



Meeting of the SCF Trust Fund Committee

Washington D.C. (Hybrid)

Friday, June 24, 2022

FIP OPERATIONAL AND RESULTS REPORT (SUMMARY)



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SCF/TFC.16/3.1
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PROPOSED DECISION

The SCF Trust Fund Committee reviewed the document, SCF/TFC.16/3.1, *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 intersessionally by the FIP Sub-Committee, and provides an update on the status of FIP-funded programs and projects under the endorsed investment plans and related activities.
2. This report provides an update of the entire FIP portfolio through December 31, 2021 (with additional updates to March 31, 2022, on resource availability) as well as the disbursements for projects under implementation as of December 2021. Results reporting of projects under implementation covers the period from January 1 to December 31, 2021.

2 Strategic Issues

2.1 Resource Availability

3. As of March 31, 2022, FIP had reached a total of USD 752.6 million¹ in cumulative funding. This amount varies from month to month due to currency exchange fluctuations, a total of USD 7.4 million has been reserved by the Trustee to account for currency exchange fluctuations.
4. As of March 2022, the FIP trust fund has a total potential available resource of USD 15.5 million, comprising USD 8.2 million in capital and USD 7.4 million in grant funding. This follows the United Kingdom's encashment of GBP 83 million (eq. USD 104 million) in outstanding promissory notes (PN) in October 2021, which ensured that the entire USD 64 million FIP sealed pipeline could be programmed. It also enabled the preparation of six concept notes by FIP countries and multilateral development banks (MDBs) and their endorsement by the FIP Technical Committee on December 1st, 2022 (see Table 1).

**Table 1: FIP resource availability schedule summary
(March 31, 2022, USD million)**

	Total	Capital	Grant
Unrestricted Fund Balance After Reserves (i)	79.4	64.8	14.7
Anticipated Commitments (ii) Program/project funding and MPIS costs	71.7	64.0	7.7
Available Resources (i - ii)	7.8	0.8	7.0
Potential Future Resources (iii)	7.7	7.4	0.3
<i>Pledges</i>	0.3	-	0.3
<i>Release of currency risk reserves</i>	7.4	7.4	-
Potential Available Resources (i-ii+iii)	15.5	8.2	7.4

¹ Including contributions, pledges, and investment income earned.

2.2 Pipeline Management Update

5. As of December 2021, FIP has a total of 57 projects in its portfolio, including 15 projects under the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM). Of the total 57 projects, 50 have been approved by the FIP Technical Committee and 46 by the MDBs boards.

2.3 Monitoring and Reporting

6. Due to the ongoing COVID-19 pandemic and the challenges many countries are facing, it was again deemed optional for countries to report results in this reporting period. All FIP country focal points were directly contacted by the CIF Administrative Unit and were strongly encouraged to resume reporting (if feasible), but only five countries submitted a full report and two countries a partial report. Beyond the pandemic, FIP countries and projects are facing numerous challenges in sustainably establishing or maintaining a country-level FIP M&R mechanism. In some FIP countries, projects have closed, and the project teams have dissolved. In other cases, FIP countries only have one MDB-approved project in their portfolio and have not yet established a country-level FIP M&R mechanism. Several FIP countries also reported that the national focal point teams or MDB project teams have changed during the pandemic, with new teams either unaware or unable to implement their country-level FIP M&R responsibilities.
7. In light of these challenges, enhancing FIP M&R country engagement, support, and capacity-building is a strategic priority for CIF that will continue in the fiscal year 2023 (FY23). The CIF Administrative Unit is working to support FIP countries along several fronts: online M&R training sessions, targeted capacity-building opportunities, support for country reporting using the CIF Collaboration Hub (CCH), and piloting an M&R close-out exercise for countries with completed investment plans. Additional guidance on M&R for countries with completed and late-stage investment plans will follow.

3 Status of FIP

3.1 Portfolio Overview

8. As of December 31, 2021, USD 677.88 million had been endorsed by the FIP Sub-Committee as indicative allocations to the participating countries, totaling 57 projects included in investment plans, DGM, and the Private Sector Set Aside (PSSA). Table 2 provides a summary of the portfolio status. The portfolio under implementation consists of 46 projects reaching USD 355 million in cumulative disbursements.

Table 2: Overview of FIP portfolio (USD million, as of December 31, 2021)²

	Indicative pipeline allocation					Approved funding		Disbursement
	Total	IP	DGM	PSSA	RFF	Committee	MDB	MDB
FIP funding	667.88	519.90	71.18	17.3	69.5	597.78	561.41	355
Number of projects	57	34	15	3	5	50	46	44

9. Compared to the previous reporting year, the total portfolio has increased by USD 64 million, which corresponds to the endorsement of six new projects by the FIP Technical Committee.
10. Africa represents the largest portion of the FIP portfolio (with a total of USD 265.1 million), followed closely by Latin America (USD 225.2 million), then Asia (USD 100.2 million). The World Bank implements almost 70 percent of the FIP Technical Committee-approved portfolio, followed by AfDB and IDB with 12 percent respectively. FIP Technical Committee-approved private sector projects total only USD 26.8 million.
11. The largest portion of funding focuses on landscape approaches (including agriculture and agroforestry – 46 percent), followed by sustainable forest management (32 percent) and capacity building (8 percent).
12. The co-financing ratio of FIP Technical Committee-approved projects is 1:1.7, totaling USD 1,017.7 million, being the MDBs and beneficiary governments the main sources of co-financing.

3.2 Portfolio Updates

13. During the reporting period, three projects were approved by the FIP Technical Committee for a total of USD 25 million, and two projects were approved by MDB boards totaling USD 12.5 million.
14. Two projects expecting to be approved in 2021 requested extension of their MDB board approval for a total of USD 11.8 million. As of December 31, 2021, four projects for a total of USD 4.5 million have been cancelled or closed.
15. For the first time since its inception, DGM countries closed out projects (DGM Peru, DGM Ghana, and DGM Burkina Faso), while others received FIP Technical Committee and World Bank approval, and the majority experienced peak implementation.
16. Six new pipeline projects totaling USD 64 million were endorsed by the FIP Technical Committee on December 1, 2021, with the expectation that these projects will be submitted to the FIP Technical Committee for approval by October 2023, according to CIF Pipeline Management Policy timelines.

² Amounts include Project Preparation Grants (PPGs).

17. Cumulative project disbursements by MDBs total USD 355 million, corresponding to 44 projects under implementation, as of December 31, 2021.³ The current rate of portfolio disbursement is 63 percent of funding for MDB-approved project.
18. During this reporting period four FIP projects reached completion, bringing the total number of completed projects to six.

3.3 Cross-Cutting Themes

19. Knowledge management, learning and evaluation: two studies focused exclusively on FIP under the CIF E&L Initiative were published (Supporting Just Transitions to Sustainable Land Use in Ghana; and [Mexico: The Contribution of the Forest Investment Program to Forest and Climate Goals](#))
20. Gender: Since the start date of the CIF Gender Action Plan (GAP) Phase 3, the bar has been raised for gender integration, with an expectation for all projects to include all three indicators and demonstrate a clear results chain between them. An increase in the quality of the FIP project portfolio from the June 2014 baseline in all the three scorecard indicator areas (i.e., presence of sector-specific gender analysis, women-targeted activities, and sex-disaggregated monitoring indicators) has been seen, with all the projects approved after the start date of GAP Phase 3 scoring higher across all the three scorecard indicator areas.
21. In partnership with CIF, the World Bank published the Forest Carbon Partnership Fund (FCPF)-funded study, [Fostering Gender-Transformative Change in Sustainable Forest Management: The Case of the Dedicated Grant Mechanism \(DGM\)](#). This study analyzes the nexus of gender equality, Indigenous Peoples and local communities, and locally led climate action by looking at the range of DGM projects.
22. Risk management: FIP's risk score for implementation risk remains High, with five projects representing USD 70.8 million of program funding flagged for this risk.

4 Results

23. Results correspond to the time period from January 1, 2021, to December 31, 2021, referred to as reporting year 2022 (RY2022). Due to the ongoing COVID-19 pandemic and the resulting difficulties for countries to organize annual results workshops and data validation among stakeholders, it was optional for countries to submit results in RY2022. Nevertheless, the CIF Administrative Unit contacted all FIP countries and encouraged to submit a full or adapted report if feasible. Seven countries submitted a full or partial results report (Brazil, Burkina Faso, Côte d'Ivoire, DRC, Indonesia, Lao PDR, and Mozambique). This FIP results report marks the third consecutive reporting year that FIP results for Category 1 reporting themes are based on project-level data from MDBs. Information for FIP Category 2 reporting themes is sourced from the annual country results reports that were submitted.
24. Out of 46 MDB-approved FIP projects, (31 under FIP investment plans, 12 under DGM, and 3 under FIP PSSA, totaling USD 561 million in FIP funding), 27 projects are reporting achieved

³ This amount includes disbursements of Project Preparation Grants (PPGs)


results as of RY2022. An additional seven projects are reporting expected results but have not yet reported achieved results.⁴

25. FIP results should be interpreted in the context of portfolio's maturity. Among all FIP projects, more than one-third of the portfolio (35 percent) is not MDB-approved or has been under implementation for two years or less, whereas 21 percent has been under implementation for three to five years. Six projects have been reported as closed, representing approximately 11 percent of the portfolio. The remaining 16 percent of MDB-approved projects in the portfolio are less than three years old. In terms of total FIP funding, half (50 percent) of the portfolio has either surpassed five years of maturity or closed, whereas the other half (50 percent) falls within the 0-to-5 years range.
26. Based on project-level reporting from MDBs, as of December 31, 2021, FIP has achieved a cumulative total of 27.28 million tons of CO₂ eq reduced, avoided, or from enhanced carbon stocks (representing 37 percent of the cumulative target of 73.61 million tCO₂ eq). This marks a 33 percent increase (20.47 to 27.28 million tCO₂ eq) from 2020 to 2021.
27. In RY2022, FIP investments reported an additional 273,828,108 hectares (ha) covered under sustainable land management practices, bringing the total cumulative area covered to 318,439,033 ha (783 percent of the target of 40,660,061). A total of 12 FIP projects contributed to this result, including the Environmental Regularization of Rural Lands in the Cerrado of Brazil (World Bank), which contributed an outsize proportion. The cumulative result increased by approximately 612 percent from 2020 to 2021.
28. The total number of people receiving livelihood co-benefits expanded by approximately 618,977 people in RY2022, reaching a cumulative total of 2,068,430 people (or 83 percent of the targeted 2,503,776 beneficiaries). Among the livelihood co-benefits results with gender-disaggregated data available (80.1 percent of data reported for results and 51.3 percent of data reported for targets), approximately 56.7 percent of beneficiaries are men and 43.3 percent are women.
29. As more FIP projects reach completion, CIF is working to analyze and report on common themes from lessons learned across projects. In RY2022, the most prominent themes that emerged are related to: project design and implementation considerations (four projects), institutional coordination and project delivery arrangements (two projects), financial considerations (two projects), stakeholder engagement and community involvement (two projects), land security (two projects), capacity building and technology (two projects), and M&R issues (three projects).

5 DGM

30. As of December 31, 2021, there are 12 DGM country projects, of which 11 have received World Bank approval and one is still pending approval (Nepal). Two countries received project approval (Guatemala and Republic of Congo), four countries closed out (Brazil, Peru, Ghana, and Burkina Faso), five continued implementations (Côte d'Ivoire, DRC, Indonesia,

⁴ DGM projects are not currently captured through the FIP M&R System.



Mexico, and Mozambique). DGM Burkina Faso, Brazil, and Peru proceeded with closeout activities, including subproject finalization, monitoring, reporting, and technical and financial closeout at the same time that other projects were in the process of kicking off activities or at the peak of implementation.

31. Through the DGM, Indigenous Peoples and local communities in eight countries (Burkina Faso, Indonesia, Brazil, Mexico, Ghana, DRC, Mozambique, and Peru) are now directly managing 628 subprojects, with a combined value of over USD 17 million toward community-led initiatives.



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