF TFC

e/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

f/The amount of this reserve is estimated by the CIFAU and Trustee using the 10-year forecast of the Admin Budget less the 10-year estimate of Investment Income and reflows. Pro-rata estimates across three SCF programs are based on the 22% fixed pro rata share of the FIP's cash balance as at December 31, 2017 approved by the SCF TFC on March 8, 2018. The decision reads as "allocate USD 11.6 million from the available grant resources in the FIP Program Sub-Account to finance estimated Administrative Costs from FY19 to FY28, such that the projected, indicative amount of approximately USD 81.8 million in FIP grant resources remains available for allocation to FIP project's. This reserve amount has been reduced by USD 0.5 million approved for country engagement from January 2018.

g/ The usage of reflow from MDBs are approved by the SCF TFC on March 8, 2018 to cover the shortfall in administrative expenses net of the SCF investment income.

h/ The CTF and SCF Trust Fund Committees agreed on July 20, 2018 to establish the Technical Assistance Facility for Clean Energy Investment Mobilization under the terms of the SCF.

i/ Commitments for the Technical Assistance Facility, as estimated by the CIFAU.

## Annex 2: Impact of COVID-19 on FIP portfolio

| Project name | Country | MDB | Expected delay | Comments |
|---|---|---|---|---|
| Mozambique Dedicated Grant Mechanism for Local Communities | Mozambique | WB | 6 months, but not affecting overall project timeline | Travel and gatherings are required to implement the activities. Team will reevaluate course of action during the Mid-Term Review. |
| DGM Project | Brazil | WB | 6 months, at least | Field activities and capacity building activities suspended. Project will be restructured - extend the closing date. |
| Environmental Regularization of Rural Lands in the Cerrado of Brazil | Brazil | WB | 4 months | Field activities put on hold |
| Investment Plan Coordination Project | Brazil | WB | N/A | Activities are being organized virtually |
| Development of Systems to Prevent Forest Fires and Monitor Vegetation Cover in the Brazilian Cerrado | Brazil | WB | 4 months | Field activities and crucial capacity building activities suspended. Action: restructure project - extend the closing date |
| Integrated Landscape Management in the Cerrado Biome | Brazil | WB | 3 months | Field activities and capacity building activities suspended - project is organizing virtual sessions for technical teams |
| Promoting Sustainable Community Based Natural Resources Management and Institutional Development | Indonesia | WB | 6+ months | The emergence of the COVID-19 pandemic will add a serious risk to the project performance since the government has put restrictions to travel/mobility and stakeholder meetings which has impacted on project implementation including carrying out in-person engagements, particularly those under community empowerment supported activities that require active engagement of local stakeholders (and technological limitation in rural areas such as internet access does not allow for virtual meetings). |

| | | | | Thus, implementation of most of subprojects has been put on hold for more than five months as of now.  Given the slow project performance that would put the project at risk for not achieving the expected objectives, the project will make necessary amendments including an extension of the project closing date. |
|---|---|---|---|---|
| Strengthening Rights and Economies of Adat and Local Communities | Indonesia | WB | 6+ months | COVID-19 has affected the implementation of existing subprojects on the ground due to travel restrictions and social distancing and preventing the NEA/NSC to visit subproject sites for regular monitoring, supervision and TA. The last call of proposals has also been delayed, which in turn will affect the overall project implementation. Hence, the project is expected to require an extension of the project closing date specifically to accommodate the selection and signing of the third batch of subprojects with closing dates potentially beyond the overall project's current closing date. |
| Additional Financing for Ghana FIP - Enhancing Natural Forest and Agroforestry | Ghana | WB | N/A | Consultations on policy work under the Parent Project are postponed as well as field reconnaissance for confirmation of mined-out sites for rehabilitation. |
| Mozambique FIP | Mozambique | WB | N/A | COVID-19 is delaying the implementation of some activities, but delays are also because a) there is a security situation in Cabo Delgado Province (north of Mozambique); b) there was a one year delay in a procurement process to hire the firms that are implementing the forest grant scheme and the agroforestry system; c) there is a drought in some of the districts where the project is implementing the planted grant scheme, so the final targets will not be achieved. Project will be restructured. |
| SAWETO DEDICATED GRANT MECHANISM IN PERU | Peru | WB | N/A | Since the first restructuring, the COVID-19 pandemic has posed further constraints to the Project since Peru entered on a State of Emergency in March 2020, delaying implementation and key outputs scheduled for the first semester of 2020. In response to this situation, the Bank has recently updated the action plan agreed in September 2019 with the NSC and the NEA. The revised action plan, agreed with the NSC and NEA in May 2020, includes a proposal for a second Project restructuring. Project implementation has been affected and because of this situation, the NSC |

| | | | | decided to cancel subgrants for those 78 communities that had not started field work for recognition and registration, as they would not be able to complete the entire registration process within the Project timeframe. Additionally, the NSC decided that the funds released from those cancelled subgrants could be reallocated to address new Project needs related to ensuring the health and safety of beneficiaries that continue implementing subgrants under of Component 2 (Indigenous Forestry Management). |
|---|---|---|---|---|
| Development of a Macauba-Based Silvopastoral System and Value Chain | Brazil | IDB Group | N/A | Due to COVID, the main individual co-investor in this project, Viveiro Nativo, will no longer be able to honor its investment commitments, in the amount of R$ 1.8M (~USD 360k). Inocas has been analyzing alternatives for bringing new investors to the company. So far, no impact in its operations are expected. |
| Green Guarantee for Competitive Landscapes | Guatemala | IDB Group | 6 to 12 months | After a delay the agreement was signed on June 8, 2020. The project has a field work component and due to limitations for mobility caused by the current curfew in Guatemala this could significantly impact and delay activities of the project. The first disbursement has been done |
| Forest Information to Support Public and Private Sectors in Management Initiatives | Brazil | IDB Group | 12 months | As the project is in the last year of implementation, delays will affect products planned for 2020 and results at the end of the project. The Ministry of Agriculture is requesting a new 12-month extension of the disbursement date based on the problems created by the Covid-19 pandemic. |
| Gazetted Forests participatory Management Project for REDD+ | Burkina Faso | AfDB | 3 months | Local enterprises needed to suspend the ongoing infrastucture works, due to movement limitations. These works continued starting in mid-2020, and the project is now moving toward effective completion. |
| Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project) | Burkina Faso | AfDB | 6 months | COVID-19 caused an inability to work with local actors at the field level due to movement restrictions, starting in March 2020. Action: Review and extend implementation timeline during the mid-term review mission scheduled for late 2020 |
| Forest Cover Recovery and Resilience | Cote d'Ivoire | AfDB | 9 months | The launching and training of the PIU on the Bank project management procedures and rules was postponed in coordination with GoCI based on their feedback. |

| Improvement Project in the Center | | | | |
|---|---|---|---|---|
| Public-Private Partnership for the restoration of Degraded Forest Reserve through VCS and FSC Certified Plantations | Ghana | AfDB | N/A | No major impacts at this stage, apart from a suspension of harvesting that took place in the first part of 2020. Form Ghana aims to start harvesting again by end 2020 |
| Integrated REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani basins | DRC | AfDB | 9 months | Restrictions on movement throughout the country due to COVID-19 have limited access to project sites, which has slowed implementation. |
| Community and Fuelwood Agroforestry Project | Congo Rep | AfDB | N/A | The MDB Board approval internal process was stopped early in the pandemic upon receiving a request from GoC to restructure current AfDB operations to cover COVID-19 response. In mid-2020, the GoC reversed course to confirm support for the FIP project. |

## Annex 3: FIP-related proposals funded under the CIF E&L Initiative

| Evaluation & Learning Proposal Name | Implementing Entity | USD funding requested/ approved | Status as of June 2019 | Date - Final Deliverable(s) |
|---|---|---|---|---|
| Evaluation and Learning Partnership on financing forest-related enterprises Learning from the Forest Investment Program and other initiatives | The International Institute for Environment and Development (IIED) and LTS International | | Completed | April 2019 |
| A Learning Review of the Dedicated Grant Mechanism (DGM) for Indigenous Peoples and Local Communities in the Forest Investment Program (FIP) of the Climate Investment Funds (CIF) | Itad | | Completed | January 2019 |
| **1st Round** | | | | |
| 1.1. Early Lessons from Design and Implementation of FIP | **MDB:** WB | 50,000 | Completed | May 2020 |
| 1.2 Designing Fiscal Instruments for Sustainable Forests | **MDB:** WB | 150,000 | Final report under review | December 2020 |
| **2nd Round** | | | | |
| 2.1 Towards Large-Scale Commercial Investment in African Forestry | **MDB:** AfDB and WWF-Kenya | 130,000 | Completed | May 2019 |
| 2.2 Using Behavioral Science to Improve Communication Outreach and Increase Female Participation in Natural Resource Management in Mexico | **MDB:** WB and National Forestry Commission (CONAFOR | 110,000 | Final report under review | November 2020 |
| 2.3 Bringing evidence of FIP contribution to welfare improvements | **MDB:** WB | 150,000 | Final report under review | December 2020 |
| 2.4 Assessing the potential to expand the Dedicated Grant Mechanism - through an Indigenous Lens | **Observer:** Māori and Indigenous Governance Centre, University of Waikato, New Zealand | 120,000 | Completed | July 2020 |

## Annex 4: List of FIP projects reporting results

| COUNTRY | TITLE |
| --- | --- |
| Brazil | Environmental Regularization of Rural Lands in the Cerrado of Brazil |
| | Sustainable production in areas previously converted to agricultural use project (under the low carbon emission agriculture plan) |
| | Forest Information to Support Public and Private Sectors in Management Initiatives |
| | Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado |
| | DGM Brazil |
| | Integrated Landscape Management in the Cerrado Biome |
| | Investment Coordination Project (not this RY) |
| | Macauba Palm Oil Project |
| Burkina Faso | Decentralized Forest and Woodland Management |
| | Gazetted Forests Participatory Management Project for REDD+ (PGFC/REDD+) |
| | Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project) |
| | DGM Burkina Faso |
| DRC | Forest Dependent Community Support Project |
| | DGM DRC (Improved Forested Landscape Management Project) |
| | Integrated REDD+ Project in the Mbuji-Mayi/Kanangani Basins |
| Ghana | Enhancing Natural Forest and Agroforest Landscapes Project |
| | Engaging Local Communities in REDD+/Enhancement of Carbon Stocks |
| | Public-Private Partnership for restoration of degraded forest reserve through VCS and FSC certified plantations |
| | DGM Ghana |
| Global | DGM Global Phase 1 (not this RY) |
| Indonesia | Community-Focused Investments to Address Deforestation and Forest Degradation (CFI-ADD+) |
| | Promoting Sustainable Community-Based Natural Resource Management and Institutional Development |
| | Strengthening Rights and Economies of Adat and Local Communities Project – DGM Indonesia |
| Lao PDR | Protecting Forests for Sustainable Ecosystem Services |
| | Scaling-up Participatory Sustainable Forest Management (Not this RY) |
| | Smallholder Forestry Program (Waiting for IFC) |
| Mexico | Forests and Climate Change Project (Not this RY) |
| | Financing Low Carbon Strategies in Forest Landscapes |
| | Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos |
| | DGM Mexico |
| Mozambique | Mozambique Forest Investment Project (MozFIP) |
| Peru | DGM Peru |