



**WORLD BANK GROUP**  
Climate Change

# World Bank Funds in support of Climate Change Priorities of Forests and Landscapes

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# Climate Funds for Forests and Landscapes

- **Carbon Funds**

- **Forest Carbon Partnership Facility (FCPF)**

- **Bio Carbon Fund Initiative for Sustainable Forest Landscapes (BioCF-ISFL)**

- Supports **readiness and piloting of results-based actions** to operationalize REDD+ and sustainable management of landscapes at sub-national and national levels.

- **Climate Investment Funds**




- **Forest Investment Program (FIP)**

- Supports **readiness and investment** activities through concessional finance to promote institutional capacity, governance, and investments in REDD+.
    - Emphasizes co-benefits - biodiversity conservation; rights of indigenous peoples and local communities; poverty reduction; and rural livelihood enhancements.



# Climate Funds

Readiness	Investments	Results-based payments
 <p><b>Readiness Fund</b></p>	 <p><b>BioCFplus-ISFL</b></p>  <p><b>FIP FOREST INVESTMENT PROGRAM</b></p>	 <p><b>Carbon Fund</b></p>  <p><b>BioCF T3</b></p>

	<p><b>FCPF has two separate but complementary funding mechanisms:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Readiness Fund</b> provides grants to participating countries to support the <b>REDD+ Readiness</b> development of REDD+ strategies and policies, reference emission levels, measurement, reporting, and verification systems, and institutional capacity to manage REDD+, including environmental and social safeguards.</li> <li>▪ <b>Carbon Fund</b> builds on the progress made in readiness and pilots <b>results-based payments</b> for emission reductions from REDD+ programs in FCPF countries.</li> </ul>
	<p><b>BioCF ISFL provides countries with:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Grant funding for technical assistance and investments</b></li> <li>▪ <b>Results-based payments</b> for emission reductions to test carbon accounting at the landscape level within a comprehensive approach considering performance in the forestry, agriculture and energy sector.</li> </ul>
	<p><b>FIP provides scaled-up financing to developing countries for <b>readiness reforms and public and private investments</b>, identified through national REDD readiness or equivalent strategies.</b></p>

# Climate Funds

## Forest Carbon Partnership Facility



**\$1.06 B**  
Since 2008

- Readiness \$365 M
- Carbon Fund \$692 M

## Forest Investment Program (FIP)



**WB: \$399 M**  
**MDBs: \$787 M**  
Since 2009

- Preparation Grants
- Investments
- Dedicated Grant Mechanism (Indigenous Peoples and Local Communities)



**BioCarbon Fund**

**\$364 M (ISFL)**  
Since 2013

**\$90 M (T1/T2)**  
Since 2004

## Initiative for Sustainable Forest Landscapes (ISFL)

- Enabling environment \$88 M
  - Results-based payments \$276 M
- Tranches 1+2 (T1/T2)**
- Results-based payments \$83.3 M
  - Technical Assistance \$6.3 M

# Role of the World Bank



## The World Bank is:

- **Trustee** of the Facility, ensuring that trust fund resources are used in a manner consistent with the terms laid out in the governing Legal Agreements.
- **Secretariat** of the FCPF through the Facility Management Team.
- a **Delivery Partner** for the Readiness Fund, alongside the Inter-American Development Bank, UNDP and FAO.
- the only **Delivery Partner** under the Carbon Fund.



## The World Bank is:

- **Trustee** of the BioCarbon ISFL Fund and BioCF*plus*
- the only **Delivery Partner** of the BioCarbon Fund ISFL and BioCF*plus*.

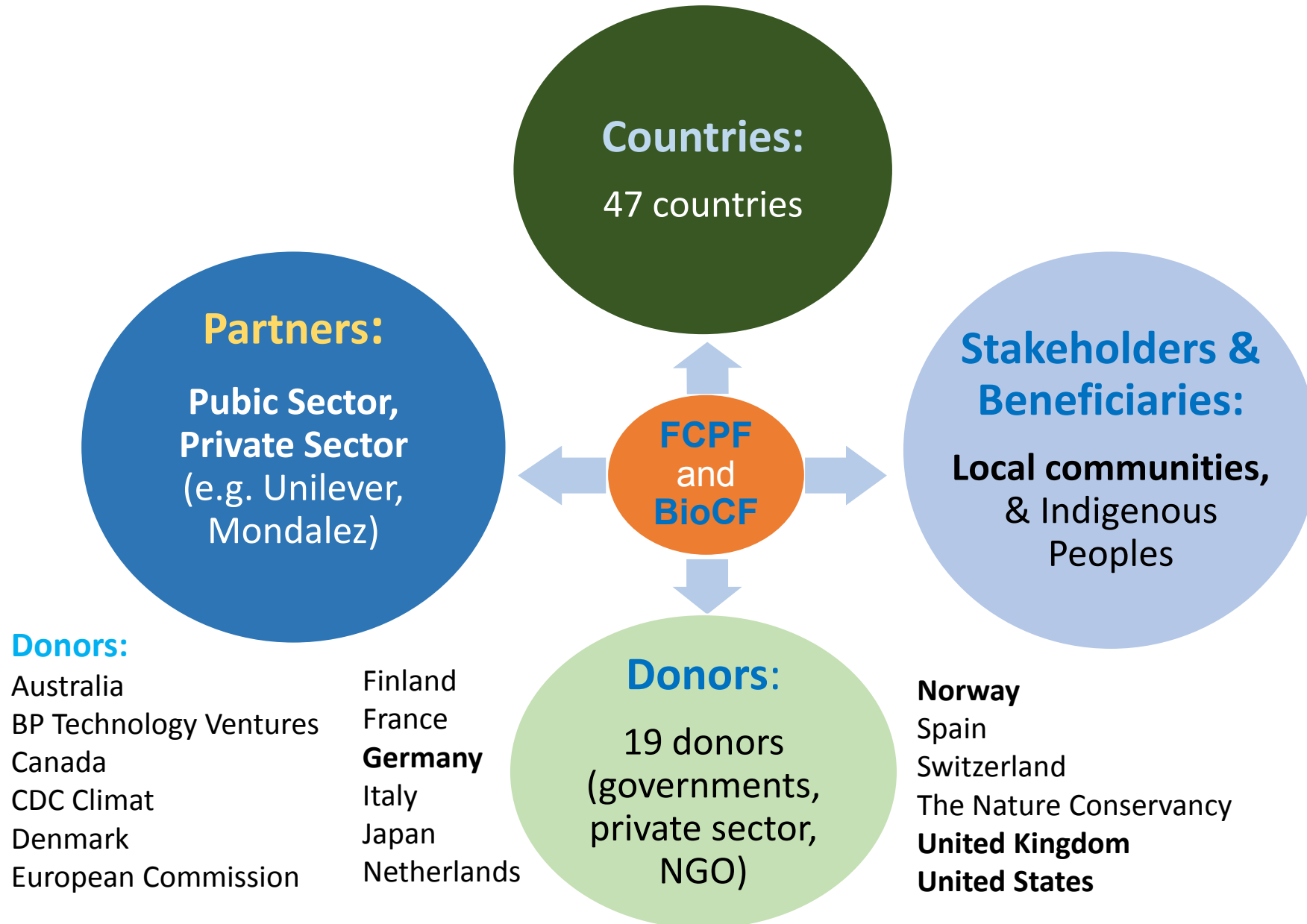


## The World Bank is:

- **Trustee** of the FIP\* and houses the CIF's Administrative Unit.
- The World Bank Group is an **implementing agency** for FIP Investments alongside the African Development Bank, the Asian Development Bank, the European Development Bank, and the Inter-American Development Bank.

*\*The Forest Investment Program (FIP), is a funding window of the Climate Investment Funds (CIF)*

# Organization of Readiness and Results-Based Funds



# Procedures for FCPF Programs

## READINESS FUND

Country Selection

R-PP

Mid-Term Report


Participation Agreement

Readiness Preparation Grant Agreements

Identification Stage

Concept Stage (Concept Review Meeting)

- AIS-Approved
- AUS-Released

- Authorization to proceed with Preparation 

## CARBON FUND

R-Package Assessment

ER-PIN

Draft ER-PD

Revised ER-PD

Final ER-PD

Inclusion of ER-PIN in the pipeline of the CF

Selection of the ER-PD Program  
Authorization to proceed with negotiations

Letter of Intent

Quality Enhancement Review (QER)

Appraisal Stage (Decision Meeting)

Negotiations Stage

Approval Stage


Implementation Support

Completion and Evaluation

- Decision to conduct Quality Enhancement Review

- Authorization to proceed with Appraisal 

- Authorization to proceed with Negotiations

- Authorization to proceed with the signing legal documents 

- Signing of Legal Documents (ERPA)

 PC (Readiness Fund)/CFP (Carbon Fund) Resolution

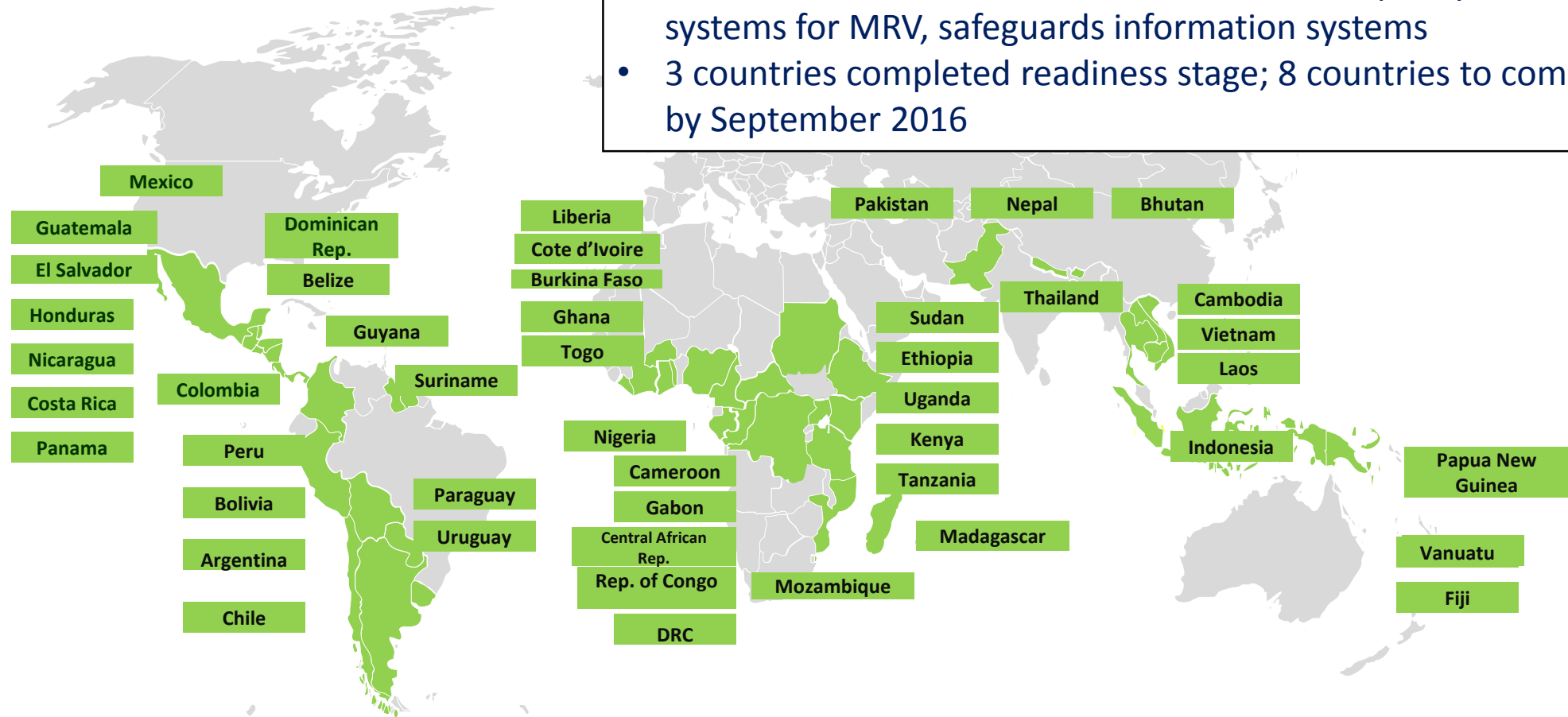
 WB Decision

# Progress on FCPF REDD+ Readiness



## FCPF Readiness Fund

- 47 countries, \$365 million
- Funding support to REDD+ national plans/strategies, stakeholder consultations, reference levels, capacity and systems for MRV, safeguards information systems
- 3 countries completed readiness stage; 8 countries to complete by September 2016





# Progress towards Results Based Payments

FOREST  
CARBON  
PARTNERSHIP  
FACILITY



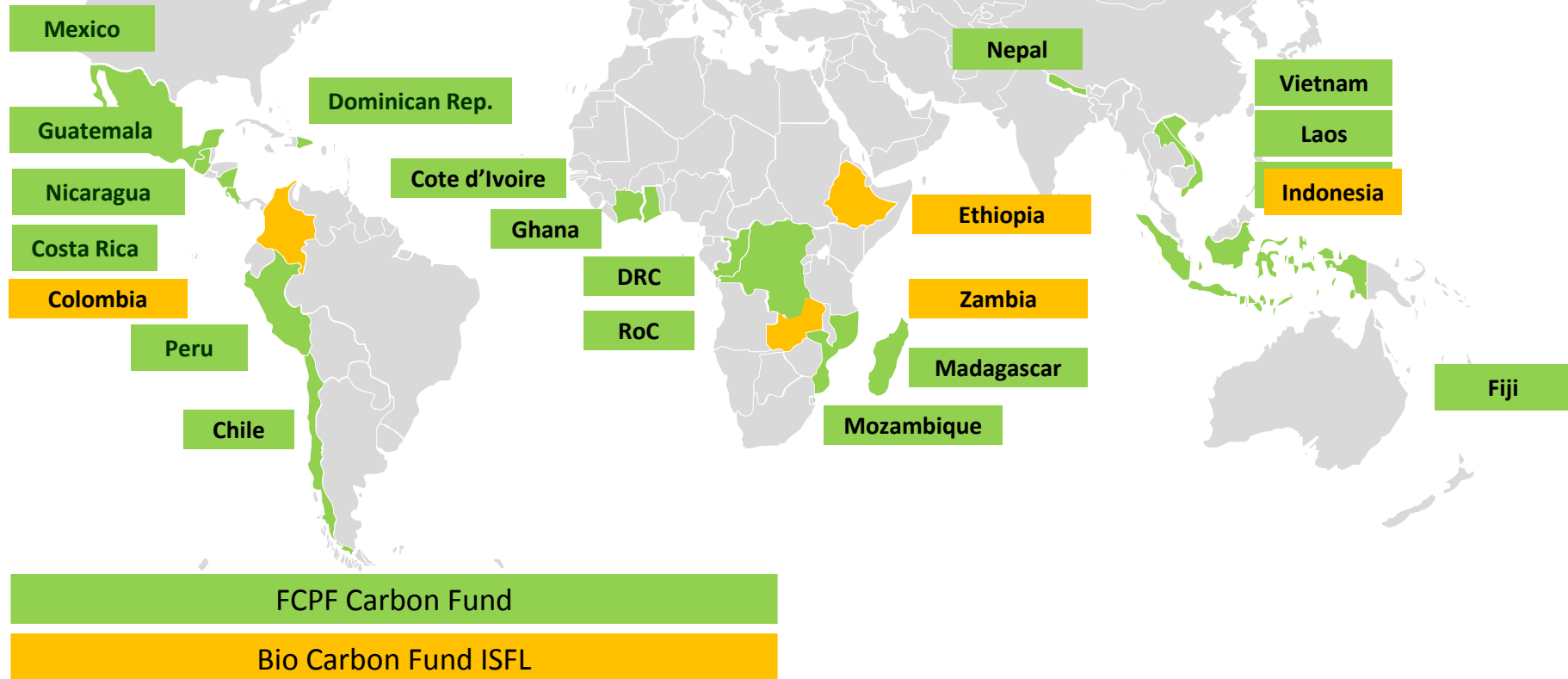
BioCarbon Fund

## FCPF Carbon Fund

- 18 country programs in FCPF Carbon Fund pipeline; \$692 million

## BioCarbon Fund Integrated Sustainable Forest Landscapes

- 4 country programs in BioCF ISFL pipeline; \$364 million
- Support to a total of 22 programs in 21 countries

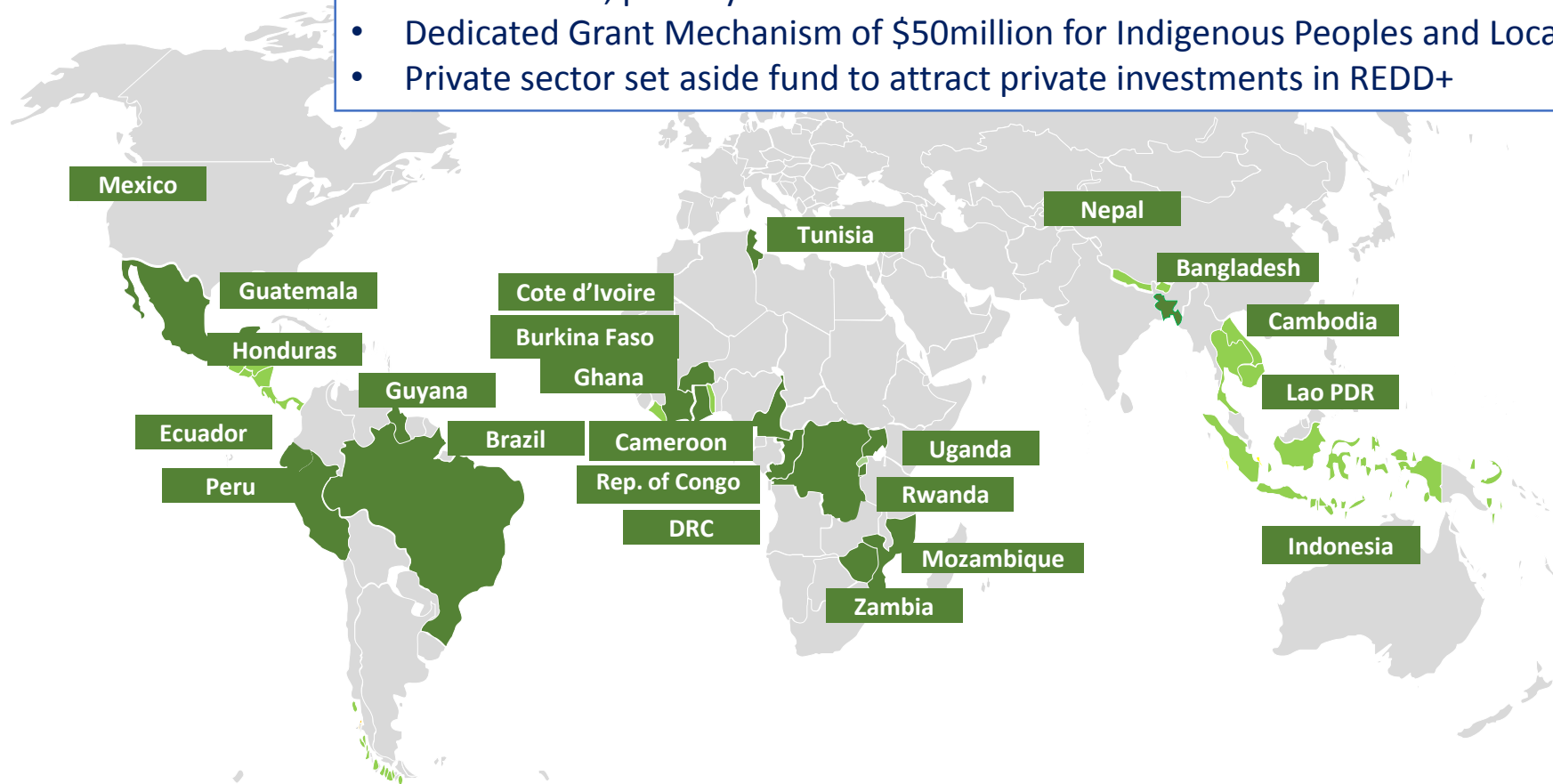


# Support to Readiness and Investments



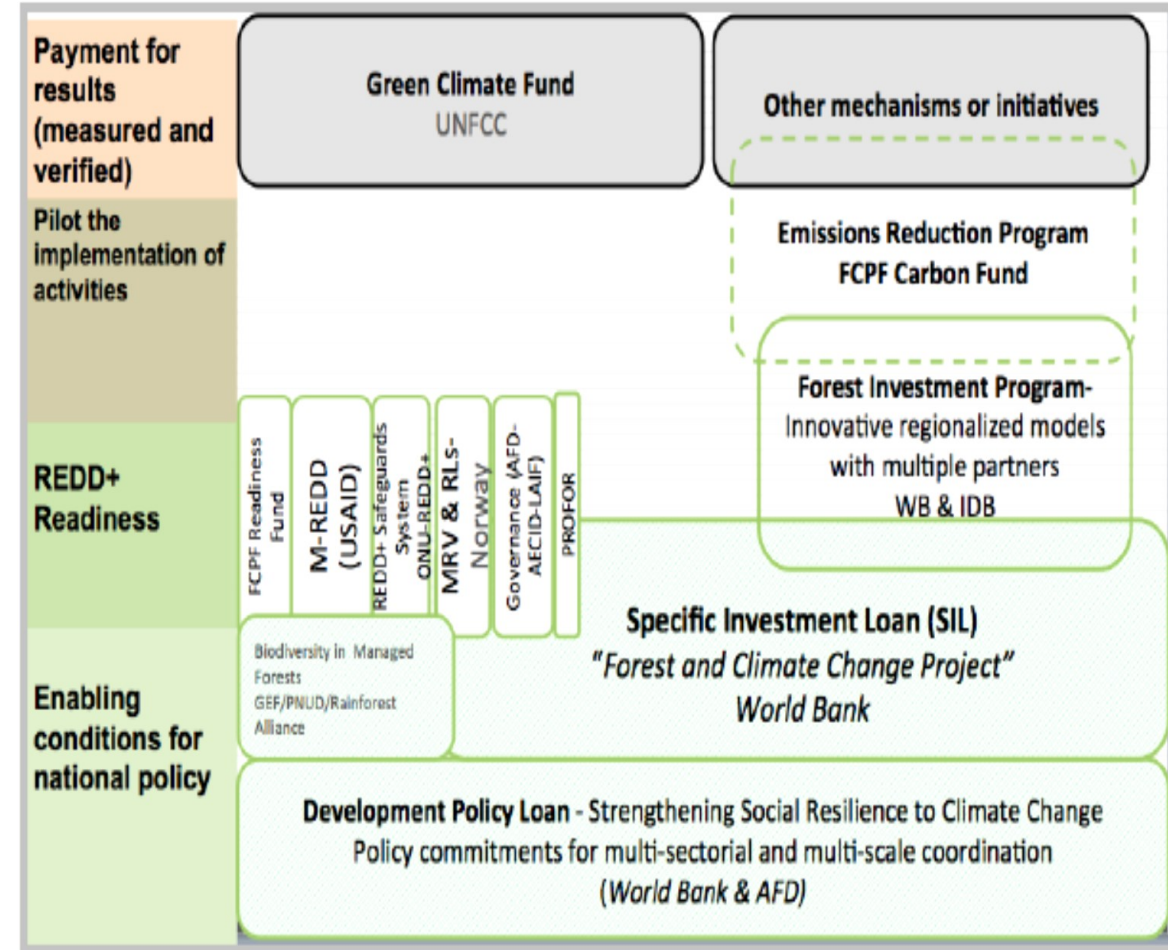
## Forest Investment Program

- 23 countries; \$787 million (All MDBs) - \$399 million (WB managed)
- Concessional finance through grants and loans to the investment plans of countries
- Emphasis on co-benefits - conservation of biodiversity, rights of indigenous peoples and local communities, poverty reduction and rural livelihood enhancements
- Dedicated Grant Mechanism of \$50million for Indigenous Peoples and Local Communities
- Private sector set aside fund to attract private investments in REDD+



# Program Case: Community Based Forest Management in Mexico

- **FCPF Carbon Fund** supported results-based program in **five states** covers about 17 million hectares of forest.
- **Incentives to communities** to reduce deforestation, degradation & enhancement of forests at landscape level
- **Focus on benefit sharing** with direct and indirect benefit flows to **4.5 million people**
- **Multi-source financing** to support socioeconomic and environmental benefits of forests over long term.
- Financing flows from the World Bank (IBRD, FIP, FCPF Readiness, and FCPF Carbon Fund) **total US\$ 461M** to forests and climate change program interventions.
- *Sources of WB Financing:*
  - IBRD: US\$350 million
  - FIP: US\$42 million
  - FCPF Readiness Fund: US\$ 8.8 million
  - FCPF Carbon Fund: US\$ 60 million



# Early Experience with Designing REDD and Landscape Programs

- **Finance available for different phases of REDD+ is limited** highlighting the need for coordination of multiple sources of finance.
- **Cost and time for program implementation** can be high in countries and jurisdictions with low capacity and limited institutional arrangements.
- **Commitment of resources to readiness and investment phases** is key to unlock the potential of results-based programs for implementing REDD+.
- Programs provide **opportunities to secure additional financing from other sources**
  - Readiness: 23 countries reported a total of \$186 million funding from other sources
  - Results based programs: 14 countries reported a total of \$1,162 million investments (about \$83 million per program) from other sources
- **Program design needs to demonstrate linkages among different phases** to attract finance for implementation from multiple sources.
- Programmatic approach with focus on **scale, scope and long-term engagement** can help to crowd in development and climate finance for forests.
- Considering the limited public finance, **new and innovative financing instruments** need to be explored for meeting the investment needs of forests.
- **Private sector engagement needs to improve** in relation to investments on the ground.



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<https://www.forestcarbonpartnership.org/>

<http://www.biocarbonfund-isfl.org/>

<https://www-cif.climateinvestmentfunds.org/fund/forest-investment-program>

THANK YOU

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