

Bangladesh: Forest Investment Program (FIP)
Technical Mission, October 16-20, 2016
Aide Memoire

1. A World Bank team¹ carried out a technical mission to support the Government of Bangladesh (GoB) for the Bangladesh Forest Investment Program Investment Plan (FIP IP) preparation. The objective of the mission was to agree on the next steps for FIP IP preparation with the Bangladesh Forest Department. The mission also carried out initial discussion with the GoB for accessing potential funding from different sources, for example, IDA/ Green Climate Fund (GCF) for implementation of the FIP IP. The mission had detailed discussions with officials of the Economic Relation Division (ERD), Ministry of Environment and Forests (MoEF) and the Bangladesh Forest Department (BFD). The mission also carried out consultations with relevant development partners and technical experts (see Annex-1 for list of persons met). The mission extends its immense appreciation to the Government of Bangladesh (GoB), development partners, and technical experts for their cooperation and participation in discussions.

2. This Aide Memoire was discussed in a wrap-up meeting on October 20, 2016 chaired by Dr. Kazi Shofiquel Azam, Additional Secretary, ERD. As agreed at the meeting, this mission note will be classified “Official Use only” under the World Bank’s Access to Information policy and as per requirement of the FIP. The main agreements and next steps are summarized below.

3. **Background:** Forest Investment Program (FIP), a funding window of the Climate Investment Funds (CIF), provides investment finance to support developing countries’ development and Reduce Emissions from Deforestation and forest Degradation in developing countries (REDD+) objectives. Bangladesh is currently preparing a FIP IP, with a funding of USD250, 000 provided by the FIP. On the request of the GoB, the World Bank has taken the role of the lead Multilateral Development Bank (MDB) to coordinate the technical and financial aspects to support the preparation of the IP. At this time no investment financing is available under the FIP for the implementation of the investment plan. Responding to a request by the GoB, the World Bank has started initial discussions for mobilizing resources from internal and external concessional and climate finance mechanisms such as IDA and Green Climate Fund (GCF).

4. **Processing the Preparation Grant:** The mission updated the BFD, MoEF and ERD on the progress made in processing the grant agreement and shared the final draft of the grant agreement with counterparts in these institutions for feedback. The mission noted that the required internal steps have been nearly completed and that the grant agreement would be officially transmitted to ERD in early November 2016.

5. **Institutional Arrangements to Support the FIP IP development:** The BFD informed the mission that the Technical Assistance Project Proforma (TAPP) has been sent to the MoEF for approval. The new Project Director (PD) for the FIP would be appointed after the approval of the TAPP. In addition to the PD, to coordinate the preparations for the upcoming Joint Mission for the IP preparation, the Chief Conservator of Forests (CCF) agreed to designate a BFD officer as the focal point. The BFD will also promptly recruit two national consultants to support the preparation of the FIP IP. The mission also agreed that the WB would recruit an international consultant to work with the national consultants to support the preparation of the FIP IP.

6. **Substantive elements of the FIP IP:** The mission informed the BFD and MoEF of the key milestones in the process of IP preparation (see Annex II for the outline of the FIP IP and key milestones). For the substantive elements of the FIP IP, it was agreed that, to the extent possible, the FIP IP will build on the existing national forestry policy, master plan and climate change strategies and

¹Messrs/Mmes: Madhavi Pillai (Senior Natural Resources Management Specialist and Task Team Leader), Jagjeet Sareen (Senior Policy Planning Officer), Md. Ishtiaq Sobhan (Natural Resource Specialist), Nadia Sharmin (Environmental Specialist) and Janet Bably Halder (Program Assistant).

related ongoing activities. In this regard, the mission met with the technical experts responsible for preparing Bangladesh Forest Sector Master Plan and the National Forest Policy. The discussion focused on the timeline for delivery of the final documents, the content of the sectoral studies and the stakeholder consultation processes underpinning the preparation of these documents. The importance of timely completion and availability of these documents was also underscored. The mission also met with the FAO team supporting the BFD and MoEF for preparing the Country Investment Plan (CIP) on Environment, Forestry and Climate Change and the National Forest Inventory, the forest reference emission level assessment and the Measurement, Monitoring, Results and Verification activities. It was agreed that these activities and outcome documents would provide most of the substantive elements for the FIP IP. It was also underscored that as per FIP requirements full consideration would be given to the multi-stakeholder consultations in the preparation of the FIP IP.

7. Time Frame for Preparation of the FIP IP: It was re-confirmed that the GoB will target submitting the final Investment Plan for FIP Sub-Committee endorsement in June 2017. To meet this proposed timeline, the mission informed the GoB that the draft FIP IP would have to be ready by April 2017 to allow for stakeholder consultations and final revisions before formal submission.

8. First Joint Mission: The mission explained that the FIP investment plan preparation is launched at a Joint Mission during which the BFD and MoEF as the agencies leading the FIP IP present the priorities and focus of the proposed IP for discussion with relevant ministries in the government, development partners and non-governmental agencies. A tentative outline of the FIP IP and proposed investment options are expected to emerge by the end of the Joint Mission. The work program leading up to the first Joint Mission (see table 1 below) was agreed with the BFD and MoEF and the mission tentatively scheduled for December 18-23, 2016.

Table 1: Work program for the First Joint Mission

Key Action	By (TBC)	Responsibility
Develop Terms of Reference for the First Joint Mission	November 10	BFD +WB
Prepare and submit to Climate Investment Funds (Administrative Unit) the terms of reference for the First Joint Mission (4 weeks ahead of mission start date)	November 20	WB
Send Joint mission meeting invitation/announcement to Ministries, development partners and CSOs	December 10	MoEF/BFD
Joint mission for identifying priority activities for the FIP, including identifying concrete activities for potential GCF funding for FIP IP implementation	December 18-23	MoEF, BFD & WB

9. Exploring Potential Funding for the FIP IP Implementation: The FIP Sub-Committee² has emphasized on the need to enhance cooperation between the FIP and other entities and mechanisms in the climate finance architecture, in particular the Green Climate Fund (GCF), for mobilizing funding and implementing the FIP IP. The mission held initial discussion on accessing potential GCF funding for the FIP IP implementation with the relevant GoB officials, including the BFD, MoEF and ERD [secretariat of the National Designated Authority of the GCF]. A quick overview of the GCF is provided in Annex-III. The mission also discussed the possibility for IDA funding for a proposed Sustainable Forests project to scale up the Climate Resilient Afforestation Reforestation project which is scheduled to close in December 2016. The mission reminded MoEF and BFD that further discussions on financing proposals for IDA and GCF can be held as soon as the World Bank receives the proposal through ERD.

10. Agreed Actions for Preparation of the IP: The following actions were agreed to be undertaken by the BFD and World Bank team to proceed with the preparation of the FIP IP. The first Joint Mission is tentatively proposed during December 18-23, 2016.

² http://www-cif.climateinvestmentfunds.org/sites/default/files/events/files/fip_co-chairs_summary_june_2016.pdf

Table 2: Agreed Next Steps

Action	Date	Responsibility
Approval of Technical Assistant Project Proforma (TAPP)	Nov. 10	MoEF
Recruitment of national consultants by the BFD to support the preparation of the FIP IP	Nov 25	BFD
Recruitment of an international consultant	Nov. 25	WB
Recruitment of a firm by the BFD for supporting stakeholder consultations	January 10	BFD
Submission of a formal request to the WB for support on accessing IDA /GCF funding	As soon as possible	MoEF

Annex 1: List of Persons Met

Economic Relation Division (ERD), Ministry of Finance

Ms. Shamima Nargis, Additional Secretary and the GCF NDA

Mr. Kazi Shofiqul Azam, Additional Secretary, WB Wing Chief

Ministry of Environment and Forests

Dr. Kamal Uddin Ahmed, Secretary

Mr. Abdullah Al Mohsin Chowdhury, Additional Secretary (Development)

Bangladesh Forest Department

Mr. Md. Yunus Ali, Chief Conservator of Forests

Mr. Md. Mozaharul Islam, Conservator of Forests

Mr. Uttam Kumar Saha, Project Director, CRPAR Project

Mr. OliulHaque, Assist Conservator of Forests

Development Partners:

Mr. Marco Boscolo, Project Coordinator, FAO

Mr. Matieu Henry, Chief Technical Advisor, National Project Office, FAO

Technical Experts

Mr. H S Pabla, Team Leader, Forestry Masterplan Team, Agriconsulting-Sodev (JV).

Dr Zakir Hussain, International Forest Management Policy/Institute Specialist, CRPAR Project

Mr. Shaikh Mizanur Rahman, National Forest Management Policy/Institute Specialist, CRPAR Project

Annex II: OUTLINE OF FIP INVESTMENT PLAN

The following key IP preparation milestones and annotated outline of the FIP IP were discussed during the mission.

Key IP Preparation Milestones

	Key IP Preparation Milestones	Responsibility
1.	Joint Mission to start IP preparation	MoEF, BFD, WB
2.	Subsequent Joint Missions IP Preparation & stakeholder consultations	BFD (with support from consultants)
3.	Public disclosure of Draft IP	BFD, MoEF
4.	Independent review of Draft IP	WB, CIF
5.	Finalize & Submit IP for FIP SC review	BFD, MoEF
6.	Review & Endorsement of the Investment Plan	FIP SC

FIP IP annotated outline

Section 1 Description of the country and sector context (3 pages)

The Investment Plan will be developed through a transparent participatory stakeholder process on a country-specific basis to achieve nationally-defined REDD+ objectives. Therefore, a brief summary of the government's existing forest-relevant development plans or programs that include low carbon objectives related to forests should be prepared, including specific forest or other relevant sectors and climate change strategies. The following sector-specific background information should be provided:

- (a) description of the major national forest- or forest landscape-based sources of GHG emissions and projected trends
- (b) status and trends concerning forest and woodland resources
- (c) economic importance of forestry sector and those sectors affecting forests (local livelihoods, contribution to GDP, poverty linkages)
- (d) explanation of the key drivers of deforestation and degradation
- (e) summary of national REDD+ program/plan or equivalent
- (f) summary of other ongoing REDD+ programs (e.g. FCPF or UN-REDD) for forest, woodland and wider forest landscape management, including funding sources
- (g) description of forest governance arrangements (legislation, regulations, land rights and tenure systems, institutions and their capacities, participation of key stakeholders including indigenous and other forest communities, and accountability arrangements)

Section 2 Identification of opportunities for Greenhouse gas abatement (2 pages)

The Investment Plan will identify key opportunities for reducing emissions from deforestation and forest degradation as well as the conservation and enhancement of forest carbon stocks. The interventions should be sufficiently flexible to include a wide range of possible public and private sector activities. The investment opportunities should meet the FIP investment criteria as outlined in the *FIP Investment Criteria and Financing Modalities*.

Section 3 Enabling policy and regulatory environment (1-2 pages)

The Investment Plan should

- (a) describe the fiscal and regulatory framework, land use policies, market structure, other incentives, and medium-term expenditure frameworks in the forestry (including REDD+ readiness) and related sectors to support the operations envisaged in the plan;
- (b) describe the extent to which the existing regulatory and policy framework supports, or conflicts with, REDD+ objectives; and
- (c) further identify existing regulatory gaps and governance challenges and describe the barriers that exist and what the potential impacts of public and private sector interventions could be if these barriers are addressed.

Section 4 Expected Co-Benefits from FIP Investment (1 page)

The Investment Plan should identify expected co-benefits from FIP investments, including the contribution to the improvement of local livelihoods, poverty alleviation, and human development of forest dependent communities, including indigenous peoples, as well as, the protection of biodiversity and other ecosystem services; enhance climate resilience, and the promotion of gender equality and social sustainability. A key element will be the description of environmental and social outcomes and benefits of the FIP investments.

Section 5 Collaboration among MDBs and with other Partners

The Investment Plan should discuss the collaboration potential among MDBs and with other development partners (e.g. FCPF, UN-REDD, GEF) in preparing the Investment Plan as well as potential collaboration during implementation of the Investment Plan. This should include a brief description of relevant ongoing or planned activities of potential partners, the status of interaction and the potential to leverage financial and technical resources with the view to enhancing the implementation of the Investment Plan and making it more comprehensive.

Section 6 Identification and rationale for projects and programs to be co-financed by FIP (4 pages)

A sub-set of interventions for FIP co-financing should be selected from the wide range of opportunities identified in Section 2. For each project or program, the Investment Plan should:

- (a) Prioritize activities that
 - i. would enable the scaling-up of approaches, forest management models, technologies, and solutions that are successfully piloted but not in routine use, and/or
 - ii. would help generate working examples of low carbon forest development that might be applied at scale to the country, geographic sub-region or sub-sector. An appropriate justifications needs to be presented for why these activities are prioritized.
- (b) Assess the cumulative emissions savings, explaining how investments
 - i. would explore new opportunities previously unrealized at scale, and/or
 - ii. are linked to policy and regulatory change t that will stimulate much wider action by creating new opportunities and removing barriers.
- (c) Estimate the replication and scalability potential of the project or program, e.g. its potential impact on the deforestation rate, pace of rehabilitation of degraded areas, conservation of existing forest carbon stocks, REDD activities and payments, and/or forest carbon emissions.
- (d) Provide evidence of poverty reduction, environmental and social co-benefits by prioritizing activities that

- i. help reduce poverty by enhancing economic growth or by improving services to the poor, taking into account the gender dimension of poverty and/or
 - ii. provide local or regional environmental benefits such as greater biodiversity, improved watershed management or better soil quality.
- (e) Take into account the framework of the MDBs' Country Assistance/Partnership Strategies, other relevant national planning exercises and activities of other development programs, including the FCPF, UN-REDD, bilateral development agencies, UN and GEF.
- (f) Establish 2-3 results indicators consistent with the FIP Results Framework and identify methodology to measure those along with a timeline for achieving results.

Section 7 Implementation potential with risk assessment (1-2 pages)

An assessment of the implementation potential of the alternative GHG emission reduction options in the Investment Plan should be considered. This would include an analysis of the technical and management capacities of the executing agencies or project sponsors/entities as well as their financial health. If there are bottlenecks in related infrastructure or land use, the ability of executing agencies or project entities to resolve these problems should also be addressed. The Investment Plan should include an initial description of potential risks that might affect the implementation of proposed investments including: country and sub-national level risks; sector policies and institutions; technology, governance, environmental, and social risks.

Section 8 Financing plan and instruments (half-page)

The Investment Plan should provide a projected amount of FIP co-financing and total financing requirements for each intervention, potential sources of public and private financing (including carbon finance, bilateral development banks and agencies, and non-traditional financiers). The Investment Plan should also identify FIP leverage ratios and types of financial instruments e.g., commercial loans, concessional financing, grants).

Section 9 Results Framework for Investment Plan (1-2 pages, table format)

Consistent with the FIP Results Framework³, each FIP pilot country Investment Plan should provide a higher level results framework presenting expected results from FIP investments, success indicators and means of verification (e.g. information on methodology how indicators will be measured or relevant data gathered). Projects and Programs supported under the Investment Plan will have to present their own respective results frameworks but have also to report against relevant key indicators in the results framework for the investment plan (aggregation). This section should also provide information on baseline information against which progress will be monitored.

Annexes

The Investment Plan should include five annexes that summarize:

Annex 1: the proposed project and program pipeline, including the notional FIP resource allocation, an estimate of resources that would be leveraged, projections of potential carbon emissions reductions from both, the co-financed portfolio as well as the larger transformational impact and other results indicators.

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

³ To be approved by the FIP Sub-Committee.

- (a) MDB and lead Government Agency(-ies)
- (b) Problem statement (1-2 paragraphs)
- (c) Proposed transformational impact and co-benefits (1-2 paragraphs)
- (d) Implementation readiness (1-2 paragraphs)
- (e) Potential national and international partners including their REDD+ financial support(1 paragraph and a table)
- (f) Rationale for FIP financing (1-2 paragraphs)
- (g) Safeguards
- (h) Financing plan
- (i) Project preparation timetable
- (j) Request for project preparation grant if required

Annex 2: A stakeholder involvement plan which presents an assessment of the relevant stakeholder groups in the pilot and how these groups have been involved in the design and will be involved in the implementation of the Investment Plan and related projects and programs.

Annex 3: Information on how funding from the Dedicated Grant Mechanisms for Indigenous Peoples and Local Communities will be part of the Investment Plan. *(This Annex will not be necessary for Bangladesh FIP investment plan as there is no allocation for FIP and DGM investments).*

Annex 4: FCPF/UNREDD Readiness Preparation Proposal (R-PPs), National REDD+ Plan, Action Plan or equivalent (if available)

Annex 5: Technical review of the country Investment Plan by an expert/peer review group (from FCPF roster of experts)

Annex III

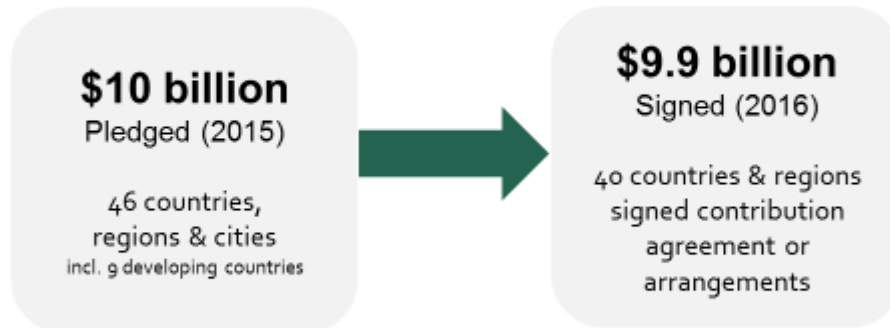
Green Climate Fund-State of Play



GCF- Major Milestones

- **2009** GCF first proposed at COP 15 in Copenhagen
- **2010** GCF established by the UN at COP 16 in Cancun
- **2011** Governing Instrument adopted at COP 17 in Durban
- **Dec. 2013** Permanent headquarters established in Songdo, Korea
- **Dec. 2014** Initial resource mobilization raised ~ USD10 billion
- **March/June 2015** First groups of implementing entities accredited
- **Nov. 2015** First funding decisions taken at Board meeting in Livingstone, Zambia

Update on Funding Availability



3

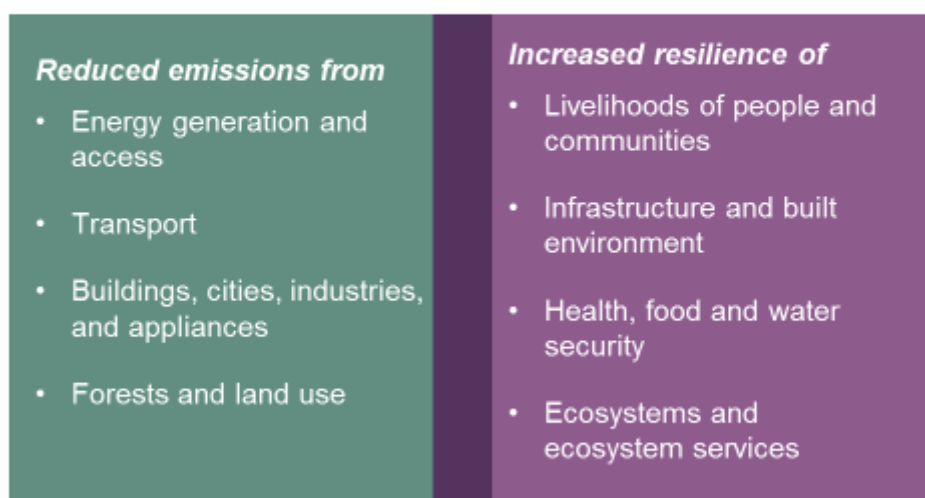


GCF- Key Features

- Aim for 50:50 balance between mitigation and adaptation
- At least 50% of adaptation funding goes to the most vulnerable countries, including LDCs, SIDS, and African States
- Direct private sector engagement in transformational climate-sensitive investments through the Private Sector Facility (PSF)
- Risk-bearing capacity, allowing the Fund to support innovation and leverage and crowd in additional financing
- Variety of financial instruments: grants, concessional loans, subordinated debt, equity, and guarantees



Strategic Results Areas



Accreditation Process



A Diverse Network of Partners - 41 Accredited Entities

Direct access:



Private:

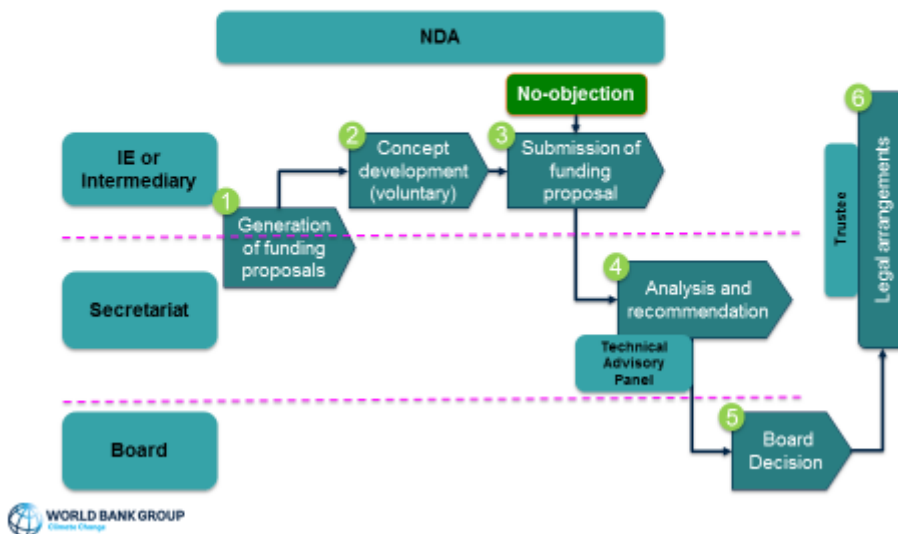


International:



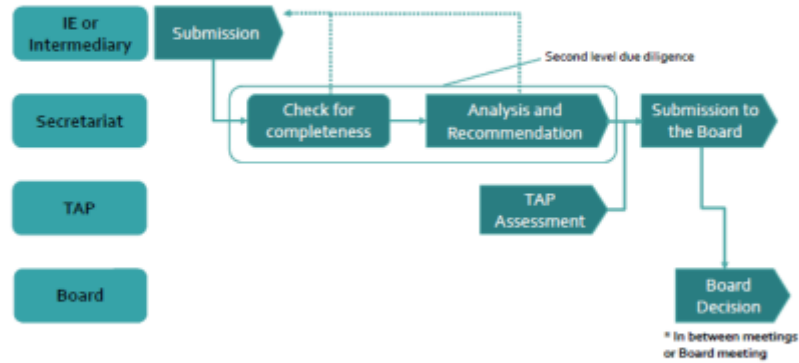
GCF Operational Process (1)

Proposal Approval Process Overview



GCF Operational Process (2)

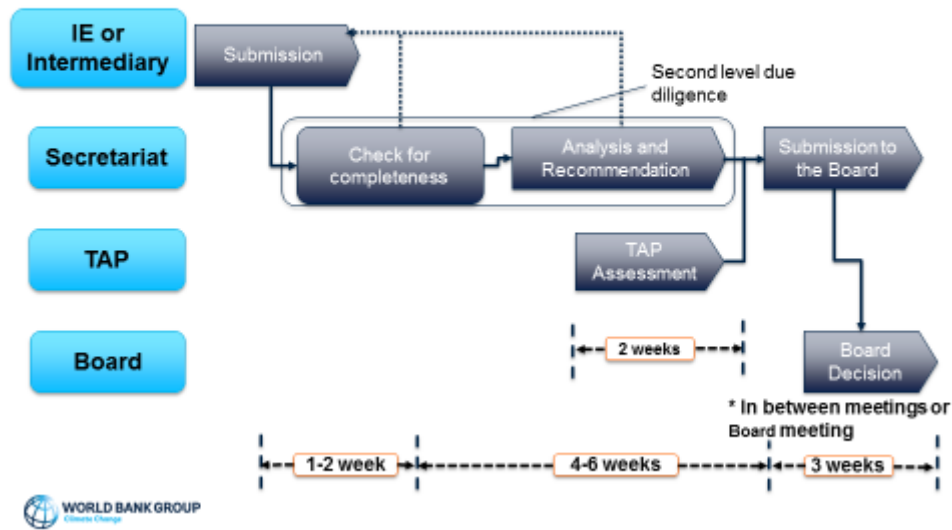
Proposal Submission & Approval



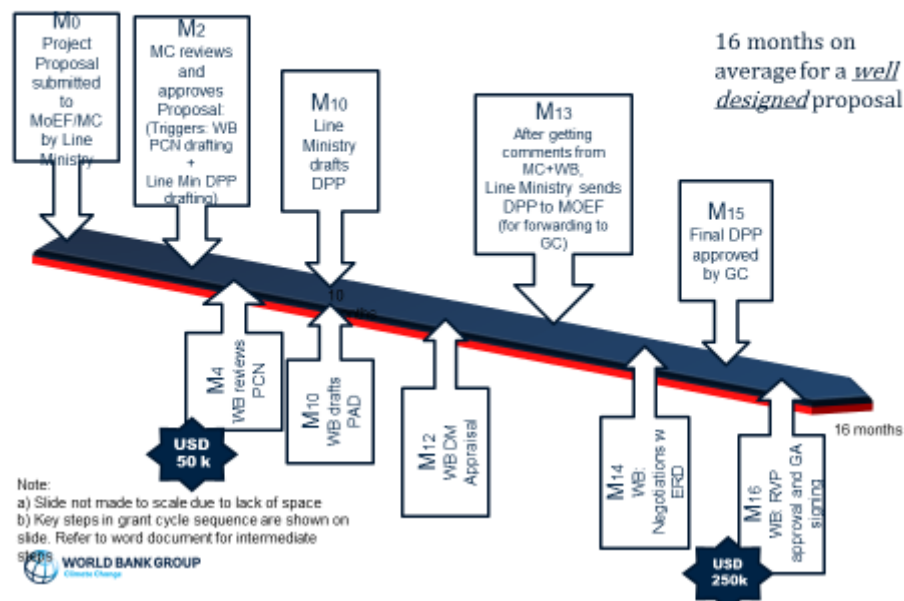
Initial Proposal Approval Process- Concept Development (voluntary)



Initial Proposal Approval Process- Funding Proposal Submission & Review



BCCRF Project Preparation: Key Milestones Stand Alone Projects



GCF Operational Process (3)

Investment Criteria

Impact Potential	• Potential to achieve the Fund's objectives and result areas
Paradigm Shift Potential	• Potential to catalyze impact beyond a one-off project or programme investment
Sustainable Development Potential	• Potential to provide wider benefits and priorities
Needs of Recipient	• Vulnerability and financing needs of the beneficiary country and target groups
Country Ownership	• Beneficiary country ownership of and capacity to implement funded activities
Efficiency & Effectiveness	• Economic and financial soundness of programme/project; appropriateness of concessionality