



Meeting of the SCF Trust Fund Committee
Washington, D.C. (Virtual)
June 25, 2021

FIP OPERATIONAL AND RESULTS REPORT SUMMARY



PROPOSED DECISION

The SCF Trust Fund Committee reviewed the document, SCF/TFC15/3.1, *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.

1 Introduction

1. The FIP Operations and Results Report (ORR), identifies key strategic issues, highlights decisions taken inter-sessionally by the FIP Technical 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.
2. This report provides an update of the entire FIP portfolio for the period July 1 to December 31, 2020 (with additional updates to March 31, 2021 on resource availability) as well as the disbursements for projects under implementation as of June 2020. Results reporting of projects under implementation covers the period from January 1 to December 31, 2020.

2 Strategic issues

2.1 Resource availability

3. The FIP trust fund has a total potential surplus of USD 74.1 million. The anticipated pipeline commitments will require USD 17.2 million in grant resources, resulting in a potential surplus of USD 63.9 million in capital funds and of USD 10.2 million in grants.
4. This amount varies from month to month due to USD 179.8 million in unencashed promissory notes, which will continue to be exposed to currency exchange fluctuations until encashed.

Table 1: FIP resource availability schedule summary (March 2021, USD million)

	TOTAL	Capital	Grant
Unrestricted Fund Balance After Reserves (i)	63.6	39.0	24.6
Anticipated Commitments (ii) Program/project funding and MPIS costs	17.2	-	17.2
Available Resources (i - ii)	46.3	39.0	7.4
Potential Future Resources (iii)	27.8	24.9	2.8
Potential Available Resources (i-ii+iii)	74.1	63.9	10.2

2.2 Pipeline management update

5. As of December 31, 2020, the FIP pipeline includes three projects under preparation for FIP Technical Committee and eventual MDB approval:
 - Congo Republic: Northern Congo Agroforestry Project
 - Congo Republic: DGM for Indigenous Peoples and Local Communities
 - Nepal: DGM for Indigenous Peoples and Local Communities
6. The CIF Administrative Unit is working with the MDBs to develop a new FIP pipeline for the use of the available resources. The new pipeline proposal will be presented to the FIP Technical Committee for its endorsement via email.

2.3 Impact of COVID-19 on the FIP portfolio

7. The COVID-19 pandemic continued to have an impact on the FIP portfolio, both for projects under implementation and those in the pipeline.
8. Despite the limitations and challenges, project teams have been able to adapt to continue implementation. The report also highlights the positive impact that some activities funded by FIP projects have had in reducing the risks of the most vulnerable populations.

2.4 Monitoring and reporting

9. A new [FIP monitoring and reporting online training module](#) was developed throughout 2020 and launched in March 2021 to support developing countries' capacity to carry out vital monitoring and reporting (M&R) on their efforts to boost sustainable forestry and livelihoods. Following the launch of this new online training platform, four virtual training workshops were conducted by the CIF Administrative Unit to build FIP countries' understanding and utilization of the FIP M&R system.

3 Status of FIP

3.1 Portfolio overview

10. The following table provides a summary overview of the FIP portfolio as of December 31, 2020.

	Indicative Pipeline Allocation				Approved Funding		Disbursement
	Total	IP	DGM	PSSA	Committee	MDB	
FIP Funding	602.28	514.69	70.28	17.30	577.70	553.40	289.4
Number of Projects	50	33	14	3	47	44	42

11. The entire endorsed FIP portfolio should be approved by the FIP Technical Committee in FY2021, and by the respective MDB Board by FY2022.
12. Africa represents the largest portion (42%) of the FIP portfolio with a total of USD 245.1 million, followed closely by Latin America. The World Bank implements USD 390 million of the FIP Technical Committee-approved portfolio (68%). Private sector projects total only USD 26.8 million (5%).
13. Co-financing ratio of FIP Technical Committee-approved projects is 1:1.6, totaling USD 919.5million. MDBs and beneficiary governments are the main sources of co-financing.

3.2 Portfolio updates

14. During the reporting period, one project was approved by the FIP Technical Committee for a total of USD 4.5 million, and two projects were approved by MDB boards totaling USD

26.3 million.

15. There are 3 projects pending FIP Technical Committee approval, and five projects pending MDB Board approval.
16. The cumulative project disbursements by MDBs totals USD 289.4 million, corresponding to 42 projects under implementation, as of June 2020.¹ The current rate of portfolio disbursement is 54 percent of funding for MDB-approved projects.
17. During this reporting period four projects have extended their closing dates five projects reached completion.

4 Cross-cutting themes

18. Knowledge management, learning and evaluation: two studies focused exclusively on FIP under the CIF E&L Initiative were published ([Welfare and Forests: Lessons from Assessments of the FIP Co-funded Projects in Lao PDR and Mexico](#), and [Designing Fiscal Instruments for Sustainable Forests](#)). In addition, the TCLP Landscapes Interest Group organized five webinars focusing on themes such as private sector engagement, inclusion of IPLCs, and FIP's transformational potential in Mexico.
19. Gender: During the current reporting period, only one project, the DGM Guatemala, was approved by the FIP Technical Committee. This project scored positively across all three gender scorecard indicators.
20. Risk management: Implementation risk for FIP remained High, as four out of 42 projects representing USD 65 million (9%) of program funding have been flagged for this risk.

5 Results

21. The report presents results that were achieved in FIP during the period from January 1, 2020 until December 31, 2020. To accommodate to a new SCF Committee schedule, results reporting to the FIP Technical Committee has shifted from December to June.
22. Due to the Covid-19 pandemic this is the second consecutive reporting year that FIP results are based primarily on data from MDBs.
23. Out of 44 MDB-approved FIP projects, (30 under FIP investment plans, 11 under DGM, and 3 under FIP PSSA, totaling USD 547.6 million in FIP funding), 37 projects are reporting results as of RY2020. An additional six projects have reported targets toward FIP's total expected results, although they have not yet reported non-zero progress toward these targets.

¹ This amount includes disbursements of Project Preparation Grants (PPGs)

24. Among all MDB-approved FIP projects, approximately 75 percent are at least three years old, including 9 percent (corresponding to four projects) that have been reported as closed.
25. Based on MDB-reported data from 10 FIP projects in seven countries, FIP has achieved a cumulative total of 20.47 million tons of CO₂ eq. reduced, avoided, or from enhanced carbon stocks
26. Despite some of the challenges faced in 2020, the cumulative land area covered by 16 FIP projects as of December 31, 2020 has now crested 44,699,363 hectares, which is approximately equivalent to the 2010 tree cover extent of Tanzania and Thailand combined.
27. FIP projects further expanded the number of people receiving such livelihood co-benefits by an additional 215,356 people, bringing the program to a cumulative 1,449,453 beneficiaries, against a target that ballooned to 2,404,451 expected beneficiaries of livelihood co-benefits, leading to a 60 percent cumulative achievement against the new target.
28. DGM: Through DGM, IPLCs in seven countries are directly managing 574 subprojects with a combined value of over USD 17 million toward community-led initiatives supporting more than 250,000 IPLCs. These projects range from support for land tenure and sustainable natural resource management to support for sustainable livelihoods