

Economic
Development

Biodiversity

Protected areas Conservation
livelihoods Forest values
Poverty reduction

Forest Investment Program (FIP) Summary of First Design Meeting

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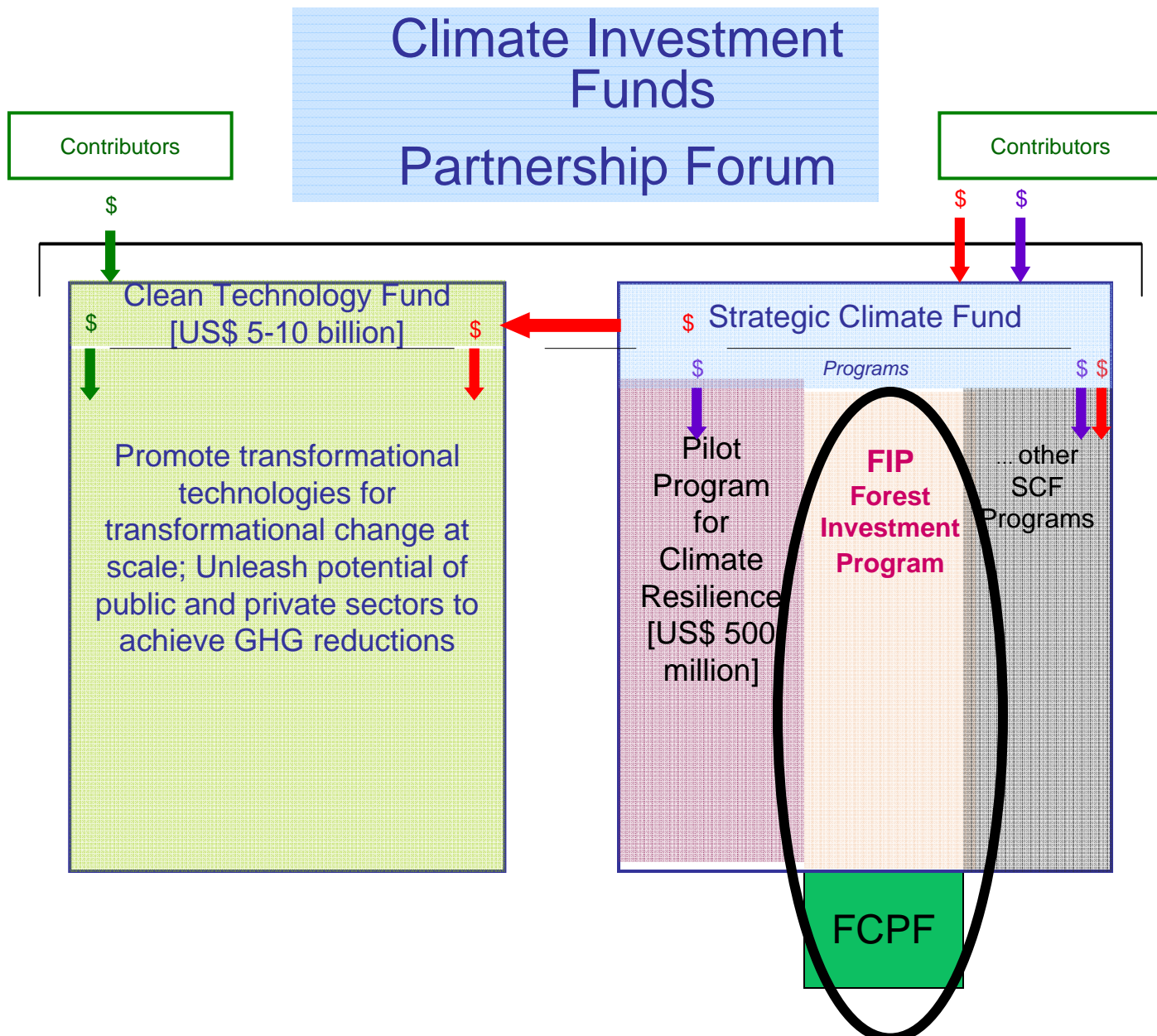
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FIP within the CIF



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Potsdam Mandate

“Potsdam Mandate”

- To establish a FIP by the end of 2008 within the SCF framework
- FIP to mobilize significantly increased funds to
 - reduce emissions from deforestation and forest degradation, and to
 - promote sustainable forest management and
 - protect carbon reservoirs
- FIP to be developed based on a broad and transparent consultation process taking into account country-led priority strategies and build on complementarities between existing forest initiatives



Underlying Causes of Deforestation

Underlying Causes of Deforestation

- Socio-economic drivers
- Extra-sectoral policies
- Investment in unsustainable logging
- Weak capacities and inefficient financial resources
- Poor governance and corruption
- Undervaluing forests
- Unclear land tenure and rights
- No access to capital



Potential of Climate Change Mitigation Measures of Forestry Activities in Non-Annex I Countries

Potential of various Forest Mitigation Measures

Region	Reduced deforestation and degradation (REDD)	Improved Forest Management, including Restoration (IFM)	Afforestation/ Reforestation (A/R)	Total	Share %
	(million tCO ₂ / yr in 2030)				
Total Non-Annex I	3,900	3,910	3,370	11,180	100
Share, %	35	35	30	100	
Share of the global potential %	99	68	83	81	

Note: Potential at cost equal or less than USD 100/t CO₂:

Source: IPCC. 2007. Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge, United Kingdom and New York, NY, USA.



Climate Change Mitigation Potential of Different Forest Measures




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Deforestation rate\relative forest cover	Low forest cover countries	High forest cover countries
Countries with high deforestation rate	REDD: high/medium potential IFM: low/no potential (Restoration: high potential) A/R: high potential	REDD: high potential IFM: high potential A/R: high potential
Countries with low deforestation rate	REDD: low/no potential IFM: low/no potential (Restoration: medium potential) A/R: high potential	REDD: medium potential IFM: high potential (Restoration: low potential) A/R: low/medium potential
Countries with zero deforestation/increasing forest area	REDD: no potential IFM: low potential (Restoration: low/medium potential) A/R: medium potential	REDD: no potential IFM: high potential (Restoration: low/no potential) A/R: low potential



Investment Gap with FCPF and UNREDD

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Readiness (FCPF Readiness Fund, UNREDD)	Investment Needs	Payments for Emission Reductions (FCPF, Voluntary Markets, Post-Kyoto Mechanism, non-market incentives)
<ul style="list-style-type: none">▪ Emissions reference scenario▪ Forest carbon inventory▪ Stakeholder consultations▪ Identification of the drivers of deforestation/ degradation▪ Elements of a national strategy to reduce emissions from deforestation and degradation▪ Development of monitoring and verification system▪ Capacity building	<p>Closing the Gap through FIP?</p> 	<ul style="list-style-type: none">▪ Performance-based payments (against measured reductions in emissions from deforestation or degradation)



What is the scope of the FIP?

Question 1

What are the
Key Objectives
of the
FIP

- Filling current investment gaps in REDD?
- Broader mitigation approach...?
- Including adaptation?
- Improve forest livelihood functions?
- Other “co-benefits”?
- Focus on all types of forests or on tropical forests only?



Potential Investments in...

Question 2

What type of investments should be financed through the FIP?

- Institutional capacity, forest governance and information
- Increasing forest benefit yields by forest resource investments
- Investments outside the forests sector



Question 3

Develop
FIP as a
pilot
program
or make
it more
broadly
available
?

- Need for upfront, at-scale investments in pilot countries?
- Open access for a larger number of individual approaches and country projects?



Question 4

How can the FIP be aligned with country priorities?

- To achieve consistency with National development priorities including national forest programs?
- To develop a shared vision among national forest stakeholders?
- To liaise with FCPF and UNREDD stakeholder processes?
- To make use of the new GFP program?



Question 5

How to harness synergies with other initiatives and funding mechanisms?

- Joint programming exercises with international partners and bilateral donors?
- Build synergies with GEF, FCPF, UNREDD and other initiatives (Amazon Fund)?
- What is the relationship with other international processes/instruments, such as UNFF?



Question 6

What instruments to maximize climate benefits and who should be the beneficiaries?

- Using a range of concessional financing instruments?
 - Grants
 - Concessional loans
 - Risk mitigation instruments
 - Others

- Combine FIP financing with existing ODA mechanisms?

- Link with private sector?

- Funds accessible to governments, private sector, civil society, etc?



Question 7

How to
structure the
FIP
Sub- TF
Committee?

- **Who should be observer/member of the Sub- TF Committee?**
- **How to make effective decisions?**



Key Outcomes

- **Agreement that principle objective is to pilot new approaches and scale-up**
- **FIP should lead to REDD and promote improved SFM to lead to emissions reductions and protection of carbon reservoirs**
- **Should work with both public and private sectors**
- **Should**
 - Be inclusive
 - Address drivers of deforestation
 - Take a multi-sectoral approach
 - Maintain flexibility to promote learning
- **Recognize that REDD can promote co-benefits, including adaptation**
- **Indigenous communities needs should be addressed in design and implementation**
- **Should build upon complementarities, such as GEF, FCPF, UNREDD and UNFF and follow country-led priorities**
- **Should be a pilot program** (number of pilot countries determined by available resources)



Key Issues Going Forward

- **Criteria and process for selecting pilot countries**
- **Proposal to cover different situations:**
 - demonstrate how to curb deforestation over medium term (REDD)
 - demonstrate how to lay foundations for sustainable management of forests in “big prize states”
 - demonstrate incentives to maintain carbon stocks and avoid deforestation processes to take off
 - Systematic halt and reverse degradation
- **Build on FCPF and UN-REDD**
- **Multi-stakeholder working group being created to plan next design meeting**
- **www.worldbank.org/cif**