



# CIF Pilot Country Meetings

## Daily Report - FIP

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### FIP PILOT COUNTRIES MEETING HIGHLIGHTS: WEDNESDAY, 31 OCTOBER

The fourth meeting of pilot countries participating in the Forest Investment Program (FIP) convened today in Istanbul, Turkey, in association with the Climate Investment Funds (CIF) 2012 Partnership Forum that will meet on 6-7 November. The FIP is one of the three targeted programs under the CIF's Strategic Climate Fund (SCF).

#### MEETING OF FIP PILOT COUNTRIES

**OPENING AND INTRODUCTION:** Jeff Brez, Senior Communications Officer, CIF Administrative Unit, highlighted recent improvements to the CIF website, and invited participants to write and blog about their CIF experiences.

Andrea Kutter, FIP Coordinator, CIF Administrative Unit, announced that Indonesia, Ghana and Burkina Faso will present their investment plans to the Sub-Committee meeting on 5 November for endorsement. She reported that 13 projects were in the FIP pipeline, two of which have been approved, with one, in Mexico, already receiving funds. She described the Dedicated Grant Mechanism (DGM) for indigenous peoples and local communities, and stressed it is intended to work closely with investment plans. Highlighting the DGM's unique nature, Kutter said its first meeting will convene prior to implementation and be led by indigenous peoples' representatives, with governments attending as observers.

#### UPDATES FROM PILOT COUNTRIES AND

**DISCUSSION:** Pilot countries presented updates on the status of their investment plans. The presentations will be made available on the CIF website.

Brazil reported that the FIP has improved integration of several federal government initiatives on mitigation and reducing deforestation in the Cerrado region. He highlighted a "biome" approach to information sharing among the three FIP projects and with relevant government ministries, including finance. Responding to a question about administrative structure, he highlighted the creation of a permanent coordination mechanism linking implementing agencies in the Cerrado states with national and inter-ministerial discussions, and relating these to national-level initiatives, such as Brazil's low-carbon agriculture plan.

Burkina Faso noted the designation of representatives for various committees to support the REDD+ process, and validation of Readiness Preparation Proposals (RPP). Referring to advances made to date, he stressed stakeholder involvement, and an ongoing inter-ministerial national program on rural development. He also stressed that although institutions have been established, fiduciary arrangements still require strengthening. Responding to an inquiry from Mexico on the rural development program and budget allocation, Burkina Faso said the program: engages three ministries with the same development objectives; is part of the national growth strategy, and is based on bilateral financing. Participants also praised the increased dialogue with stakeholders during the RPP process.

The Democratic Republic of Congo (DRC) noted the investment plan's advances, including on setting up focal points in eleven provinces and consultations with stakeholders. As

challenges, he noted: access to bank loans; lack of flexibility in managing financial resources for the preparation process; and technical aspects, such as M&E and environmental impact studies. He identified lessons learned, including the need for: combining internal and external expertise; a permanent communication channel with civil society; and supporting local structures and NGOs with related on-the-ground experience. Global Witness enquired about the status of the presidential community forestry decree, with the DRC replying that it will be signed shortly. On different reporting formats, the DRC said that work on measurement, reporting and verification (MRV) under the Congo Basin Forest Fund will assist relevant work under the FIP.

Ghana noted Sub-Committee comments and peer reviews had helped focus the investment plan, stating it emphasizes areas that achieve the greatest greenhouse gas emission reductions and co-benefits. He noted challenges include: improving coordination among MDBs and bringing in other Ghanaian sectors; delays in releasing funds; and sustaining private sector interest. He discussed lessons learned, including the need to: engage stakeholders at all levels and balance their interests; and build synergies among agencies. He identified as successes a multi-stakeholder platform and a bottom-up approach. Responding to a World Bank representative's inquiry on linkages between the REDD+ and FIP investment plan processes and if mutual synergies existed, Ghana noted considerable integration.

Indonesia said the country's size, cultural diversity and geographic dispersal presented challenges for consultations and achieving consensus among stakeholders. He observed the FIP can help transform governance practices through promoting broad coordination and dialogue. He urged partners to hasten the project and financing approval process in order to begin implementation in early 2014, before the general election and cabinet appointments. Responding to a question from Brazil, he clarified that the government handles grant activities while facilitating MDB engagement with the private sector, adding that the FIP may reduce Indonesian banks' perceptions of forestry as a high-risk investment.

Lao PDR reported on civil society consultations organized at national and subnational levels, stating that civil society diversity is a challenge, noting lack of organization as a single forum with agreed representatives who may come forward to access FIP grant funding. He noted the government's schedule to complete national forest management plans by 2015 based on different protection levels for forests.

As advances, Mexico noted: establishment of institutional arrangements for projects; significant progress in project development, reinforced by the new Climate Change Law; and monitoring and evaluation (M&E). He highlighted challenges, including the need for: a broad platform for monitoring policy interventions; regional leadership development; better balance of loans, grants and private funding; and technical capacity building. He said that implementing FIP projects is like "lifting a piano" where everyone contributes to a common task, but it is difficult to assess every individual contribution. In the ensuing discussion, participants addressed whether the CIF should work on enhancing technical capacity in countries.

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They also discussed how to manage the FIP resources which despite concessional terms can be quite expensive for recipient countries due to exchange rates induced by the financial crisis. On aligning a national MRV system for forestry with project-level M&E, Mexico said they are developing a national MRV system as mandated by the Climate Change Law, with financial assistance from Norway.

Peru described advances in preparing its investment plan, including: establishment of a technical working group to assemble information and draft a consolidated document; work towards incorporating concerns of all stakeholders, including indigenous peoples' organizations; and updated information related to, *inter alia*, deforestation drivers. As lessons, he stressed: the investment plan must be flexible; participatory processes demand political commitment; and the FIP must complement other innovative funding initiatives. Referring to FIP impacts, he noted: consolidation of inter-institutional cooperation; enhanced attention to indigenous peoples' needs; improved coordination between national and regional government entities; and integration of forestry policy and current initiatives.

In a general statement, a Samoan representative of indigenous peoples' organizations welcomed the "powerful" remarks in country presentations on the DGM and integration of indigenous peoples' concerns. However, he lamented lack of discussion on the future of REDD+, referring to its current status in the climate change negotiations and the "poor" state of carbon markets. On how the CIF would relate to the Green Climate Fund (GCF), recalling the sunset clause, he expressed concern that the CIF will be taken over by the GCF, which, he said, currently has no financial contributions.

Mexico highlighted a related debate regarding how to bring together negotiating a REDD+ mechanism under the UNFCCC and taking concrete actions to reduce emissions under the CIF.

**PRESENTATION OF FIP LEARNING PRODUCT DRAFT AND DISCUSSION:** Andrea Kutter introduced the CIF-commissioned report on REDD+ Stakeholder Collaboration at the Country Level. She explained it draws on interviews with REDD+ stakeholders and field visits to four pilot countries, who then shared their experiences.

Peru discussed issues regarding indigenous peoples and land tenure status, highlighting that forests, oil and mineral resources are owned by the state, and that perverse incentives exist for deforestation in order to acquire land tenure. He highlighted the FIP's usefulness in taking forward current work to improve the land tenure system, and that the government is discussing how FIP funds can benefit indigenous peoples.

Indonesia described intra- and inter-ministerial collaboration, and noted that while many issues require national-level coordination, the country's Forestry Management Units operate at the local level, and concern local government.

The DRC said that, apart from the FIP, other agencies support development of national REDD+ policies, including UN-REDD, FAO and UNDP. He mentioned related MDB-supported activities, such as the World Bank (Forest Carbon Partnership Facility); the African Development Bank (Congo Basin Forest Fund); and the GEF (conservation of carbon stocks).

Burkina Faso said his country's decentralization program enables enhanced local participation and highlighted community-run forests. He noted the government's work in improving land management, and that, as part of the FIP, it cooperates with NGOs working on rural, agriculture and forestry issues. He stressed the important role of women in implementing forest policies and combating poverty.

Pilot countries that did not participate in the field visits then reflected on lessons related to stakeholder collaboration at a country level. Brazil reiterated that the FIP helped improve inter-ministerial collaboration and link various forestry initiatives. He noted an existing national strategy and considered the FIP as a tool to foster national collaboration and goals. For local-level collaboration, Ghana stressed the role

of communication and referred to a stakeholder platform that identifies local groups and conducts consultations to develop REDD+ activities.

Lao PDR noted that national-level collaboration occurs within a national environment committee and in sectoral working groups that include various stakeholder groups. Mexico highlighted: collaboration building on past experiences; the need for a flexible approach; capacity building to enhance stakeholder engagement and collaboration; and that greater specificity leads to increased complexity.

In the ensuing discussion regarding additional themes going forward, participants stressed: a transformational approach requires creating trust and confidence at the grassroots level; the need for concrete activities to foster collaboration; improving community welfare through the FIP; emphasizing capacity building in future FIP activities; tackling multisectoral collaboration as the FIP addresses more than just forests; and distinguishing between different private sector actors.

**FIP M&E SHOWCASES:** Guido Geissler, CIF Administrative Unit, encouraged sharing practical experiences and using FIP M&E to make evidence-based decisions and contribute to accountability, not only to donors but also within recipient countries.

Lao PDR presented on current draft M&E guidelines at national, sectoral and project levels, highlighting a national target to increase existing forest cover by 70% by 2020, and presenting 32 intended indicators in nine categories. He noted difficulty in comparing data from different sources. Responding to questions on the absence of quantification of values within the indicators, he noted that the Lao forest strategy does include targets, drawn from a 2009 draft prepared with the assistance of Japan.

On governance indicators, including on cross-border trade in timber, he mentioned increasing staff capacity and education levels. Brazil queried the cost of monitoring 32 indicators, with Lao PDR responding that satellite images can be purchased for monitoring some of the indicators, but that poverty-related indicators will be difficult to measure. As an example, the Asian Development Bank offered Cambodia's estimate of US\$1 million a year to monitor its national development plan.

Mentioning his country's experience of introducing a biodiversity component into forestry program monitoring, Mexico noted the challenge of choosing indicators that will bring specific issues to the forefront, cautioning against adopting those that are either too complex or too simplistic.

**BRIEFING ON CONSULTATIONS FOR SUB-COMMITTEE SEATS:** Funke Oyewole, Deputy Program Manager, CIF Administrative Unit, informed participants that consultations for selecting members of the Trust Fund Committees and Sub-Committees will convene on Monday evening, 5 November. Stressing equitable governance and a self-selection process, she urged countries to participate in the consultations to ensure active, engaged committee membership. She said Committee members serve for 18 months until the next Partnership Forum; Trust Fund Committees have 16 seats with equal representation between recipient and contributor countries; and each Sub-Committee has six seats for each group. She said no hard rules exist for FIP Sub-Committee representation, but stressed regional representation. In the past, she noted, four seats were taken by pilot countries and two by non-pilot countries, but said this is not a rule, and that, in contrast, for the PPCR, the six recipient country seats are reserved for pilot countries.

Brazil stressed the importance of discussing any new rules related to FIP governance in the FIP Sub-Committee meeting, noting some decisions regarding FIP governance had been taken by the SCF Trust Fund Committee, and asked why the PPCR has a different rule regarding the number of pilot country seats. Oyewole replied that the three programs were negotiated at different times as part of the CIF design, and a process exists to change the governance rules if needed.