Climate Investment Funds

Midterm Evaluation of the Forest Investment Program

Indufor North America and ICF

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Acronyms

ADB	Asian Development Bank
AfDB	African Development Bank
AFOLU	Agriculture, Forestry, and Other Land Use
ANR	Assisted Natural Regeneration
CAFI	Central African Forest Initiative
CBO	Community Based Organization
CIF	Climate Investment Funds
CSO	Civil Society Organization
DAC	Development Assistance Committee
DGM	Dedicated Grant Mechanism
DRC	Democratic Republic of Congo
ERPA	Emission Reductions Payment Agreements
FCCP	Forest Carbon Climate Program
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLM	Forest Landscape Management
FMU	Forest Management Unit
FPIC	Free, Prior, Informed Consent
GALS	Gender Action Learning System
GCF	Green Climate Fund
GEA	Global Executing Agency
GEF	Global Environment Facility
GHG	Greenhouse Gas
ICR	Implementation Completion Report
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILM	Integrated Landscape Management
IPLC	Indigenous Peoples and local communities
MDB	Multilateral Development Bank
MRV	Monitoring, Reporting, and Verification
NDC	Nationally Determined Contribution
NEA	National Executing Agency
NPC	Nature, People, and Climate Program
NSC	National Steering Committee
ORR	Operational and Results Report
PES	Payment for Ecosystem Services
PSSA	Private Sector Set Aside
REDD+	Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
SME	Small- and Medium-sized Enterprises
TCLP	Transformational Change Learning Partnership
TTL	Task Team Leader

UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNFCCC	UN Framework Convention on Climate Change
WOCAT	World Overview of Conservation Approaches and Technologies
WWF	World Wildlife Fund

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FIP project area, Maragun Village, Indonesia

Executive Summary

Background

The Climate Investment Funds (CIF) established the Forest Investment Program (FIP) in 2009, aiming to transform forest policies and practices in developing countries to reduce deforestation and curb forest degradation (REDD+). Through a programmatic approach complementing national REDD+ strategies, the FIP seeks to enhance sustainable forest management, empower local communities, and contribute to low-carbon development. CIF also established the Dedicated Grant Mechanism (DGM) in 2010 to enhance the role of Indigenous Peoples and local communities (IPLCs) in protecting the forests that they depend on, conceptualized as part of the broader FIP portfolio.

To date, the FIP has approved 52 projects across 13 countries, with 16 projects now completed and a total of US$586 million in financing approved, of which 75 percent has been disbursed. Around half of all approved FIP funding is in projects that are either closed or at least five years into implementation, while other projects are beginning implementation. Private sector projects constitute six percent of the FIP portfolio.

IPLCs are actively engaged through the DGM's Indigenous-led governance structure, which has funded 628 subprojects focused on strengthening political representation, capacity building, forest management, and tenure rights.

Purpose and scope

The CIF Evaluation and Learning (E&L) Initiative commissioned this independent learning-oriented evaluation to assess what elements of the FIP and DGM have or have not worked, for whom, and under what conditions. The evaluation takes a summative perspective on closed country programs and projects and a formative perspective for those still under implementation. The findings and recommendations aim to inform the remainder of FIP implementation, generate lessons for new CIF programs—in particular, the new Nature, People, and Climate Investment Program (NPC)—inform discussions about the role and design of DGM and how climate finance can better support IPLC voices in climate action, and inform discussions on how to engage the private sector in forest/nature-based programming.

The evaluation covers OECD Development Assistance Committee (DAC) Network on Development Evaluation criteria as well as the transformational change framework developed by CIF's Transformational Change Learning Partnership, adapted for the forest sector. Primary

intended users of the evaluation include CIF governing bodies, CIF Secretariat, multilateral development bank (MDB) partners, and contributor and recipient countries.

Methodology

The evaluation used multiple approaches to assess and draw lessons from FIP and DGM program design, implementation, and results. It covered performance at multiple levels, specifically at the program level considering the FIP and the DGM as separate and linked programs, at the country level, and at the level of individual projects and sub-projects. The evaluation employed a theory-based approach using realist analysis to assess what worked for whom under which conditions; outcome harvesting to capture outcomes from mature DGM programs; and transformational change signals analysis to assess FIP's contribution to broader change.

Evidence was collected and analyzed using mixed methods including document and literature review, portfolio analysis, semi-structured interviews with more than 250 people, and country case studies in 10 countries, including in-depth case studies covering FIP and DGM portfolios in Mozambique, Democratic Republic of Congo (DRC), Indonesia, and Brazil, and the DGM portfolios (with lighter FIP coverage) in Peru and Burkina Faso. Light-touch reviews of the FIP and DGM were conducted in Côte d'Ivoire, Ghana, Lao PDR, and Mexico. Nearly half of the interviewees for the country case studies were representatives of IPLCs and civil society organizations.

Key findings and conclusions

Relevance

The FIP's concessional finance remains highly relevant to address funding gaps in the "missing middle" between REDD+ readiness and results-based payments. The CIF designed the FIP as a vehicle to address the funding gap between REDD+ readiness and results-based payments by financing those measures that were needed to implement policies and measures emerging from national REDD+ planning. FIP hence funded investment planning processes and capacity building that proved highly relevant in strengthening the REDD+ enabling environment and demonstrating how to put REDD+ aligned actions into practice.

The FIP has been a key source of funding for the forest sector over the last decade, accounting for 18 percent of the US$9.5 billion in public international climate mitigation finance for forests from 2010-2022.[1]

[1] New York Declaration on Forests Assessment Partners (2022). Finance for Forests: Theme 3 Assessment.

Through the DGM, the FIP piloted an innovative IPLC-governed model to channel finance to forest-dependent IPLCs. When the FIP was launched in 2009, few mechanisms existed to channel forest finance directly to IPLCs. The DGM's relevance to FIP objectives was further bolstered over the years by the growing evidence that territories controlled by IPLCs show stronger forest protection outcomes than other management systems. The DGM has been operationalized through governance structures that support IPLC self-determination, with national steering committees predominantly made up of IPLC representatives and supported in implementation by national NGOs. These features have been critical in building IPLCs' capacity to manage resources and implement projects, strengthening their autonomy and decision-making power.

The DGM's US$34 million in community sub-project finance accounted for around 8 percent of total global finance disbursed directly to IPLCs for forest management and tenure.[2]

The use of a programmatic approach advanced sector dialogue in the planning phase and enabled adaptive management in the implementation phase. During the investment planning phase, the use of a programmatic approach advanced dialogue on countries' involvement in the global forest carbon agenda and provided a basis for collaboration among different government ministries and MDBs. Systematic collaboration among MDBs in the investment planning phase has generally not continued into implementation, with many countries reverting to a project-oriented approach. MDB project leaders had limited awareness of the activities and results of other MDBs' FIP projects in the same country.

The programmatic approach could be strengthened by ensuring that the approved projects are better aligned with the transformative vision and that implementing partners coordinate actively towards that vision. Annual stakeholder workshops were a key feature of the programmatic approach during implementation to support programmatic coordination, learning, and investment plan-level monitoring and reporting. However, these were not as impactful in FIP countries where the links between projects were weak and hence the workshops did not achieve the desired results in terms of coordination and learning. Despite this lack of coordination in some cases, the programmatic approach did make adaptive management possible in some cases where it was implemented more fully.

Countries found limited value in the investment planning process alone. In 2015, the FIP Technical Committee selected nine additional countries, in addition to the original 13, to receive funding to develop their investment plans, with the understanding that no FIP resources were available to implement those plans. The FIP Technical Committee encouraged countries to seek bilateral or multilateral resources to fund these plans. Not all countries saw value in preparing investment plans, and those that did struggled to secure funding. Investment plans grew stale as the sector evolved.

[2] Rainforest Foundation Norway estimates that US$459 million were disbursed to IPLC organizations between 2011 and 2020. Rainforest Foundation Norway (2021). Falling Short: Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011-2020).

The FIP's design choices led to investment plans and projects that address key small-scale drivers of deforestation and direct benefits to poor, rural communities. The MDBs and countries designed programs and projects focused on small-scale actors (e.g., smallholders and local communities) that are central agents of small-scale drivers of deforestation (e.g., subsistence agriculture, fuel wood collection, artisanal charcoal production). FIP investments were designed to be highly relevant to national REDD+ plans, which often commonly identify small-scale actors as agents behind deforestation and forest degradation. Consistent with the FIP investment criteria, investment plans and projects also consistently integrated ecological, social, and economic priorities, giving further emphasis to livelihood benefits.

In some places, the FIP's solutions-oriented approach risked placing undue responsibility on small-scale actors when larger, more powerful actors contributed significantly to deforestation.

Greater attention to scaling mechanisms and systems thinking in design—including interactions with large-scale drivers of deforestation—would have enhanced the transformational potential of FIP interventions. Many FIP investment plans and project designs articulate an intention to demonstrate replicable models that work with small-scale agents of deforestation. However, they often lacked a clear line of sight for linking local demonstration to mechanisms for achieving change at scale. Some projects that aimed to support scaling did not materialize, such as public policy, large-scale private investment, or revenues from the REDD+ carbon market. Some FIP project designs were solutions-oriented without articulating the system that projects were seeking to change, often targeting behavioral change in smallholder actors, with limited attention to other influential actors and actions in the broader systems.

In particular, the logic model underpinning some FIP projects did not adequately consider other large-scale direct drivers of deforestation (e.g., industrial agriculture, logging, infrastructure, mining), and entrenched power dynamics and policy misalignments that underlie those drivers. These design choices reflected the MDBs' and countries' reasonable expectations about what could be accomplished with limited resources, but limited FIP's potential in contexts where large-scale drivers are the most prevalent threats.

The FIP monitoring and reporting (M&R) system is participatory and flexible but has struggled to capture progress on core FIP and DGM objectives. FIP originally used a country-driven M&R approach that focused on reporting on core indicators, capacity building, and learning for in-country stakeholders, tailored to country-specific conditions. These design choices enabled substantial qualitative reporting at the country level that drew on the perspectives of a wider range of stakeholders than typically engaged in project-level reporting. But they also yielded limited standardized data on results that are helpful for understanding the overall impact of the FIP program and supporting learning and adaptive management at the global level. In 2018, the system was revised to better guide annual progress reporting and include project-level reporting by MDBs. MDB reporting generated valuable insights and supported some aggregation of results across countries. A limitation of this retroactive approach is that already-approved MDB project results frameworks did not necessarily align with new FIP guidance on reporting themes. As a result, aggregating core indicator results across countries has been challenging. Similarly, the DGM implemented a separate, lighter-touch M&R system that reduced reporting burden for implementing agencies—but focused more on monitoring administrative processes than on producing meaningful information about outcomes for IPLCs.

Forest Management Seminar, DGM Brazil, Pau Santo

Photo: Fagno Moreno

Early results and effectiveness

Forest Investment Program

FIP investments have strengthened forest governance in eight countries with mature projects, improving planning, decision-making, cooperation, monitoring, enforcement, and land tenure. In six countries, FIP enhanced forest-related policy frameworks and strengthened government capacities for policy implementation and enforcement. FIP projects also improved decentralized, participatory governance structures for forest management in six countries, emphasizing the importance of inclusive engagement to address land and resource conflicts. Core FIP programming modestly strengthened local land tenure in four countries, with weaker impacts in two.

Institutional capacity building was more effective when directed through government departments rather than parallel project management units.

The FIP made a major difference in helping four countries unlock REDD+ payments. The FIP's role in providing bridge financing and support helped countries move through the process to access REDD+ payments. The World Bank was the MDB that most ensured REDD+ payments were leveraged, through accessing in-house REDD+ mechanisms. The FIP also supported countries in securing additional finance for REDD+ through other mechanisms, such as the Global Environment Facility (GEF) and Central African Forest Initiative (CAFI), by demonstrating replicable approaches and strengthening REDD+ governance.

The FIP has achieved substantial sustainable land use outcomes through conservation and reduced pressure on forest ecosystems. Performance on emission reductions is more variable. FIP projects have reported 35.9 million hectares brought under sustainable land use (88 percent of project targets to date), roughly evenly split between conservation activities and other approaches to reduce pressure on forests.[3] All completed projects have achieved 95 percent or more of their targets for area under sustainable management. With about a third of its projects closed, FIP has met 28 percent of its cumulative greenhouse gas (GHG) emission reduction target (27.73 $MtCO_2e$ against a target of 100.46 $MtCO_2e$). Closed projects have shown variable performance on reducing emissions, however, making it uncertain whether FIP will achieve its emission reduction target by program close. More complete reporting on GHG benefits is needed to fully

Forest loss has increased in some FIP project areas post-implementation due to ongoing deforestation incentives and the insufficient speed and scale of REDD+ payments.

[3] This figure uses revised reporting from Brazil's Environmental Regularization of Rural Lands in the Cerrado project. In early 2024, the Implementation and Completion Report revised project results downward from 362 million hectares to 26.3 million hectares upon methodological review. As a result, the number presented here deviates from FIP's 2023 Operational and Results Report, which was published before this revision. *See* World Bank (2024). Implementation Completion and Results Report – Environmental Regularization of Rural Lands in the Cerrado of Brazil.

assess GHG emissions from FIP projects as most FIP projects are not yet reporting final GHG emissions reductions numbers.

FIP projects are meeting their beneficiary targets—directing benefits to poor, rural IPLCs. FIP investment has benefited 2.8 million people, according to MDB project reporting, representing 75 percent of the 3.7 million program-wide target.[4] Of the 1.8 million beneficiaries who were identified by gender, 765,000 (41 percent) are women. All closed FIP investment projects achieved or exceeded their beneficiary targets. FIP projects have delivered both monetary benefits (diversifying and increasing income and employment for people in forest and adjacent communities) and non-monetary benefits (increased social capital and improved access to food and public infrastructure and services for local communities). Many FIP projects assume that improving the well-being of forest-dependent people will lead them to stop activities that cause deforestation and forest degradation. To inform future CIF programming, it will be crucial to integrate thorough evaluation and learning to better understand the conditions under which livelihood improvements result in forest benefits.

Livelihood enhancements usually benefited poor, rural local communities, but elite capture, risk aversion, and need for speed sometimes limited benefits for the poorest and most vulnerable. Most mature FIP projects deliver gender-responsive results, although often within the constraints of traditional sector dynamics and gender roles, limiting potential to close gender gaps.

The FIP has not engaged the private sector at the level or breadth anticipated, although private sector projects that proceeded delivered some outcomes in line with FIP objectives. Despite concerted efforts to engage the private sector through investment planning and the private sector set-aside (PSSA) mechanism, private sector projects have represented just 6 percent of the overall FIP portfolio. In addition, private sector engagement in the FIP portfolio focused on small-scale plantation establishment and productive forest management, not on engaging companies to reduce deforestation in their supply chains. Still, projects in Ghana and Lao PDR used FIP concessional finance to de-risk sustainable plantation projects, mobilizing significant private investment and generating verified emission reductions. Mexico's FIP experience demonstrated how intermediated finance and technical assistance can help micro-, small-, and medium-sized community forest enterprises overcome financial and capacity barriers to access finance.

Private sector engagement was hindered by a government-led investment planning process, design flaws in the private sector set-aside mechanism, and the MDBs' relative inexperience and caution in the forest sector.

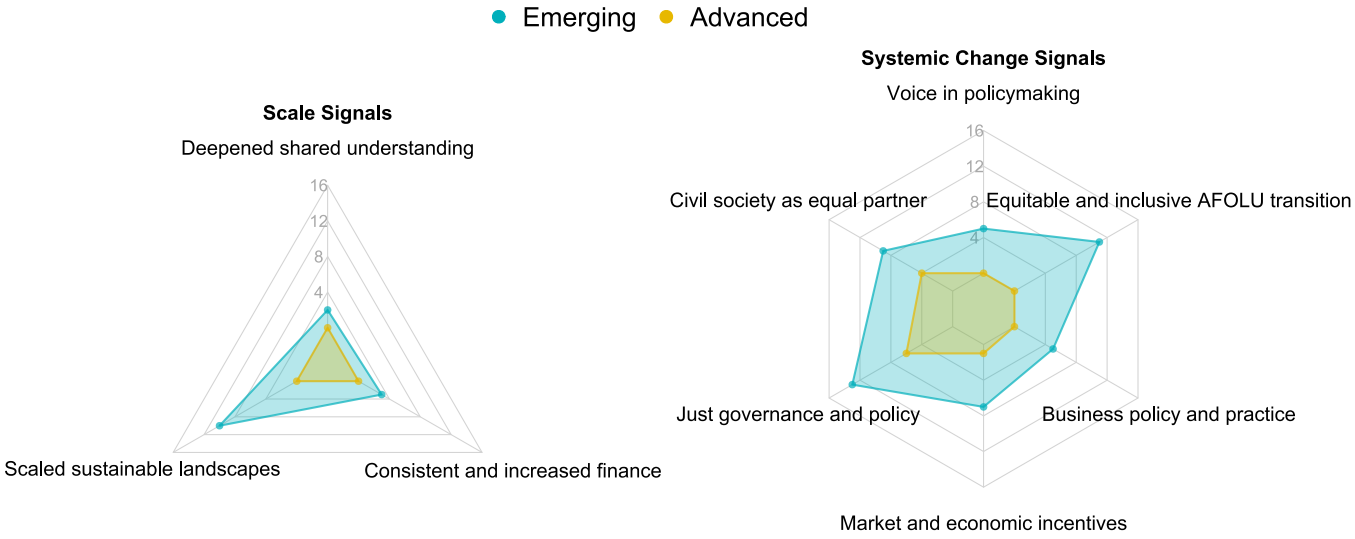
The FIP aimed to facilitate transformational change and had the most success in seeding systemic change. Figure 1 summarizes the evaluation's findings on FIP contributions to transformational change signals of systemic change and scale[5] in the eight mature countries. Some project interventions influenced wider changes in policy, governance, and rights. FIP projects frequently showed progress towards inter-governmental coordination, an emerging signal of systemic change. In six of eight mature FIP countries, more advanced signals were

[4] The same treatment of Brazil's Environmental Regularization of Rural Lands in the Cerrado project applies here. In the recent Implementation and Completion Report, beneficiaries were revised downwards from 3.8 million to 322,000. *See* World Bank (2024). Implementation Completion and Results Report – Environmental Regularization of Rural Lands in the Cerrado of Brazil.

[5] Systemic change is understood as fundamental shifts in system structures and functions, while scale is contextually large change processes and impacts, based on the definitions developed by the CIF's Transformational Change Learning Partnership.

observed, including enacting, reforming, and implementing REDD+ aligned policies. In several countries, approved policy reforms strengthened protections and/or resource access for IPLCs, while the DGM elevated IPLC policy influence in robust and lasting ways. Signals of scale were rarely observed in mature FIP countries, where project results are relatively localized and pathways for scaling are uncertain.

Figure 1: *FIP portfolio signals of transformational change in scale and systemic change*



Note: This figure summarizes the depth, breadth, and intensity of the signals of systemic change and scale across the eight country case studies with mature FIP programs. A rubric was used to define and assess signals of transformational change at the country level. For each of the eight countries, emerging and advanced signals were rated as either absent (0), partial (1), or strong (2) for a maximum value of 16 per signal.

FIP Project Vaccination Pen, Burkina Faso

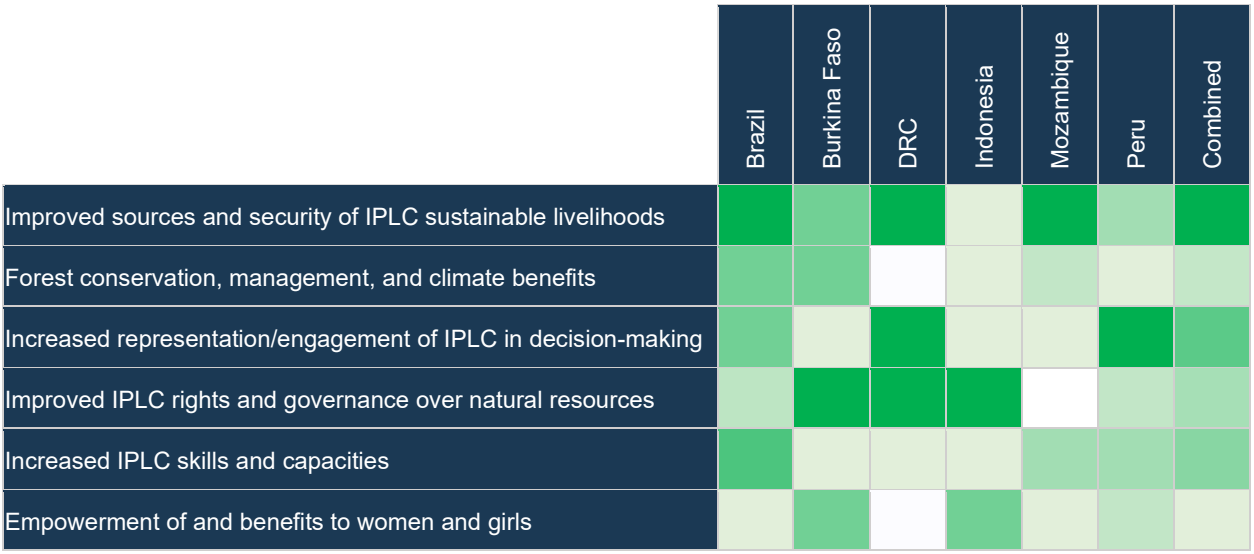
Photo: Thierry Ouedroago

Dedicated Grant Mechanism

The DGM has delivered many outcomes related to IPLC sustainable livelihoods and enhanced capacity. Notable outcomes include representation and engagement of IPLCs in decision-making, and rights and governance over natural resources (Figure 2). Livelihoods and welfare benefits were the most frequently observed outcomes. In three countries, the DGM effectively contributed to the legal acknowledgement of significant areas of customary IPLC land. Enhanced capacity of IPLCs to govern and implement projects using climate finance is a key outcome of the DGM in all countries, positioning them to better pursue other funding sources.

About a quarter of all DGM sub-projects were dedicated to women-centric initiatives. Their successes, especially in terms of earning household income, have helped shift community and household gender dynamics, strengthening women's voices and agency. In several cases, DGM projects led to important localized environmental outcomes, ranging from watershed restoration outcomes in Brazil to more sustainable cacao production in Ghana.

Figure 2: *Frequency of outcomes harvested across mature or closed DGM projects*



Key: Dark green is most frequent; white is least frequent.

Developing country DGM governance and operational structures was a cumbersome but vital element of the DGM's overall effectiveness. The creation of IPLC-governed National Steering Committees in each country provided an opportunity for the DGM to link climate finance with locally-developed projects to strengthen community livelihoods and rights. The capacity and experience of the National Executing Agencies has been pivotal to the DGM's effectiveness and its ability to operate in each country. In some cases, the executing agency's technical expertise and local presence led to highly successful project implementation. In others, where the executing agency had limited relevant experience beyond project management, substantial effort was spent building the agency's capacity to work effectively with IPLCs and the World Bank. Developing operational processes also required significant adaptation of World Bank procedures on procurement and safeguards to align them with the realities of providing finance to IPLC stakeholders. Yet, on balance, the DGM's relationship with the World Bank bolstered program performance by various means, such as providing access to technical expertise or access to government counterparts.

Ngrantu Village, East Java Indonesia

Photo: Andhika Vega, DGM Indonesia

Efficiency

The FIP has brought land under sustainable management at US$470 per hectare and reduced / sequestered carbon at US$9 per tonne.

FIP and DGM resources were used efficiently. FIP and DGM costs to achieve land-based results on a per output basis (e.g., per hectare or tonne of carbon) are in line with or below industry standard benchmarks. The FIP has thus far brought land under sustainable management at a unit cost of US$470 per hectare [6] — significantly lower than the US$1,400 average establishment cost per hectare of sustainable land management reported to the World Overview of Conservation Approaches and Technologies database. Across completed projects with available data, total costs per tonne of carbon dioxide equivalent (US$9.04 per tonne on average with co-financing; US$5.20 of FIP financing) are in line with or below the revenue that could be recouped through emissions reductions payments (US$5 per-tonne ERPA floor price, US$25 per-tonne ART-TREES-aligned price).

Projects focused on land titling for Indigenous communities, agroforestry, and policy reform/implementation stand out as especially cost-effective, generating sustainable outcomes and leveraging additional finance. Land titling projects in DRC, Indonesia, Mozambique, and Peru led to communities receiving land titles or registration documents that will protect their rights for generations at US$3-11 per hectare, within the typical range reported for community land titling projects in tropical countries. Projects focused on capacity building for sustainable agroforestry and participation in policy reforms and implementation have also been highly cost-effective, delivering outsized livelihoods benefits and policy reforms per unit cost.

The DGM incurred high initial costs to establish its governance structures, but those structures provide strong value for money—especially if they are sustained. With 57 percent of its project budgets flowing directly to IPLC-led sub-projects, the DGM has localized project funds efficiently relative to other donors funding IPLC-led initiatives. The initial cost to set up IPLC-accountable governance structures has meant that the DGM has spent more per unit output to date relative to NGOs performing the same function. This unit cost would decrease if the governance structures that are now set up were used by other donors to direct resources to IPLCs. In one case (Brazil), DGM financing spurred a second round of DGM support including parallel domestic government and financial sector financing. In all other cases to date, the end of FIP support to the DGM project has led to the closure of DGM operations.

[6] For more accurate comparison with the WOCAT dataset, which captures on-the-ground implementation of sustainable land management approaches, this calculation excludes Brazil's Environmental Regularization of Rural Lands in the Cerrado project, implemented by the World Bank, which reported lands registered in the state or national cadaster system within project municipalities.

Sustainability

Many of the FIP and DGM's forest and livelihood gains are at risk of not being sustained. Risks arise from insufficient community governance capacity, lack of market access, and systemic barriers like tenure insecurity and policy distortions. Design and implementation shortcomings (e.g., inadequate market opportunities and technical support), along with low community capacities, cast doubt on the long-term, positive impacts on people's welfare in about half of the countries. Because projects often expect welfare increases to reduce behaviors that lead to deforestation, this finding means that sustainable forest landscape outcomes may also be at risk. Livelihood activities were frequently implemented in the final years of FIP and DGM projects, in part due to the time required to set up DGM structures, limiting the ability of project teams to help communities secure benefits. Projects sometimes closed before communities had sufficient technical and financial capacity.

Climate-smart agriculture and sustainable forestry are more likely to be sustained where secure tenure, productivity gains, market access, and continued technical assistance and credit are available. For planted forests, outcome sustainability depends on ability to monetize benefits after project closure, varying based on tenure security, maturity of plantations, and market access—and was highly uncertain in several FIP countries. Sustainability outlooks are also uncertain for conservation and restoration, where market logic and economic incentives are especially weak.

FIP outcomes on improved forest policy and governance are more durable where project activities are integrated into ongoing government processes. Multi-stakeholder collaboration platforms are emerging in countries, but substantial work remains to bridge sector siloes, fund policy mandates, and address competing sectoral policies. For community-led governance structures, achieving financial sustainability remain ongoing challenges, only partially addressed by FIP projects.

While the FIP has played a role in helping countries advance REDD+ readiness and secure payments, the forest carbon market developed weakly over the past decade, eroding the effectiveness of the FIP's "missing middle" model. The FIP's logic model focused on improving the enabling environment and incentives such that deforestation-linked activities could be phased out—if a robust REDD+ market were to emerge and offer funding adequate to incentivize land use changes at scale. This was a relevant design and reasonable theory when FIP was launched. Even in countries that have received emission reduction payments through the Forest Carbon Partnership Facility (FCPF), benefits have been slow to reach local communities—in some cases resulting in multi-year gaps in support after FIP closed. The implication is that MDB follow-on investments have become a critical source of continued support. Follow-on investments have been identified in some cases, usually in countries where MDBs have larger forest, land use, and agricultural portfolios.

REDD+ payments have generally not materialized at the scale or pace anticipated or needed, meaning that incentives for sustainable land use are likely to end with FIP projects – particularly in cases where other market incentives are not in place to support sustained income generation.


FIP project area, Maraqun Village, Indonesia

Recommendations

The key findings and conclusions lead to the following six recommendations. These recommendations are aimed at ensuring stronger results and sustainability of new and ongoing FIP projects and improving processes, outcomes, and transformational impact in future CIF programming.

RECOMMENDATION 1: The CIF should strengthen its strategic focus on transformational change by more fully operationalizing its programmatic approach. Several specific actions would help in this objective:

a) Countries and MDBs should ensure stronger alignment between the transformational vision in the investment plan and the projects that will contribute to achieving that vision. This will require a stronger commitment to selecting, designing, and implementing projects that contribute directly to a transformative vision. The design phase of the CIF's programmatic approach should better define this vision and ensure that projects respond to specific needs and opportunities to make this vision a reality. During implementation national stakeholder workshops for programmatic coordination, evaluation, learning, and monitoring should work together to sustain this vision.

b) Countries and MDBs should give greater attention to systems thinking and scaling pathways in investment planning, project design, and implementation. This could include, for example, more explicitly acknowledging the many systems being targeted and its constituent actors, actions, and interactions; and designing pathways for how smaller scale demonstration of sustainable land management practices can lead to larger and broader policy changes. It could also include demonstrating how MDBs could build on innovative CIF activities to influence their broader land use portfolio in a country or region.

c) Countries and MDBs should give more attention in design and implementation to interactions with large-scale drivers of deforestation, both as countervailing factors for effectiveness and as structural barriers that ultimately limit the benefits that accrue to poor and marginalized people. Connecting FIP programs with programmatic MDB support—including support that involves multiple instruments, such as other trust funds, investment operations, and policy operations—could position CIF to help address large-scale drivers of deforestation and major policy distortions. CIF Technical Committees should also consider whether the proposed coordinating ministry is well positioned in the national political economy to work in and across sectors, to address interlinked drivers, mainstreaming, or institutional capacity building.

d) CIF Technical Committees should not fund countries to develop investment plans when there is not reasonable certainty that associated investment funding will follow in the short-term.

RECOMMENDATION 2: Country representatives and MDBs should strengthen project design and implementation to improve impact and adaptive sustainability. To do so, they would need to:

a) Ensure that project designs explicitly articulate the causal links between alternative livelihoods activities and reducing deforestation and forest degradation—and ensure that those causal links are grounded in locally relevant diagnostics and aligned to the broader investment plan.
b) Design projects with the objectives of enhancing both tenure security and livelihoods. Focusing on both tenure security and livelihoods is needed to ensure that any increase to territorial value (e.g., through agroforestry) accrues to customary rights-holders, thereby mitigating conflict. Support for gender-transformative approaches to land rights will also help ensure that the most vulnerable benefit from FIP interventions.

c) Safeguard survival and impact of planted forests by lengthening project support. Long-term project support is needed to mitigate survival or reversal risks and better ensure that plantations deliver emissions reductions and income streams for local beneficiaries. This can be done through project extensions, additional financing, or follow-on projects, using CIF, MDB, or other financing.

d) Shift income-generating activities to earlier in the implementation period, or extend project timeframes, to ensure that there is sufficient time to build durable capacities for new livelihoods and connect to markets.

e) Acknowledging the uncertainty in REDD+, explore other opportunities to sustain impacts such as voluntary market jurisdictional payments. Example actions could include project planning to produce compliance documentation such as safeguards information systems that build on FCPF and ERPA readiness.

RECOMMENDATION 3: The CIF should design future private sector windows to address lessons from the FIP design, while remaining consistent with the principles of a programmatic approach and social inclusion. An effective private sector window would be:

a) Dedicated specifically to private sector projects to overcome the tendency for government-led investment planning processes to minimize the proportion of finance directed toward private sector entities.

b) Flexible to seize investment opportunities when they arise, rather than using time-bound calls for proposals.

c) Large enough to offer sufficient volume of funding to garner interest from MDBs.

d) Inclusive of grant and concessional funding that should be used to address the most significant constraints to private sector climate action, such as to de-risk investments, provide critical technical assistance and advisory, and support upstream development that has a clear line-of-sight to mobilizing private sector investment. In allocating scarce CIF concessional resources, the CIF should also consider whether funding helps develop and/or standardize a private sector business model for new areas of climate action,

provides explicit consideration of the scalability of private sector climate business models,[7] and supports social inclusion.[8]

e) Programmed in a manner that is consistent with the programmatic and transformational vision articulated in countries' investment plans. Investment plans should include diagnostic analysis that identify promising and priority strategies for engaging private sector and explicitly describe how CIF public sector activities (such as policy actions) and private sector activities could work programmatically to strengthen potential for scaling up private finance. During the investment planning phase, MDBs and countries should increase engagement with possible financial intermediaries (e.g., national environmental funds, national banks, regional banks, micro-credit finance facilities) to explore potential for greater use of intermediated finance to on-lend to Small- and Medium-sized Enterprises, with blended finance alongside technical assistance and advisory. A rigorous review process will be needed to ensure that private sector investments later approved through a dedicated window are aligned with the programmatic intent of the investment plans.

RECOMMENDATION 4: The CIF should streamline FIP and DGM collaboration while maintaining IPLC leadership for the DGM. Specific actions should include:

a) Maintaining IPLC leadership of DGM governance structures. At the country level, this should include the continuation of the model of representative National Steering Committees (NSC) supported by National Executing Agencies (NEA) with accountability mechanisms to IPLC stakeholders. Where appropriate FIP should help facilitate NSC interactions with government counterparts to advance the goals of DGM and FIP.

b) Sharing guidance for World Bank TTLs and NEAs on how to develop representative and accountable governance structures. Guidance should address how to interact with governance structures of membership-based organizations and how to ensure that civil society organizations represent the interests of, and build meaningful relationships with, IPLCs.

c) Encouraging stronger dialogue between FIP and DGM at the country-level during implementation through linkages between the design of FIP and DGM programming—while still respecting the DGM's principle of self-governance. Doing so would help ensure that IPLC engagement is mainstreamed across core programming rather than siloed. This could involve establishing local collaboration protocols between DGM and FIP project teams to improve decision-making, clarify roles and responsibilities, and pursuing synergies that could deepen impact for IPLCs. Additionally, MDB TTLs should share information and encourage dialogue between FIP and DGM decision-makers.

d) Adapting streamlined World Bank processes on procurement, safeguards, and other administrative processes from DGM experience into centralized operational guidance. Many DGM project teams negotiated more streamlined processes and requirements with

[7] Factors recommended to the World Bank and IFC from the World Bank's Independent Evaluation Group on increasing private sector finance for climate action. See IEG. 2023. Creating an Enabling Environment for Private Sector Climate Action: An evaluation of World Bank group support, fiscal years 2013-22.

[8] Use of concessional resources should also be consistent with CIF financial terms and conditions, including principles and guidelines for use of concessional resources.

the World Bank to balance due diligence, efficiency, and IPLC capacities. If future DGM projects are managed by other MDBs, the World Bank should share lessons learned and recommendations to avoid additional time-intensive negotiations. At a minimum, these streamlined processes should be shared with project leads for new DGM projects. Similarly, NEAs should be provided with a library of contract and reporting templates integrating safeguards (or World Bank-endorsed templates to mitigate spending time re-negotiating them) from existing DGM projects for their use.

e) Providing immediate upfront training to MDB project leads, NEA staff, and NSC members on lessons learned from previous DGM experiences and best practices.

RECOMMENDATION 5: The CIF and MDBs should engage with other donors to raise sustainable funding for maintaining DGM's capacities and structures. Public and private donors have committed more than a billion dollars of funding to enhancing IPLC forest guardianship and are looking for effective channels to deliver that funding. Existing DGM infrastructure and capabilities could play a valuable role in the global donor ecosystem. The CIF Secretariat and MDBs could more proactively engage with donors during the life of the DGM project to identify avenues to continue DGM programming beyond the life of the program and/or make continued use of the NSCs and DGM model. Future DGM programs should clearly articulate that it is the responsibility of the CIF Secretariat and MDB, in cooperation with the NSC and NEA, to identify sustainable or long-term funding for DGM and build this into the project plan from the outset.

RECOMMENDATION 6: The CIF and MDBs should enhance support for gender-transformative approaches across the FIP portfolio. Promoting gender-transformative strategies that address deeper societal and cultural norms will involve understanding the specific burdens and benefits that interventions impose on different genders, especially those engaged in subsistence agriculture, fuelwood collection, and artisanal charcoal production. It is essential to ensure that these interventions do not inadvertently increase the burden on, or cause harm to, women or other marginalized groups.

To support this effort, the CIF and MDBs should ensure that gender-differentiated results are captured through gender-specific indicators. This will enable a more precise analysis of how interventions impact men and women differently and facilitate targeted improvements.

FIP project area, Maraqun Village, Indonesia

Learning for future programming

The following additional lessons were derived from the FIP's experience and offer more generalizable learning for future programming.

Sustainable impact can be diluted by spreading resources too thin across multiple objectives and locations, especially for forests. Some FIP projects, for example, prioritized supporting more beneficiaries, spreading available resources thinly to the detriment of sustainable livelihood outcomes. Working with the most vulnerable may take more time and resources—e.g., to build sustainable capacities and organizational and legal structures to access resources and services—which may require lower beneficiary targets and extended project periods. Similarly, large-scale targets for sustainable land use may be at odds with dedicated efforts to pilot an approach in a smaller area. To enhance transformational potential, future programming might consider a strategy that facilitates deeper systemic change on a local level with a clear line of sight to scaling up that change—rather than diluting the impact of a small resource volume to deliver incremental change over a larger hectarage or number of beneficiaries. Funding for reducing deforestation and forest degradation is already constrained; potential trade-offs or unintended outcomes should be managed carefully to ensure that CIF's new NPC program can still support forest-related objectives effectively as part of its broader mandate.

Slowing forest loss is not possible without engaging with large-scale direct and indirect drivers, especially in countries where large-scale actors are major drivers of deforestation and forest degradation. The FIP experience demonstrated the importance of engaging with large- and small-scale direct and indirect drivers of deforestation in a coherent way to drive sector transformation. This topic is particularly ripe for discussion among CIF Secretariat and MDBs in the context of CIF's objective of accelerating transformational change toward net-zero emissions and adaptive, climate-resilient development pathways in a just and socially inclusive manner. More systems-based approaches backed by significant funding resources are needed to stop and reverse forest loss, warranting more strategic collaboration with MDBs and other aligned actors that can help address large-scale drivers, even if not covered by core project support. Promoting a deeper understanding of how concessional finance could be used to address large-scale drivers could include high-level strategizing among MDBs and other development partners, including the philanthropic sector, on how to ensure stronger coherence among forest and nature initiatives.

The importance of self-determined and representative governance coupled with robust funding should not be underestimated in future programming for IPLCs. The IPLC-led governance structures supported by NEAs were critical to the success of the DGM. The considerable investment of time and resources required to establish and make those structures functional should not be sacrificed for the sake of efficiency. Future programs that seek to replicate or adapt the DGM model should provide sufficient financial resources and longer planning timeframes to accommodate the creation of novel representative structures that work in alignment with the MDBs and NEAs.

Management Response to the Independent Midterm Evaluation of the FIP

Introduction and Background

The Climate Investment Funds (CIF) was established in 2008 to provide scaled-up climate finance to developing countries to initiate transformational change towards low carbon, climate resilient development. The CIF encompass two funds: the Clean Technology Fund (CTF) and the Strategic Climate Fund (SCF). The SCF consists of seven targeted programs including the Forest Investment Program (FIP) and the new Nature, People, and Climate (NPC) Program. Since CIF's inception in 2008, CIF has mobilized over $12 billion in climate finance from 15 donor countries. Through $7.4 billion in approved financing, CIF is supporting almost 400 projects in over 80 low and middle-income countries on the frontlines of the climate crisis and expect to mobilize an additional $65 billion from governments, the private sector, and MDBs.

In 2023, the CIF's Evaluation and Learning (E&L) unit commissioned an independent midterm evaluation of the CIF's FIP. The purpose of this learning-oriented evaluation was to assess what elements of the FIP and DGM have or have not worked, for whom, and under what conditions. The findings and recommendations aim to 1) generate evidence on the performance of the FIP and Dedicated Grant Mechanism (DGM), 2) inform the remainder of FIP implementation, 3) generate lessons for new CIF programs (including the NPC Program), 4) inform discussions about the role and design of DGM and how climate finance can better support Indigenous Peoples and Local Communities (IPLC) voices in climate action, and 5) inform discussions on how to engage the private sector in forest/nature-based programming.

A mixed-methods approach was used to collect and analyze evidence. The process included a document and literature review, portfolio analysis, semi-structured interviews, and country case studies in 10 (out of the 13) FIP countries. In-depth case studies covered FIP and DGM portfolios through interviews, desk analysis, and project site visits over two-week in-country missions. Light-touch case studies involved review of secondary data and limited remote interviews with key project and government actors.

This evaluation comes at an opportune moment to inform new CIF programs related to nature-based solutions and resilience, including programs aimed at providing direct access to finance for IPLCs. In line with the CIF's objective of accelerating transformational change toward net-zero emissions and inclusive, climate-resilient development pathways, Management appreciates findings and recommendations to support the transformational impact of CIF programs and associated projects. Management also appreciates the wide range of methods used in this evaluation, including a theory-based approach using realist analysis to assess what worked for whom under which conditions; outcome harvesting to capture outcomes from mature DGM programs; and transformational change signals analysis to assess FIP's contribution to broader change.

The sections below outline a response by CIF Secretariat and its MDB focal points - referred to as 'Management' hereon - to key findings and recommendations from the evaluation report undertaken by Indufor North America in collaboration with ICF.

Management is committed to taking these findings and recommendations forward in future CIF strategy, programming, and decision-making processes.

Management Response to Key Findings

Management appreciates that the evaluation found the FIP and DGM have had significant successes. These included strengthening forest governance in six countries, helping four countries unlock REDD+ payments, bringing 35.9 million hectares of forest under sustainable use, and benefiting 2.8 million people. All closed FIP investment projects achieved or exceeded their beneficiary targets. FIP projects delivered both monetary benefits (diversifying and increasing income and employment for people in forest and adjacent communities) and non-monetary benefits (increased social capital and improved access to food and public infrastructure and services for local communities).

Management notes that the FIP and DGM resources were used efficiently, with projects focusing on land titling for Indigenous communities, agroforestry, and policy reform/ implementation being especially cost effective. FIP brought land under conservation and mitigated carbon dioxide emissions in line with or better than industry standard benchmarks. Furthermore, the development of DGM governance structures, although resource intensive, was vital for the DGM's overall effectiveness and provides strong value for money.

Management appreciates that the evaluation found that the financing provided through FIP was highly relevant in the context of a funding gap between REDD+ readiness and results-based payments. However, Management also acknowledges that the evaluation found that the weak development of the larger forest carbon market over the past decade has meant that REDD+ payments have not materialized at the scale and pace anticipated. Management notes that this underperformance of the forest carbon market could potentially undermine the incentives for sustainable land use in some circumstances. Despite many program successes, Management acknowledges that many FIP and DGM related forest and livelihood gains can be at risk of not being sustained due to insufficient community incentives, lack of market access, and systemic barriers including tenure security and policy distortions. This increases the importance of follow-on investments for scaling up and sustaining successful pilot activities.

Management notes that countries found limited value in developing investment plans without secured funding to implement these plans. Management will take this into account for future CIF programming.

Management Response to Key Recommendations

Recommendation 1: The CIF should strengthen its strategic focus on transformational change by more fully operationalizing its programmatic approach. Management appreciates the finding that the CIF's programmatic approach advanced sector dialogue in the planning phase and enabled adaptive management in the implementation phase. At the same time, it acknowledges that the programmatic approach has not been well maintained after Investment Plan endorsement and that the value of the programmatic approach could have been strengthened by ensuring that approved projects aligned more strongly with the transformational visions set out in the investment plans. During implementation, relevant stakeholders need to work together

for programmatic coordination and a stronger monitoring, evaluation, and learning function can help sustain this transformational vision. Management acknowledged the need for more collaboration between MDBs during Investment Plan implementation, and the need for an Investment Plan M&E approach instead of project focused M&E approach.

Recommendation 2: Country representatives and MDBs should strengthen project design and implementation to improve impact and adaptive sustainability. Management acknowledges greater attention needs to be given to diagnostic and design considerations related to the line-of-sight between investments designed to benefit rural communities on the one hand and addressing large-scale driver of deforestation on the other. This would enhance the potential of FIP, DGM, and future programs to contribute to transformational change. The complexity and uncertainty associated with the relationship between global carbon markets and REDD+, tenure security, local livelihoods, and income generation require long-term project support to build durable capacities at multiple levels. Management emphasizes that the diagnostic and design considerations are linked to the size of funding available and other economic and social factors beyond the remit of the FIP projects. However, Management welcomes the recommendation that greater attention needs to be given to certain dimensions at the design stage such as ways in which the projects can be scaled in the future; how structural barriers will be addressed through the investments; and the relationships between small- and large-scale interventions to improve forest management and sustain livelihood benefits. Management will continue to support the use of the dimensions of transformational change (including relevance, systemic change, scaling, and adaptive management) in program and project design.

Recommendation 3: The CIF should design future private sector windows to address lessons from the FIP design, while remaining consistent with the principles of a programmatic approach and social inclusion. Management acknowledges the recommendation that for future forestry-related projects and programs, a new approach is needed to engage the private sector. Much can be learned from the successes through projects in Ghana and Lao PDR that used FIP concessional finance to de-risk sustainable plantation projects, mobilizing significant private investment and generating verified emission reductions. Mexico's FIP experience demonstrated how intermediated finance and technical assistance can help micro-, small-, and medium-sized community forest enterprises overcome financial and capacity barriers to access finance. Management will review the barriers to greater private sector engagement and aims to address these in future programming.

Recommendation 4: The CIF should streamline FIP and DGM collaboration while maintaining IPLC leadership for the DGM. Management appreciates that the DGM has delivered many outcomes related to IPLC sustainable livelihoods including enhanced capacity, representation, and engagement of IPLCs in decision-making and governance over natural resources. Management notes the recommendation to develop greater alignment between the FIP (and in the future the NPC) and DGM projects while simultaneously maintaining the leadership role of IPLCs within the DGM. Management will support the

continuation of IPLC representative structures, facilitating interactions between IPLCs and government counterparts, greater collaboration between FIP (NPC) and DGM stakeholders and projects, and providing training based on lessons learned from previous DGM experience.

Recommendation 5: The CIF and MDBs should engage with other donors to raise sustainable funding for maintaining DGM's capacities and structures. Management notes that future DGM programs that seek to replicate or adapt the DGM model should ensure that sufficient financial resources and longer planning timeframes are provided to accommodate the considerable investment of time and resources to set up the IPLC-led governance structures. To support this, in the initial project plans for future DGM programs, Management will include activities that can improve the IPLCs capacities to identify sustainable or long-term funding.

Recommendation 6: The CIF and MDBs should enhance support for gender-transformative approaches across the FIP portfolio. Management supports this recommendation to enhance support for gender transformative approaches and greater social inclusion. This will require engaging with the underlying systemic structures that increase the burden on, or cause harm to, women and other marginalized groups. Management acknowledges that a deeper analysis of an interventions' impact on different genders, and subsequent targeted improvements, could be supported through gender-specific indicators, reporting, and evaluation questions focused on social inclusion.

Conclusion

In summary, Management appreciates the efforts of the Indufor and ICF teams in conducting a thorough evaluation of the Forest Investment Program. The evaluation team has produced a well-structured report in which the findings are substantiated with evidence from a rich and diverse pool of data and country case studies. As previously noted, Management recognizes that this evaluation comes at an opportune moment for the CIF's new NPC and related DGM program, providing opportunities to incorporate these important lessons learned and recommendations into future CIF programming. Management remains committed to CIF acting as a learning laboratory for innovative and transformational climate finance and associated climate action.

1. Introduction

1.1 Evaluation scope and purpose

The Climate Investment Funds (CIF) established the Forest Investment Program (FIP) in 2009 to provide funding for countries to reduce deforestation, curb forest degradation, support sustainable forest management, and promote forest carbon stocks. The CIF also established the Dedicated Grant Mechanism (DGM) in 2010 to enhance the role of Indigenous Peoples and local communities (IPLCs) in protecting the forests that they depend on, conceptualized as part of the broader FIP portfolio. As of June 2023, the FIP has allocated 90 percent of its available resources to approved projects and disbursed 47 percent. The portfolio is fairly mature, with around half of FIP funding in projects that are either closed or at least five years into implementation, and only a few projects that are recently approved or in early implementation.

The CIF Evaluation and Learning (E&L) Initiative commissioned this independent learning-oriented evaluation to assess what elements of the FIP and DGM have or have not worked, for whom, and under what conditions. The evaluation takes a summative perspective on closed country programs and projects, and a formative perspective for those still under implementation. The findings and recommendations are intended to inform the remainder of FIP implementation, generate lessons for new CIF programs (in particular the new Nature, People, and Climate (NPC) Program), inform discussions about the role and design of the DGM and how climate finance can better support IPLC voices in climate action, and inform discussions on how to engage the private sector in forest/nature-based programming. The evaluation covers OECD Development Assistance Committee Network on Development Evaluation criteria of relevance, coherence, effectiveness, efficiency, and sustainability. It also considers the five dimensions of transformational change—relevance, systemic change, speed, scale, and adaptive sustainability—as defined by the CIF's Transformational Change Learning Partnership (TCLP) and adapted for the forest sector.

Primary intended users of the evaluation include CIF governing bodies, especially the FIP Technical Committee of the Strategic Climate Fund Trust Fund Committee, and CIF contributor and recipient countries, Multilateral Development Banks (MDBs), and the CIF Secretariat. Secondary users include private sector actors, climate finance and international development institutions such as the Green Climate Fund (GCF), Global Environment Facility (GEF), and other multilateral, bilateral, and philanthropic institutions engaged in land, forest, and reducing emissions from deforestation and forest degradation and conservation and sustainable management (REDD+) issues.

1.2 Methods

The evaluation used multiple approaches to assess and draw lessons from FIP and DGM program design, implementation, and results. The evaluation design covered performance at multiple levels, specifically at the program level considering the FIP and DGM as separate and linked programs, at the country level, and at the level of individual projects and sub-projects. Three key approaches were employed in an integrated way: a theory-based approach using realist analysis; outcome harvesting; and transformational change signals analysis.

- For the **theory-based approach**, the evaluation team relied on the program theory articulated in the FIP logic model and DGM theory of change and further translated that theory into a narrative. The team also developed mid-range theory through a series of hypotheses on the mechanisms that enable or hinder outcomes and transformational change in particular contexts. The insights that emerged from exploring these hypotheses through portfolio analysis, interviews, and the country studies are integrated into the findings presented in the evaluation report.
- **Outcome harvesting** was used to understand, document, and learn from the experience of DGM in delivering outcomes. Because most DGM monitoring to date has focused on process/output-

related indicators, outcome harvesting allowed the team to surface and validate DGM results. The approach uses a story-orientation that aligns with traditional and Indigenous practices. Given the resources available, the evaluation team applied a streamlined version of this approach in six case study countries where DGM primary data collection was possible. The main limitations encountered by the evaluation team related to stakeholder and project site access for DGM grants, presenting some challenges for validation and interpretation of significance, as discussed further in Appendix D. The team mitigated these challenges by focusing on relative frequency of outcomes within and across countries to understand trends in DGM results.

- The **transformational change signals analysis** built on previous conceptual and evaluation work by the CIF's TCLP, as noted above. The TCLP defines transformational change as fundamental change in systems relevant to climate action, with large-scale positive impacts that shift and accelerate the trajectory of progress towards climate-neutral, inclusive, resilient, and sustainable development pathways.[9] Transformational change requires attention to five context-specific dimensions: Relevance, Systemic Change, Speed, Scale, and Adaptive Sustainability.

  This evaluation used the concept of "signals" as a practical approach for recognizing and capturing progress toward transformational change along the five dimensions. Signals can be found in both outcomes and processes[10] and may be evident along a continuum from emerging to advanced stages.[11] The evaluation operationalized the concept of signals through the development of a rating rubric for the relevance, systemic change, and scale dimensions (see Appendix D for more details). The rubric was applied using the country as the unit of analysis and from the lens of broader changes to which the FIP and DGM have contributed. The rating rubric measured the intensity of the presence of each signal, on a scale from 2 (strong) to 1 (partial) to 0 (not present). Signals were assessed for the eight countries with mature FIP programs[12] through case study work, integrating evidence from desk review, interviews, and site visits.

The evaluation team integrated these approaches in several ways. The outcomes identified through outcome harvesting and country case studies informed the refinement of the hypotheses. Probing why mechanisms have sparked (or not) these outcomes in different contexts led to a better understanding of whether and why these outcomes align with, converge with, or diverge from the expected transformational change signals.

Evidence was collected and analyzed using mixed methods that included:

- **Document and literature review** focused on a comprehensive review of secondary evidence on FIP and DGM performance, as well as review of program documents, MDB project documents, other published and grey literature on the forest sector and REDD+, and external datasets on country/regional trends in the forest sector. These documents included previous evaluative analysis and case studies on FIP and DGM produced under the CIF E&L Initiative.
- **Portfolio analysis** was conducted to establish a descriptive understanding of the FIP and DGM portfolios, as well as to assess country- and project-level results aligned with the Results Framework.

[9] The CIF launched its TCLP in 2017 as a multidisciplinary, multistakeholder learning community seeking to deepen, advance, and promote the understanding and operationalization of transformational change in climate action. A short brief on the TCLP is available here.
[10] For more information on the signals, please see Savage and Kyle, 2021. The TCLP has used the term **signals** (rather than indicators) to highlight that these signs of change are highly context-specific and temporal, and that universal measures or metrics are often inappropriate for the assessment of transformational change across different scales, sectors, institutions, etc. (Williams, Dickman, and Smurthwaite 2020).
[11] Emerging signals suggest that transformational change processes are underway and provide a clear line of sight to connect lower-level (community and project level) and higher-level (sector, national, and global levels) systems to deliver transformational impact. Advanced signals are those of large-scale positive impacts which can be identified within larger systems, and either arise directly from specific project interventions or occur through the institutionalization of new systemic processes or scaling up pilot interventions over time.
[12] Brazil, Burkina Faso, DRC, Ghana, Indonesia, Lao PDR, Mexico, Mozambique.

- **Semi-structured interviews** were held at the global/program level with 33 stakeholders, including FIP Technical Committee members, current and former members of the CIF Secretariat, MDB staff, and representatives of relevant international and regional organizations working on sustainable forest landscapes and with IPLC. FIP country focal points not associated with the case study countries were also interviewed. Appendix A provides a summary of stakeholders interviewed.
- **Country case studies** were used to provide a deeper understanding of the relevance, early results and effectiveness, and adaptive sustainability of FIP and DGM interventions at the country and project level, as well as to create the opportunity to reflect the voices of local partners and participants, including IPLCs and women**.** Ten countries were purposively selected for case studies to cover more mature projects, geographical regions, MDBs, a diversity of forest contexts and benefits, and public and private sector interventions, among other criteria. In-depth case studies covered FIP and DGM portfolios through interviews, desk analysis, and project site visits over two-week in-country missions. Light-touch case studies involved review of secondary data and limited remote interviews with key project and government actors.

Table 1: Country case studies

Country Case	FIP	DGM
Brazil	D	D
Democratic Republic of Congo (DRC)	D	D
Indonesia	D	D
Mozambique	D	D
Peru	L	D
Burkina Faso	L	D
Côte d'Ivoire	L	L
Ghana	L	L
Lao PDR	L	L
Mexico	L	L

D = in-depth case; L = light-touch case

- **Interviews and focus groups** were held with country governments, MDB project teams, FIP and DGM project partners (NSC/NEA), public executing partners and local officials, local offices of other multilateral and bilateral development partners, private sector entities, civil society (e.g. civil society organizations [CSOs], IPLC organizations, women's organizations, and academic and research institutions), and project participants engaged in and affected by FIP and DGM processes and projects (e.g., IPLCs, women, smallholders). Across 10 case studies, over 200 people were consulted. Appendix A provides a summary of stakeholders interviewed.
- **Thematic analysis** consisted of focused inquiry on the topics of private sector engagement and IPLC engagement. Portfolio review, document analysis, and interviews were leveraged to better understand FIP and DGM challenges and achievements in these areas and draw lessons for future programming.
- **Cost-effectiveness analysis** assessed program management costs and funding leveraged at the program- and project-level, as well as benchmarked whether FIP and DGM projects have generated outputs/outcomes in a cost-effective manner relative to comparator interventions.

Triangulation was used across the entire evaluation design, to cross-check information across multiple sources of evaluative evidence and different analytical methods, and to identify common themes and important differences/discrepancies. The findings included in the evaluation report are those that emerged from triangulation, illustrated by country and project examples. Limitations of the data collection and analysis process are described further in Appendix D.

This independent evaluation benefited from regular engagement with members of the CIF Secretariat and E&L Initiative, as well an evaluation Reference Group, composed of representatives from contributor countries, recipient countries, MDBs, CIF Observer IPLC representatives, and the CIF Secretariat (staff involved in the FIP, DGM, and NPC Programs), who provided guidance and feedback at key points in the evaluation process.

1.3 Report structure

The report is structured to convey the findings on the relevance, effectiveness, and sustainability of the FIP and DGM. Where the DGM contributes to FIP's overall relevance and effectiveness, content is grouped together. A separate section of the report is devoted to the DGM, given its differentiated governance and function. Section 2 covers the background and overview of the FIP and DGM portfolios. Section 3 reviews the relevance of FIP and includes discussion of DGM's relevance to FIP and broadly to advancing the rights and interests of IPLCs. Section 4 is focused on the results and effectiveness of the core FIP programming and country-level projects. Section 5 assesses the adaptive sustainability of FIP's investments. Section 6 focuses on the design, effectiveness, outcomes, and sustainability of the DGM programming. Section 7 provides consolidated conclusions and recommendations for FIP and DGM and lessons for other initiatives. The appendices provide additional information on methods, sources, and case examples from FIP and DGM projects.

2. Background and portfolio overview

2.1 FIP purpose and objectives

The CIF established four objectives for the FIP in its original design document: to 1) initiate and facilitate transformational change in developing countries' forest-related policies and practices; 2) pilot replicable models to generate understanding of the links between the implementation of forest-related investments, policies, and measures and long-term impacts of programs to reduce emissions from deforestation and forest degradation; 3) facilitate leveraging of additional financial resources for REDD+, including through a possible United Nations Framework Convention on Climate Change (UNFCCC) forest mechanism; and 4) provide experiences and feedback in the context of the UNFCCC deliberations on REDD+.[13]

To meet these objectives, the FIP aimed to support and promote investments in institutional capacity, forest governance, and information, investments in forest mitigation measures, including forest ecosystem services, and investments outside the forest sector to reduce pressure on forests, such as alternative livelihood and poverty reduction opportunities. The program's theory of change is based on the idea that:

> *If* the FIP provides grant and loan financing for REDD+ and equivalent forest strategies to supplement existing development finance flows—using a country-led programmatic approach, encouraging private sector investment, and leveraging significant additional finance from MDBs and other sources,
>
> *Then* the program will increase sustainable management of forests and forest landscapes to address drivers of deforestation, and strengthened capacity of IPLCs to access information and participate in decision-making,
>
> *Leading to* improved low-carbon and climate-resilient development pathways.

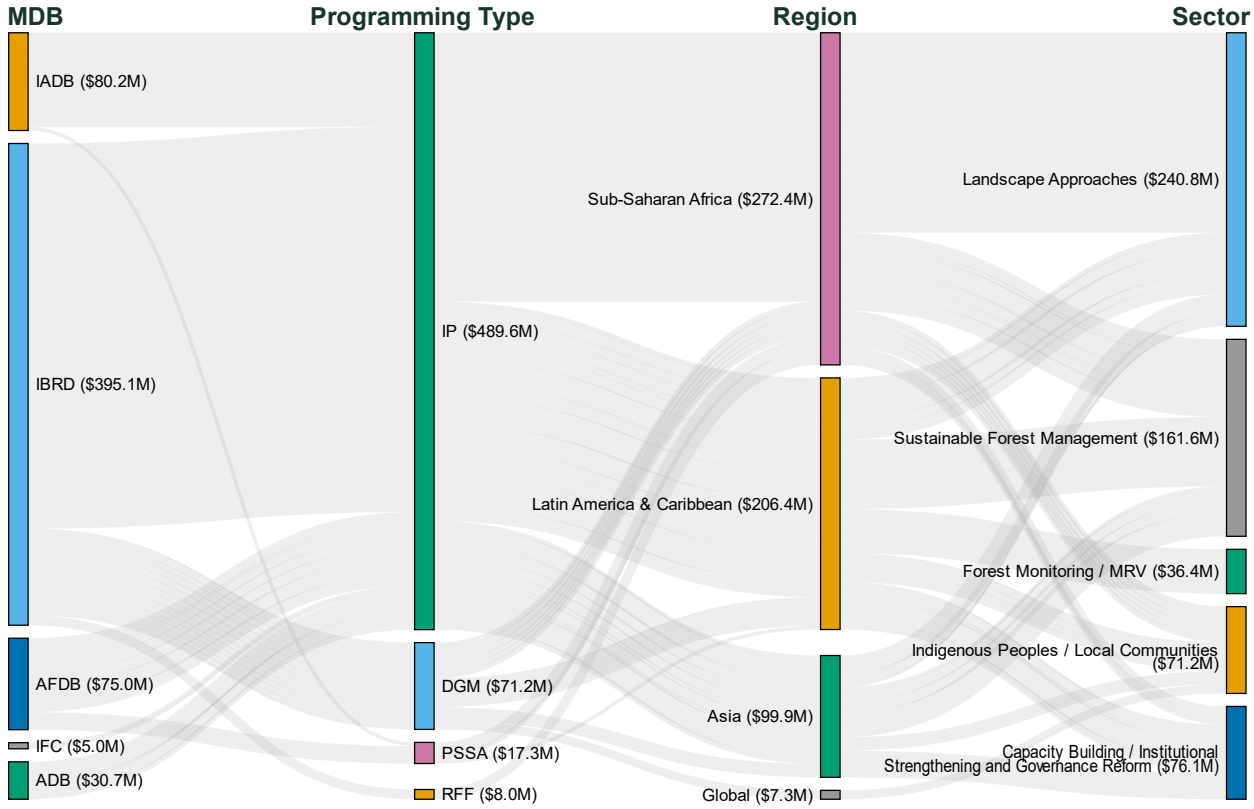
The FIP adopted a programmatic approach to complement existing national initiatives, especially in countries with REDD+ programs. Its results framework allows country actors and MDBs to define their own project outputs and indicators, enabling flexibility as long as they can demonstrate progress. Outcomes are targeted within 2-7 years, catalytic replication within 5-10 years, and transformative impacts are expected over 10-15 years. The FIP's full logic model can be found in Appendix G.

2.2 Portfolio overview

Fifty-two FIP projects have been approved by the FIP Technical Committee and MDBs in 13 pilot countries totaling US$586 million in FIP financing and US$1.77 billion in total project financing, including co-financing commitments. Most FIP financing is programmed through country investment plans (84 percent), with smaller shares channeled through the DGM (13 percent) and a separate Private Sector Set-Aside (PSSA) mechanism for which FIP countries were eligible.[14] Most committed financing has been allocated to projects in Sub-Saharan Africa (46 percent) and Latin America & Caribbean (35 percent), with a smaller proportion committed to date across the Asian FIP countries (17 percent). The largest share of FIP financing has been allocated towards landscape approaches (45 percent, including agricultural interventions), and sustainable forest management (28 percent), with smaller shares allocated to capacity building and forest monitoring / MRV. Grants have made up the majority of FIP financing (55 percent), followed by mixed grant/loan arrangements (40 percent). Loans, equity, and private sector loans account for the rest of the portfolio, at less than 4 percent each.

[13] CIF (2009). FIP Design Document.
[14] FIP Portfolio Data (June 2023).

Figure 3: *Total MDB-approved financing for FIP as of June 2023*



Source: Indufor analysis of FIP portfolio data (June 2023). **Notes:** [1] Sector funding flows are calculated based on the proportion of project funds allocated to relevant components. [2] "Indigenous Peoples / Local Communities" represents only DGM funding and is not inclusive of all FIP funding that included IPLC programming. **Acronyms:** IADB = Inter-American Development Bank; IBRD = International Bank for Reconstruction and Development; AFDB = African Development Bank; IFC = International Finance Corporation; ADB = Asian Development Bank; IP = Investment Plan; DGM = Dedicated Grant Mechanism; PSSA = Private Sector Set-aside; RFF = Remaining Funds in FIP; MRV = Measurement, Reporting, and Verification.

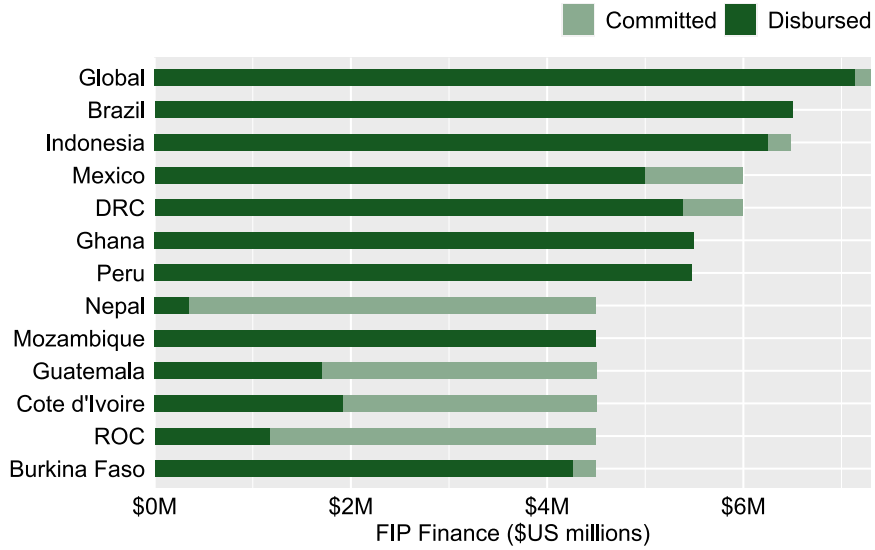
The DGM was established by the FIP as a specialized IPLC-managed mechanism, supporting both country-specific initiatives and a global exchange platform, directing US$71.2 million in funding to IPLCs.[15] IPLCs, as the primary drivers and stakeholders of the DGM, play a crucial role in all its activities. They select representatives for both national- and global-level DGM steering committees and develop and execute projects. The steering committees are supported by a Global Executing Agency (GEA) and National Executing Agencies (NEAs), which implement the committees' decisions with a focus on accountability and transparency. The FIP and World Bank do not participate directly in DGM decision-making, but attend committee meetings as observers and provide technical, fiduciary, and institutional oversight for DGM projects.

The DGM is active in 12 of 13 FIP countries, with country projects ranging in value from US$4.5 million to US$6.5 million. Six DGM country projects have now closed (Brazil, Peru, Ghana, Burkina Faso, Mozambique, and Indonesia), six are in implementation (Mexico, Guatemala, DRC, Republic of Congo, Côte d'Ivoire, and Nepal),[16] and 77 percent of total finance has been disbursed (Figure 4).[17] DGM Brazil is the sole country to launch a second phase of DGM, through additional finance.[18] To date, the DGM has

[15] Only one DGM project, DRC, has received co-financing (US$1.8M from the Central African Forest Initiative).
[16] Conservation International. 2022. DGM Fourteenth Semiannual Program Report.
[17] FIP Portfolio Data (June 2023).
[18] Data for DGM 2.0 projects in Brazil were not available at the time of this evaluation.

awarded 628 sub-project grants averaging US$31,140.[19] DGM projects have reported nearly 300,000 direct beneficiaries.

Figure 4: *FIP Finance for DGM Projects*

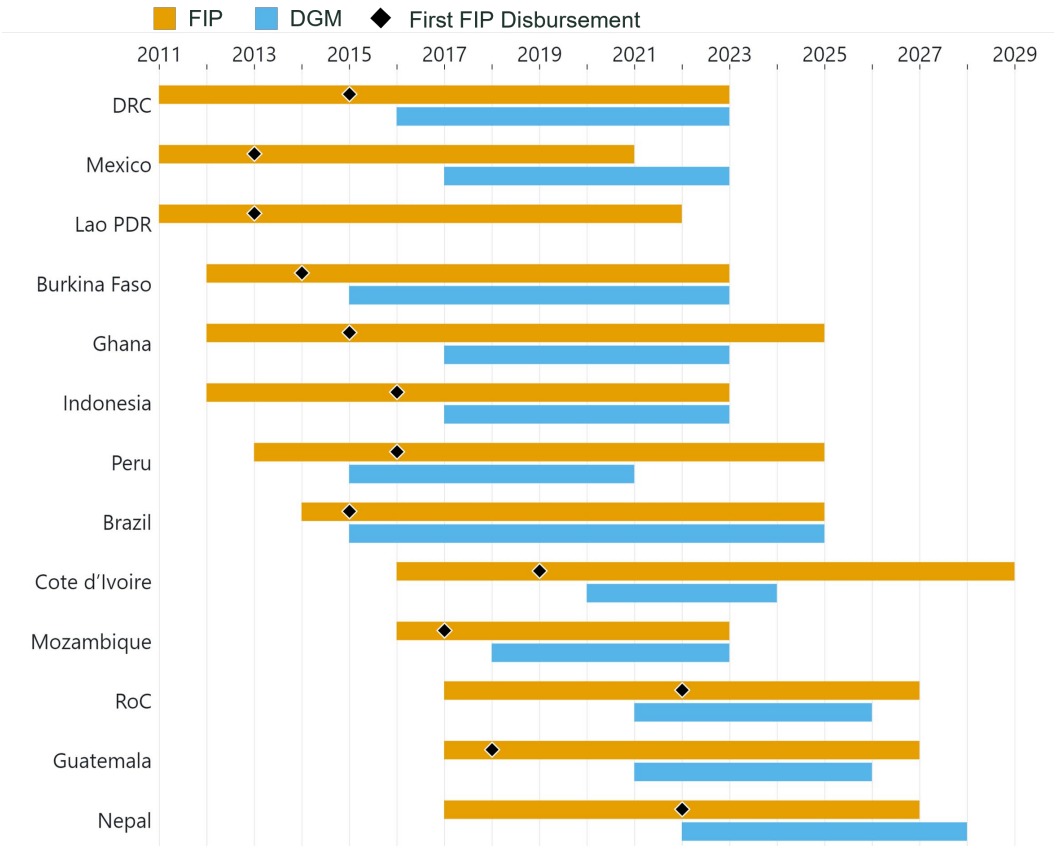


Source: FIP Portfolio Data (June 2023).

The FIP portfolio is relatively mature. Seventy-five percent (or US$441 million) in FIP financing for MDB-approved projects has been disbursed, and 16 projects and five country investment plans are now closed.[20] Disbursement is still in early stages for newer investment plans in Nepal, Republic of Congo, and Guatemala. Remaining MDB-approved projects are slated to run through 2029. From MDB approval to project closure, FIP projects have ranged from 4.5 years to over nine years, with an average length of 6.8 years.[21] The timeline below (Figure 5) shows the years in which FIP investment plans were approved until the final project is anticipated to run, alongside DGM project timelines.

[19] Conservation International. 2022. DGM Fourteenth Semiannual Program Report.
[20] This analysis considers only projects that were MDB-approved as of June 2023. This excludes 12 projects that are at the concept endorsement or committee approval phase, and eight projects that were withdrawn. The full list of projects considered can be found in Appendix C.
[21] FIP Portfolio Data (June 2023).

Figure 5: *FIP and DGM Timeline*



Source: FIP Portfolio Data (June 2023); Conservation International. 2022. DGM Fourteenth Semiannual Program Report. **Note:** Since FIP Investment Plans do not have set closure dates, FIP end dates beyond 2023 refer to the latest anticipated closure date of MDB-approved projects.

3. Relevance

This chapter first presents the evaluation's findings on the relevance of the FIP's core design elements, including its focus on providing bridge financing for REDD+, inclusion of a dedicated window for IPLCs through the DGM, selection of pilot countries, and use of a programmatic approach. It also considers the implications of FIP design elements for engaging the private sector. The second half of the chapter addresses the relevance and coherence of FIP investment plans and projects, as well as the extent to which those FIP investment plans and projects considered the systems where change was needed and planned interventions to address that change.

Key Messages:

- FIP's concessional finance remains highly relevant in filling the "missing middle" between REDD+ readiness and results-based payments. FIP's investment planning process and financing have been important to strengthen the REDD+ enabling environment and implementation. The FIP has been a key funder for the forest sector in developing countries over the last decade, accounting for 18 percent of the US$9.5 billion in public international climate mitigation finance for forests from 2010-2022.[22]
- Through the DGM, the FIP piloted an innovative model to channel financing directly to forest dependent IPLCs. By prioritizing the allocation of funds directly to the local level through an IPLC-governed mechanism, the DGM aligns closely with principles of self-determination.
- The programmatic approach advanced forest sector dialogue in the planning phase and enabled adaptive management in the implementation phase. Implementation could have been strengthened by enhancing programmatic design at the country level—i.e., ensuring that projects are strongly aligned to the transformational vision in the investment plan.
- Private sector engagement was hindered by a government-led investment planning process, design flaws in the private sector set-aside mechanism, and the MDBs' own relative inexperience and caution in the forest sector. Most FIP private sector investment focused on productive forests on degraded land—and not on approaches to engage companies on reducing deforestation in their supply chains.
- The FIP monitoring and reporting (M&R) system is participatory and flexible, while struggling to capture progress on core FIP and DGM objectives. The original design of this system focused on country-led reporting to promote learning and programmatic coordination, which supported extensive qualitative reporting on common themes at the country-level and engaged a wider range of stakeholders than typically involved in project M&R. However, this design had shortcomings in terms of the availability and standardization of results data that could support an overall understanding of FIP's impact at the global level—shortcomings which have been difficult to address retrospectively.
- The FIP's design choices led to investment plans and projects that address key small-scale drivers of deforestation and direct benefits to poor, local communities. FIP investments were designed to be highly relevant to national REDD+ plans, which often identify small-scale local actors as agents behind deforestation and forest degradation (e.g., for subsistence agriculture, fuelwood collection, artisanal charcoal production). Consistent with the FIP investment criteria, investment plans and projects consistently integrated ecological, social, and economic priorities, with emphasis on livelihood benefits.
- Greater attention to mechanisms for scaling and systems thinking in design, including interactions with large-scale drivers of deforestation, would have enhanced the transformational potential of FIP interventions. Many FIP investment plans and projects lacked clear links between local demonstration models and change at scale. The logic model underpinning some FIP projects did not adequately consider other large-scale direct drivers of deforestation (e.g., industrial agriculture, logging, infrastructure, mining), and the entrenched power dynamics and policy misalignments that underlie those drivers—with implications for depth and scale of results.

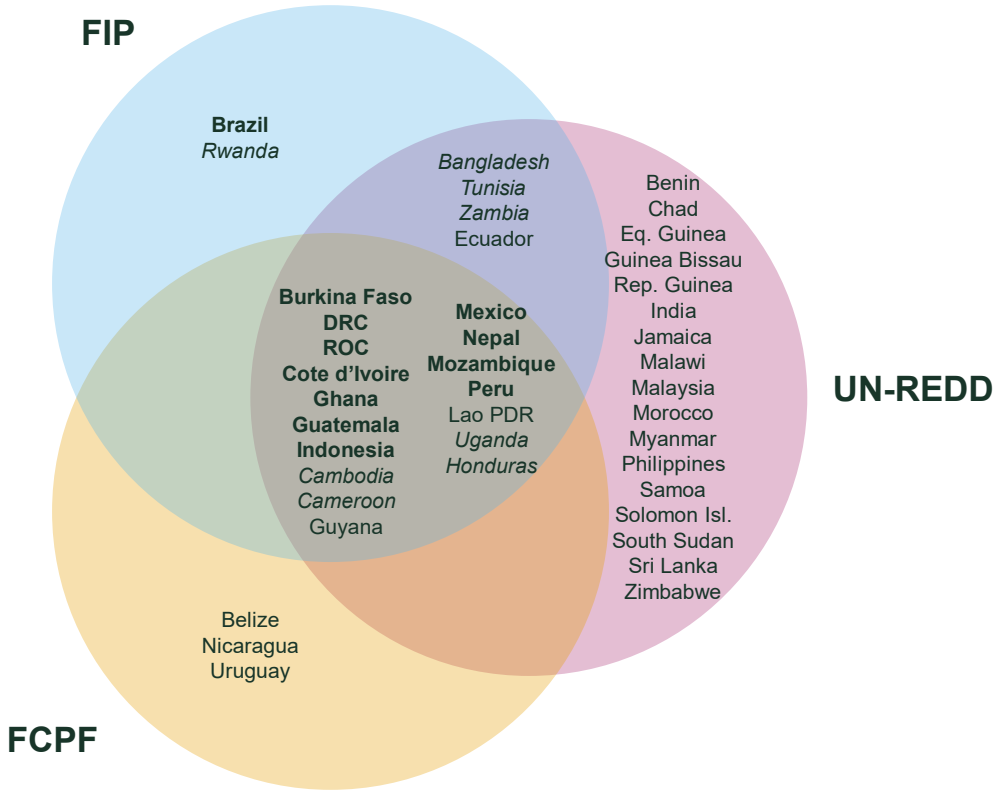
[22] Includes FIP co-financing. New York Declaration on Forests Assessment Partners (2022). Finance for Forests: Theme 3 Assessment.

3.1 FIP program relevance

3.1.1 Bridging REDD+ readiness and results-based payments

Developing country governments have sought access to REDD+ payments to strengthen economic incentives for forest conservation, sustainable management, and restoration, which have struggled to compete with large-scale incentives for deforestation and forest degradation. UNFCCC defined three phases of REDD+: readiness, implementation, and results-based payments.[23] In 2008, the World Bank launched the Forest Carbon Partnership Facility (FCPF) as the first multilateral initiative to support governments on their REDD+ readiness journeys.[24] FCPF was conceived as two phases: (i) readiness and (ii) delivery of emission reductions. Its design anticipated that traditional finance would fill the implementation gap, incentivized by carbon emission reduction payments. The United Nations in turn launched the UN-REDD Programme in 2008, offering additional REDD+ readiness support to FCPF and other countries. Yet, country governments undertaking REDD+ readiness processes found them to be complex, lengthy, under-resourced and burdensome. In 2009, the CIF designed the FIP as a concessional vehicle to finance investments and capacity-building to implement measures emerging from national REDD+ planning. FIP's approach to financing this "missing middle" relied on country ownership and without pressure to deliver verified results.

Figure 6: *Overlap between FIP, FCPF, and UN-REDD countries*



Note: Countries in bold denote DGM countries. Countries in italics denote countries that participated in the investment planning phase of FIP but have not secured sufficient funding or MDB approval to implement programs.

In this context, FIP's investment planning process and financing have proven highly relevant in strengthening the REDD+ enabling environment and demonstrating how to put REDD+ aligned actions into practice in its 13 countries. Most of these countries also participate in FCPF and UN-REDD. Section 4.2.1 below provides more detail on the relevance and effectiveness of FIP, FCPF, and UN-REDD

[23] UNFCCC. What is REDD+?
[24] UN-REDD Programme (2016). Towards a Common Understanding of REDD+ under the UNFCCC.

linkages. FIP has also enhanced other efforts to generate funding for sustainable stewardship of forest landscapes through carbon finance and payments for ecosystem services, including in Brazil as the sole FIP project country that has not participated in FCPF nor UN-REDD.

The FIP remains relevant for supporting REDD+ aligned investments and access to REDD+ payments as an incentive for sustainable land use while REDD+ markets mature. While jurisdictional REDD+ payments have started flowing to a handful of countries, most jurisdictional REDD+ initiatives are far from securing payments, and/or payments are often too low or slow to halt deforestation and restore forests. This lag and small scale present major challenges to REDD+ and has started to call into question its role in mitigating deforestation and degradation (see Box 1). FIP has committed US$1.77 billion in financing (including co-finance), representing a significant share (18 percent) of the US$9.5 billion in public international climate-related mitigation finance for forests committed between 2010-2022.[28] While other funds have also supported REDD+ over the years, they have not focused on bridging readiness and implementation phases to the degree FIP has. Such programs include the World Bank's BioCarbon Fund, the Green Climate Fund, LEAF Coalition, and bilateral agreements with donor funding from Norway, Germany, France, the United Kingdom, the United States, and Japan. Indeed, in several FIP countries, other funding sources have scaled-up FIP's approach (e.g., Japan International Cooperation Agency funding in DRC) or built on the jurisdictional readiness achieved with FIP financing to match private financing with jurisdictions (e.g., ART-TREES-aligned efforts in DRC).

***Box 1:** The uncertain future of REDD+*

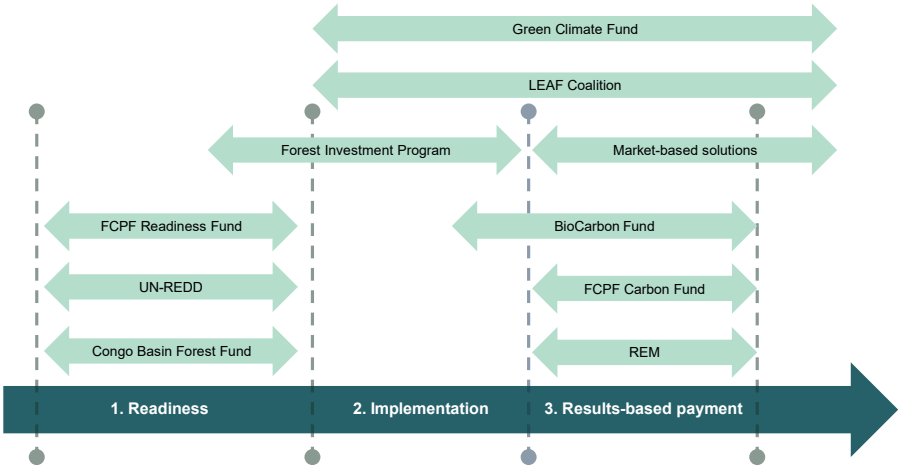
At the UNFCCC COP28 climate summit in 2023, negotiators failed to move forward on Article 6.2, which would have established a framework for countries to transfer their emissions reduction credits to other countries, as well as on Article 6.4, which would have established a UN-regulated compliance carbon market.[25] Both delays have generated concern about the potential of scaling-up REDD+ financing.

Existing voluntary market REDD+ projects are struggling with integrity and reputational issues after an investigation led by The Guardian in 2023 concluded that over 90 percent of rainforest carbon offsets certified to Verra, the world's leading carbon standard, overstate and/or do not represent genuine GHG benefits.[26] Many companies have shifted away from buying offsets altogether.[27]

Stakeholders interviewed for this evaluation expressed concerns around availability of resources and multilateral support for jurisdictional REDD+ after FIP, FCPF, and ISFL sunset. They also posed questions about the size of funding for forests, speed of payments, and linkages with other results-based payment programs such as SCALE and Emergent.

[25] Luhn, A. (2023). COP28 cements goal to halt forest loss in seven years, but where's the money? Mongabay.
[26] Greenfield, P. (2023). Revealed: more than 90 percent of rainforest carbon offsets by biggest certifier are worthless, analysis shows. The Guardian.
[27] Dvorak, P. (2023). He pioneered carbon offsets to save tropical forests. Now the market is collapsing. Wall Street Journal.
[28] New York Declaration on Forests Assessment Partners (2022). Finance for Forests: Theme 3 Assessment.

Figure 7: *FIP in the context of international REDD+ finance*



Source: Adapted from Von Pfiel, E. Redd Early Movers (REM): Rewarding pioneers in forest conservation. GIZ.

Box 2: *Linkages between FIP, FCPF, and UN-REDD*

Linkages with FCPF and UN-REDD were highly relevant for FIP's goals and featured prominently in FIP investment plans and Emission Reduction Programme Documents (ER-PDs). Where available, the participatory consultations and drivers of deforestation analyses from the Readiness Preparation Proposals (R-PP) development informed FIP project designs, as seen in Mexico and the DRC. Likewise, the ER-PDs for several countries credit FIP for its role in conducting relevant assessments and consultations and increasing capacity and lessons learned for REDD+ implementation, including in countries that have received FCPF payments (Ghana, Mozambique, and Indonesia). Additionally, as seen in the case of Guatemala, approval of FIP funds has been a criterion by the World Bank to sign an Emissions Reduction Purchase Agreement (ERPA).

Several investment plans noted links between FIP actions and National REDD+ Strategies as a basis for coordinating technical and financial support across donors. In several countries, FIP investments have used REDD+ management structures to support multi-sectoral coordination in preparing and implementing the national REDD+ strategy, and for daily management of REDD+ readiness. For example, in Mai Ndombe, DRC, the provincial REDD+ Steering Committee shared responsibilities in managing both FIP and the FCPF Emissions Reduction Program, including representatives across agriculture, forestry, energy, health, land use, and land rights. In Ghana and Indonesia, investment plans established the basis for collaboration with FCPF to consolidate work on strengthening national safeguards, including practical guidelines and policies for project implementation. Burkina Faso is unique in developing its REDD+ readiness through FCPF as a fully integrated process with FIP investment, providing lessons on combining readiness and investments. There, FIP and REDD+ processes were launched simultaneously and featured a joint steering committee and implementation arrangements.

Despite planned synergies among FIP, FCPF, and UN-REDD, structural constraints often hindered national and local coordination. Countries and World Bank partners faced barriers in coordinating operations given their separate institutional structures and different focal points and ministries involved. For example, in Ghana, the Natural Resources and Environmental Governance Technical Coordinating Committee served as a central coordinator of FIP, FCPF, and other forest-related initiatives,[29] yet cross-sectoral coordination remained a barrier and there were siloes between programs and projects. FIP and FCPF had different task team leaders (TTLs) and timelines and did not coordinate joint missions. Likewise, TTLs for FIP and FCPF were different individuals in Indonesia, where some FIP programming was designed in parallel with rather than informed by FCPF activities.

3.1.2 Funding for Indigenous Peoples and Local Communities

DGM has been highly relevant as a dedicated window for IPLCs to allocate and access funding through FIP. The creation of the DGM answered calls from the international community at the time of FIP

[29] EU-VPA/FLEGT and UNFF-NLBI processes.

design for IPLCs to directly access and self-determine use of multilateral donor resources. The DGM ensured that FIP, as a program foremost driven by environmental objectives, had a dedicated channel for supporting rights-based approaches. The DGM represented an innovation within the CIF to deliver funds to IPLCs through an IPLC-governed mechanism operating globally and in FIP countries, supporting a series of country-specific projects and a global exchange platform (DGM Global).

The creation of DGM resulted from a combination of effective advocacy by IPLC representatives and the recognition by CIF and FIP stakeholders that reaching core FIP goals required direct engagement with and empowerment of IPLCs. IPLCs are stewards to over half of the world's land area and hold claims to many of the last intact forest landscapes, including at least 36 percent of Key Biodiversity Areas[30] and 25 percent of above-ground carbon storage in tropical forests.[31] REDD+ activities are also expected to comply with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). The relevance of the DGM was further bolstered over the years by growing evidence that territories controlled by IPLCs demonstrate stronger forest protection outcomes than other management systems.[32]

The DGM helps address a global shortcoming in mobilizing and directly financing forest-dependent IPLCs' needs and priorities. When the FIP was launched in 2009, few mechanisms existed to channel forest finance directly to IPLCs. Over the following decade, the DGM's US$34 million in community sub-project finance accounted for around 8 percent of total global finance disbursed to directly IPLCs for forest management and tenure.[33] DGM's governance structure supports high levels of IPLC ownership and control over the allocation of DGM funding through National Steering Committees comprised by IPLC representatives, and each DGM country project includes a component that provides capacity-building and grants (sub-projects[34]) to IPLC organizations via the national organization tasked with coordinating the DGM in each country (the National Executing Agency (NEA)). Interviewees highlighted these features as critical in building the capacities of IPLCs to manage resources and implement projects, thus strengthening their autonomy and decision-making power. This paradigm shift from government or MDB-to-government financing to a model that offers funding directly to IPLCs (and is controlled by them) recognizes the limitations of conventional aid structures. It more effectively empowers IPLCs by building their own capacities.

The current pace of funding to IPLCs remains insufficient to address the climate and biodiversity crises. Despite recent advancements in funding infrastructure and commitments, such as the new IP-led funds (i.e., the Nusantara Fund[35] in Indonesia, the Podáali Fund in Brazil, the Forest Tenure Funders Group,[36] and IP-specific allocations for the Global Biodiversity Framework Fund),[37] research conducted by the Rights and Resources Initiative in 2021 found that mobilizing US$10 billion of new funding by 2030 would enable IP, LC, and Afro-descendant peoples to secure tenure to approximately 400 million additional hectares of tropical forests. At current rates, global financing will fall short by over half.[38] While the approximately US$80 million allocated to the DGM is a significant investment, it amounts to only 13 percent of the total FIP allocation and a small fraction of the global need.

The DGM has demonstrated an effective model for directing funds to IPLC-selected projects. Reporting from donor working groups and Indigenous organizations[39] has shown that new and existing

[30] WWF, et al. (2021). The State of Indigenous Peoples' and Local Communities' Lands and Territories.
[31] Rights and Resources Initiative, Woods Hole Research Center, and World Resources Institute (2018). A Global Baseline of Carbon Storage in Collective Lands.
[32] Kaimowitz D. (2023). Making the Case: 20 New Studies Show Benefits of Communal Land & Forest Rights.
[33] Rainforest Foundation Norway estimates that US$459 million were disbursed to IPLC organizations between 2011 and 2020. Rainforest Foundation Norway (2021). Falling Short: Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011-2020).
[34] Average project sizes across the countries ranged from US$25,000 to US$75,000.
[35] Ford Foundation (2023). Representing millions of Indigenous Peoples and local communities, Indonesian organizations join movement to deliver funds directly to traditional communities worldwide.
[36] Forest Tenure Funders Group (2023). Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.
[37] IISD (2023). Summary report, 26–29 June 2023 64th Meeting of the GEF Council.
[38] FTFG announced US$494M in aligned funding in 2022. Over 10 years this would only amount to half of estimated need—and not all of the Pledge is additional funding.
[39] Global Alliance of Territorial Communities (2023). Shandia Annual Report 2023.

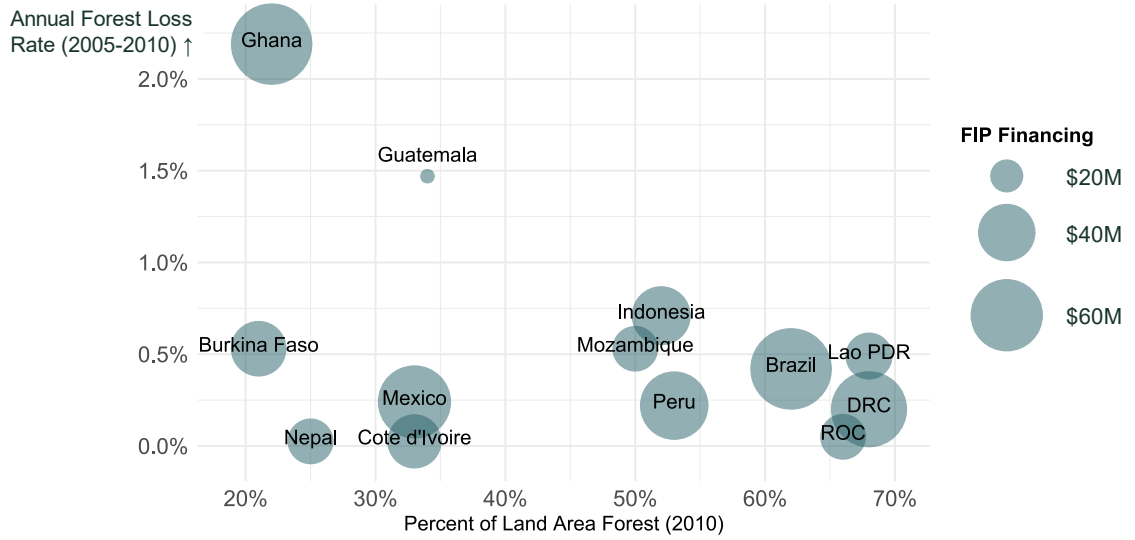
funding mechanisms have struggled to deploy capital at scale to organizations on the ground, and that only a fraction of mobilized funding reaches IPLCs directly. The Forest Tenure Funders Group reported that just 2.1 percent (US$8.1 million) of the US$494 million allocated in 2022 reached IPLC organizations directly.[40] By comparison, more than half (57 percent) of the US$80 million allocated for the 12 DGM country programs has been channeled to IPLC-led sub-projects.[41] Interviewees highlighted that DGM's finance has been direct and predictable relative to other funding sources. However, demand for DGM resources has consistently outpaced supply, with many DGM countries receiving a volume of sub-project proposals that overwhelmingly exceeds available resources.

An in-depth analysis of DGM, including its linkages with FIP, is included in Section 6 of this report.

3.1.3 Pilot country selection and resource allocation

Pilot country selection resulted in a portfolio covering diverse regions and biomes, as well as areas with the greatest need and potential for reducing emissions. Selected countries included key deforestation hotspots in core tropical forest basins including in the Amazon, Brazilian Cerrado, Congo Basin, and Borneo/Mekong. Selected FIP countries span biomes with low forest cover and high deforestation rates, high forest cover and low deforestation, and a range of climatic zones. Consistent with an emphasis in the selection criteria on forest-based mitigation potential, most countries participating in the FIP have high forest cover and/or high deforestation. Burkina Faso and Nepal are outliers in this regard, selected with justifications related to their demonstration value in unique climate zones—semi-arid ecosystems in the case of Burkina Faso, and mountainous sub-tropical and temperate zones for Nepal. These choices reflect a commitment to include investments that protect forest carbon reserves in countries with low rates of deforestation, as well as to boost forest carbon reserves in areas with degraded lands. Figure 8 below shows forest cover and deforestation rates of the pilot countries at the time of FIP's design.

Figure 8: *FIP country selection and financing by forest cover and deforestation rate (2005-2010)*



Source: FAO (2010). Global Forest Resources Assessment 2010.

Future country selection would benefit from a more systematic consideration of transformational change potential and better aligning climate mitigation potential with potential project size and intervention. Transformational change potential was not considered according to systematic criteria but rather in a wide-ranging way, from assessing existing capacities and policies (e.g., Burkina Faso), to potential to attract financing for replication (e.g., Ghana), to identifying systemic barriers. Countries

[40] Forest Tenure Funders Group (2023). Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.

[41] A further 25 percent is allocated to capacity building, with 18 percent for project management and M&E.

identified in the selection process as having the greatest climate mitigation potential (Indonesia, Brazil, DRC, Mexico, Peru) are different than those with the highest emissions reduction targets or reported achievements with FIP support to date (DRC, Ghana, Cote d'Ivoire, and Burkina Faso), except for DRC. How the criteria were applied matters. The 2010 selection focused on absolute country size, forest cover, and deforestation to determine climate mitigation potential—but ultimately the size and design of the FIP investment were stronger influences on emission reductions achieved. For example, some projects ultimately focused on strengthening enabling conditions that do not deliver measurable emission reduction benefits in the shorter term.

Countries that were only allocated investment planning resources found limited value in the planning process and struggled to secure financing to implement their investment plans. The FIP Technical Committee allocated resources to develop and implement investment plans to an initial eight[42] pilot countries selected in 2010 and five additional countries[43] selected in 2015. However, in 2015, nine more countries[44] received funding to develop their investment plans, with the understanding that no FIP resources were available to implement those plans and encouragement from the Technical Committee to seek bilateral or multilateral resources to fund the plans. Not all countries saw value in preparing investment plans, and those that did struggled to secure funding. Investment plans grew stale as the sector evolved. Two FIP projects have been Committee-approved among these nine countries, and neither of them leverages bilateral or multilateral resources. Honduras did not prepare a FIP investment plan yet had the first project approved among these nine countries. Five years after Rwanda's investment plan was endorsed, FIP financing was approved for a project that is broadly aligned with the investment plan's focus on agroforestry and sustainable agriculture but with pared down ambition, given that it does not leverage the expected external financing from AfDB or GCF. Two countries (Ecuador and Tunisia) are developing projects for submission to the FIP Technical Committee in 2024.

3.1.4 Programmatic approach

During the investment planning phase, the use of a programmatic approach advanced dialogue on countries' involvement in the global forest carbon agenda and provided a basis for collaboration among different government ministries and MDBs. FIP country resource envelopes were concessional and large[45] enough to garner high-level attention from decision-makers and stakeholders in the forest sector at the planning stage. Where effective champions were engaged, some pilot countries elevated institutional dialogue and national attention to forest sector issues through the investment planning process. In Mozambique, FIP investment planning helped advance understanding and support among high-level officials for the new concept of forest carbon payments—led by an effective FIP Focal Point who ensured access to officials. In Mexico, interviewees credited committed leaders in the government and MDBs with leveraging the FIP's planning process to advance institutional dialogue around how forests and livelihoods connect and how to increase finance. Jointly programming a sizeable concessional resource envelope also enabled MDBs to leverage their individual strengths. In Lao PDR, the investment plan development process helped set the groundwork for the country's emission reduction program. In a few instances, such as in Brazil, the Ministry of Finance signed onto the agreement with CIF, signifying higher level attention and potential for mainstreaming. In DRC, high-level engagement from the Minister of Environment and the Ministry of Finance in FIP investment plan development and implementation demonstrate the importance the government attaches to

> "The investment plan process got all the stakeholders around the idea that the REDD+ agenda and forest carbon agenda was something to be enacted and that there needed to be investment upfront to help deliver an emission reduction program down the line."
>
> "FIP money was super important to the country […] The multi-governance implementation model […] gave all the partners the leverage to say, where can I give real added value? IDB was good with small private organizations, while the World Bank was good with the government, so they each had their own advantage."
>
> ***- MDB partners in multiple countries***

[42] Brazil, Burkina Faso, the Democratic Republic of Congo (DRC), Ghana, Indonesia, Lao PDR, Mexico, and Peru.
[43] Côte d'Ivoire, Guatemala, Mozambique, Nepal, and Republic of Congo
[44] Bangladesh, Cambodia, Cameroon, Ecuador, Honduras, Rwanda, Tunisia, Uganda, and Zambia
[45] Programs average US$41 million in MDB-approved financing, ranging from US$15 million (Guatemala) to US$75 million (Brazil).

forest-climate action as a means for financing the country's development. Previous evaluations of the CIF programmatic approach have also found evidence of enhanced relevance by linking with national REDD+ and development strategy, improved awareness, government commitment and ownership, public-private sector linkages, design of large-scale coherent investments, and sometimes scaling and transformational change outcomes.[46]

While investment planning dialogue involved a range of government ministries, from finance, economy, planning, industry, infrastructure, agriculture, forestry, and environment, this dialogue generally did not result in programming that addressed policy misalignment across sectors or large-scale drivers that are the responsibility of ministries of agriculture, industry, or infrastructure (e.g., commercial agriculture or livestock farming, mining, infrastructure development, as discussed further in Section 3.2 on country relevance below). The programmatic approach operates within the political economy of each country, and while it has clear advantages over a project-by-project approach, the implementation of the approach was limited in its ability to influence political willingness to address powerful interests or perverse incentives—a challenge with which REDD+ has also perennially struggled.[47]

Systematic collaboration among MDBs and government implementers has not continued into implementation, although the programmatic architecture has made adaptive management possible in some cases, facilitating stronger results. Many countries reverted to a project-oriented approach during implementation.[48] In most case study countries, MDB project leaders had limited awareness of the activities and results of other MDBs' FIP projects in the same country. Multiple countries experienced challenges in coordinating timelines among FIP projects, as well as with DGM (see also Section 6 on FIP and DGM linkages). Even when dedicated resources were allocated for programmatic coordination, as in the unique case of Brazil, these efforts could not overcome project timelines and other barriers, resulting in missed opportunities for results (Box 3).

The value of the programmatic approach in implementation could have been strengthened by enhancing programmatic design at the country level—i.e., ensuring that approved projects are strongly aligned to the transformational vision in the investment plan. A key feature of the programmatic approach in implementation—annual stakeholder workshops to support programmatic coordination, learning, and investment plan-level monitoring and reporting—were perceived as less useful where the linkages among FIP country projects were weaker. DGM representatives were also not routinely invited.

Still, the programmatic architecture enabled collaboration and adaptive management in some cases, generating greater results. In Lao PDR, coordination between IFC and the World Bank was more limited at the beginning of implementation, but when new MDB staff arrived with more collaborative mindsets, the FIP's programmatic design enabled them to operationally coordinate to drive policy results. In Ghana, FIP's programmatic architecture allowed resources to be reallocated across MDBs to better reflect comparative advantages and ensure results, even though MDBs and FIP project partners reported minimal interaction among projects during implementation.

Box 3: *Lessons from the programmatic approach in Brazil*

Brazil, the country with the largest FIP funding envelope and number of projects (10 in total), was unique in featuring a dedicated investment plan coordination project led by the Ministry of Environment with support from the CSO Funatura. The coordination project was well-conceived to strengthen project coherence through a programmatic approach. However, implementation was challenged by misalignment of project timelines (the coordination project started after FIP had already been operational for four years), a change in government administration and ministerial siloes, and the COVID-19 pandemic. Still, the project helped shield FIP against political headwinds during the Bolsonaro administration (2019 – 2022) thanks to CSO project leadership being less susceptible to issues of government turnover and pushback. FIP demonstrated resilience compared to other international cooperation projects on forests and climate in Brazil, some of which experienced major delays or were completely paralyzed or extinguished.

[46] Internal CIF Paper.
[47] See for example: CIFOR (2016). REDD+ politics – or why it is so difficult to tackle large-scale drivers of deforestation.
[48] ICF 2018. CIF 2019.

Nonetheless, the approach struggled to ensure cohesive improvements to the enabling environment for sustainable land use. Projects in the FIP portfolio have had some connections on paper but have not been well connected in the real world. For example, while the Integrated Landscape Management (ILM) project was designed to build upon the Sustainable Production in Areas Previously Converted to Agricultural Use (ABC) and Environmental Regularization of Rural Lands (CAR) projects, in practice CAR was not able to make as much progress as anticipated (hampered by budget cap issues), leading to major hurdles for implementing the ILM project. In such cases, there is a risk of lack of sustainability of investments in on-the-ground adoption of sustainable land practices. In another case, there were missed opportunities for mainstreaming FIP investments in monitoring in other FIP projects. The monitoring project achieved major advancements in vegetation/fire risk modeling in the Cerrado, yet the ongoing ILM project struggled with the lack of basic spatial data until recently.[49] There was also a lack of connection between FIP and DGM projects despite geographic overlap.

3.1.5 Private sector engagement

The FIP's design recognized private investment as crucial for implementation of innovative technologies, innovative business models and sustainable supply chains.[50] The FIP's model for transformational change included facilitating scaled-up private investment in alternative livelihoods for forest-dependent communities. FIP investment criteria require country programs to develop and implement models for working with and leveraging resources from the private sector to implement REDD+ aligned activities.[51]

Private sector engagement in the FIP was hindered by a government-led investment planning process, design flaws in the private sector set-aside (PSSA) mechanism, and the MDBs' relative inexperience and caution in the forest sector. As of 2023, only 6 percent ($37 million) of total funding approved by the FIP Technical Committee for FIP projects is reported by CIF as 'private sector' projects.[52] Due to limited FIP resources and limited experience with private sector partners, pilot countries often prioritized public sector projects with their FIP funds. Smaller sums were allocated to private sector projects, and several private sector projects failed to proceed despite extensive engagement between national authorities, MDBs, and private stakeholders. Ghana's investment plan envisioned a US$10 million IFC private sector project, which was reportedly dropped because the private sector entity could not meet the IFC's fiduciary requirements.[53] A project under Indonesia's investment plan to allocate US$35 million for engaging the private sector through results-based payments for REDD+ was withdrawn because of difficulties finding a project that met the IFC's scale and safeguards compliance requirements.

The Private Sector Set Aside (PSSA) mechanism was introduced in 2012 to facilitate further private sector investment, including in FIP, but has had limited success. The PSSA included US$56 million in concessional finance to provide a dedicated funding window to attract and facilitate private sector investment in the focus areas of CIF programs.[54] The PSSA program was based on a call for applications and competitive allocation of concessional funding to projects aligned with FIP objectives. Yet, despite doubling the resource allocation for the private sector in the investment plan stage, a limited number of concepts were proposed. Of these, few were endorsed due to low innovation potential and poor design, which indicates effective selection processes. Three projects in Brazil, Burkina Faso, and Ghana have been funded through the PSSA mechanism, accounting for US$17.3 million, less than half of the funding made available through this channel. Contributing factors for low uptake include the low amount of funding offered through the set-aside, time-bound application processes, weak incentives for MDBs to engage in competitive allocation, a lack of awareness and limited capacity of project developers to engage in the program, and the dearth of grant funding resources.[55]

[49] GIZ commissioned a third party to draw polygons and help validate adoption, correcting for significant over-reporting.
[50] CIF (2019). Early lessons from the design and implementation of the Forest Investment Program (FIP). Vivid Economics (2014). A review of the private sector set-asides of the Strategic Climate Funds. Report for CIF Secretariat.
[51] CIF (2009). Forest Investment Program Design Document. CIF/DMFIP.2/2, February 24, 2009.
[52] CIF (2023). FIP Operational and Results Report 2023.
[53] One interview indicated that this project may have broken down because terms were not sufficiently concessional.
[54] The development of the PSSA program was aligned with dedicated funding windows set up for other CIF programs including the Dedicated Private Sector Programs for the Clean Technology Fund (CTF).
[55] Vivid Economics (2014). *A review of the private sector set-asides of the Strategic Climate Funds*. Report for CIF Secretariat.

Interviewees pointed to several other explanatory factors for the challenges in advancing suitable investments. Some reasons relate to the MDBs themselves. MDB private sector portfolios and pipelines in the forestry sector remain relatively small and are influenced by past experiences (e.g., MDB-financed projects facing criticisms from NGOs for financing unsustainable forest investments) that can create hesitancy to invest further. FIP private investments were first-of-their-kind for some MDBs, like AfDB's public-private partnership plantation project in Ghana and IDB's equity funding investment in a sustainable macauba-based silvopastoral system in Brazil. Upstream development and blended finance expertise were also much weaker a decade ago and affected MDBs' ability to develop pipelines. MDBs such as the IFC have now started to look at upstream opportunities and blended finance more systematically as dedicated functions and business lines.

3.1.6 Monitoring and reporting system

The FIP monitoring and reporting (M&R) system has embodied a programmatic and participatory approach by providing flexibility in country reporting, while struggling to capture progress on core FIP objectives. The CIF's original vision was for FIP M&R to be country driven. The M&R system was originally designed with countries leading M&R against common reporting themes while free of the expectation of global aggregation of results. This approach was designed to support M&R capacity-building alongside broader programmatic coordination and learning for in-country stakeholders, tailored to their own conditions. This system provided leeway to country governments in reporting on common reporting themes and core FIP outcome indicators of GHG benefits, sustainable land management, and livelihood co-benefits for forest communities. For example, some projects, despite being designed to generate GHG benefits, do not report on GHG benefits.[56] Prior to 2018, FIP M&R followed primarily this country-driven model, with countries preparing annual investment plan reports, often involving a multi-stakeholder M&R workshop. Most countries submitted reports, some of which contained partial reporting.

Country-led M&R has supported substantial qualitative reporting across different country contexts, engaging multiple voices in the M&R process, while also reducing the burden of standardized reporting. As noted above, the value of the annual M&R process was greater in countries where the programmatic design was stronger, helping stakeholders to recognize the shared value in convening to discuss progress and learning at the program-level. At the same time, this country-led approach has fallen short of providing standardized, comparable data on results across countries at the global level—resulting in difficulties in understanding the overall impact of the FIP program. Recognizing this, the CIF released a revised M&R toolkit in 2018 to better guide annual progress reporting and added project-level reporting by MDBs as a supporting measure.[57] Between 2020 and 2022, FIP results reporting was mostly based on MDB project reporting, as it was not possible to convene annual M&R workshops during the COVID-19 pandemic in most countries. MDB reporting generated valuable insights and supported some aggregation of results across countries. As of 2023, CIF is adapting the M&R system to encourage countries to continue reporting at the investment plan level, while building on the years of aggregating results from project-level MDB reporting. Nearly all FIP countries with active portfolios submitted a report in 2023. A challenge of this retroactive approach is that MDB project results frameworks do not necessarily align with FIP M&R guidance, such as use of the core indicators linked with FIP results reporting themes, or gender disaggregated results. MDB results indicators must be mapped to FIP core indicators, resulting in some variances. Outside of FIP, MDBs have agreed in recent years to require GHG accounting for relevant projects as part of a broader steer toward Paris Agreement alignment—which could support better harmonization in future projects.

Separate and light M&R processes for DGM reduced burden on IPLCs, focusing more on monitoring administrative processes than on producing meaningful information about outcomes. Light M&R requirements have led to highly variable quality of documented evidence on DGM outcomes for IPLCs. For

[56] At design, Brazil stakeholders argued against GHG reporting, based on the rationale that such reporting is more appropriate for results-based finance programs like FCPF. As a result, CIF did not insist on harmonized carbon accounting.
[57] This change also responded to the difficulties countries faced during the COVID-19 pandemic to convene annual workshops and prepare investment plan reporting.

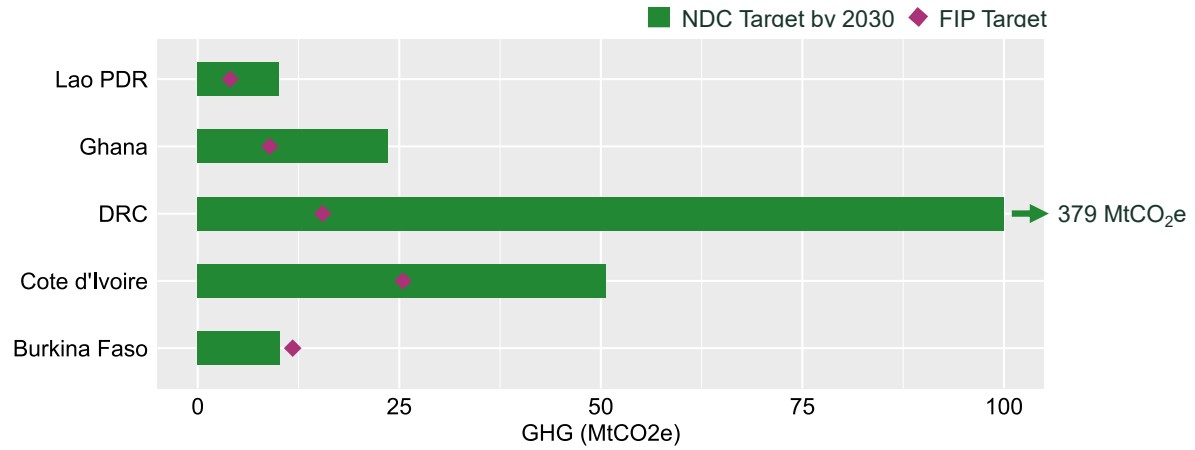
example, the lack of formal indicators related to gender limited the ability to capture and report on gender-related impacts at the global level. DGM project monitoring focuses more on process-oriented indicators, such as number of sub-grants approved. DGM Global had overall responsibility to compile reporting from its activities and the country projects (based on NEA and World Bank reports), which it did diligently and transparently on the DGM Global website. Each country project, however, had a different set of relevant indicators it was tracking, and the national DGM M&R processes varied significantly in quality.

3.2 Country- and investment-level relevance and coherence

3.2.1 *Alignment with national climate and development priorities*

FIP investment plans and projects have aligned well with national policies related to REDD+ and NDCs. Investment plans and projects have identified how FIP complements design and implementation of countries' sector strategies and environmental and development policies and programs relate to forests and land management, including on climate change, biodiversity, water resource management, and desertification control. In countries with smaller economies and geographic areas, FIP's GHG targets are significant relative to the scale of NDC forest and land use commitments and national REDD+ strategies, as shown in Figure 9. In larger countries like Brazil, DRC, Indonesia, Mexico, and Peru, the FIP's targeted GHG reductions represents only a small fraction of NDC targets for the agriculture, forestry, and other land use sector. Despite larger FIP allocations in these countries, the funding does not proportionately match their larger geographic and economic scales.

Figure 9: *FIP GHG targets compared to national forest and land use NDC targets*



Sources: Latest NDC documents for each country; FIP 2023 ORR. **Notes:** [1] All NDC commitments represent total emissions reduction / avoidance targets for the forests and land use sector by 2030. [2] Burkina Faso's NDC targets a 10 percent reduction in AFOLU emissions by 2030. The value here represents 10 percent of the national reference level over a 10-year period. [3] Includes countries where quantitative targets are available both FIP and forest and land use components of NDCs.

All eight mature FIP programs showed strong integration of local ecological, social, and economic priorities in their design. Many country investment plans feature integrated landscape management or planning, including intentions of mainstreaming forest considerations into local development and livelihood plans; supporting multi-sectoral action; advancing climate change mitigation and resilience; conserving ecosystem services; resolving conflict; and harmonizing afforestation/reforestation and sustainable agriculture with conservation. Across all the FIP countries, projects with on-the-ground conservation and sustainable land use objectives have been designed to deliver socioeconomic benefits for forest-dependent and adjacent communities. This feature reflects the shift in global conservation approaches toward co-management and landscape approaches that engage rather than exclude local actors.

3.2.2 *Addressing drivers of deforestation and degradation*

The FIP's design choices led to investment plans and projects that largely focus action on small-scale direct drivers of deforestation. The MDBs and countries designed investment plans and projects based on sound analysis of the direct and indirect drivers of deforestation, including large- and small-scale drivers (see Box 4 for terminology definitions). Yet, with some exceptions, investment plans and projects have ultimately designed strategic interventions to focus on small-scale actors (e.g., smallholders and local communities) that are central agents of small-scale drivers of deforestation within eco-agro-forest systems. The interventions often present a logic of decoupling agricultural production and deforestation by promoting sustainable agricultural intensification, and decoupling wood production and deforestation by promoting sustainably managed timber plantations—both aiming to empower and build resilience in local communities.

***Box 4:** Defining drivers of deforestation and forest degradation*

The evaluation uses the following terminology for direct and indirect drivers at various scales, with examples provided to illustrate.

	Small-scale	Large-scale
Direct Human activities and actions that directly impact forest cover and result in loss of carbon stocks.	• Subsistence agriculture or livestock grazing by individuals and communities • Fuel wood collection and artisanal charcoal production.	• Infrastructure • Urban expansion • Industrial agriculture, logging, and mining
Indirect Complex interactions of social, economic, political, cultural, and technological processes that affect the proximate drivers.	• Poverty • Land tenure insecurity	• Commodity prices • National policies and incentives • Governance • Cross-sectoral coordination

Adapted from: Kissinger, G., M. Herold, V. De Sy. Drivers of Deforestation and Forest Degradation: A Synthesis Report for REDD+ Policymakers. Lexeme Consulting, Vancouver Canada, August 2012.

The FIP's portfolio-wide focus on small-scale actors can be attributed to several factors. This focus reflects the MDBs' and countries' reasonable expectations about what could be accomplished with available FIP resources; the volume of funding available for the FIP was seen as more suitable for addressing the smaller opportunity costs associated with small-scale agents of deforestation. The FIP's investment criteria, as well as country government and MDB priorities on rural development and livelihood benefits, put priority on channeling funding to directly benefit the poor and underserved. The FIP also operates within countries' political economy, which may be resistant to changing power dynamics. For example, interviewees noted that ministries of environment or forestry still lack sufficient cross-sectoral influence to pursue more transformational change, such as convincing the ministries of finance or agriculture to stop perverse subsidies for agriculture or extractive sector activities.

A focus on small-scale drivers is also characteristic of the broader REDD+ initiative in which the FIP operates. FIP investments were designed to be highly relevant to national REDD+ plans, which often identify small-scale local actors as agents behind deforestation and forest degradation. REDD+ mechanisms have historically focused on small-scale actors, reflecting a desire to ensure local benefits for and ownership by communities and to open pathways for IPLCs to access funding more directly. Yet this approach risks placing undue responsibility on small-scale actors when large, more powerful actors contribute significantly to deforestation. Such an emphasis also falls short of addressing commercial and industrialized agriculture as a primary driver of deforestation.[58]

[58] Skutsch, M., Turnhout, E. (2020). REDD+: If communities are the solution, what is the problem? World Development Vol. 30.

***Box 5:** MDB reflections on addressing large-scale drivers*

"We could have said FIP is about addressing key drivers of deforestation and forest degradation. We could have said we want the ministries of planning and finance to be on top of this. But they weren't going to pay attention because there was too little money. […] There was self-selection of decisionmakers on the countries' side. This is ultimately a cross-sectoral issue and has to be well funded. We need the right interlocutors."

"We're not saying with FIP with US$30M, bye to [perverse] incentives for agriculture. It's a matter of identifying small-scale things that do work and issues of governance, and it's not up to FIP or the MDBs, it's the government themselves [….] Even if you discuss this with them, good luck with making sure that the Ministry of Environment has the capacity to convince the Ministries of Finance and Agriculture that the subsidy should stop. That has to be dealt with at a much bigger level. That's why it's important and positive that CIF is implemented through the MDBs, which in theory have a longer-term strategy of what to do in each country. FIP should fill up a gap that the MDBs and the government have identified to contribute to longer-term sustainable development."

"Tackling small-scale drivers rather than the big, entrenched ones – it's a practical approach rather than a transformational one, considering the resources available […] if we don't have resources, then we have to do the small-scale thing and try to change behaviors at local levels and hope that it will trigger local and provincial change – which is a big wish and unproven."

Greater attention to interactions with large-scale drivers of deforestation would have enhanced the transformational potential of FIP interventions, especially in contexts where large-scale drivers are major barriers for forest outcomes. In key geographies, larger-scale direct drivers (e.g., commercial agriculture, ranching, infrastructure development, mining, industrial logging) remained looming, systemic threats to remaining forests, such as in Brazil and Mexico. As a quasi-experimental longitudinal study in the Yucatan Peninsula of Mexico suggests, lack of consideration of large-scale cattle production and commercial agricultural land use can hinder the achievement of REDD+ results focused on small-scale drivers (e.g., rural forest communities and *ejidos*).[59] Even in countries where small-scale direct drivers are the primary driver of deforestation, such as in Mozambique and DRC, large-scale indirect drivers such as competing sector mandates between forest and agriculture can slow or erode progress.

Where FIP has addressed large-scale indirect drivers, it has focused on incentives for conservation, restoration, and sustainable agriculture rather than phasing out perverse incentives, which remain major barriers to transformational change. A 2019 evaluation of transformational change across the CIF also noted the absence of large-scale financing to counteract existing economic incentives driving deforestation and forest degradation, highlighting it as a constraint to scaling and sustaining change.[60] FIP projects have mainly addressed market distortions by incentivizing sustainable land use through sale of sustainably produced products and incubating access to REDD+ and other PES payments (Ghana, Cote d'Ivoire, Mexico). In some cases, FIP has helped open new pathways for intensification of sustainable agriculture (e.g., in Brazil) as an alternative to forest clearance, with preferential loan interest rates provided to producers that adopt sustainable land use practices. Yet grey finance including agricultural subsidies for commercial agriculture is orders of magnitude larger, such that the speed of conservation and restoration cannot compare with the rate of deforestation and forest degradation. Similarly, in Mexico, despite the FIP focusing on stronger institutional coordination among ministries responsible for forests, agriculture, and rural development, misaligned forest and agriculture subsidies still present a barrier for promoting forest carbon outcomes.

[59] Study is not specific to FIP funded activities, but inclusive of all REDD+ subnational activities in the Yucatan Peninsula since 2010. Ellis, E. et al. 2020. Mixed effectiveness of REDD+ subnational initiatives after 10 years of interventions on the Yucatan Peninsula, Mexico. *Forests* 11(9):1005. DOI: 10.3390/f11091005.

[60] Itad (2019) *Evaluation of Transformational Change in the Climate Investment Funds*. Final evaluation report, January 2019.

***Box 6:** The challenge of addressing commodity-driven deforestation in Brazil*

The FIP program in Brazil has demonstrated deforestation-free approaches to commodity production and income-generating activities in the Cerrado, including through intensification of croplands and pastures, and development of the Macauba oil supply chain, which requires no forest clearing and is planted within existing pastures. Yet the largest drivers of deforestation and forest degradation in the Cerrado in the soy and cattle industries remain weakly addressed. The FIP sustainable production and livelihood activities supported through low carbon agriculture, integrated landscape management, and DGM projects have primarily reached small and medium landowners. Part of this is attributed to prioritization of smaller landowners for concessionary support, while others noted resistance from larger landowners and a lack of understanding of what would motivate their behavioral change.

The FIP country programs have been mixed in how well they included holistic approaches to addressing drivers of deforestation and forest degradation. The FIP programs generally have solid intervention logic for their planned transformational impacts. Some of the FIP countries have undertaken comprehensive work to improve forest-related policies and practices, including actions needed to access REDD+ payments as well as no-regrets improvements to forest governance. For scale and depth of change, many country programs and projects integrate actions across local, landscape, and national levels, addressing policy and governance challenges alongside providing technical and financial support for rural communities and MSMEs to reduce pressure on and restore forests. In countries with more advanced or mature government forest and rural development programs, the FIP is linked to expanding and innovating on existing national programs and associated institutional strengthening. Examples include the FIP contributions to decentralized forest management in Indonesia through Forest Management Units (FMUs) and REDD+ pilot activities in Mexico at the territorial level based on multi-sectoral coordination. Some projects also used systems-based approaches to address value chain development. For example, in DRC, charcoal-related interventions address both supply and demand for charcoal, as well as small infrastructure that can support links to markets, and underlying poverty-driven deforestation.

Future programming could benefit from a stronger focus on systems thinking and mechanisms for scale to support transformational change potential, including linkages across projects to support a broader programmatic vision. Some FIP project designs have been problem- and solution-oriented without clearly articulating the system that projects are seeking to change, or considering all the key actors, actions, and interactions within a targeted system beyond the scope of the project or program timeline. Activities around behavioral change have often only targeted smallholder actors, not other actors and actions in the broader system. For projects involving economic models in the forest and agricultural sectors, it has proven challenging to target the full value chain from production to market within short project timeframes and limited resources. And while some projects incorporate value addition for forest and agricultural products, covering small industry and processing through to certification and marketing, others have fallen short on design of activities to enhance market access, particularly in more remote settings (e.g. Mozambique, Ghana, Lao PDR). Lack of continued access to high-quality agricultural and forest inputs is a challenge identified across multiple intervention types in Mozambique, for example, suggesting some lack of consideration to the broader agro-forestry system with which projects are engaging.

As noted above, many FIP investment plans and project designs articulate an intention to demonstrate replicable models that work with small-scale agents of deforestation. However, they often lacked a clear line of sight for linking local demonstration to mechanisms for achieving change at scale. Some investment plans anticipated scaling pathways that did not materialize, such as public policy, large-scale private investment, or revenues from the REDD+ carbon market. Paying more attention to scaling mechanisms and systems thinking in design—including across projects within a country's programmatic approach—could help maximize impact in future interventions (see also Section 4.2.3 on progress toward and pathways for transformational change).

In limited instances, country investment plans considered transboundary approaches important for ecosystem integrity. For example, in Cote d'Ivoire, the Forest Cover Recovery and Resilience Improvement Project was nested under the broader AfDB-funded Integrated Development and Climate

Change Adaptation in the Niger Basin Program, supporting resilient livelihoods and carbon sequestration through work on agropastoral systems, natural resource management, and conservation of the Niger Basin ecosystems, and increasing forest cover in the old cocoa basin. In Lao PDR, the FIP provided additional financing for an Asian Development Bank (ADB) project called the Greater Mekong Subregion Biodiversity Conservation Corridors Project, including efforts to restore forested biodiversity corridors along inter-border areas with Vietnam and Cambodia. These examples demonstrate the ability of the FIP to support broader MDB efforts within regions. However, country investment plans mostly defined interventions primarily within national boundaries given the country-based approach taken by the FIP, which interviewees note has lent to a fragmented approach that limits impacts at the biome level.

Private sector engagement focused on small-scale plantations establishment and productive forests management, not on engaging companies to reduce deforestation in their supply chains. FIP's portfolio has not included supply chain approaches engaging large private sector companies on zero-deforestation commitments and value chain development, despite such interventions becoming increasingly accepted as pivotal to stemming large-scale deforestation and degradation. Indeed, the companies engaged with FIP are also typically not driving deforestation at scale. The profile of FIP private sector investment is summarized in Table 2. Rather than tackling head-on private sector drivers of deforestation, much of FIP's support was focused on commercial plantation development to reduce pressure on natural forests and work to enhance the enabling conditions for private sector investment. For example, in Lao PDR, IFC advisory support covered three areas: technical support for large companies involved to develop free, prior, and informed consent (FPIC) and effective processes for working with local communities; capacity building of local communities; and policy and governance work focused on supportive legislation for plantation development.

Within the FIP private sector portfolio, projects involving commercial plantation development may be described as restoration but consist of plantation establishment with little focus on protection or restoration of natural forests or broader landscapes. Projects have included plantations on 'degraded forest reserves' in Ghana; 'degraded landscapes' in Mozambique; degraded and 'barren' lands in Lao PDR; and pastureland in Brazil. The demand for such private sector investment is vast in many regions, as reflected in a CIF E&L funded study in Africa that observed, "The gap between the potential of forestry as a productive sector on the continent and the small size of the industry today remains substantial."[61] The justification for afforestation projects is based on the premise of sequestering carbon and reducing pressure on remaining natural forest areas; with previous reviews noting Inter-governmental Panel on Climate Change support for further investment in afforestation and bioenergy as "the two CO_2 removal methods most often included in integrated pathways compatible with limiting climate change."[62] Such projects can increase local timber supply and thereby reduce pressure on natural forests, but their impact on restoring ecosystem function and biodiversity is subject of ongoing debate.[63]

[61] Acacia Sustainable Business Advisors (2019). Towards Large-Scale Commercial Investment in African Forestry: A Study for the Climate Investment Funds Evaluation & Learning Initiative (Public Version).
[62] Acacia Sustainable Business Advisors (2019); referring to IPCC's Special Report on the impacts of global warming of 1.5oC (SR 15), October 2018.
[63] *See, e.g.*: Wang, C., Zhang, W., Li, X., & Wu, J. (2021). A global meta-analysis of the impacts of tree plantations on biodiversity. Global Ecology and Biogeography, 31(3), 576–587. https://doi.org/10.1111/geb.13440 and Bremer, L. L., & Farley, K. A. (2010). Does plantation forestry restore biodiversity or create green deserts? A synthesis of the effects of land-use transitions on plant species richness. Biodiversity and Conservation, 19(14), 3893–3915. https://doi.org/10.1007/s10531-010-9936-4

Table 2: *Types of private sector activities and actors observed across FIP program*

Investment focus	Country examples	International private sector investment	Domestic private sector investment	Local private sector actors	Private sector investment (USD)	Indicative total project funding (USD)
Plantation development (Teak) – direct investment	Ghana	• Sustainable Forest Investments BV (sponsor)	Form Ghana: plantation management company	Out-growers/ Smallholders	$22.4m	$36.4m
Development program for communities bordering outgrowers	Mozambique	• Portucel (Portuguese based pulp & paper company.	Domestic market buyers, e.g., honey companies	Smallholder interests	$3.8m	$5.8m
Plantation development (Eucalyptus) – enabling environment	Lao PDR	• Stora Enso • MTP • Burapha Agroforestry Company	Lao Plantation Forestry Group	Outgrowers/ smallholders	$3.4m	$7.3m
Plantation development (Macauba oil palm)	Brazil	• INOCAS, private start-up company • Althelia Climate Fund (advisors)	National investors: Viveiro Nativo, Perfil Agricola, and Reinaldo Melo	Smallholder farmers	$1.6m (over US$1m from local investors)	$6.0m
Agroforestry (Cashews)	Burkina Faso	No significant international investment	*Wouol* Association	*Wouol* members and processing units	$1.7m	$10.9m
Strengthening Community Forestry Enterprises	Mexico	-	FINDECA, national financial institution	Communities/ ejidos/Micro & Small-Medium Enterprises (MSMEs)	*Not reported*	$6.6m

Source: Indicative funding is derived from FIP database (June 2023), including actual disbursements plus total co-financing funds. **Note:** Shown here are the set of FIP's private sector projects. Public projects also include private sector engagement; as such, this is not a comprehensive view of the FIP's private sector activity.

3.2.3 Equitable, inclusive, and rights-based approaches

The FIP's portfolio-wide focus on small-scale actors has strengthened its relevance for delivering human-centered benefits, with a strong focus on poor, rural community welfare. At design, geographic areas targeted for FIP investment were often selected for higher rates of poverty, and some areas had high proportions of Indigenous Peoples and ethnic minorities in their populations. Many projects also made efforts to target women and youth, including through agroforestry and alternative livelihood support. Project documents were not always clear, however, if these targets reflected the status quo or represented greater ambitions in terms of benefiting marginalized groups. Who ultimately benefited was the result of a more complex constellation of factors, as discussed in the subsection below on beneficiary results.

Rights-based approaches featured across most of the FIP investment plans, although follow-through to project design was mixed. Investment plans for most FIP countries identify unclear tenure and tenure insecurity as key indirect drivers of deforestation and forest degradation. Plans also identify marginalization of IPLCs in forest management and forest use decision-making as a priority issue to address. Investment plans propose rights-based approaches to support strengthened tenure, rights, and

access to forests by local communities, Indigenous communities, and other rights-holders.[64] Countries such as Mozambique, Ghana, Indonesia, and Burkina Faso have followed through on rights-based ambitions in their investment plans, designing FIP projects that aim to strengthen tenure and access. Other countries have had project designs that are weaker at addressing these issues (see also Section 4.1.5 on forest governance results). DGM has served as a stronghold for operationalizing rights-based approaches in the FIP, while proving insufficient for mainstreaming such approaches across core FIP interventions in some countries, as seen in the DRC (further detailed in 3.3.3 on the DGM window).

[64] These include measures to enhance tenure security of forest owners and rights holders, improvement of legal frameworks to protect forest-related property rights and access for forest stakeholders, strengthened processes and mechanisms for resolving tenure-related disputes and conflicts, including accessing and benefit sharing, recognition of customary and traditional rights of forest dependent communities, improvements to the comprehensiveness and accuracy of documentation and accessibility of information related to forest tenure and rights, and promotion of full and active participation of local stakeholders and forest users in management of and decision-making process for forest use.

4. Results and effectiveness

This chapter first assesses the FIP's progress toward results and effectiveness relative to its results framework. The chapter then evaluates the FIP's performance relative to its overarching objectives, including facilitating leverage of additional financial resources for REDD+, learning on REDD+, and initiating and facilitating steps toward transformational change in forest-related policies and practices.

Key Messages:

- With about a third of its projects closed, FIP has met 28 percent of its GHG emission reduction target (27.73 $MtCO_2e$ against a target of 100.46 $MtCO_2e$). Closed projects have shown variable performance on reducing emissions, making it uncertain whether FIP will achieve its emission reduction target by program close.
- The FIP has significantly scaled up sustainable land use through conservation and reduced pressure on forest ecosystems. FIP projects have reported 35.9 million hectares brought under sustainable land use (88 percent of project targets to date).[65]
- FIP resources were used efficiently. FIP projects have brought land under sustainable management at a unit cost of US$470 per hectare,[66] well below the global benchmark of US$1,400. Across completed projects with available data, total costs per tonne of carbon dioxide equivalent (US$9.04 per tonne on average) are in line with or below the revenue that could be recouped through emissions reductions payments (US$5 per tonne ERPA floor price, estimated US$25 per tonne through ART-TREES-aligned projects).
- FIP projects generally met their targets for number of beneficiaries. Many FIP activities reported diversified and increased income and employment for people in forest and adjacent communities, and non-monetary benefits often related to increased social capital and improved access to food and public infrastructure. Livelihood enhancements benefited poor, rural local communities, but elite capture, risk aversion, and need for speed sometimes limited benefits for the poorest and most vulnerable.
- Most mature FIP projects are delivering gender-responsive results. Gender gaps could be closed more effectively through interventions that push beyond traditional sector dynamics and gender roles.
- Strengthened forest governance is a key result of FIP investments in all eight mature FIP countries. Outcomes include strengthened planning, decision-making, intergovernmental cooperation, monitoring, enforcement, and land tenure, from national to community levels.
- The few private sector projects that proceeded delivered relevant outcomes and often mobilized significant private investment.
- The FIP aimed to facilitate transformational change and had the most success in seeding systemic change. The FIP has contributed to signals of systemic change related to just climate governance and policy, leveraging broader MDB sector portfolios to support change processes. Signals of scale were rarely observed in mature FIP countries, where project results are relatively localized. More attention could be paid to pathways for scaling and the barriers to deeper systemic change.
- The FIP's provision of bridge financing and support has made a significant difference in helping countries' access REDD+ payments. Nearly all the original FIP pilot countries have signed an ERPA with the FCPF, and four countries have received payments for verified emission reductions.

[65] This figure uses revised reporting from Brazil's Environmental Regularization of Rural Lands in the Cerrado project's Implementation and Completion Report from early 2024, which revised its results downward from 362 million hectares to 26.3 million hectares upon methodological review. As a result, the number presented here deviates from FIP's 2023 Operational and Results Report, which was published before this revision. *See* World Bank (2024). Implementation Completion and Results Report – Environmental Regularization of Rural Lands in the Cerrado of Brazil.

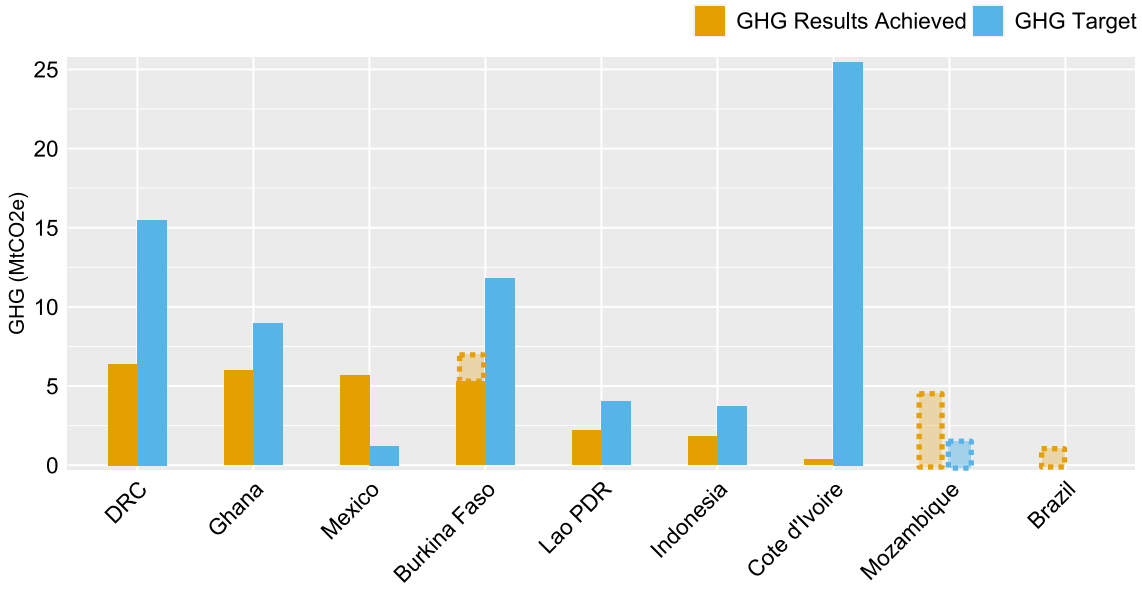
[66] For more accurate comparison with the WOCAT dataset, which captures on-the-ground implementation of sustainable land management approaches, this calculation excludes Brazil's Environmental Regularization of Rural Lands in the Cerrado project, implemented by the World Bank, which reported lands registered in the state or national cadaster system within project municipalities.

4.1 Progress toward results in the FIP results framework

4.1.1 Greenhouse gas benefits

With about a third of its projects closed, FIP has met 28 percent of its GHG emission reduction target. The FIP has reported approximately 27.73 $MtCO_2e$ in GHG benefits to date, against a cumulative target of 100.46 $MtCO_2e$ across all projects that are targeting and measuring GHG emission reductions.[67] GHG benefits are typically reported at the end of projects, so with only six closed projects reporting GHG benefits, these results are preliminary. Figure 10 shows FIP GHG benefits based on available data, drawing from ORR report reporting and project-related documentation not centrally reported.[68] The greatest scale of GHG benefits is reported in DRC, Ghana, Mexico, and Burkina Faso, representing 84 percent of reported results and reflecting a diversity in forest cover and deforestation rates. Forest cover and deforestation rates were not always correlated with higher GHG benefits; countries with low deforestation rates (e.g. DRC) and low forest cover (Burkina Faso) have reported strong GHG benefits. In contexts with low forest cover, such as Burkina Faso, GHG benefits primarily come from carbon removals like afforestation and forest protection, rather than from reducing emissions from deforestation.

Figure 10: *Total GHG emissions reduced/avoided or enhanced carbon stocks reported through FIP*



Sources: FIP 2023 Results Framework and project documentation. **Notes:** [1] GHG results are reported based on varied methodologies, including varying time scales, as per the M&R system established at the beginning of the FIP program. [2] Dashed bars indicate project-level results that are not reported centrally through FIP's ORR. [3] While Mozambique reported net GHG benefits through its investment plan reporting, it reported reversals of its emissions reductions in 2021 and 2022. [3] GHG results are presented as reported to the FIP, inclusive of results achieved through blended finance from MDBs and other sources.

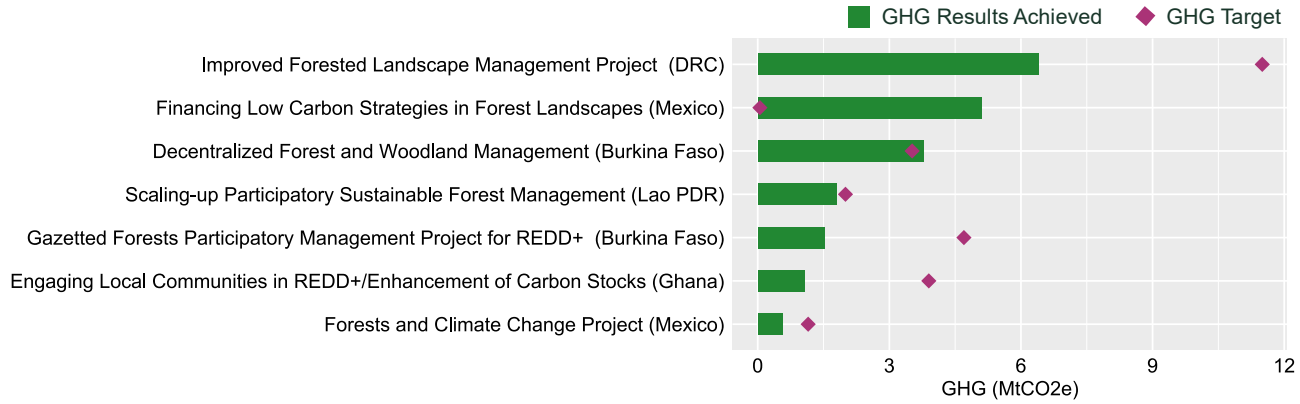
Closed projects have shown variable performance on reducing emissions, making it uncertain whether FIP will achieve its emission reduction target by program close. The six closed projects measuring GHG emission reductions have reported achieving 13.83 Mt CO_2e against a combined target of 15.32 $MtCO_2e$ (90 percent achieved) (Figure 11). However, just two of those six projects have met or

[67] In accordance with the FIP M&R system established at program design, not all countries and projects report GHG emission reductions, including Brazil, Mozambique, and many DGM projects. Some FIP projects also do not have a direct impact on emission reductions (e.g., enabling environment reforms).

[68] The robustness of GHG results reporting at the project-level is mixed. Some projects have verified emissions reductions using national or internally developed MRV systems with reference emissions levels. Other project GHG results are not verified, estimated using FAO's EX-ACT tool, an appraisal system to estimate carbon impact ex-ante, or estimated ad-hoc using area-based assumptions.

exceeded their GHG targets. Limited evidence was available to better understand the factors contributing to this result. For the Forest and Climate Change Project in Mexico, emission reductions are lower than expected in part because the estimation of the baseline used incomplete data, while the target was not revised. Elsewhere, the contributing factors have been under-examined. For example, in Burkina Faso, the Gazetted Forests project completion report acknowledges underachievement of GHG results and reductions in the rate of deforestation and forest degradation, without examining why achieved outcomes did not lead to the expected impact. Similarly in Ghana, the project completion report documents overachievement of outcomes related to reduced pressure on forest ecosystems without exploring why resulting emission reductions did not meet expectations. Future programming could give more attention to the linkages between project activities and outcomes and GHG impact, for learning and accountability.

Figure 11: *GHG results reported from closed FIP projects*



Source: 2023 FIP Results Framework.

Completed projects have thus far generated emissions reductions at costs in line with potential revenues from emissions reductions payments. Across the six completed projects with available data,[69] the average total project cost per tonne of CO_2e has been US$9.04 (or US$5.20 of FIP financing, excluding co-finance). Cost per tonne varies widely across projects, from total project costs of US$2.50 per tonne achieved by the Financing Low Carbon Strategies project in Mexico, to over US$20 per tonne in the Participatory Sustainable Forest Management project in Lao PDR (Figure 12). While most projects' costs per tonne exceed the US$5 per tonne floor price set by ERPAs, all project costs are below the estimated ART-TREES-aligned price of US$25 per tonne discussed in DRC, and most are below the voluntary carbon market rates of US$10.84 for REDD+ projects to US$15.60 for afforestation and reforestation.[70] However, it is important to recognize that these cost calculations do not account for the additional expenses borne by local communities, administrations, and other stakeholders involved in project implementation.

[69] This analysis excludes Forests and Climate Change Project in Mexico, which was only partially focused on emissions reductions and did not comprehensively estimate emissions reductions due to methodological issues.
[70] Note that prevailing market prices vary by region – prices for AFOLU projects in LMICs are historically lower than those in the Global North. Ecosystem Marketplace. 2023. State of the Voluntary Carbon Markets 2023.

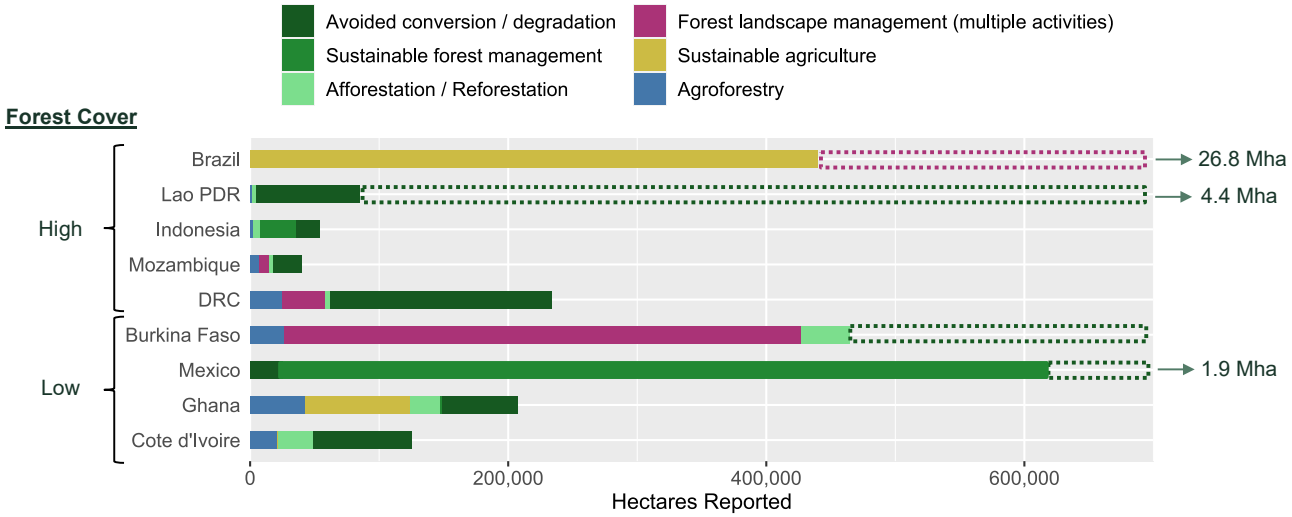
Figure 12: *Cost per tonne CO_2e among closed projects*

Sources: FIP portfolio data (June 2023), FIP 2023 results framework.

4.1.2 *Sustainable forest and land management practices*

FIP interventions have significantly scaled up sustainable land use, with area coverage roughly split between conservation activities avoiding deforestation and other approaches to reduce pressure on forests. In 2023, FIP projects reported a cumulative 35.9 million hectares (ha) brought under sustainable forest and land management, representing 88 percent of the cumulative project targets of 41.0 million ha.[71] Sustainable land use approaches and outcomes vary based on drivers and magnitude of deforestation and degradation issues and income-generating potential. Countries with extensive forests but high deforestation rates (like Cote d'Ivoire, Indonesia, and Mozambique) mainly focus on conservation, often overlapping with sustainable forest management. In contrast, regions with less forest cover but high deforestation rates (such as Burkina Faso and Brazil) have prioritized sustainable agriculture and other landscape management strategies to alleviate forest pressure and support livelihoods (Figure 13).

Figure 13: *Area covered by sustainable land use activities as a result of FIP activities (ha)*



Source: Indufor analysis of FIP 2023 Results Framework data. **Notes:** [1] Dashed bars represent outliers with greater than 1 million ha reported, or plan-based activities rather than on-the-ground land management: (1) Brazil – Environmental Regularization of Rural Lands in the Cerrado project, (2) Lao PDR – Scaling-up Participatory Sustainable

[71] This figure uses revised reporting from Brazil's Environmental Regularization of Rural Lands in the Cerrado project's Implementation and Completion Report from early 2024, which revised its results downward from 362 million hectares to 26.3 million hectares upon methodological review. As a result, the number presented here deviates from FIP's 2023 Operational and Results Report, which was published before this revision. *See* World Bank (2024). Implementation Completion and Results Report – Environmental Regularization of Rural Lands in the Cerrado of Brazil.

Forest Management project, (3) Mexico – Forests and Climate Change Project, and (4) Burkina Faso – Gazetted Forests Participatory Management Project for REDD+. [2] Results are presented as reported to the FIP, inclusive of results achieved through blended finance from external sources. [3] Forest cover is classified at the national level. In some cases, forest cover varies widely sub-nationally (for example, Brazil FIP is in the Cerrado, a low forest-cover biome within a high forest-cover country).

Sustainable land use models were widely adopted when beneficiaries experienced short-term economic benefit. In DRC, plantation establishment for charcoal production and agroforestry has been the cornerstone of FIP projects. Projects focusing on fast-growing species and fruit trees for market supply, income, and food security have been largely successful, and direct payments to community members for their contributions have led to 21,200 ha of forests under conservation and 3,230 ha of degraded forests restored. In Brazil, the FIP played a key demonstration role in scaling up low-carbon agriculture practices with technical assistance in the Cerrado among small and medium farms, leading to improved environmental performance of farms, 93,800 ha of recovered pasture areas, and intensification of cattle production, with interventions being scaled up over time with follow-on projects. (For more detail on successes and challenges in scaling up sustainable land use, see Appendix F, #9.)

The reported area under sustainable land management as a result of FIP interventions is likely overreported due to broad definitions and variable methods. In certain cases, claims of sustainable land use are substantiated, notably in Mexico, where reports of larger areas being sustainably managed by communities and ejidos are attributed to initiatives like payments for ecosystem services, certification of forest management, and community REDD+ investments. However, verifying these outcomes on the ground is challenging in other areas, leading to inconsistent reporting. Some countries have improved reporting quality by adjusting targets and methodologies, such as revising progress indicators downward after applying strict criteria or altering calculation methods, as seen in Brazil, DRC, and Mozambique. Yet, often, the reported figures for areas under sustainable management reflect plans or registrations rather than actual practice changes, highlighting output-level improvements rather than outcomes (tangible, persistent changes in land use). In Lao PDR, for example, the World Bank FIP project reported nearly 3.4 million hectares brought under forest landscape management plans, but the World Bank Independent Evaluation Group's review of the project's completion reporting concluded that these outcomes cannot be counted as fully achieved because the "plans" were actually provincial investment maps.

Advancing integrated forest landscape management (FLM)[72] **has been more successful when projects used participatory planning processes to establish common understanding and support. Operational challenges and systemic barriers related to governing across political levels remain significant issues.** Communities have often been at the center of efforts to advance integrated forest landscape management through participatory planning. In Burkina Faso, the Decentralized Forest and Woodland Management Project applied an integrated landscape approach across 32 communes, focusing on sustainable forest and land management through communal development plans. This initiative featured innovative participatory planning, empowering communes to develop zoning plans and land-use charters. In other cases, FLM has been hard to operationalize due to government constraints and logistical challenges in integrating diverse land uses across wide spatial scales. In Lao PDR, the FIP project's effort to integrate participatory FLM into existing land use plans was hindered by low local awareness, limited authority of the Ministry of Agriculture and Forestry, and overriding power of central-level decisions on development. In Brazil, large-scale target-setting led to fragmented outcomes, where the Integrated Landscape Management project struggled with diffuse impacts due to property distances in targeted river basins. Similarly, in Mozambique, integrating native forests with plantation blocks faced challenges due to the dispersion of plots.

[72] International definition of forest landscape management, used in the FIP Sustainable Forestry for Rural Development Project Appraisal Document: FLM offers a cross-sectoral and integrated approach to manage natural resources use and conservation, anticipate and mitigate environmental impacts from overlapping development activities, plan and monitor climate change mitigation/adaptation efforts, and identify opportunities to reduce poverty. Landscape level planning can help to organize a wide array of land uses, while simultaneously providing for the protection and sustainable use of forest – an important intermediate step toward national adoption and implementation of REDD+.

While data gaps limit reliable benchmarking, FIP project costs to bring land under sustainable management appear to be generally in line with industry standards. Robust benchmarking would require more granular cost data than what was available for this evaluation. However, considering all project costs (including co-financing), the FIP has brought land under sustainable management at a unit cost of US$470 per hectare – lower than the US$1,400 average establishment cost per hectare of sustainable land management reported to The World Overview of Conservation Approaches and Technologies (WOCAT) database.[73] The comparison varies widely across countries. In Burkina Faso, for example, the US$85 per hectare is far below the country's WOCAT benchmark of US$3,600, while other countries have higher cost per hectare ratios than WOCAT (e.g., Lao PDR FIP's US$819 per hectare vs. WOCAT's US$495). WOCAT is not a perfect proxy for comparison but does provide some degree of evidence that FIP projects are delivering cost effectiveness in line with industry standard.[74]

Evidence from case studies provides some evidence of cost effectiveness. In DRC, project data suggests that afforestation activities were implemented at costs comparable to other similar projects. The Mai Ndombe REDD+ Project's co-financing model implies US$1,000 to US$1,800 per hectare establishment cost. Industry benchmarks for plantation establishment costs for commercial monoculture plantations in the tropics range from US$34 to US$6,888 per hectare.[75] Another study on five comparable countries puts the range at US$1,600 to US$2,100 per hectare.[76] Similarly, In Lao PDR, in the village of Scannakhet, FIP costs of maintaining degraded forests of US$10 per hectare are well within the average range of US$2 to US$213 per hectare of assisted natural regeneration projects.[77]

4.1.3 Biodiversity and other ecosystem services

FIP projects rehabilitated forest landscapes using restoration to deliver biodiversity outcomes, including 193,000 ha in assisted natural regeneration (ANR). Most finalized projects have met or exceeded their restoration objectives, although quantitative monitoring of biological diversity has been sparse. In Indonesia, community groups in West Kalimantan undertook ANR across 6,000 ha of newly established protected forests while monitoring native flora and fauna species over four years. In the DRC, ANR across 172,000 ha emphasized community-led bushfire prevention, leading to forest and savanna restoration, wildlife recovery, and enhanced local air quality and rainfall. In West Africa, woodland regeneration in Ghana and Côte d'Ivoire involved community forest plantations, reducing slash-and-burn agriculture, forest fire prevention, legal forest protections, and alternative livelihoods development. Interventions in Ghana focused on native species reforestation in stream buffers and other areas less suitable for teak plantations, planting 9,000 ha, including 2,000 ha with indigenous species.

The FIP also formalized processes for protection and land use planning to support biodiversity conservation and restoration. Between 73.5 and 127.8 million ha have been designated as protected areas for biodiversity, with an additional 219,000 ha receiving enhanced protection through patrols and other actions.[78] This includes 4,076 ha of delineated and regulated forests in Lao PDR and over 800 ha of sacred groves in Ghana declared as forest through district-sanctioned by-laws. In Brazil, the FIP supported registering 72.5 to 126.8 million ha in the Cerrado as conservation areas under the Rural Environmental Registry (CAR), in line with the Forest Code—although scaling up sustainable management still requires stronger incentives and enforcement, with many areas lacking state validation or analysis. FIP projects also helped counter biodiversity threats, including wildlife poaching and trading, forest encroachment and

[73] The WOCAT database includes SLM projects spanning a wide variety of activities, and includes establishment costs such as labor, equipment, materials, construction, and others. WOCAT. 2023. "Global SLM Database." Accessed 14 December 2023.
[74] FIP project costs include a wider set of capacity building, policy, and administrative activities that are not reflected in WOCAT's figures.
[75] Bodin, Blaise & Garavaglia, Valentina & Pingault, Nathanaël & Ding, Helen & Wilson, Sarah & Meybeck, Alexandre & Gitz, Vincent & d'Andrea, Sara & Christophe, Besacier. (2021). A standard framework for assessing the costs and benefits of restoration: introducing The Economics of Ecosystem Restoration (TEER). Restoration Ecology 30.
[76] PROFOR. 2016. Assessing the investment climate in the planted forest sector in Mozambique. TA Project: Improving the business climate for planted forests.
[77] Bodin, Blaise & Garavaglia, Valentina & Pingault, Nathanaël & Ding, Helen & Wilson, Sarah & Meybeck, Alexandre & Gitz, Vincent & d'Andrea, Sara & Christophe, Besacier. (2021). A standard framework for assessing the costs and benefits of restoration: introducing The Economics of Ecosystem Restoration (TEER). Restoration Ecology 30.
[78] CIF (2023). FIP biodiversity benefits.

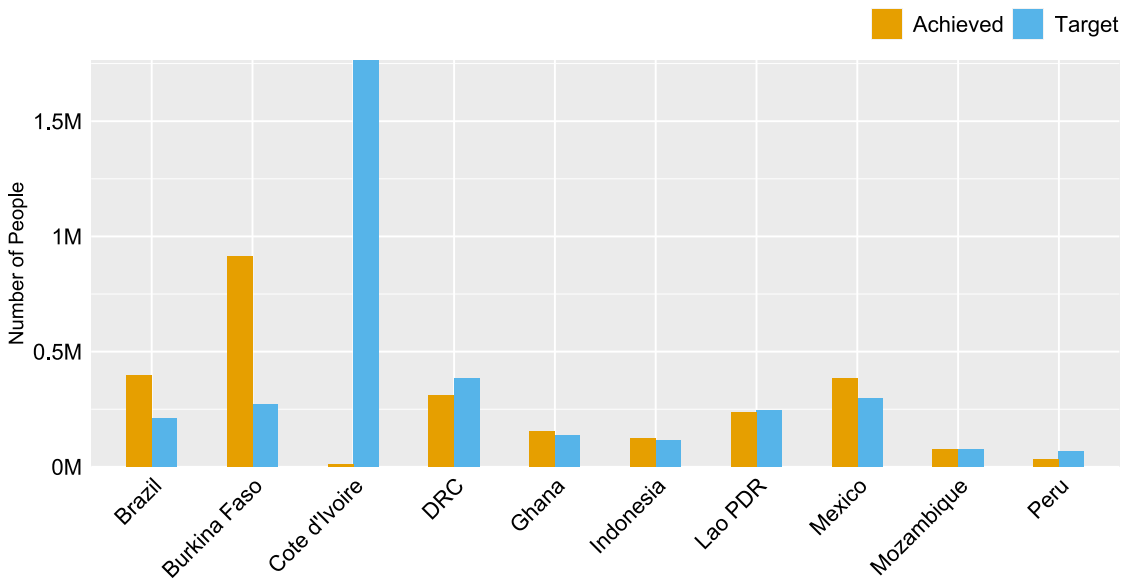
degradation, and uncontrolled wildfires. In Lao PDR, increased community patrolling led to more reported violations like illegal logging and hunting. In Côte d'Ivoire, FIP-backed income-generating activities helped decrease poaching in Taï National Park.

FIP projects demonstrate that sufficient and sustained financial incentives for local people are critical mechanisms for the success of conservation projects. Both successful and unsuccessful projects have shared common concerns around limited financial resources and lack of continued support for restoration or conservation, especially when not linked to active income generation opportunities. In Lao PDR, local participants of the Biodiversity Corridor Management Project encroached on the corridors because the monetary benefits of growing cash crops outweighed the risk of being reprimanded. Similarly, Brazil's Integrated Landscape Management project has thus far found it challenging to motivate restoration and conservation without direct ecosystem service payments. DRC saw success using project-funded PES to motivate communities to protect restoration areas.

4.1.4 *Livelihoods and poverty alleviation*

FIP projects have achieved their indicator targets related to number of beneficiaries. All closed FIP investment projects achieved or exceeded their beneficiary targets (Figure 14). FIP investments have benefited 2.8 million people, accordingly to MDB project reporting, representing 75 percent of the 3.7 million program-wide target.[79] Of the 1.8 million beneficiaries who were classified by gender, 765,000 (41 percent) are women. Ten projects account for nearly 90 percent of the portfolio-wide total, with the remaining 42 projects reporting just 10 percent. The progress rate towards targets is also skewed downward by Cote d'Ivoire, which has multiple projects underway with highly ambitious targets totaling 1.8 million beneficiaries but is yet to report significant results.

Figure 14: *Number of beneficiaries reported by country, against targets*



Source: FIP 2023 Results Framework data.

Diverse reporting challenges portfolio-wide interpretation of benefits. The reporting theme includes a wide range of outputs (e.g., training or technologies delivered) and outcomes (e.g., increased income) that could result in benefits for project participants spanning from minor to potentially life changing. Reporting is inclusive of both direct and indirect beneficiaries. Most beneficiaries are reported under project-specific

[79] Brazil's Environmental Regularization of Rural Lands in the Cerrado project, implemented by the World Bank, previously reported 3.8 million beneficiaries for the FIP's most recent ORR. The recent Implementation and Completion Report for this project revises this number to consider only the direct beneficiaries in the 199 affected municipalities – equal to 321,583 people against a target of 160,600.

indicators formulated as "people in forest and adjacent communities with increased monetary or non-monetary benefits from forests." While some projects (e.g., in Mexico, DRC, Lao PDR) conducted impact surveys or other monitoring exercises to quantify project influence on livelihoods and welfare, many others did not monitor changes in crop yields or income, poverty rates, nor other indicators of wellbeing. In Indonesia, an independent validation review of the World Bank's FIP project found that limited outcome indicators for improved forest-based livelihoods meant that the link between outputs and outcomes was tenuous.[80]

Most FIP activities reported delivering monetary benefits through diversifying and increasing income and employment for people in forest and adjacent communities. Direct support through small grants, agricultural input provision, and employment opportunities, with accompanying technical assistance, was primarily responsible for contributing to monetary benefits. Select projects delivered strong benefits for small and medium producers, workers, and local rural communities including increased productivity and income. Documented increases in household income varied from 8 to 359 percent. In the DRC, household surveys showed that average annual income increased by nearly 15 percent in 15,700 households, associated with PES schemes with local development committees. In Brazil, two World Bank projects delivered strong productivity and socioeconomic benefits for small and medium producers, mostly beef and dairy farmers. Plantation projects in Mozambique, the DRC, Brazil, and Ghana reported increased employment for local community members and in some cases increased food crops through intercropping.

Non-monetary benefits reported relate primarily to increased social capital and improved access to food and public infrastructure and services for local communities. In Mexico, community forest enterprises increased their social capital index by nearly 9 percent through participation in the Forestry Commission's PES program supported by FIP. Households participating in the FIP-supported program in the Yucatan peninsula also engaged more frequently in *ejido* assemblies and developed public goods (i.e., water catchment systems, ecotourism center) that benefited the whole community. In Lao PDR, an impact evaluation identified improved access to food, medicines, and water, improved ability to send children to school, and improved ability to face unexpected expenses as among the non-monetary benefits of the World Bank FIP project. Food security also increased in project areas in Burkina Faso and Mozambique.[81] In Brazil, through land registration for quilombolas and IPTCs, the FIP environmental regularization project increased community and household access to public services, such as energy. In the DRC, PES contracts led to community infrastructure enhancements such as construction of schools, wells, bridges, culverts, and office buildings, and rural road maintenance.

***Box 7:** Generating monetary and non-monetary benefits in the DRC*

The evaluation team's three site visits highlighted various livelihood benefits, each unique to its context but collectively illustrating the tangible co-benefits of sustainable land management and agroforestry. Local landowners and their employees directly benefit through employment and profits from production of charcoal and honey, with wider community benefits including educational opportunities, improved infrastructure, and biodiversity conservation. However, challenges such as fire risks, demographic pressures, and the need for continuous support and training remain evident.

For example, in Nzolo Kisantu, an area managed by a local development committee, a beneficiary family consists of "ayant droits" (customary rights holders), with 5 households directly involved and broader community participation. The project planted 18 ha of acacia and 4 ha of fruit trees, with additional income from diverse sources like mushrooms, caterpillars, and livestock. The community has profited from the sale of acacia trees for charcoal production. Two trees can yield US$12 for the local development committee and US$30 in a week for the charcoal maker, with significant potential profit if scaled up (if all trees planted by the project went to charcoal, local charcoal producers could profit US$114,000). The community has also built 100 beehives with proceeds from charcoal sales. Improvements such as bridges facilitate better transport, while fire breaks protect the plantation. Non-monetary benefits include increased capacity to afford schooling for children, enhanced wildlife, and strengthened local cooperatives.

[80] IEG Implementation and Completion Report Review for Indonesia

[81] Adjognon, G.S., van Soest, D., and Guthoff, J. Reducing Hunger with Payments for Environmental Services (PES): Experimental Evidence from Burkina Faso. American Journal of Agricultural Economics. 12 October 2020.

In five countries, design and implementation shortcomings, along with low community capacities, cast doubt on the longer-term positive impacts on people's welfare. Design and implementation shortcomings are often related to inadequate market opportunities and technical support. In Mozambique, for example, the matching grant scheme for local communities and SMEs to support sustainable value chains was only implemented in the last year of the project and had not yet generated income for recipients at project close; the grants visited by the evaluation team a year after project close had also yet to result in income for local communities. Similarly, in Ghana, livelihood activities were launched in the last year of implementation and market linkages were more limited, hampering results achievement. In Lao PDR, both FIP projects generally provided inadequate support to improve market access for products resulting from new livelihood activities, and beneficiaries also struggled with the limited technical support for adopting a new livelihood. As a result, some beneficiaries were unable to achieve and/or sustain the intended welfare benefits (see also Section 5).

> "Our project put a lot of money in to support [livelihood activities] but the achievement was not so big" [and] "our activities were not enough to confirm that it helped [the participants] to reduce their poverty."
>
> "On livelihoods, we expected more results […] we did not have the full complement of scale to train [project participants] to become business people."
>
> "Sometimes what happens is you give support and you want to have [results] numbers – so you break [the money] into tiny pieces so that more people benefit. But small amounts of money lose the bigger picture of whether [benefits] can sustain in long-term."
>
> ***- Project partners in multiple countries***

Conversely, in cases where projects were successful at connecting value chains, local livelihood outcomes were enhanced. In Indonesia and DRC, creating linkages to markets through community infrastructure and non-timber forest product commercialization contributed to 15 to 57 percent increases in average household incomes (See Appendix F, #1). In Lao PDR, some villages in the northern provinces chose cardamom farming as their alternative livelihood activity and experienced economic success in Chinese markets because of proximity to the border and high demand, as well as access to training to ensure they could grow cardamom at the standard required for sale to Chinese markets.

Strengthened skills and capacity have been critical for ensuring that rural communities—including the most disadvantaged—can experience durable livelihood benefits. Supportive capacities for accessing livelihood benefits ranged from literacy and nutrition education to technical livelihood skills, to organizational, finance, and business management know-how. Some projects, such as in Mozambique, DRC, Ghana, and Indonesia, encountered lower-than-expected capacities in rural communities and highlighted the need for continued technical assistance to support community enterprise development and adoption of new livelihoods.

More information is needed to better understand the conditions under which livelihood benefits induce forest benefits—before FIP activities are widely replicated. The implicit theory of action for many FIP projects is that if forest-dependent people are better off, they will desist from behaviors that cause deforestation and forest degradation, such as by reducing shifting cultivation or reducing reliance on unsustainable livelihood activities, such as charcoal production. While few projects have undergone impact studies that could test this theory, those that have indicate that a better understanding of the types of livelihood activities and the conditions under which they are effective in inducing forest benefits (e.g., land tenure security) would help inform the design of future programs. For example, in Lao PDR, two impact studies on the FIP World Bank project showed that different livelihoods reduce the area of shifting cultivation to different degrees. Coffee growth and rice paddies were effective, while corn was found to have no impact on shifting cultivation and possibly even a negative impact as people integrated it within their shifting cultivation cycle, creating a more permanent conversation of forest use. In Mexico, where a FIP-supported government program helped households diversify their livelihoods and increase their incomes, a quasi-experimental study focused on REDD+ interventions with rural forest communities (*ejidos*) in the Yucatan

Peninsula since 2010[82] found that REDD+ outcomes were impeded when cattle production and commercial agriculture land use was present. Community forest enterprises were successful in reducing forest cover loss in some cases, but not when cattle production was present.

Livelihood enhancements benefited poor, rural local communities. Who benefited from FIP projects depended on a complex set of conditions, including intervention design and eligibility criteria, along with communities' own resource use and distribution decisions. At a sub-national level (e.g., districts, provinces, states), geographic areas receiving FIP investment were often selected for higher rates of deforestation, forest degradation, and poverty. Some selected areas had high proportions of Indigenous Peoples and ethnic minorities in their overall populations (e.g., Mexico, Brazil, Lao PDR). In areas with both Indigenous Peoples and local communities, the distribution of benefits generally reflected the overall population distribution. For example, in Mexico, projects were implemented in areas where 40 percent of the population and 35 percent of the beneficiaries were Indigenous.

In some cases, elite capture, risk aversion, and need-for-speed limited the extent to which the poorest and most vulnerable benefited. Within targeted jurisdictions, some beneficiary selection processes struggled with cultural dynamics and traditional structures that marginalized certain groups—leading to elite capture. In Mozambique, for example, project partners held the view that relying on community leadership to help select local communities for agroforestry interventions led to elite capture. In DRC, local development committee leaders often benefited disproportionately from projects. Using community-led decision-making structures to allocate FIP funding also sometimes limited the ability of the most vulnerable to benefit. For example, in Lao PDR, although selection criteria for village development grants prioritized ethnic minorities and poor households, selected beneficiaries were generally better-off.[83] Poor families were less likely to participate; households were concerned about repaying the revolving fund because many approved subproject activities did not provide immediate financial returns. Similarly, in Mexico, because community and *ejido* decision-making is restricted to rightsholders, and most rightsholders are men, women were often excluded from participating in meetings on how to use project financing.

In several cases, the "need for speed" led to selecting better-off community members as project participants. For example, larger landowners with titles were the primary beneficiaries of plantation development interventions in the DRC and Mozambique. In Mozambique, the requirement for beneficiaries to pay upfront for inputs with their own capital led to self-selection of those with higher capacity and resources. Similarly, for the matching grant scheme, requirements that participants had to be an existing legal association or SME and have an existing agreement with a private sector buyer to apply for the grant led to higher capacity beneficiaries; these requirements were in place partly to ensure that beneficiaries could participate in the short time remaining before the FIP project closed.

Some projects made specific efforts to enhance the welfare of underserved or structurally disadvantaged groups, including women. For example, in Brazil, in addition to supporting harvest workers and smallholder farmers, the ongoing Macauba oil palm project is engaging landless people (Assentados) and the prison population through local associations to plant macauba and extract seeds for seedling production. In Mozambique, FIP made special financial arrangements to enable a women-led association to participate in the eucalyptus plantation scheme. In Mexico**,** one unanticipated result of increasing the participation of Indigenous Peoples in FIP was that the number of female beneficiaries decreased, as these Indigenous communities had more traditional structures that often marginalized women. DGM also experienced this structural constraint in multiple countries, as discussed in Section 6.

Most mature FIP projects are delivering gender-responsive results. FIP project activities have promoted female employment, livelihoods, access to land and resources, and increased female voice and agency at the community- and household-levels, mostly through training and capacity-building interventions. Women's livelihood and welfare benefits have resulted from strengthening and diversifying

[82] Study is not specific to FIP funded activities, but inclusive of all REDD+ subnational activities in the Yucatan Peninsula, including areas where FIP supported community forestry through CONAFOR-led programs. Ellis, E. A., Antonio, J., Ceballos, G. C., Binnqüist, C. L., & Cerdán, C. R. (2020). Mixed Effectiveness of REDD+ Subnational Initiatives after 10 Years of Interventions on the Yucatan Peninsula, Mexico. Forests, 11(9), 1005. DOI: https://doi.org/10.3390/f11091005.

[83] CIF. 2021. Welfare and Forests: Lessons from Assessments of the FIP Co-funded Projects in Lao PDR and Mexico.

income-generating activities, access to potable water, improved nutrition, and improved cookstoves. Factors that helped support women's participation included promoting collective rather than individual participation (e.g., as part of a women's cooperative), designing modalities that were conducive to female participation (e.g., accessible meeting location and times), and identifying female local champions that could motivate other women to participate.

FIP programming increased its focus on gender over time, while reporting of results for women lags. More recently approved FIP projects consistently include sector-specific gender analysis, women-targeted activities, and sex-disaggregated M&E indicators—reflecting a broader trend over the last decade toward stronger gender discourse and accountability within the MDBs, CIF, and wider climate and forestry community. To date, 68 percent of reported livelihood beneficiaries have gender-disaggregated data.

Future programming would benefit from pushing beyond the constraints of sector dynamics and traditional gender roles, to increase potential to close gender gaps. Project gender targets generally do not specify whether the specified quota for women beneficiaries reflected standard sector dynamics or aimed to push beyond the status quo. In Mexico, for example, while FIP made efforts to benefit women and address gender inequality at both the institutional and community levels, the extent of female beneficiaries was ultimately consistent with other government forestry programs and women's percentage of property rights (about 21 percent, while women represent about half the population). In contrast, the approach to the DGM in Mexico enabled a wider range of beneficiaries, especially those without formal land rights (including women and youth), to access finance through dedicated windows for financial and social inclusion.

Case studies also suggested that projects often supported women in income-generating activities that reflected traditional gender roles, such as weaving and handicrafts in Lao PDR or planting and nursery operations in Ghana and Mozambique. Traditional social structures also potentially hampered women's ability to benefit from increased household income (e.g., where men are heads of household receiving grant funding and/or making decisions about how increased household income is spent), such as in Lao PDR and Mozambique. In recognition of the potential for traditional household gender dynamics to detract from welfare and forest benefits, in Mozambique, FIP supported the implementation of the Gender Action Learning System (see box).

***Box 8:** Changing intra-household gender dynamics in Mozambique*

Changes in intra-household gender dynamics can play an important role in securing and reinforcing the livelihood benefits of other integrated land management activities. In Zambezia Province in Mozambique, Gender Action Learning System (GALS) training was conducted with 6,887 people, including 2,631 women. Nearly three-quarters of GALS beneficiaries reported some degree of behavioral changes, improved cohesion and harmony within households, a decrease in gender-based violence incidents, redistribution of domestic tasks, reduction in alcohol consumption or women's improved sense of ownership of management of assets.

Both men and women in the Natomela, Mersa, and Chapala communities in Zambezia Province visited by the evaluation team shared the positive outcomes of GALS. One woman said that GALS taught her that jobs at home can be shared between men and women. As pictured, another woman showed the evaluation team her family's household plan and dreams, prepared with help from GALS. One man shared, prior to GALS, he believed that the man was most powerful in the household, so anything the household produced was his to sell alone in the market and spend the income as he wished. But after the GALs teaching, now the husband and wife sell their products together and use the income for household needs, based on their joint household plan. GALS beneficiaries have redirected household income to purchase bicycles and make home improvements. In another community, a man explained that before GALS, men would prohibit their wives from joining the community association.

Photo credit: Evaluation team, July 2023

4.1.5 Forest governance and rights

Strengthened forest governance is a key result of FIP investments in all eight countries with mature FIP projects, with outcomes related to strengthened planning, decision-making, intergovernmental cooperation, monitoring, enforcement, and land tenure, ranging from national policy reforms to operationalizing community-led governance structures. Some project interventions have also influenced wider changes, generating signals of transformational change related to policy, governance, and rights, further discussed in Section 4.2.3.

The FIP contributed to strengthening forest-related policy frameworks in six countries. In countries like Ghana and Lao PDR, FIP investment projects directly contributed by preparing policy analysis and/or policy language that ultimately resulted in adopted policies or amendments. In Ghana, for example, the World Bank project supported policy reforms through the Wildlife Resources Management Bill—passed by Parliament in July 2023—that consolidates existing laws related to forest development, protected areas, and wildlife, and provides legal backing for Community Resource Management Areas (CREMAs) to receive external resources. In Mozambique, the World Bank project helped draft the proposed Forest Law, which was submitted to the Council of Ministers in July 2022 and still under review. The DGM also contributed to major policy outcomes in the DRC and Peru that are foundational for strengthened tenure security for Indigenous Peoples (see Section 6.2 on DGM results). In other countries, FIP projects made more indirect contributions by supporting inclusive policy consultations.

FIP interventions strengthened national and subnational government capacities for implementation and enforcement of forest-related policy and regulatory frameworks in nearly all countries with mature FIP programs. This support has been delivered though training and other capacity building programs, technical assistance to develop plans, guidelines, and operating procedures, and equipping government institutions with needed assets (e.g., vehicles, fuel, and tablets/phones). Skills development and trainings were delivered for provincial and local authorities to plan, develop, and implement REDD+ approaches, such as in Lao PDR, which helps build capacity for future REDD+ work. In Mozambique, Brazil, Indonesia, and Burkina Faso, key outputs such as strengthened forest information and MRV systems are important foundations for planning, enforcement, and enabling results-based payments. In Brazil, several stakeholders highlighted FIP's transformation of forest and vegetation monitoring for the Cerrado as its most significant outcome (see Box 9).

Increased and institutionalized coordination between government agencies is a key outcome in multiple countries (Ghana, Mozambique, Lao PDR, Mexico), contributing to use of integrated approaches to manage sustainable landscapes and more effective forest enforcement. In two countries (Mozambique, Lao PDR), national monitoring data and interviews indicated that strengthened government enforcement practices are helping reduce illegal forest activity. In contrast in Brazil, the lack of a strong capacity building program aimed at state environmental agencies was a barrier for those agencies to analyze environmental compliance of landholders and enforce the Forest Code, a critical part of the FIP project's objective.[84]

Box 9: *Strengthening forest governance in Brazil*

In **Brazil**, the FIP Monitoring project transformed forest and vegetation monitoring for the Cerrado, including establishing new approaches for adoption across the Amazon and other biomes in Brazil. The Federal University of Minas Gerais and the National Institute for Space Research (INPE) have engaged with the Ministry of Environment and Climate Change on a frequent basis, feeding information from INPE's deforestation monitoring and Federal University of Minas Gerais's fire risk monitoring into the new version of the deforestation action plan for the Cerrado. The software covered through the project enabled the university to innovate in other areas such as development of automated validation system for the rural environmental registry (released in the state of Pará and for use in other states) and traceability systems for forest risk commodities (e.g. soy, cattle). The TerraBrasilis platform, created using funding from the Amazon Fund and refined through FIP, is being used as a data source for journalists to cover deforestation trends in the media. Brazil's largest meat processors including JBS and Marfrig are also using TerraBrasilis for due diligence on cattle producers to ensure no deforestation has occurred after 2008 as part of their zero-deforestation commitments and efforts to comply with the EU Deforestation Regulation. While FIP did not set

[84] Implementation and Completion Report for Environmental regularization of rural lands in the Cerrado of Brazil.

out explicitly to enhance Brazil's REDD+ readiness, its support on monitoring and forest information management systems has been critical to increasing states' readiness for REDD+ payments and providing data for Brazil's Cerrado forest reference emissions level.[85]

For additional examples of successes and challenges in strengthening governance and rights, see Appendix F, #4.

Institutional capacity building has been more effective when channeled directly through government departments and agencies with sector responsibilities. In Mozambique and DRC, FIP support was channeled through government organizations that have strong project management capacities but are not in charge of forest or land use sector issues, contributing to tensions among government entities and reduced capacity building in departments with sectoral responsibilities and local development authorities. In contrast, in Lao PDR, interviewees saw FIP's approach of channeling support directly through the production forest unit in the Department of Forestry--the mainstream forest unit with provincial connections—as highly effective for building sector capacity. Similarly, in Mexico, FIP support was channeled directly through the national forestry commission and complemented with support for establishing field offices, which strengthened administrative and advisory capacity at both levels.

FIP projects strengthened decentralized, participatory governance structures for forest and natural resources management in six countries, mostly at small scales relative to national needs (DRC, Indonesia, Ghana, Burkina Faso, Mozambique, and Mexico)**.** Areas under community-based natural resource management are generally recognized in the literature as having lower forest degradation and deforestation. In Mexico, where such decentralized structures are well established through communities and *ejidos* (C&Es) that collectively own over 60 percent of the country's forest, FIP targeted underserved C&Es with technical assistance, loan financing, and institutional strengthening. Participating C&Es had demonstrable increases in their ability to manage changing conditions and increase economic development. In Ghana and Indonesia, the FIP piloted the implementation of strategies to devolve natural resource governance, although at small scales relative to national needs. In Ghana, the government introduced the concept of Community Resource Management Areas (CREMAs) to authorize communities to manage their natural resources for economic and livelihood benefits. More than 80 CREMAs exist nationwide, covering about 5,000 to 25,000 hectares each.[86] Ghana's FIP program promoted a newly legalized fast-track model to establish five CREMAs through innovative partnerships with community-based organizations, covering 80,000 ha. In Indonesia, the government established 600 Forest Management Units (FMUs) to decentralize forest management but has struggled to operationalize them. FIP helped operationalize 10 FMUs, some of which are starting to facilitate market access for local communities and serve as active models for community-based forest management.

FIP projects demonstrated that inclusive and equitable engagement is crucial for effective changes in governance processes, especially given the potential for conflict over land and resource access. In Burkina Faso, different land users and customary and administrative authorities at commune and village levels engaged in a participatory land and social diagnostic process. This process provided a basis to identify practical solutions to give access rights to different user groups, thereby mitigating the risk that underlying social tensions would induce conflict over land security and natural resource access.[87] In Indonesia, the inclusive and participatory process to develop FMU sustainable forest management plans, including involving Indigenous (Adat) communities, was a key outcome.[88] In contrast, projects in DRC struggled with equitable involvement of local actors and inattention to land tenure security.[89] Still, FIP's support revitalized 19 Rural Agricultural Management Committees, which have helped communities form local development committees and address resource management conflicts.

Core FIP programming made modest contributions to strengthening land tenure at local scales in four countries, while land tenure issues were weakly addressed in two countries. Substantial progress on tenure, rights, and access for IPLCs was made through the DGM (see Section 6.2). Core FIP support mostly consisted of measures to ensure effective implementation in local project areas, rather than

[85] Government of Brazil. 2017. Brazil's Forest Reference Emission Level for Reducing Emissions from Deforestation in the Cerrado biome for Results-based Payments for REDD+ under the United Nations Framework Convention on Climate Change.
[86] Kinship Conservation Fellows. 2022. Designing for the Commons: Ghana's Community Resource Management Areas.
[87] Burkina Faso Decentralized Forest and Woodland Management Project Implementation and Completion Report Review
[88] Indonesia Promoting Sustainable CBNRM and Institutional Development Implementation and Completion Report Review.
[89] *See* Rainforest Foundation UK, APEM. 2020. REDD-MINUS: The Rhetoric and Reality of the Mai Ndombe REDD+ Programme.

contributing to broader transformation of land tenure, rights, and access systems, except for Ghana. For example, in Mozambique, FIP recognized that secure land rights would incentivize communities and households to invest in their land through agroforestry, thereby avoiding shifting cultivation. The project supported the issuance of 189 community delimitation certificates and nearly 29,000 individual land titles, of which about half were issued to women and almost 1,400 were issued in co-ownership to ensure that women do not lose the right to the land in the event of their husband's death. In Indonesia, following a new regulation on social forestry in Ministerial Regulation No. 9/2021, FIP facilitated 17 villages in West Kalimantan to obtain legal access to forest resources covering 26,000 ha, and facilitated legal transformation of 46 forest farmer groups. In Burkina Faso, the FIP helped municipalities register gazetted forests and investment sites and issue land titles for project communities.

In Lao PDR and the DRC, insecure land tenure is a key barrier to sustainable forest management practices but was addressed informally or weakly through project interventions. In Lao PDR, without a policy or legislative framework for issuing land titles within state forestland, the FIP worked with villages and local governments to develop informal village forest management agreements. In DRC, tenure rights were largely overlooked in the World Bank project, with implications for effectiveness, equity, and sustainability (see Box 10 and also Section 5 on sustainability). The AfDB project had land tenure security as the second of two components in its design, but struggled in delivery, with only a small fraction of expected land use titles issued and a noticeable gender disparity.

Box 10: *Implications of weak attention to land tenure insecurity and potential conflict in the DRC*

The effectiveness and sustainability of forestry investments is critically intertwined with the dynamics of land tenure, which if not carefully managed, can lead to significant environmental and social risks. In the DRC, FIP's speed-driven planting meant initiating projects and planting before adequately addressing the intricate landscape of land rights and claims, which may have inadvertently set the stage for conflicts. Though the World Bank project worked through titled private concessionaires and local development committees on rights-holder lands, as investments increase the land's value, previously dormant or unaddressed claims can emerge, creating a nexus of disputes among local communities, investors, and the state. The weak link between FIP and DGM in DRC has been a major implementation gap and missed opportunity.

Fires are widely reported on FIP plantation lands in all provinces. Interviewees noted that some are due to land conflicts and/or lack of local appropriation of project activities. Conflict is particularly acute in areas with food insecurity and traditional hunting practices include burning savanna. FIP's focused deployment of expert consultants and technicians prioritized technical solutions over necessary administrative and socio-political changes. These choices are further compounded by the program's standardized approach to land management, which failed to accommodate the unique socio-cultural and ecological conditions of each locality and overlooked community-specific land tenure challenges.

The immovable nature of agroforestry investments further complicates the tenure landscape. As the land becomes permanently altered, the question of who holds the right to benefit from these changes becomes critical, especially as populations grow and the pressure on land resources mounts. The introduction of profitable plantations through FIP has raised sensitive issues of inheritance and long-term stewardship. In project areas like Bateke that have recently experienced violent conflicts over land tenure and customary royalties, the potential for escalated disputes in the wake of such projects is high.

4.1.6 Engaging the private sector

Although limited in number, most private sector projects delivered strong outcomes aligned with FIP objectives. For the reasons discussed above in Section 3.1.5, finding scalable, sustainable business models for MDB investment in commercial forest enterprises has proved highly challenging. Private sector projects that did proceed, however, achieved sustainable and inclusive forest management outcomes and mobilized additional private investment.

In three countries, private sector projects focused on sustainable plantations. In Lao PDR, for example, IFC used FIP grant funding to develop FPIC processes to work with local communities and support new legislation for sustainable plantation development. This support was credited with attracting new investment into the private forestry sector, including a US$30 million project to develop a new 3,500-hectare plantation.

In Ghana, FIP concessional loans were instrumental in sustaining and expanding a sustainable plantation model with a private company holding Forest Stewardship Council and Verified Carbon Standard certifications. Without this concessional finance, the company may not have survived, given low forest carbon market prices. Since FIP's intervention, the company has restored over 7,100 ha of degraded forest, exceeding targets, and sold over 700,000 tonnes of carbon credits in the voluntary market. Approximately US$12 million in new investor funding was also mobilized. The project also has knock-on effects for the Forestry Commission, which often relies on the company for guidance and demonstration of best practices related to nurseries and sustainable silviculture.

Most successful private sector projects de-risked private investment using grants or concessional blended finance. In Brazil, FIP financing facilitated the development of a sustainable macauba palm oil agroforestry value chain through a blended finance model with equity shares in a private company, supported by IDB Lab, enhancing the adoption of environmentally sustainable practices among Cerrado farmers, and pioneering a private sector-led model for sustainable agroforestry. Lao PDR and Ghana offer further examples of de-risking investment, as described above. Conversely, when FIP private sector grants were not used to de-risk private investment, they did not mobilize private finance. For example, in Mozambique, a FIP private sector grant was used to extend the implementation of a community development plan by the Portugal-based paper and pulp company Portucel beyond the concession areas, to benefit communities in buffer zones. While this support delivered community benefits, it did not leverage additional private finance. For more detail on these projects, see Appendix F, #10.

FIP investment in small-to medium-scale forest enterprises has been relatively limited. The "enterprise support gap" identified by the 2019 review of financing forest-related enterprises remains today. The vast majority of FIP investments are either large-scale public sector investments addressing policy issues or micro-scale investments in alternative-income-generating activities.[90] Financing for forest-related small and medium-scale enterprises (SMEs) remains limited. Low capacities for intermediated financing arrangements is a contributing factor. In the FIP portfolio, the successful examples of using intermediated financing arrangements are in Mexico, where FIP partnered with higher capacity national and regional financial institutions and technical assistance service providers to overcome barriers to SME community forest enterprises securing private financing. FIP provided concessionality through loan tenure, interest rate, and local currency denomination, while technical assistance providers helped enterprises design bankable projects and navigate loan requirements. Additional strategies for better supporting SMEs include (i) aggregation of particular smallholder value chains, (ii) business incubation to grow emergent enterprises; and (iii) de-risking measures to encourage investment into those enterprises to reach transformational scale.

4.2 Progress toward overarching FIP objectives

4.2.1 Unlocking additional financial resources for REDD+

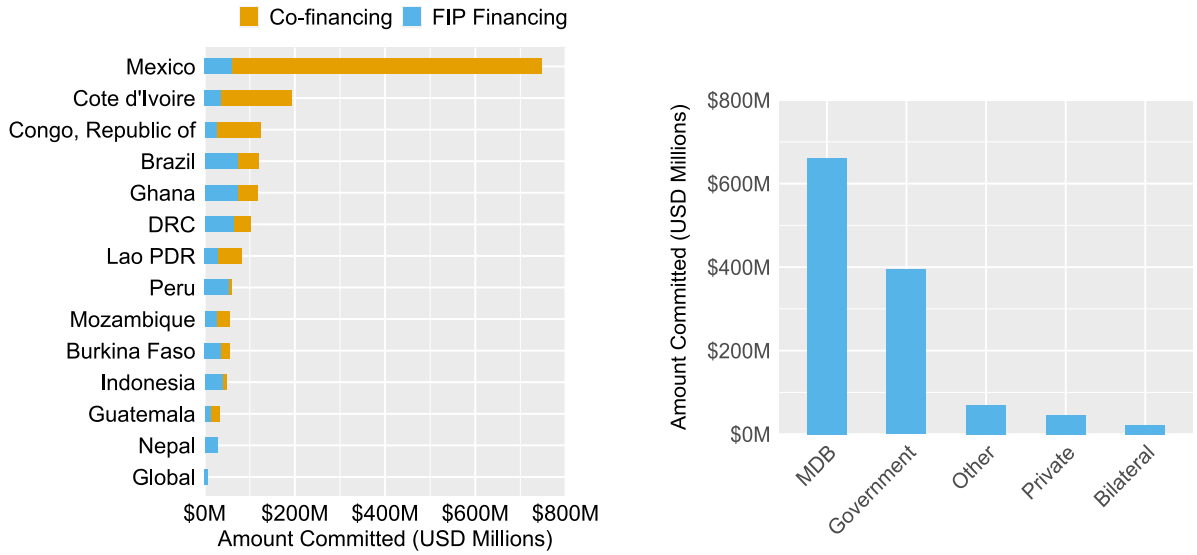
The FIP has underperformed in unlocking additional financial resources through co-financing. Given its MDB partnership model, FIP has been most effective at leveraging additional finance from MDBs in terms of total volume (55 percent of total committed co-financing), although 40 of 52 approved projects have not been MDB co-financed. Committed co-financing from recipient governments makes up another 33 percent of total-cofinancing. Co-finance from other development partners, and the private sector has been limited, potentially reflecting the challenges of securing competitive returns in the forest sector.

US$1.188 billion of co-financing has been committed at MDB approval (US$2.02 for every dollar of FIP funding), primarily in the form of concessionary grants and loans. Mexico received by far the largest share of committed co-financing, primarily from the Forests and Climate Change project which received US$683 million in co-financing commitments split between the World Bank and Mexican government. Excluding this project as an outlier for a more representative figure, co-financing totals US$505.4 million, or US$0.86 per

[90] IIED and LTS (2019) *Evaluation and Learning Partnership on Financing Forest-Related Enterprises: Learning from the Forest Investment Program and Other Initiatives*.

dollar of FIP funding. While not exactly comparable, this co-financing ratio is lower than comparator funds; the GCF, for example, is averaging US$2.9 per GCF dollar in its public sector portfolio.[91]

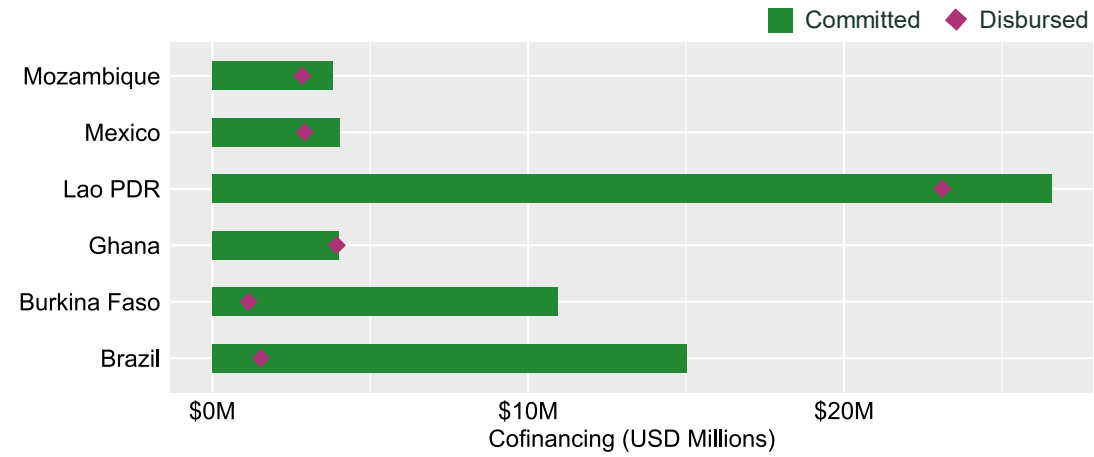
Figure 15: *FIP co-financing by country and source*



Source: FIP Portfolio Data (June 2023).

Materialization of co-financing commitments has been 70 percent on average, consistent with GEF's performance in least-developed countries.[92] Private sector co-financing has a lower materialization ratio, with just US$3 million materialization out of US$45 million in commitments (7 percent). If the 70 percent ratio remains constant through the remainder of FIP implementation, US$831 million in co-financing will materialize by portfolio closure, resulting in a leverage ratio of 1:1.4 for FIP investments. Figure 16 below shows committed-to-materialized ratios for closed projects.

Figure 16: *Co-financing committed at appraisal vs. materialized at project closure*



Source: Implementation and Completion Reports for all closed FIP projects as of June 2023. **Note:** Mexico's Forests and Climate Change project is omitted from the graph for scale. The project had US$683 million in concessional MDB and government loans commitments, of which 66 percent was disbursed.

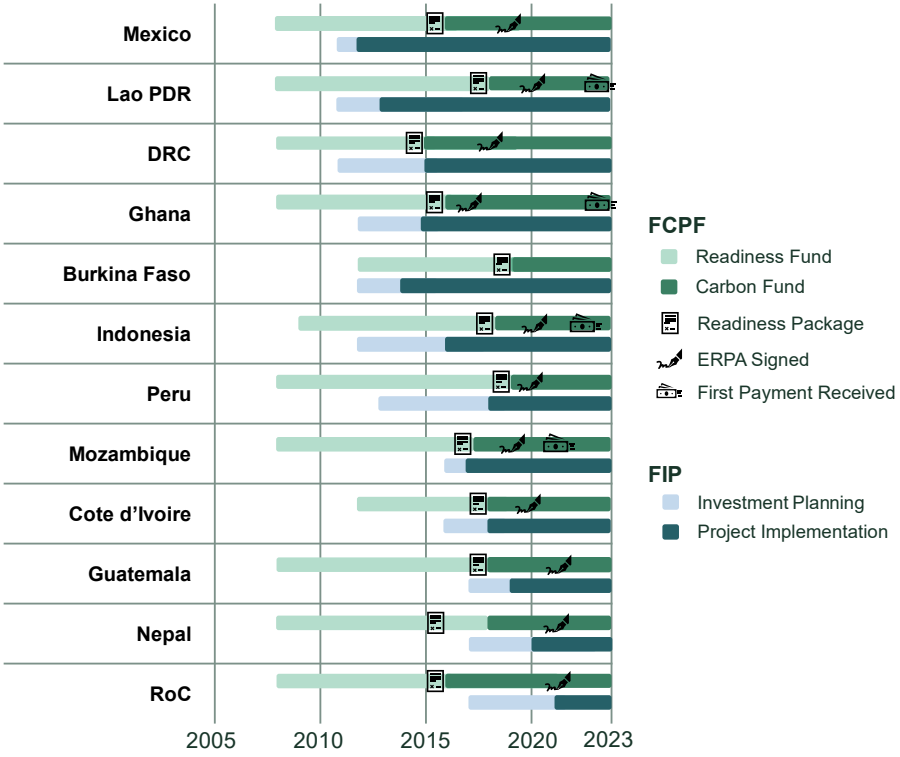
[91] Independent Evaluation Unit (2023). Second Performance Review of the Green Climate Fund. Evaluation report No. 13 (February).Second Performance Review of the Green Climate Fund. Evaluation report No. 13 (February). Songdo, South Korea: Independent Evaluation Unit, Green Climate Fund.
[92] Six closed projects did not anticipate or receive co-financing.

The FIP's role in providing bridge financing and support has made a major difference in helping countries move through the process to access REDD+ payments. Countries participating in FCPF have taken a long readiness journey, taking eight to 13 years to move from the start of readiness to the point of signing an ERPA, and another two to six years to receive the first ERPA payment (Figure 17). The majority of FCPF countries remain in readiness 10-15 years after they started their readiness processes. On average, countries participating in FIP have had a higher success rate of reaching the ERPA and payment stage. Eleven of the 12 countries that began REDD+ readiness in 2008/2009 and received FIP support have reached the ERPA phase; less than a quarter of the countries without FIP support have reached this milestone. Of the six countries that have received ERPA payments, five received FIP support. FIP projects are credited with substantial contributions to financing and implementing the emission reduction programs in Ghana, Mozambique, DRC, and Cote d'Ivoire.

Four FIP countries have unlocked REDD+ payments to date (Mozambique, Ghana, Indonesia, Lao PDR). Under the FCPF Carbon Fund, two of three countries that have received REDD+ payments for verified emission reductions[93] are FIP countries. Ghana received its first ERPA payment of US$4.8 million for 972,000 tCO_2e in 2023, after 15 years of REDD+ processes. Mozambique received its first payment of US$6.4 million for 1.28 $MtCO_2e$ in 2023, after 13 years of REDD+ processes. In both cases, the payments received to date represent a small fraction (10-13 percent) of the US$50 million that FCPF could pay for up to 10 $MtCO_2e$ of verified emission reductions through 2024, based on ERPA terms, although those terms could possibly be extended.[94] Only two FIP countries have proceeded to submitting a second ER monitoring report; Mozambique has not met conditions to receive the next payment, given emission increases, and Ghana's is still under verification. Two other countries have received advance payments for REDD+, still awaiting verification (Lao PDR, Indonesia). Two FIP countries (DRC, Cote d'Ivoire) submitted their first emission reduction monitoring report in 2023, with the expectation of receiving payment in 2024. Three additional countries with ERPAs (Guatemala, Nepal, Republic of Congo) are earlier in their FIP journey but their Emission Reduction Program activities are designed to draw upon FIP activities. In RoC, for example, US$16 million (67 percent) of FIP funding is planned to directly support the country's ER-Program activities in the form of agroforestry. Peru received $10 million in 2023 from Norway for REDD+ payments.[95] The two remaining countries are not positioned for REDD+ payments (Burkina Faso), or are exploring other PES schemes as alternatives to REDD+ (Brazil). The figure below shows a timeline of the FCPF milestones from readiness, to ERPA, to payments – overlaid with FIP implementation timelines.

[93] FCPF Carbon Fund payments to purchase verified emission reductions; not including advance payments.
[94] At COP28, the World Bank Group president announced that the World Bank intends to assist countries in accessing carbon finance for excess ERs, i.e. the volume generated by FCPF country programming above the ERPA amount.
[95] NICFI (2023). Peru receives USD 10 million towards its efforts against deforestation.

Figure 17: *Timeline of FIP support and FCPF milestones*



Sources: FIP Portfolio Data (June 2023); Forest Carbon Partnership Facility, Country Pages. **Note:** Peru's FCPF readiness project has been dropped, and the Carbon Fund project was not approved.

The World Bank was the MDB that most ensured REDD+ payments were leveraged, through accessing in-house REDD+ mechanisms. In all six FIP countries with a signed ERPA and an emission reduction program under implementation with FIP support, the World Bank had project team members that represented other REDD+ mechanisms housed in the World Bank, such as the FCPF and BioCarbon Fund, including the TTL in several cases. Unlike the World Bank, ADB, AfDB, and IDB do not have in-house REDD+ trust funds with which FIP could have collaborated.[96] In Lao PDR, ADB's FIP project operated in different provinces than the FCPF REDD+ program supported by the World Bank's FIP project; ADB's FIP project made indirect contributions by strengthening REDD+ readiness at the provincial level. In DRC, the AfDB project did not contribute to the FCPF emission reduction program, and even in Ghana, where the World Bank and AfDB projects worked closely, there was no evidence from documents or interviews that suggested that the AfDB program contributed to leveraging the ERPA payment.

FIP has made indirect contributions to securing additional financial resources for REDD+ through other mechanisms by demonstrating replicable approaches and strengthening REDD+ governance in countries. Together, FIP and FCPF were designed to be an on-ramp to a larger market of REDD+ and payments for ecosystem services. In that respect, many of the measures, policies, and infrastructure incubated through FIP and FCPF can be transferrable in supporting country access to additional financial resources. Countries are pursuing other modes of REDD+ finance, building on foundations laid by FIP and FCPF—sometimes in addition to FCPF payments, and at other times as an alternative. Other sources of REDD+ funding that build on the foundations of REDD+ readiness and forest governance supported by FIP include the voluntary carbon markets (DRC, Ghana) and the Green Climate Fund (Mozambique). These

[96] In several countries, MDBs have served as counterparts for other REDD+ initiatives. For example, IDB serves as the implementing partner of FCPF resources for the National REDD+ Strategy in Guatemala and Peru.

other pathways to REDD+ payments outside of FCPF are critical to ensure countries can recoup the costs of GHG benefits and reach the scale of incentives needed for sustainable land use.

The forest carbon market developed weakly over the past decade, however, eroding the effectiveness of the FIP's "missing middle" model. REDD+ payments have not materialized at sufficient scale or speed to sustain results. For example, Mozambique became the first of 47 FCPF countries to receive an ERPA payment, with US$6.4 million transferred in August 2021 for reducing 1.28 million tonnes of carbon emissions in 2018 (US$5 per tonne).[97] A year after FIP closure, communities have not received REDD+ emission reduction payments and emissions have increased, jeopardizing future REDD+ payments. Ghana's first REDD+ payments have also only reached government agencies and not yet communities. In DRC, incentives for sustainable land use have required other donors like the Central African Forest Initiative (CAFI) and Global Environment Facility (GEF) to provide bridge funding until REDD+ payments materialize. Despite signing a US$55 million ERPA with the World Bank at US$5 per tonne, no payments have been made as of 2023, leading to government concerns about delays and low carbon pricing, particularly as compared to other jurisdictional REDD+ pricing under discussion.

Flagging interest in FCPF highlights the importance of FIP's focus on enhancing forest governance to position countries for other sources of forest finance. Interest in FCPF has fallen among some countries given the lengthy process to REDD+ payments and the low price of US$5/t$CO_2$e, which is not enough to cover all costs associated with REDD+ activities. For example, despite having signed an ERPA, Peru ultimately decided to drop its participation in FCPF, in part because of the low price and challenges in developing the benefit sharing agreement. The Peruvian government has explored the potential to secure higher prices through other platforms and standards for jurisdictional REDD+. Access to REDD+ payments through these other platforms would still build on the foundations created by FCPF and FIP.

4.2.2 Learning and feedback in the context of UNFCCC deliberations on REDD+

FIP has played a smaller role in sharing lessons on REDD+ with the global community than initially envisioned despite the important lessons FIP has generated on the ground. Running parallel to the establishment of global frameworks for REDD+ (the Warsaw Framework for REDD+ in 2013 and the recognition of REDD+ within the Paris Agreement in 2015), FIP has had an opportunity to provide valuable experience and feedback in the context of UNFCCC deliberations on REDD+. To enable global learning on REDD+, FIP intended to proactively communicate lessons to UNFCCC and other relevant initiatives on achieving scale and transformational impact in the implementation of REDD+ activities. Indeed, investment plans included systematically sharing country experiences with UNFCCC. Such learning has been channeled more actively through FCPF and UN-REDD—covering readiness elements such as MRV systems, REDD+ registry, and carbon and social and environmental monitoring—and not benefiting from FIP's on-the-ground lessons on implementation. In the earlier years of the program CIF convened seven meetings among FIP pilot countries to foster peer-to-peer learning on practical issues related to the design and implementation of FIP investment plans and other forestry activities, and to gather pilot country feedback on strategic directions for FIP. While some countries sought each other out for bilateral learning, there was a roughly six-year lull in multi-country learning exchanges between 2017 and 2023.[98] More details on learning through DGM Global are available in the DGM section.

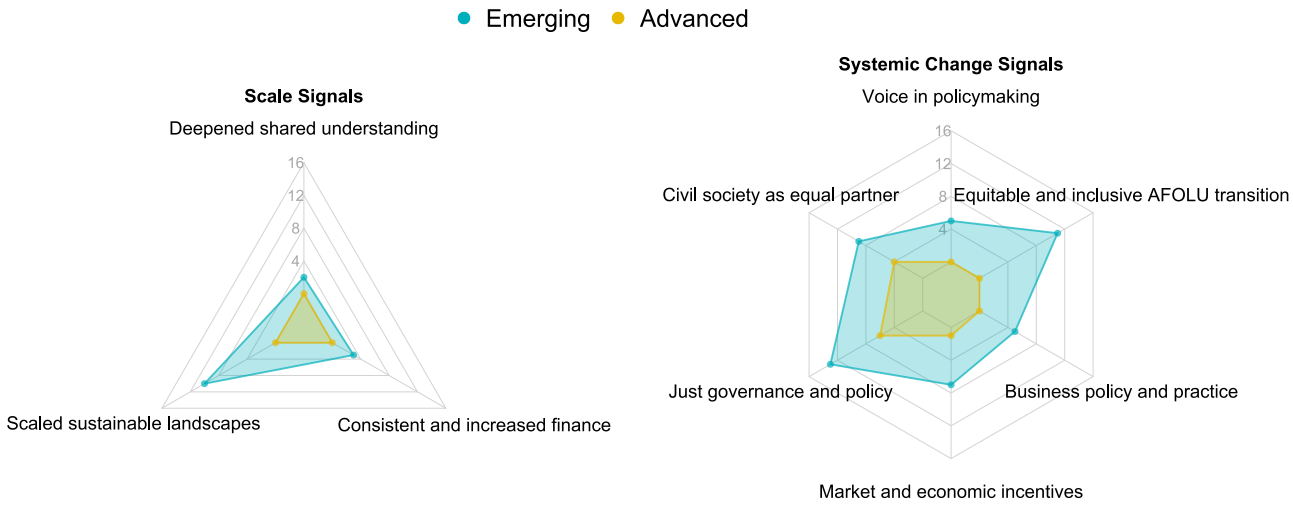
4.2.3 Facilitating steps toward transformational change in forest-related land use-policies and practices

Initiating and facilitating steps towards transformational change in developing countries' forest-related policies and practices is one of FIP's original objectives from 2009. This section builds on the analysis of FIP results to explain how FIP has or has not contributed to signals of systemic change and scale—which cut across the traditional results areas (e.g., emission reductions, forest governance, livelihoods).

[97] These results are associated with the Zambezia Emission Reductions Program, which includes FIP and other investments.
[98] Starting in 2023, the CIF has changed the knowledge exchange focus to a regional approach, including an Africa Knowledge Exchange in 2023, and an Asia-Pacific exchange in 2024.

The depth, breadth, and intensity of the signals of systemic change and scale vary from country to country. This variation was captured by a rubric that defined and assessed signals of transformational change at the country level. The eight country case studies with mature FIP programs provided the evidence for scoring each country against the rubric (see Appendix D). The collective strength of FIP contributions to signals of scale and systemic change in each country is shown in Figure 18.

Figure 18: *FIP portfolio signals of transformational change in scale and systemic change*



Note: For each of the eight countries, emerging and advanced signals were rated as either absent (0), partial (1), or strong (2) for a maximum value of 16 per signal.

Table 3: *Signals of scale and systemic change adapted for the forest sector*

Dimension	Emerging Signals	Advanced Signals
Systemic Change	**Voice in policymaking**	
	Participation mechanisms enable meaningful involvement in shaping policy and funding decisions that affects forest landscapes, including by those voices that have been historically marginalized	Voices from key stakeholders, including equitable representation of historically marginalized groups, are routinely heard and exert a strong level of influence in policy and funding decisions
	Civil society as equal partner	
	Relevant civil society actors and organizations representing communities, producers, and other historically marginalized groups develop the capacity for engagement as equals with government and businesses and have sustainable operating models	Relevant civil society actors and organizations, including those that have been historically marginalized, have secure land and resource rights, sustainable livelihoods, and act as equal partners with government and businesses
	Just governance and policy	
	Government institutions strengthen their capacities and collaboration are strengthened vertically and horizontally to enable improved climate, forest-friendly and just climate policy and practice in the forestry, agriculture, and land use sectors	Government institutions enact, reform, implement, and enforce bold REDD+-aligned policies that are just, comprehensive, and difficult to circumvent
	Market and economic incentives	
	Market and economic incentives are created that induce businesses and policymakers to adopt just, REDD+ aligned practices and policies and increase access to financial resources for sustainable forest management, including for small and historically marginalized actors	Government and financial actors use their policies, practices, and financial flows to reflect climate change risks and opportunities, value non-market values of forest landscapes, and provide consistent access to finance at reasonable rates and terms, including for small and historically marginalized actors
	Business policy and practice	
	Businesses adopt practices that support REDD+ objectives, while enhancing local benefits, equity, and inclusion	Nearly all major, influential businesses that influence forests promote and implement bold, REDD+ aligned policies and practices, while ensuring just benefits for workers, producers, and communities

	Equitable and inclusive AFOLU transition	
	New approaches or business models are piloted that successfully demonstrate tangible options for a just transition in the AFOLU sectors, including by delivering climate benefits alongside improved and diversified local livelihoods and other environmental, social, and economic co-benefits	New approaches and business models are self-sustaining and self-replicating, without the need for continued concessional resources
Scale	**Deepened shared understanding**	
	Government, businesses, and civil society are growing a shared understanding of the need for a just transition in the AFOLU sectors	A widely accepted and strongly shared understanding among government, businesses, and civil society of the need for a just transition in the forest, agriculture, and land use sectors is driving decision-making at all levels
	Scaled sustainable landscapes	
	Opportunities and systems to scale interventions that advance sustainable landscapes are identified and integrated into institutional, regulatory, financial, and social responses in line with country commitments	Forests and forest landscapes are revitalized at a large-scale in ways that address drivers of deforestation and forest degradation and reduce poverty, while enhancing other environmental, social, and economic co-benefits and avoiding leakage to other geographies
	Consistent and increased finance	
	Public and private sector finance is consistently and increasingly invested in sustainable use and management of forest landscapes	Public and private financial flows for sustainable use and management of forest landscapes reaches a level that meets identified needs in the sector

Signals of just climate governance and policy are the most robust in the systemic change dimension; all eight mature FIP programs contributed to emerging signals, **while advanced signals are more partial due to significant remaining gaps like capacity to implement or enforce**. Strengthened horizontal government coordination was frequently identified as an emerging signal of just governance and policy, such as in Ghana, Mexico, Mozambique, and Lao PDR. More advanced signals of just climate governance and policy are primarily related to enacting, reforming, implementing, and enforcing REDD+ aligned policies in six of eight mature FIP countries. In all cases, however, the signals are considered partial due to significant remaining gaps, such as capacity to implement or enforce. Bold policy change is a long-term process, and many interviewees expressed concern that FIP's relatively short-term support to countries is somewhat at odds with an objective of facilitating systemic change in the forestry and land-use sector. Some FIP projects contributed to policy outcomes but closed when the enabling conditions for those policies were still tenuous. For example, in Ghana, FIP supported development of the tree tenure policy but did not have resources to support implementation; some government actors now perceive it as an unfunded mandate, and lasting systemic change will partly hinge on the resources allocated by government and other partners.

Aligning incentives and building shared understanding across key stakeholders is a key pathway for systemic change. For example, in Ghana, the AfDB- and World Bank-implemented FIP projects together helped to redefine the relationship between the Ghana Cocoa Board and Forestry Commission regarding forest resource and management at the community level. The two institutions had historically struggled to work together because of competing mandates for the Cocoa Board to increase cocoa production and the Forestry Commission to protect forests. FIP created an opportunity to align those interests through climate-smart cocoa that increases productivity, and in the words of one senior government official, "*FIP finally brought them together*." The Cocoa Board has now institutionalized and replicated climate-smart approaches through climate-smart standards and manual used by cocoa extension agents and a cocoa management system. There is additional opportunity to deepen this institutional alignment through a US$600 million AfDB follow-up investment with the Cocoa Board aimed, in part, at increasing the proportion of trees in cocoa farms. In Lao PDR, a shift toward multi-agency collaboration on forestry enforcement "finally stuck beyond the boundaries of project support," in the words of one interviewee, with joint reporting to ministers, chairs of boards, and joint commissions.

A lack of stakeholder coalitions that extended beyond ministries of environment and forestry remain major systemic barriers to deeper change. Some FIP programs were anchored in government institutions (such as ministries or environment and forests or environmental funds with a project-oriented mandate) in weaker

political positions, limiting potential to build multi-stakeholder coalitions or work across ministerial siloes to address interlinked drivers of deforestation. Country stakeholders recognized that broader and deeper systemic change will require involvement of other ministries with related responsibilities for tackling complex drivers of deforestation and forest degradation, including conflicting policy mandates and perverse incentives. For example, in Mozambique and Lao PDR, lasting multi-agency collaboration on forestry enforcement was perceived as an important step toward systemic change, while key stakeholders also pointed to gaps in integrating other partners in the law enforcement ecosystem, such as judicial and customs departments, to address the complex issue of illegal logging.

In several countries, approved policy reforms strengthened protections and/or resource access for IPLC, while DGM contributed to elevating the policy influence of IPLC in robust and lasting ways. In Indonesia, for example, the government set an ambitious target of providing IPLCs with legal access to 12.7 million ha of state forests under its Social Forestry Program, enabling IPLCs to manage these resources for their own livelihoods and to conserve forest resources. This policy position was strengthened with a new regulation concerning social forestry management in Ministerial Reg. No. 9/2021. And in DRC, DGM helped elevate the voice of IPLC networks in the design of the Indigenous Peoples Protection Law, which requires all land use planning and decision-making to protect rights of Indigenous Peoples. Several DGM-supported IP-led networks are now increasingly active and engaged in policymaking in DRC. As another example, in Brazil, DGM contributed to the strengthening of Indigenous and territorial community political articulation and organizational development and served as a key example of a financial mechanism to channel funds to these groups, which has led to discussions about its potential to become a public policy.

Some FIP projects aimed to shift power relations at local levels by elevating the influence of rural communities in forest planning and governance, but fragile progress at project completion made transformational potential uncertain. In Mozambique, for example, provincial-level multi-stakeholder governance platforms aimed to give a stronger voice to local communities but were discontinued at project close. A multi-stakeholder forest management unit approach was introduced but is still being considered through national policymaking processes.

While many FIP projects implicitly rely on a market pathway for transformation, few projects contribute to systemic signals related to markets and financial flows and access. Absence of large-scale concessional financing and perverse economic incentives remain major systemic constraints. Many FIP projects seek to transform forest resources into marketable products and to transform people from individual forest-and farm-dependent subsistence livelihoods to market producers or community enterprise members. This market logic requires access to finance, private sector engagement, and increasingly larger markets, which were less prominently addressed in the FIP portfolio. Some projects struggled with low community capacity to engage with private sector as equals and with implementation shortcomings that limited access to markets, as discussed above.

Working in programmatic approaches proved advantageous for advancing systemic change. In several FIP countries, coordinated leverage of multiple instruments by the World Bank Group, including investment operations, development policy operations, trust funded programs, and, in some cases, IFC advisory services, helped drive broader sector change. In Lao PDR, for example, close operational coordination between the World Bank and IFC was a key success factor leading to approval of regulatory changes that facilitated the mobilization of private sector investment in sustainable forest plantations. Similarly in Mexico, the availability of different sources of financing alongside FIP, including significant World Bank financing, trust fund resources, and a development policy operation, enabled broader engagement in the sector and systemic changes.

Mature FIP projects contributed less frequently to signals of scale; project results are relatively localized, and pathways for scaling are primarily reliant on MDB follow-on financing. This partially reflects the volume of the FIP investment compared to the size of the forest sector. The number of beneficiaries represents a small proportion of all forest-dependent people in most FIP countries. For example, in Indonesia, the ADB FIP project benefited 17 communities in a single province, while the World

Bank project supported 10 of 600 forest management units; in Mozambique, FIP helped select communities in nine districts in one province adopt sustainable land management practices. Across the portfolio, emerging signals of scale were mostly horizontal scaling reliant on follow-on MDB operations. Many FIP countries have substantial and long-standing forest sector or landscape MDB investment portfolios that provide a pathway for integrating some FIP activities into future operations, such as in DRC, Lao PDR, Mexico, Ghana, and Mozambique. Ongoing concessional finance and technical assistance are still widely needed to reach scale.

More attention is needed to identify and plan for the mechanisms to link local demonstration of replicable models with deeper systemic change and broader scale. Many FIP investment plans and project designs are too vague on the mechanisms to support scaling of successful outcomes, without specific actions to help those mechanisms activate. Creating greater buy-in for the approaches being demonstrated and a potential pathway to broader policy change could help. This could start with the programmatic planning process and carry through to designing activities to build stronger ownership and partnership across levels and sectors, especially when the interlinked drivers of deforestation span sector boundaries (e.g., agriculture, rural development, forests, infrastructure). Multi-level approaches have shown some potential. In Ghana, for example, a multi-level approach that integrated policy action at the national level to establish a legal basis for CREMAs to receive funding, with technical and financial support for establishing CREMAs in rural communities, builds a foundation for further systemic change.

5. Adaptive sustainability

This chapter considers the extent to which relevant changes are likely to be sustained and advanced beyond FIP's interventions. Adaptive sustainability requires that people, systems, and change processes affecting forests in FIP countries can adapt and respond to evolving needs over time to advance sustainable land use.

Key Messages:

- Many of the FIP and DGM's forest and livelihood gains are at risk of not being sustained. Risks relate to insufficient community incentives or capacity for sustainable governance and alternative livelihoods and lack of market access, as well as systemic barriers such as tenure insecurity and policy distortions.
- Climate-smart agriculture and sustainable forestry are more likely to be sustained where secure tenure, productivity gains, market access, and continued technical assistance and credit are available. For planted forests, outcome sustainability depends on ability to monetize benefits after project closure, varying based on tenure security, maturity of plantations, and market access—and was highly uncertain in several FIP countries.
- FIP outcomes on improved forest policy and governance are more durable where project activities are integrated into ongoing government programs and processes, with broad-based political support. In several cases, evidence demonstrates a level of government capacity and political will to advance and sustain change both at the national and subnational levels.
- Sustained funding for forest conservation is needed but not secure across FIP countries. Follow-on project funding, especially from the MDBs, has become a default strategy for sustaining and advancing changes beyond FIP's interventions.

5.1 Sustainability of forest and carbon results

The FIP has made significant investments in reducing emissions from deforestation and degradation, enhancing conservation and restoration financing, and planting trees to increase sequestration capacity while reducing pressure on standing forests. The three complementary approaches have generated emissions reductions at the portfolio level and point to clear lessons for increasing the sustainability of results generated in the face of continued climate uncertainty.

The permanence of FIP-supported emission reductions is challenged by persistent incentives for unsustainable land use and insufficient speed and scale of REDD+ payments. In limited FIP country cases, emissions are increasing, as is forest loss, even in areas where FIP has been operating. As noted above, REDD+ payments are not moving to local communities and actors at sufficient scale or speed, undermining the goal of compensating for the opportunity costs of sustainable land use. In Mozambique, for example, deforestation and associated emissions decreased in 2018 and 2019 within the FIP project districts, but then increased in in 2020 and 2021.[99] Local communities have not yet received emission reduction payments from Mozambique's first FCPF ERPA payment in 2021, and future carbon payments are now jeopardized by emission increases. As another example, in DRC, since FIP project closure in 2020, deforestation has increased in the FIP project area. In 2022, Mai Ndombe province lost 61,600 ha of natural forest, equivalent to 40.9 $MtCO_2e$ – much of it in the FIP project areas.[100]

Critical conservation and restoration activities where market logic and economic incentives are weaker are less likely to be sustained unless funding continues. Most countries have not reached financial sustainability for conservation and restoration programs and supporting policies. The intrinsic

[99] The causes of this increase in deforestation are still being investigated. Expert interviewees expressed the view that while the underlying drivers of shifting agriculture, charcoal production, and population growth remain, additional influences, such as COVID-19 related job losses leading to rural migration, and government and donor emphasis on agricultural intensification, may have exacerbated the situation

[100] Global Forest Watch. Accessed November 11, 2023. https://www.globalforestwatch.org/dashboards/country/COD/

value of the critical ecosystems in the FIP countries require additional financing despite uncertainties in REDD+ and public budgeting. Financial sustainability of some project benefits hinge on assumptions that conservation and restoration activities could be sustained with the support of REDD+ payments—which have largely not materialized, as previously noted.

Sustainability of sequestration capacity through large-scale plantations would be enhanced by longer project durations and continued technical assistance. For FIP's planted forests, sustainability currently depends on smallholders' ability to harvest and sell mature trees after project closure, contingent on factors such as tenure security, technical skill to grow trees to product standards, successful protection of plantations against fire, pests, and other risks, and ability to identify buyers and negotiate a fair price. In some cases, there is strong evidence for sustainability of plantations nurtured through FIP. For example, in the DRC Integrated Forest Landscape Management project, plantations received follow-on support, and the fuelwood trees planted by the project have now reached a fire-resistant age (over five years old). Demand for charcoal is strong in the Kinshasa region, and concessionaires are likely to profit from their plantations, which should provide them funds to reinvest in further development.[101] On the other hand, in Mozambique, forest plantations were at most four years old as of project close, requiring four to six more years before they are mature enough for commercial harvesting for certain products (e.g., poles, pulp, chips)**.** Interviewees expressed concerns about tree quality and survival in the absence of ongoing technical assistance and market access after project support ends, as a major buyer is not fully secure. Smallholder plantation owners may not recoup their costs if good sales are not made. The mismatch of the project period and the maturation period of forest plantations is a long-standing problem in development finance for forests, yet to be resolved.

The sustainability of forest outcomes is also uncertain in a changing climate and associated external shocks. More time and data would be needed to understand how well forest and land use practices promoted under FIP are resilient to climate change. For income-generating activities, changing suitability of tree and crop varieties, and stresses from extreme weather events (drought, forest fires) could disrupt production, lower productivity, and/or further degradation of water and soil. FIP investments in fire monitoring and restoration of riparian areas (e.g. Brazil, Mozambique) have the potential to bolster climate change resilience of forest landscapes in the future, provided sufficient resources are provided to mainstream their use. Reviews of projects in Indonesia note the risk that climate change and anticipated impacts on forest resources and landscapes (including increased severity and frequency of forest fires) may negatively affect project outcomes despite progress towards improved forest management.

5.2 Sustainability of local and community benefits

The FIP operates in contexts that have historically underinvested in forest protection and associated sustainable livelihoods of local communities. To date, the FIP projects have generated important near-term results and insights on how to better integrate sustainable land management with sustainable financing. Nonetheless, significant challenges exist for the communities that have participated in FIP projects so far.

Small and medium producers' likelihood of sustaining climate-smart agriculture practices is higher where productivity gains and market access are secure. For example, in Brazil, small and medium producers continue to adopt low-carbon agriculture practices promoted through the Sustainable Production in Areas Previously Converted to Agricultural Use and Integrated Landscape Management projects, with improvements both in productivity and environmental performance. In DRC, the agroforestry investments are likely sustainable. Local development committees received adequate training and infrastructure improvements to help them bring their products to market. Demand for fruit and non-timber forest products will likely continue given the growing population in/around project areas. Moreover, investment by Local Development Committees into beekeeping provides a sustainable source of revenue from NTFPs. Increased bee presence further supports agroforestry investments and health. In Ghana, farmers are likely

[101] Norway recently financed a study on the potential wood supply for a modern charcoal manufacturing facility for a South African investor and found that the supply from FIP projects is adequate for such an investment.

to maintain adopted climate-smart agriculture practices, like growing shade trees in cocoa fields. Key to this sustainability is the improvement of the relationship between the Forestry Commission and Ghana Cocoa Board with FIP support. These organizations now engage in regular discussions on improving cocoa yields in an environmentally sustainable manner and have collaborated to replicate intervention models promoted through the FIP project in other areas of Ghana that had not been targeted for FIP intervention.

The sustainability of alternative livelihood activities is less certain when projects did not link communities to markets or build sufficient community capacity. Livelihood activities were often implemented in the final years of FIP and DGM projects, limiting the ability of project teams to help communities secure benefits. Projects sometimes closed before communities had sufficient technical and financial capacity for self-reliance or access to markets. In Ghana, for example, the AfDB project closed before it could help beneficiaries ensure market access, develop branding and marketing plans, and undertake other activities that would contribute to the sustainability of the alternative enterprises. In Lao PDR, project beneficiaries were already reporting difficult in sustaining activities due to insufficient training, technical support, and, in some cases, the cost of buying necessary inputs after project funded ended. In Mozambique, alternative livelihood grants were launched late in the project cycle, and most were not under implementation by the time the project closed, raising questions about the potential to generate sustainable benefits. Projects also struggled to identify opportunities to continue needed technical assistance.

5.3 Sustainability of enabling environment enhancements

FIP outcomes on improved forest policy and governance are more durable where project activities are integrated into ongoing government programs and processes, with broad-based political support. In several cases, evidence demonstrates a level of government capacity and political will to advance and sustain change both at the national and subnational levels. Government ownership over FIP programming in Indonesia has been strong, with support for continued operationalizing of FMUs expected to endure. In Brazil, concerted efforts have been made to recover government capacity and agency to avoid and control deforestation in the Cerrado under the present administration. Other countries have struggled to mainstream FIP-supported activities into government programming, relying heavily on donor support. For example, project teams in Mozambique and Ghana have made efforts to demonstrate successes to government agencies and build government capacity to take over activities following project closure, but have run into issues of insufficient political will, institutional capacity, and limited budget.

Sector siloes and policy distortions remain systemic threats to sustainable results in several FIP countries. Platforms to collaborate, coordinate, and share emerging knowledge to support sustainable forest landscapes are emerging but require greater resources for upkeep. For example, in Mexico, FIP-facilitated agreements among ministries responsible for forests and environment and agriculture and rural development were renewed after FIP project close, but competing sectoral policies continue to be a barrier for promoting forest outcomes. It has proven difficult to assess how well government capacity built through FIP and complementary World Bank loan support—viewed as systemic changes at the time—has survived change of administration, government budget cuts and turnover. In Brazil, inter-ministerial coordination on conservation in the Cerrado between the ministries of environment, agriculture, finance, technology, and innovation has been primarily through FIP and is not yet organic enough to sustain beyond FIP, according to interviewees. Significant government reorganization and turnover has led to loss of relevant institutional memory.

For community-led governance structures, sustainability would be enhanced through stronger focus on financial self-reliance and sustaining decentralized technical support. Engaging multiple parties and interested groups in forest landscape management and empowering them with ownership,

benefits and clear roles in management and enforcement, bolstered by the right policies and regulations, can reduce risk of progress reversals. Yet, the context within which the FIP operates presents many systematic barriers to local natural resources governance. Because of these challenges, evidence from FIP programs shows that projects must conceive more holistic approaches to supporting locally-led natural resources management with clear roles and responsibilities determined between community and state administrative structures. They must also provide sufficient funding (often over 10 or more years) to implement plans and new authorities. Some country FIP programs (e.g. Burkina Faso, Mexico) have worked to strengthen inclusive community forest management, ownership, and sustainable non-timber forest product exploitation; and combining national regulations, inclusion of sector line ministries and decentralized engagement with municipalities and commune structures. In Mexico, for example, strengthened social organization and economic development capacities among community forestry enterprises are positive indicators of communities' and ejidos' resilience to shocks and changes in the long term. In Ghana, many CREMAs previously lacked financial resources after project funding ends to maintain their operations, limiting their sustainability.[102] The Enhancing Natural Forests and Agroforest Landscapes project supported CREMAs in new livelihood activities and is now working with the five established CREMAs to develop business and resource management plans to attract future resources.

> "Business planning and resource management planning will help community resource management areas in the future to attract resources but […] some of the support has come a little bit in isolation. [We] supported livelihood activities, but because there was no business planning at that time, we just went for what the communities wanted to do, rather than considering whether there was a market for what they were doing, who would guide them in the long term, and how the CREMA team in the communities can actually ensure that these activities are sustained."
>
> - ***Interviewee in Ghana***

5.4 Sustainability of financing

Sustained funding for forest conservation is needed but not secure across FIP countries. While FIP has played a role in helping countries advance REDD+ readiness and secure payments, these payments have not materialized at the speed or scale needed, as noted. Many FIP countries have low government budgetary capacity for forests. Domestic public finance alone—even in upper-middle income countries—is not enough to operationalize and maintain improved forest policies, regulations, inventories and monitoring systems, and safeguards systems. Many FIP projects struggled to mainstream FIP-supported activities into government programming as a strategy for sustainability and systemic change. For example, project teams in Mozambique and Ghana made efforts to demonstrate successes to government agencies and build government capacity to take over activities following project closure, but ran into issues of insufficient political will, institutional capacity, and limited budget.

Mobilizing private finance at scale for forests remains challenging, even with concessionary and blended finance. Production-oriented projects have a hard time achieving market-rate expectations and deliver lower returns compared to agriculture or other uses, particularly if it will be many years until initial harvest and/or between harvests (in the case of plantations). The emissions pathways of most publicly traded companies are still misaligned with the Paris Agreement targets, despite the growing number of climate pledges and Science-Based Targets.[96] Overall green finance for forests remains a small fraction—less than 1 percent—of the estimated US$460 billion per year needed to meet global goals to halt and reverse deforestation by 2030. "Grey" public finance for activities in the agriculture and forestry sectors with the potential to drive deforestation or forest degradation also continue to vastly outweigh green finance with estimated flows ranging between US$378 and US$635 billion per year.[97] Conservation efforts in key biomes remain underfunded, which points to the importance of dedicated investment plans for critical biomes and linkages across them.

[102] Agyare et al. 2015a, Baruah et al. 2016

As a result, follow-on project funding, especially from the MDBs, has become a default strategy for sustaining and advancing changes beyond FIP's interventions. In Mozambique, some FIP-financed actions are being completed or scaled up through other World Bank projects in the agricultural and land use sectors. In Lao PDR, a new project funded by the World Bank and GEF builds on previous FIP and World Bank experience to promote sustainable forest management, improve protected area management, and enhance livelihoods opportunities. A GCF project to implement the Lao PDR emission reduction program also builds on work done under the World Bank and ADB FIP projects. In Ghana, FIP's support to community resource management will be sustained through a World Bank and GEF project that seeks to scale up the interventions within forest landscapes based on lessons from FIP and other projects, while the AfDB will sustain support to the Ghana Cocoa Board through a large investment. In Mexico, the World Bank BioCarbon Fund's Initiative for Sustainable Forest Landscapes has supported a project in the north of Mexico, building upon lessons learned from the FIP in other parts of the country. In the DRC, substantial new financing from the World Bank ($300 million) and CAFI ($500 million) are positioned to significantly scale-up the FIP approach in the next five years.

6. Dedicated Grant Mechanism for Indigenous Peoples and Local Communities

This chapter presents evaluative findings on the design and implementation of DGM. Considered first is the extent to which the DGM's overall design was relevant to country and global contexts, including linkages between the national and global levels and between DGM and FIP. The results of outcome harvesting are then presented to assess the results and effectiveness of DGM country and global projects. Finally, the sustainability of the DGM's outcomes and financial mechanism are assessed.

Key Messages:

- The DGM's institutional structure has been highly relevant to empowering IPLCs through self-determination, governance power, representation, and direct access to funding. The membership criteria for national steering committees reflect the commitment to IPLC-led fund governance, which took more concerted effort to establish in countries without strong existing Indigenous networks. The DGM's aim to fully involve IPLCs in FIP and REDD+ has been effective in certain countries, yet struggled in others due to limited recognition of IPLCs from FIP's national government counterparts.
- Despite the intention for DGM to complement FIP programs, DGM's operational linkages with FIP weakened throughout implementation. The strongest FIP-DGM linkages have been found where World Bank project staff are involved in both FIP and DGM projects, where project implementation timing overlapped, and where the DGM NEA and FIP implementation unit agreed to collaboration protocols.
- The DGM has delivered many outcomes related to IPLC sustainable livelihoods and enhanced capacity, with notable outcomes in representation and engagement of IPLCs in decision-making and rights and governance over natural resources.
- Discontinuation of DGM funding risks losing substantial progress in setting up a highly relevant and accountable IPLC-led funding mechanism. Identifying sustainable and long-term funding for DGM has been a challenge due in part to the absence of a clearly defined fundraising strategy and leadership.

6.1 Relevance and effectiveness of DGM design

6.1.1 Linkages between FIP and DGM

DGM programs were designed to complement FIP programs, but as they moved into implementation, operational coordination weakened. The FIP and DGM design documents highlight the aim to integrate their activities, focusing on ensuring active IPLC participation in FIP investments through grants, with the DGM specifically aimed at enhancing IPLC capacity to engage in FIP and broader REDD+ initiatives at various levels.[103] The extent to which each FIP country has effectively embraced the DGM as part of its FIP programming has varied based on the level of government recognition for IPLCs, the timing and content of proposed DGM activities in relation to core FIP activities, and the maturity of IPLC representation and engagement in forest landscapes. Some countries focused FIP and DGM interventions in similar areas, such as in Brazil, Ghana, Burkina Faso, and Mozambique. In Mexico, a close collaboration between federal government and civil society actors, with inputs and advice from the World Bank, helped design a DGM program that benefited people who could not participate in FIP or other government programs because they lacked legal land tenure rights or capacities. In the DRC, the DGM helped achieve significant legal reforms and raised the profile of Indigenous Peoples' issues, yet FIP projects largely overlooked tenure rights, focusing on planting without addressing the land tenure clarifications and registrations specified in their designs. In the case of AfDB's Integrated REDD+ Project in Kananga and

[103] "The Grant Mechanism should enhance the capacity of Indigenous Peoples and local communities to participate fully, effectively and continuously in FIP pilot country REDD activities in a manner that secures forest resources, community livelihoods and the land tenure and resource rights of Indigenous Peoples and local communities and that respects traditional local knowledge and biodiversity." CIF (2009). Design Proposal for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities.

Kisangani Basins, multi-year delays in implementation led the AfDB to adjust the project scope to virtually exclude any land tenure work. The limited interaction between rights-holders' groups and the FIP points to missed opportunities for more equitable project design and implementation.

The operational linkages between FIP and DGM projects varied by country due to IPLC priorities, timing and extent of structural support. The strongest FIP-DGM linkages have been found where World Bank project staff are involved in both FIP and DGM projects, where project implementation timing overlapped, and where the DGM NEA and FIP implementation unit agreed to collaboration protocols (e.g., in Burkina Faso and Indonesia) to allow for concerted implementation in some municipalities and avoid duplication in others. Among FIP countries with mature implementation, Burkina Faso and Ghana provide the strongest example of synergies in execution, such as use of the same complaint mechanisms (Burkina Faso) and joint FIP and DGM implementation review missions to communities participating in both the FIP and DGM (Ghana). Nepal, while still early in its implementation, is noted for strong synergies between its FIP, DGM, and FCPF programming, benefiting from the expertise of a TTL with extensive experience working across programs. In Mozambique, FIP learned from DGM experience issuing grants to local community organizations to design its own grant mechanism.

6.1.2 Linkages between DGM Global and country DGM projects

The DGM Global initiative has played a key role in advancing DGM coordination and external engagement. The DGM Global's rationale is grounded in the idea of empowering Indigenous Peoples and local communities through knowledge exchange and network building can contribute to climate resilience and forest management. Like country DGMs, the DGM global is housed in an executing agency (Conservation International) and governed by an IPLC representative body (the GSC). Members of the GEA helped shape the structure of the DGM design and country structures. Through regular collection and presentation of DGM Global and country program results, the initiative has demonstrated and made DGM progress transparent. Such transparency has allowed stakeholders to monitor progress and thereby helped increase the credibility of the DGM as an effective and relevant model. DGM Global project's progress is measurable through several indicators, such as the number of knowledge products produced, the percentage of exchange participants gaining relevant knowledge, and the number of person-hours of capacity building. The effectiveness is demonstrated in the exceeded targets, such as the production of 86 knowledge products against an end target of 80, and 100 percent of exchange participants reporting strengthened skills and increased relevant knowledge.

DGM Global could prioritize hosting more regional knowledge exchanges, which participants found more relevant to local contexts, than the global exchanges. Global exchanges have fostered cross-regional learning and highlighted the initiative's structured approach to promoting best practices and innovative solutions in sustainable land management. Participants have generally reported positive feedback on the exchanges, but some interviewees noted that regional exchanges were more productive, where the contexts are similar and where beneficiaries can relate in terms of their aspirations and technical perspectives. Nonetheless, the DGM Global coordinated an exchange between Indonesia and Peru DGM participants to share lessons on Peru's success in streamlining land titling, which was highly influential on Indonesia's approach. DGM Global also successfully organized and trained delegations of IPLCs to participate in global climate convenings such as COP27. Interviewees, however, could not identify any specific outcomes generated by those meetings, which is unsurprising given how complex and slow moving the negotiations are.

6.1.3 Relevance and effectiveness of DGM governance and operational features

The DGM's institutional structure has been highly relevant to empowering IPLCs through self-determination, governance power, representation, and access to funding. The DGM respects and promotes IPLCs' right to self-determination by providing a space to identify, develop, and implement projects based on their own priorities. This has been particularly relevant in countries where IPLCs have historically been marginalized from decision-making processes in natural resource management. Indeed, the DGM's design features have positioned IPLCs not just as beneficiaries but as active agents of change

in forest management and climate action in several FIP countries. The establishment of the DGM closely aligns with emerging best practices in fit-for-purpose IPLC financing, such as reinforcing IPLC decision-making, embedding long-term capacity-building, and offering user-friendly application processes.[104]

While time-intensive to establish, DGM's IPLC-led governance model has been key to ownership and self-determination. Establishing the DGM's inclusive and participatory governance structure has been time-intensive, challenged by the complex dynamics of IPLC engagement and internal conflicts among Indigenous groups, demanding careful and prolonged efforts to ensure representativeness in governance bodies. Constituting a representative NSC was challenging in countries without Indigenous People's networks, such as Ghana and Mozambique. Without existing representative institutions, DGMs in these countries had to undergo an intensive process to identify and select Indigenous representatives. By the same token, countries with strong Indigenous Peoples networks were able to identify representatives for the NSC but then were slow to begin project implementation as the DGM became intertwined with the more politicized nature of those same networks. In several cases, DGM programs found it challenging to keep NSC members' governance roles separate from their personal or political ties to subgrant applicants and beneficiaries, as these members were often leaders with territorial or organizational influence. While programs implemented policies and measures to address these concerns, interviewees in multiple countries expressed lingering concerns over perceived conflict of interest.

Once established, however, the NSCs played a key role in generating trust and a sense of IPLC ownership. The effect was particularly pronounced in countries with strong Indigenous networks (Brazil, DRC, Indonesia, and Peru). In Peru, for example, the Ministry of Environment supported the proposal for the NSC to be completely led by Indigenous organizations, which co-designed the DGM implementation model with their federations and regional organizations, sharing project information widely with their constituent organizations. The participatory design of Peru's DGM through the NSC helped ensure stronger coherence between DGM investments and Indigenous Peoples' needs.

Table 4: *Time to operationalize DGM NSCs and presence of Indigenous networks*

	Brazil	Burkina Faso	DRC	Indonesia	Mozambique	Peru	Ghana	Cote d' Ivoire	Mexico
Time from NSC establishment to implementation (months)	15	12	24	33	4	28	14	33	33
Presence of national / regional Indigenous network	✓		✓	✓		✓			✓

Notes: "Implementation" is the start of sub-projects. **Source:** Conservation International. 2022. DGM Fourteenth Semiannual Program Report.

The DGM attempted to integrate women's representation into its governance decisions, although inequalities persisted despite best efforts. Currently, 46 percent of the DGM Global Steering Committee members are women, demonstrating DGM attention to gender considerations. At the country project level, DGM project documents set out criteria for NSC members including balance by gender, but typically did not use a quota system (except voluntarily in Indonesia). Women are significantly underrepresented in NSCs, with gender parity varying widely across countries.[105] The DGM country studies surfaced some of the reasons for this outcome. Some issues were structural, for example in Mexico where NSC members came from regional organizations dominated by landholders, a category that typically excludes women. Some were capacity related, as in Ghana, where English language requirements disqualified many women.

[104] Mutually accountable, flexible and long-term, IP- and LC-led, timely and accessible, and gender-inclusive. Source: Rights and Resources Initiative (2022). Funding with Purpose : A study to inform donor support for indigenous and local community rights, climate, and conservation

[105] World Bank. 2022. Fostering Gender-Transformative Change in Sustainable Forest Management: The case of the Dedicated Grant Mechanism.

Interviews with DGM TTLs also underscored the challenge of forming representative NSCs without compromising IPLC rights to self-determination.

The capacity, relationships and local presence of NEAs substantially influenced DGM results. In Mexico, the Rainforest Alliance's strong performance as NEA was vital, demonstrating strong fiduciary, safeguard, and procurement standards, which enhanced its community collaboration. In Burkina Faso, IUCN's robust project management capabilities ensured smooth project operations, while in Ghana, Solidaridad's expertise in sustainable rural development played a key role in advancing agroforestry techniques among stakeholders. NEAs in Brazil (Alternative Agriculture Center in Northern Minas Gerais), Indonesia (Samdhana Institute) and Peru (WWF-Peru) had long-standing relationships with Indigenous Peoples. NEAs with limited previous experience working with Indigenous Peoples, such as Caritas in DRC, required considerable time to build trust and understand the differences between working with Indigenous Peoples and networks. In Mozambique, the NEA had limited presence in the districts and communities participating in the DGM, which originally constrained the support it could provide and led to project restructuring to decentralize implementation.

The World Bank's role as DGM implementation partner has bolstered DGM performance while presenting significant learning opportunities for DGM participants and World Bank staff on how to channel climate finance to IPLCs. The World Bank's role has been supportive and supervisory, overseeing the use of funds and the effective implementation of DGM objectives, providing technical assistance while deferring strategic and operational decisions to the program's governance structures. In several countries, the World Bank's institutional credibility and global presence elevated the DGM's standing with government counterparts (e.g., Burkina Faso, DRC, Brazil, Peru). In at least two cases, the connection among the World Bank, NEA, and NSC enabled real-time adjustments to projects. For example, the Peru DGM Saweto project was restructured to accommodate the complexities of land titling in native communities, and the World Bank and NEA supported the NSC to influence simplification of related government regulations. In the DRC, when policy reform processes offered an opportunity for more robust IPLC engagement, the World Bank and NSC agreed to provide multi-year support to leading Indigenous organizations to gather Indigenous perspectives on tenure and land use planning law reform at the provincial level and then feed them into national-level consultations.

The World Bank's fiduciary controls offered a robust framework for DGM operations, ensuring processes for monitoring, evaluation, and fund disbursement are in place. World Bank's environmental and social safeguards align with the DGM's objectives and reinforced its commitment to sustainable development and social equity.[106] While the imposition of external safeguards on Indigenous-led initiatives (which traditionally operate under their own governance systems) is perceived by some as burdensome and paternalistic, the presence of checks and safeguards is still valued for supporting Indigenous organizations in strengthening their governance and financial practices.

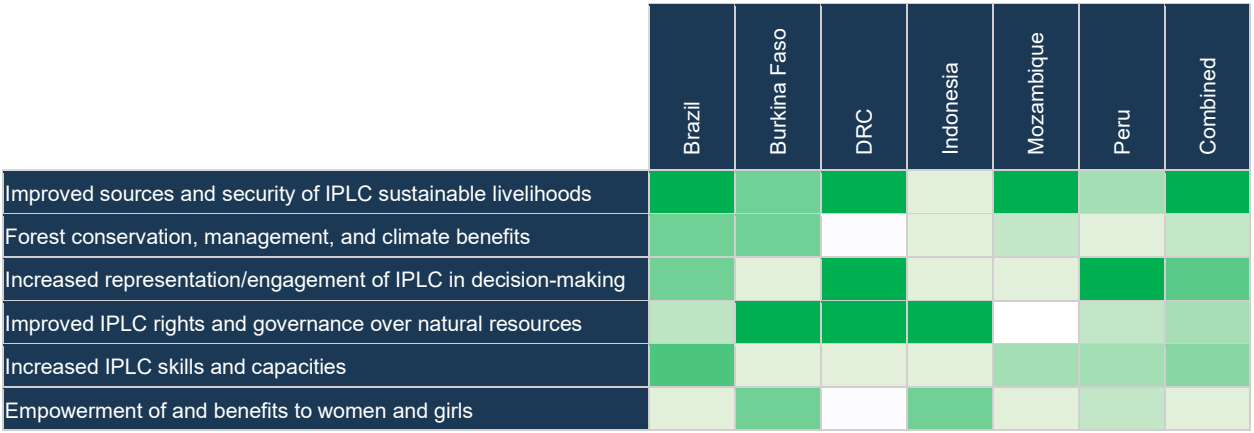
Still, NEAs managing the DGM encountered difficulties with World Bank requirements, with larger or more experienced organizations like IUCN adapting more quickly than smaller or less experienced ones, such as Caritas in the DRC. The need for compliance with World Bank procurement rules often led to NEA fund management centralization, in cases causing procurement delays with significant impacts on project effectiveness. The interaction between NEAs, NSCs, and the World Bank revealed a need for better communication and simplified processes. While the World Bank's rigorous safeguards and procurement procedures ensure project integrity, harmonizing them with the realities of a small grant program was a major challenge in many countries. For instance, in Peru, negotiations with the World Bank led to the adjustments of six safeguards implementation to be more suitable project conditions for Indigenous-led initiatives. Integrating the World Bank's procurement procedures added complexity and delays in places like the DRC and Mexico, highlighting the challenge of balancing thorough oversight with effective, community-driven execution.

[106] World Bank (accessed October 2023) Environmental and Social Framework

6.2 Results and effectiveness

To understand the outcomes of the DGM, outcomes were harvested from six countries with mature DGM programs (Brazil, Mozambique, Burkina Faso, Indonesia, DRC, and Peru).[107] One hundred eight outcomes were harvested across the six in-depth DGM country case studies, categorized into six emergent themes — sources and security of IPLC sustainable livelihoods; forest conservation, management, and climate benefits; IPLC representation and engagement in decision-making; IPLC rights and governance; IPLC skills and capacities; and empowerment of and benefits to women and girls. Across the six countries, outcomes related to improved sources and security of IPLC livelihoods were most frequently observed. A summary of their frequency by country is presented in Figure 19 below. A discussion of the outcomes is presented below, followed by a reflection on patterns across these outcomes.

Figure 19: *Frequency of outcomes harvested across countries with mature or closed DGM projects*



Key: Dark green is most frequent; White is least frequent.

6.2.1 *Improved sources and security of IPLC sustainable livelihoods*

Livelihood and welfare benefits were the most frequently observed outcomes across the DGM. The majority of DGM funding was allocated to community-level subprojects that focused on livelihoods, intending to increase incomes without deforesting land. Activities range from animal husbandry to honey production, non-timber forest product value addition, and ecotourism projects. DGM sub-projects have spanned the entire value chain, including training and resources to boost raw material production, efforts to secure quality certifications, equipment for processing, and strategies for accessing consumer markets. In Mozambique, for example, the Egumi Diorama community-based organization (CBO) in Zambezia Province has seen significant financial gains from raising and selling chickens, providing an alternative to charcoal production. In Peru, native communities engaging in the DGM have started transforming from primary producers of raw timber and agricultural products to tertiary producers, thereby incrementally raising incomes. In the DRC, the DGM has implemented 19 micro-projects with notable livelihood results from apiculture and livestock breeding – including an apiculture project providing training and materials for hive production with accompanying support to promote agroforestry.

[107] Outcomes are defined here as the tangible changes in behavior, relationships, actions, policies, practices, or on-the-ground environmental conditions that the DGM has influenced in some way, beyond project outputs. Outcomes can be positive or negative, intended, or unintended.

Left: DGM-financed apiculture facility in Mombokonda, DRC. **Right:** DGM-financed community pig rearing project facility in Lonteke, DRC. (Photo credit: Evaluation team, November 2023)

DGM supported consortiums with communities that helped scale community production and attract private sector partners. DGM NEAs added value to IPLC project participants by connecting them with other organizations to provide larger-scale outlets for community products. The Mexico NEA, Rainforest Alliance, proactively sought to create alliances and links with institutions, NGOs, social organizations, and other projects within the Rainforest Alliance, to strengthen the commercialization and other capacities for the groups.[108] In Mozambique, partnerships between CBOs and private entities have been pivotal for commercializing locally produced honey. These agreements not only provide a market for the CBOs' products, but also provide essential technical support needed to ensure product quality and scale up production. At a larger scale, Brazil DGM's investments in equipment and branding boosted the Central do Cerrado cooperative's visibility and market reach, ultimately leading to a partnership with Carrefour, a multinational wholesaler.

In a few cases, NEAs enabled greater financial inclusion. Interviews revealed several occasions where the NEAs played a role in enabling communities to access finance. For example, Caritas was chosen as the NEA in DRC due to its unique ability to distribute cash throughout the country, where most IPLCs do not have bank accounts. Mexico's NEA, the Rainforest Alliance, faced challenges disbursing funds to a small cooperative because the beneficiaries struggled to open a bank account, a process that took years to resolve. In other instances, these challenges were not overcome, requiring the NEA and World Bank to face increased fiduciary risk due to alternative solutions.

***Box 11:** Examples of improved well-being in DGM communities*

Burkina Faso	Significant improvements have been observed in the lives of sub-project stakeholders. For example, increased access to healthcare services, an enhanced standard of living including better clothing and food, acquisition of consumer goods such as mobile phones, motorcycles, and the implementation of solar energy electrification demonstrate such progress.
Mozambique	APROCAMO, a CBO, cultivated a new economic pathway by generating 250,000 Mozambican Metical from poultry farming, thereby enhancing living standards for its 45 beneficiaries. This income allowed members to afford essential family items and increased their protein intake, which was otherwise scarce. In the words of one member, "We believe that we now have more than when we were producing charcoal. At that time, we spent more time in the bush, whereas now we have more time at home and can contribute better in the fields."
DRC	The provision of fruit trees and livestock by DGM has yielded significant enhancements in the food security and economic stability of the community members, with subsequent benefits including support for the education of Indigenous children. The DGM's collaborative work with CENADEP (an environmental federation) and the World Wildlife Fund (WWF) has introduced a variety of fruit-bearing and citrus trees over an area of 100 square meters, diversifying the agricultural portfolio and ensuring a consistent nutritional supply.

[108] DGM global report 2022 – Mexico report.

6.2.2 *Forest conservation, management, and climate benefits*

Closely intertwined with livelihoods projects, select DGM projects have led to improvements in forest conservation, climate mitigation, and enhanced environmental stewardship. Completion reports for two of the five completed DGM projects estimate GHG emission reductions (1.3 $MtCO_2e$ over 20 years in Burkina Faso, and 49,730 tCO_2e over 20 years in Ghana). In other DGM countries, there is weak reported evidence to confirm that DGM effectively reduced emissions from deforestation and forest degradation, understanding that this was not a primary objective of DGM given the rights-based orientation of the program. Outcomes included enhanced uptake of sustainable practices, leading to on-the-ground outcomes such as improved water security, combining context-relevant approaches to support livelihoods and community capacity for sustainable land management. Select outcomes related to forest conservation and enhanced environmental stewardship are shown in the box below.

***Box 12:** Conservation, climate mitigation, and environmental stewardship DGM examples*

Burkina Faso	In Guisma village, residents, with support from DGM, are safeguarding 105 hectares of their forest, recognized by both customary and administrative authorities. This initiative involved defining clear land boundaries, leading to the formation of patrol groups from fifteen neighboring villages to guard against damaging activities like bush fires, illegal logging, and premature fruit harvesting. Additionally, the introduction of efficient cooking stoves has cut down wood usage, and the establishment of a management charter alongside communication forums has mitigated conflicts between herders and farmers.
Ghana	In Ghana, DGM focused intensely on awareness raising of REDD+ and training on sustainable and climate-smart practices and illegal operations through innovative and tailored approaches, including delivering programs through local radio stations, involving a climate change ambassador, using outdoor classes, designing a specific training program for women, and using local languages and pictures through training modules. More than 17,000 people were trained in more sustainable agroforestry techniques (including about 8,500 people that dedicated 6 months to intensive training).[109] 91 percent of trainees are now growing shade cocoa, up from a 63 percent baseline. Despite the training, communities tended to choose sub-projects that provided welfare and gender benefits, more so than REDD+. Thirty-eight of the 54 participating communities chose to use funds for solar boreholes as opposed to forestry or agroforestry activities.
Brazil	The Sustainable Development Reserve Nascentes Geraizeiras has seen enhanced water security through efforts to extend spring water flow, revive dried springs, and improve water access. These measures, along with fire monitoring and advanced land management by additional communities, benefit up to 170,000 hectares in the Cerrado. Sustainable practices now cover 831 hectares, notably increasing water retention in the Xacriaba community, crucial for spring recovery. Xacriaba is now also financed by the Interamerican Fund and participating in DGM 2.0.   **Left:** DGM watershed restoration subproject in the Xacriaba territory. **Right:** José da Silva shows the increased availability of water after restoration efforts carried out as part of DGM Águas dos Gerais subproject. **Photo credit:** Evaluation team.

[109] World Bank. 2022. Implementation Completion and Results Report – Ghana Dedicated Grant Mechanism for Local Communities Project.

6.2.3 *Increased representation and engagement of IPLCs in decision-making*

In several countries, IPLCs demonstrated increased agency owing in part to DGM's funding and platform for IPLCs to engage with governmental and non-governmental actors. These outcomes are especially pronounced in countries with existing Indigenous Peoples' networks and where governments have slowly opened to working with Indigenous organizations on forest, climate, and land initiatives. Historically marginalized, IPLCs and their representatives have typically allied with national or international NGOs to advocate for their rights and interests to national authorities. The DGM has provided space for more direct IPLC engagement, bolstered by the credibility of the World Bank and CIF.

The box below showcases three outcomes where DGM's networking and financial assistance enhanced IPLC representation and participation in decision-making at national and sub-national levels.

***Box 13:** Example outcomes related to increased representation of IPLCs in decision-making*

DRC	One of the most notable DGM outcomes occurred in the DRC, where the transformation in legal frameworks and the increased political presence of Indigenous Peoples' issues has laid the basis for sustained progress for IPLCs. This outcome signals a significant shift in behaviors and policy influence exerted by IPLCs, leading to substantive legal reforms and enhanced rights recognition. The DGM fostered network building and capacity enhancement for several Indigenous organizations and provided multi-year funding. The groundwork laid by pre-existing networks, the advocacy of Indigenous organizations, and the support from other development partners were essential components that complemented DGM's efforts, underscoring a collaborative approach to achieving these milestones.
Indonesia	Through the formation of the DGM NSC in Indonesia, IPLC representatives saw increased recognition in the country, which contributed to the enhanced capacity of long-standing representative organizations such as Samdhana Institute (as NEA) and AMAN (as project proponents) to increase their impact on legal recognition and protection of Indigenous interests and territories. Through the DGM, and subsequently, Samdhana Institute has attracted additional programmatic support and funding resources to leverage its existing relationships with IPLCs and local NGOs, and its existing familiarity with government programs (including Social Forestry program) and other sustainable development programs, to increase support for IPLCs working towards outcomes that realize REDD+ objectives.
Brazil	Indigenous Peoples, Quilombolas, and Traditional Communities (IPQTCs) networks used DGM support to enhance their political clout and decision-making capacity. The NSC emerged as a novel collaborative platform, fostering unprecedented levels of consensus among diverse community groups and strengthening their collective identity within the Cerrado biome. These initiatives facilitated greater regional and national collaboration and have expanded the influence of quilombolas beyond the Cerrado, with their insights now contributing to the development of REDD jurisdictional systems in the Amazon. Furthermore, the continuation of the IPQTC networks post-pandemic, strengthened collaboration among Indigenous, quilombo, and traditional communities in the Cerrado, and the self-recognition of some groups as IPQTCs.

6.2.4 *Improved IPLC rights and governance*

In three countries (Peru, DRC, and Indonesia), the DGM effectively capitalized on changes to the enabling policy environment to legally acknowledge globally significant areas of customary IPLC land. In Peru, the DGM took advantage of new national guidelines for the recognition and registration of native communities to title 230,239 hectares and legally recognize 253 Indigenous communities. DGM's strategy, executed through Indigenous organizations, expedited processes, and reduced land conflicts more effectively than some government-led projects (for more detail, see Appendix F, #5). In the DRC, with DGM's technical and financial assistance, four traditional communities have secured perpetual community forest concessions for over 200,000 hectares, leveraging a decade of policy reform that now legally recognizes customary lands through community forestry concessions. In Indonesia, DGM support has enabled village leaders to secure formal forest management rights for community interests, leading to the establishment of social forestry enterprises across 750,000 hectares. These sub-projects set important precedents in various contexts including Papua and aided in the shift towards greater rights recognition and community-based forest management.

In Brazil, despite the absence of land titling projects, partnerships have been formed between Indigenous Peoples and government entities to protect and preserve their lands, demonstrating an effective model of co-governance. Additionally, the articulation of Quilombola and traditional community rights has matured, and legislation protecting Babassu forests has been enacted, reflecting the DGM's influence through strong relationships between NSC members and policymakers on policy and legal frameworks that support IPLC rights and governance.

While titling large areas of customary land is a major achievement, DGM results were not catalytic in Peru and DRC. In Peru, the government has still not invested in further land titling at a national level beyond the life of DGM Saweto and FIP projects and most projects are reliant on international donor financing. Although some procedures for land titling, title registration, recognition, and georeferencing have been simplified, the overall sentiment among civil society, former government, and some Indigenous organizations is that practices and norms within government agencies responsible for land titling remain the same. In DRC, the DGM only began supporting CFCLs recently. To put the four CFCLs established through the DGM in context, Rainforest Foundation UK reports that 160 CFCLs have been granted, covering 3.8 million hectares during approximately the same time frame as the DGM's intervention.[110]

6.2.5 *Increased IPLC skills and capacities*

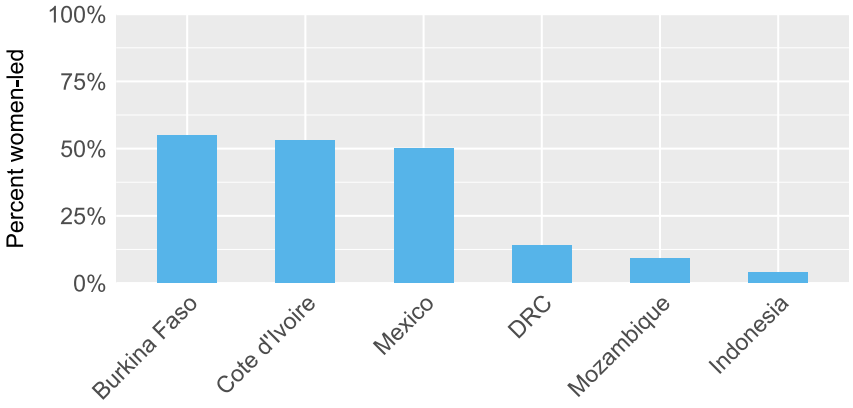
Enhanced capacity of IPLCs to govern and implement projects using climate finance is a key outcome of the DGM in all countries. DGM capacity-building efforts ranged from administrative and fund management to technical skills related to forest management. In Brazil, DRC and Indonesia, three countries critical to forest-climate initiatives with significant Indigenous populations, Indigenous Peoples' representative organizations have enhanced capacity to manage climate finance. In Brazil, DGM improved IPLC associations' organizational and financial management, enhancing project execution. This progress fostered more transparent and effective governance in local community groups, laying a foundation for deeper involvement in climate finance (see further discussion in the section below on sustainability). In the DRC, the DGM has empowered IPLC organizations to take on new roles spanning community forest concession support and grievance mechanism management for other World Bank projects, thereby extending their impact beyond DGM and strategically aligning with other initiatives. In Indonesia, the DGM's focus on tenure issues has boosted IPLC engagement in government programs, signaling a shift toward greater self-advocacy and community management crucial for the successful implementation of REDD+ and other conservation strategies. In Burkina Faso, the DGM reports that 102 participants increased their role in FIP and other REDD+ processes locally, nationally, and globally (see Appendix F, #8 for more detail).

6.2.6 *Empowerment of and benefits to women*

Success in women-led or -focused subprojects, especially in terms of earning household income, has helped shift community and household gender dynamics, strengthening women's voices and agency. Most outcomes related to gender stemmed from women-led or focused subprojects, involving their participation in decision-making and economic activities. Across the portfolio, about a quarter of sub-project proposals were dedicated to women-centric initiatives, not counting land tenure projects in Peru, Indonesia, and DRC, which also benefited women despite not being explicitly women-focused.[111] Cote d'Ivoire, Burkina Faso, and Mexico show high levels of women's sub-project leadership, while Indonesia, DRC, and Mozambique report much lower percentages (Figure 20). Gender ambitions are generally stronger in later DGM countries (e.g., Republic of Congo, Cote d'Ivoire, Guatemala), likely due to lessons learned and a strengthening policy environment for gender, including within the World Bank. Country project reporting indicates that overall, 49 percent of DGM beneficiaries were women (approximately 120,000 women), with variation by country.

[110] Rainforest Foundation UK (accessed October 2023) Community Forest Database Online: https://rdc.geocfcl.org/applications/
[111] World Bank. 2022. Fostering Gender-Transformative Change in Sustainable Forest Management: The case of the Dedicated Grant Mechanism.

***Figure 20**: Proportion of DGM sub-projects led by women*



Source: DGM Global. Country Projects Webpage.

Effective strategies for strengthening women's engagement in DGM included promoting collective participation, providing targeted capacity building, and accommodating women's household responsibilities to facilitate their subproject contributions. For instance, DGM Mexico engaged local, predominantly female community promoters to support sub-projects from start to finish. Recognizing the additional responsibilities women often carry, capacity-building activities in Ghana and Mexico included childcare, meals for participants and their families, and scheduling that accommodated women's availability. In Dassa, Burkina Faso, DGM's provision of tools and training for a shea butter sub-project not only saved time and boosted production but also enhanced product quality, demonstrating the impact of supportive strategies on women's engagement.

Additional outcomes from DGM projects related to empowering women and increasing their benefits from natural resources are highlighted in the box below.

***Box 14:** Example outcomes related to empowerment and benefits for women*

Mozambique	In the Aprocamo community, women actively participated in decision-making processes, and their involvement in the DGM chicken production project empowered them economically and increased their influence in the Aprocamo community. Single women in Aprocamo asserted that because of the MozDGM they are now able to support their children financially, providing them with better opportunities and access to necessary goods. Women's economic contributions increased, leading to more equitable sharing of household responsibilities, and improved financial transparency.
Brazil	The DGM has induced a significant change in how women view their roles in the Cerrado. Women communities expressed that their recognition under the DGM made them prouder of what they do: "We used to be ashamed, and now we are proud." Additionally, Babassu nut gathering supported by the DGM have provided women with a direct economic benefit, reinforcing their financial empowerment and overall well-being. Women artisans participating in cooperatives also received DGM support providing upfront capital to strengthen production.
Ghana	In Koradaso community, women and men explained that once women had attended trainings and brought money into the household through improved farming or honey production, they were more able to engage and influence in household decisions. Tangible benefits from the DGM project included seedlings, access to water, and increased income from new or improved products, as well as intangible benefits such as new knowledge, enhanced confidence, leadership roles, and changes at the household and community level in terms of how women are perceived.
Mexico	In the San Sebastián Teponahuaxtlán community in Jalisco, women have moved from symbolic to meaningful participation in decision-making, with their opinions and votes now holding equal weight in projects. In the words of one female participant: "Now women have greater participation, their opinion is taken into account and their vote is of equal importance to anyone in the project." Similarly, in La Esperanza community (Santiago Comaltepec, Oaxaca) the DGM initiative has paved the way for young women to actively participate in community decision-making, representing their own views rather than those of their male family members. This shift has overcome initial hesitations about women's involvement, demonstrating their significant and valuable contributions and highlighting their leadership potential within the community.

DGM projects have developed novel approaches to enhance women's involvement and benefits from projects aiming to improve land use management or secure collective tenure rights. In many places, women do not hold as strong tenure to land as men, which can impact their ability to participate in land use decision-making or in project implementation (in agroforestry projects, for example).[112] In Mexico, the DGM addressed gender disparities in land tenure and governance by supporting forestry activities not linked to land tenure, which helped remove barriers to women's ownership and control of assets. In Indonesia, the DGM has empowered women's groups to participate in land and resource governance, marking a shift from their prior exclusion from such processes. This change is expected to persist beyond the life of DGM funding, signifying a sustainable impact. There is evidence that the program has also influenced young women's potential to stay or return to their communities by improving social forestry enterprise income, aligning economic opportunities with local aspirations. In Burkina Faso, the NEA addressed the issue of inequitable land rights by ensuring that women-led microproject groups have received land from the community or their husbands, promoting investment in good land management practices.

On the other hand, gender barriers have continued to hinder the use of fully equitable advancements on land rights. For example, in DGM Saweto Peru, the prospect of gender-based violence perpetrated on women during the months-long demarcation processes in remote areas led the NEA preventing women from joining land titling "brigades". This also had the effect of limiting women's potential for earning incomes through such projects, though women participated actively in un-renumerated activities in other stages of the demarcation, such as reviewing maps and planning the field work and then validating the findings of the brigades.[113]

6.2.7 Reflections on DGM's outcomes

DGM projects have generated a substantial number of outcomes that advance the program's original objectives and its envisioned outcomes in the DGM Global theory of change. These outcomes are consistent with the expectations in the DGM design document that the work of the DGM should lead to "*specific gains in tenurial rights, forest governance, livelihoods of forest-dependant Indigenous Peoples and local communities in a sustainable manner that enhances local empowerment*."[114] They also align with while going beyond the expected country outcomes in the DGM Global theory of change of benefits for IPLCs and increased IPLC skills and capacities. Outcomes identified were exclusively positive changes; no negative changes were reported, such as reports of conflict or breakdown in trust precipitated by the DGM.

The distribution of outcomes across the portfolio highlights the differing strategic emphases and operational contexts that shaped each country's approach to empowering IPLCs through DGM. Countries with existing, representative Indigenous networks tended to focus more on advocacy in the political sphere, and thus delivered a greater proportion of outcomes related to increased representation and engagement of IPLCs in decision-making. Conversely, countries without strong Indigenous networks tended to focus more on capacity building and subprojects for forest-dependent local communities, resulting in more outcomes related to sustainable livelihoods and forest conservation. DGM support through both of its subcomponents—i.e., supporting grants/sub-projects to IPLCs and supporting capacity building activities for IPLCs—has been instrumental for generating outcomes. In some cases, establishing and supporting the NSC and building the capacity of NEAs also generated outcomes.

DGM outcomes often reinforced each other. For example, enhanced capacities in IPLC organizations improved their decision-making representation across various countries. Also, improved technical and financial management skills in IPLCs were crucial for designing and executing sub-projects, resulting in sustainable livelihood benefits and, to a lesser extent, access to financial services and increased funding for IPLCs. Most outcomes related to forest conservation and climate change mitigation were connected to sustainable livelihood improvements, like transitioning from charcoal to more sustainable forest-based incomes.

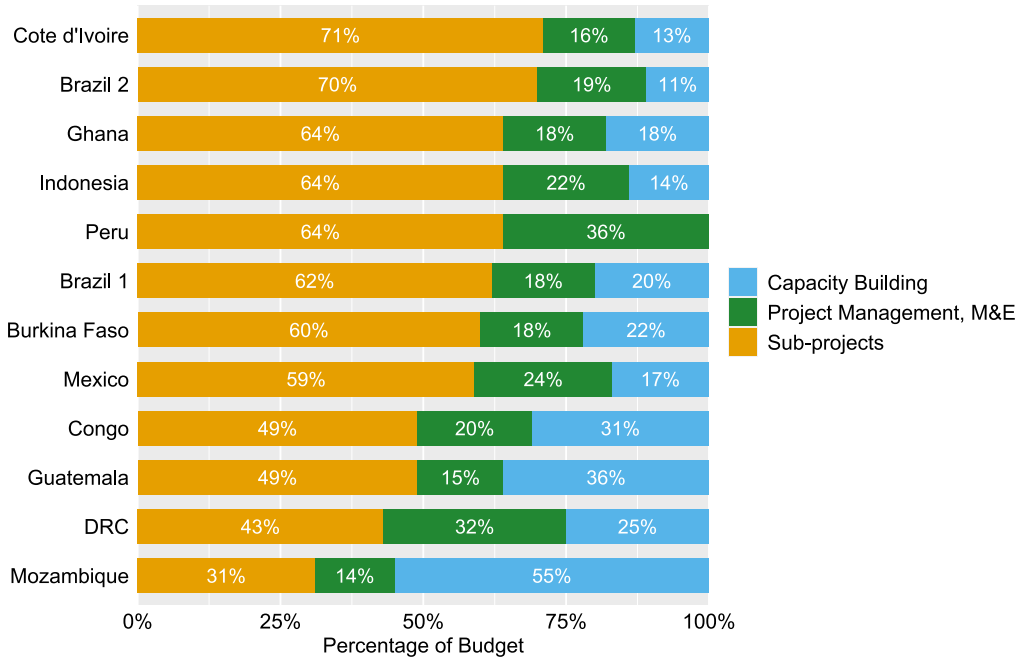
[112] World Bank. 2022. Fostering Gender-Transformative Change in Sustainable Forest Management: The case of the Dedicated Grant Mechanism.
[113] Brigade members received per diems.
[114] DGM Design Document. October 2011.

The link between outcome and impact was not fully realized. The evaluation found limited evidence of DGM outcomes contributing to the anticipated impact of IPLCs playing a larger role in FIP and REDD+ programs at all levels. This is partly because the autonomous nature of FIP and DGM projects meant DGM's efforts were more indirectly linked to REDD+ through training and participation in consultations.

6.2.8 DGM cost-effectiveness

The DGM incurred high initial costs to establish its governance structures, but those structures efficiently directed funding to local projects. After the effort required to establish DGM's operational infrastructure, DGM projects have localized funds to IPLCs efficiently relative to other donors funding IPLC-led initiatives. More than half of DGM's country project budgets have flowed directly to IPLC-led sub-projects, with an additional 22 percent going towards local capacity building. These are efficient figures relative to other donors that fund IPLC tenure and forest governance projects. For example, the Forest Tenure Funders Group, a leading consortium of donors funding IPLC-led forest initiatives, has disbursed 2.1 percent of its grantmaking directly to IPLCs.[115]

Figure 21: *Ratio of DGM Project Budgets by Component*



Sources: Project ICRs & ISRs; Conservation International. 2022. DGM Fourteenth Semiannual Program Report.

Despite the efficiency of discrete projects, the DGM's initial costs to set up the funding mechanism and IPLC-accountable governance structures has meant that it has spent more per unit output to date than NGOs performing a similar function. Compared to specialized NGOs like the International Land and Forest Tenure Facility[116] or Rainforest Foundation Norway,[117] Though data on internal World Bank costs are not available, it is likely that NGO costs are lower once World Bank administrative, board and support costs are factored in. For example, the Tenure Facility, for example, disbursed US$170 million between 2017 and 2022 to IPLC-led tenure security projects with just 10 percent overhead. Given the novelty of creating national steering committees, adapting NEA procedures to World Bank compliance rules and fixed administrative costs, the relatively higher costs of the DGM are not surprising. In this sense, DGM's long-run cost efficiency will depend on its sustainability – the unit cost would decrease if the governance structure was leveraged into a sustainable channel for other donors to direct resources to IPLCs. However, interviewees highlighted the slim chances of maintaining these complex structures without extra dedicated

[115] Forest Tenure Funders Group (2023). Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.
[116] International Land and Forest Tenure Facility (2023). Annual Report 2022.
[117] Rainforest Foundation Norway (2023). Financial Statement 2022.

financing. In one case (Brazil), DGM financing spurred a second round of DGM support including government contributions. Interviewees point to the inclusion of a government representative to the Brazil NSC as a strategic choice that led to broader government support for the DGM. In all other cases, the end of the FIP support to the DGM project has led to the closure of DGM operations.

Moreover, within the broader context of climate finance, the DGM stands out for providing access to multi-lateral funds in a manner governed by IPLCs—a noteworthy accomplishment given that only a small percentage of climate financing reaches IPLC-led organizations directly even from well-established donors.[118] The DGM holds the potential to evolve into a more effective vehicle for empowering IPLCs with meaningful access to climate finance. Thus, the DGM's value extends beyond immediate financial efficiency, encompassing broader benefits in terms of long-term empowerment and capacity-building for IPLCs.

Projects focused on land titling for Indigenous communities stand out as some of the most cost-effective projects in the FIP portfolio, generating meaningful sustainable benefits in line with standard cost benchmarks. In DRC, the DGM financed the legalization of four perpetual community forest concessions covering 182,615 at approximately US$3.50 per hectare. Importantly, the investment also yields long-term benefits by empowering the local NGO ANAPAC, now equipped to assist other forest-dependent communities in obtaining CFCLs. In Peru, the DGM Saweto project has achieved land titling more cost-effectively than the government's PTRT3 project. Starting in the same year, DGM outperformed PTRT3 in both the extent of land titled and coordination with government entities. DGM facilitated the titling of 230,239 hectares for Indigenous lands, along with the recognition and registration of 253 Indigenous communities, at an approximate cost of US$11.22 per hectare. The DRC and Peru DGM cases are within the typical range reported for community land titling projects in other tropical countries.[119] External studies also suggest that community land titling and tenure security efforts can support stronger forest protection and biodiversity conservation compared to other management approaches in the tropics. For example, World Resource Institute estimates that the ecosystem-services benefits of securing Indigenous tenure rights to forests in Bolivia, Brazil and Colombia are 100 times the costs of doing so.[120]

6.3 Sustaining the DGM model and its results

At the program- and country-levels, identifying sustainable and long-term funding for DGM has been a challenge due in part to the absence of a clearly defined fundraising strategy and designated roles. With many DGM projects closed and funds exhausted and a short extension to DGM Global, questions arose frequently in interviews about the lack of planning for fundraising to capitalize on the DGM's creation. The DGM's precarious funding position is partly because governance documents do not provide any explicit mandate or designation to lead fundraising among lead entities, including the CIF, World Bank, Conservation International, NEAs, or NSCs. DGM Global has not emphasized fundraising as a core component of project design. Despite some efforts by World Bank TTLs and NEAs to secure follow-on funding, there remains uncertainty about their responsibilities and how to integrate funding sources to maintain the DGM model. Some World Bank TTLs have found partial pathways for continuity at the sub-project level, and similar mechanisms such as the EnABLE program offer some potential to build on experiences of the DGM, but sustainability for country DGMs is lacking.

The lack of clear sustainability planning and failure to attract additional investment represents a significant missed opportunity to capitalize on the learning and success of the DGM to date. There has been significant investment of time and resources from CIF, the World Bank, NSC members, NEAs and IPLC stakeholders in all DGM countries. While the CIF might not have been designed to continuously fund the DGM, more effort to fundraise and embed DGM in other initiatives could have provided more continuity. The DGM funding window will expand through NPC, which provides financing to set up a DGM

[118] Forest Tenure Funders Group (2023). Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2022-2023.
[119] Indufor (2014). Analysis on the Costs of Securing Communal Land Rights: New Technologies and Approaches Offer Potential for Scaling up. Indufor, Helsinki.
[120] WRI (2016). Climate Benefits, Tenure Costs. The Economic Case for Securing Indigenous Land Rights in the Amazon.

within every NPC country. However, there is minimal continuity between FIP DGM and NPC countries; Brazil is the only country to have a DGM 2.0, but it is not linked to NPC currently.

Despite the lack of continuity for DGM itself, increased capacities among IPLC organizations to manage funds has led to additional financial resources – pointing to promising durability of DGM's efforts.[121] Brazil and Peru have been uniquely successful in catalyzing more funding to build on the DGM, demonstrating how improvement in IPLCs' institutional capacity can provide a basis for additional funding to sustainably manage their forest resources (see box below).[122] In Brazil, for example, several DGM partners have raised funds to continue their work, forged new partnerships with donors, and expanded to new geographies, while the DGM model in Peru persists through the NEA's relationships with IPLC organizations. Meanwhile, in Indonesia, the NEA and individual members of the NSC have continued to support IPLCs that were assisted by DGM projects, either directly through resources from other funders or through networking with potential funders – in some cases directly building on DGM's outcomes after it has concluded.

Box 15: *Pathways for sustaining the DGM model in Brazil and Peru*

Brazil	Brazil stands out as the sole DGM country to secure funding for a DGM 2.0. After the first phase, the National Bank for Economic and Social Development (BNDES) and the World Bank announced R$9.3 million in funding for actions promoting green development and climate resilience in the Cerrado. The funds will support food security, income generation, and sustainable environmental practices for approximately 2,000 families in Indigenous, quilombola, and traditional communities. Despite these positive developments, stakeholders have expressed concerns regarding the lack of formal mechanisms for improving the design of DGM 2.0, which transitions to the World Bank's new Environmental and Social Management Framework but largely retains the original design. An ongoing discussion on whether DGM should become public policy could offer a sustainable path forward, although it raises questions about the implications for IPLC autonomy.
Peru	The transformative power of the DGM to influence additional work by IPLC organizations and international NGOs is especially notable in Peru. DGM strengthened the relationship between WWF-Peru, Interethnic Association for the Development of the Peruvian Rainforest (AIDESEP) and the Confederation of Amazonian Nationalities (CONAP), and helped WWF adjust its procedures to more easily operate with IP organizations in remote locations. An interviewee shared that since working on DGM, "WWF is always with the Indigenous organizations, taking on the principles of DGM Saweto. Now the WWF has a safeguards system in place that takes the principles of this close relationship with Indigenous Peoples from the design phase, and also includes gender equity." The DGM Saweto model continues to live on in new projects and initiatives, including continued collaboration between AIDESEP, CONAP, and WWF in some of the same geographies as well as expanding the scale of operations. For example, CONAP has adopted the same model of DGM Saweto for its negotiations with allies for new funding. AIDESEP has also continued with the implementation model of DGM Saweto in their projects, including a project just completed with WWF. The DGM experience has also informed WWF's design of the Amazon Indigenous Rights and Resources (2019-2024) initiative.

Land tenure and rights protections outcomes are more likely to be sustained than livelihood and afforestation outcomes. At the national level, the most enduring DGM outcomes are tied to systemic changes through legislative or policy reforms and the security provided by large-scale land titling initiatives. In DRC, the four local community forest concessions supported by the DGM are perpetual, and therefore provide a strong basis for forest protection and community livelihoods into the future. The cost-effective land-titling model pioneered by DGM Peru has attracted additional funding due to its success, indicating a viable path forward.

As with FIP's outcomes, sustainability risks are higher for DGM's outcomes related to livelihoods and afforestation. Common risks identified through site visits include lack of complete implementation prior to project close, limited market access, land tenure insecurity, and the perceived need for ongoing capacity building to build technical and business skills. In Mozambique, for example, livelihood subproject timeframes were compressed, and some did not finish, while others did not manage to produce or sell

[121] ITAD (2019). DGM learning report.
[122] DRC's DGM received $1.8 million funding from CAFI during project implementation.

products before project closure. When completed on time, land insecurity created uncertain access to raw materials, further jeopardizing long-term sustainability. Similarly, in DRC, many sub-projects did not fully complete implementation and have very limited access to markets. This experience is not universal, however – in Burkina Faso, high level of ownership and support for profitable non-timber forest product production and processing lines has led to most sub-project activities continuing two or more years after project close. Some beneficiaries have already reinvested profits to expand or build new production lines.

DGM projects needed more time to be successful and sustainable. The novelty of the DGM for all stakeholders and the remoteness of the operating environment made establishing the DGM quite time intensive. Overall, DGM project periods did not provide adequate time to establish the structure, implement projects, and plan for sustainability. The relatively short timelines of sub-projects also limited sustainability, particularly for investments in agroforestry where initial maintenance for 4-5 years is crucial for effective establishment.

7. Conclusions, recommendations, and lessons

7.1 Conclusions

The FIP has been a highly relevant program in the REDD+ context, playing an important role in bridging finance between REDD+ readiness and results-based payments and demonstrating how to put REDD+ aligned actions into practice in FIP's 13 countries. Stronger development of the forest carbon market over the decade since FIP was designed would have enhanced effectiveness and likelihood of sustaining results. While FIP financing made a major difference in helping some countries unlock REDD+ payments, those payments have not materialized at the scale or pace anticipated or needed.

Partway through implementation, the FIP has delivered major achievements related to forest governance and more modest results on forest-related climate mitigation, sustainable land and forest management, and livelihoods. The FIP embraced inclusive approaches in design and implementation, with most benefits directed toward poor, rural IPLCs. DGM's governance structure empowered IPLCs through self-determination, representation, and direct access to funding and was a key contributor to its effectiveness. Enhanced capacity of IPLCs to govern and implement projects using climate finance is a key outcome of the DGM in all case study countries. Despite this progress, the country case studies found that many of the FIP and DGM's forest and livelihood gains are at risk of reversal without ongoing technical assistance and financing.

Meeting the FIP's objective to facilitate transformational change will require more attention to pathways to systemic change and scaling and sustaining benefits. The FIP's strategic advantage is not necessarily in the scale or the duration of its funding, so it needs to leverage its programmatic approach, concessional funding, and relationships with the MDBs more effectively to facilitate transformational change. In particular, transformational change will require a stronger line of sight between local, inclusive approaches and changing the systemic structures that drive deforestation across local, national, and regional scales.

7.2 Recommendations

The key findings and conclusions lead to the following six recommendations. These recommendations are aimed at ensuring stronger results and sustainability of new and ongoing FIP projects and improving processes, outcomes, and transformational impact in future CIF programming.

RECOMMENDATION 1: The CIF should strengthen its strategic focus on transformational change by more fully operationalizing its programmatic approach. Several specific actions would help in this objective:

a) Countries and MDBs should ensure stronger alignment between the transformational vision in the investment plan and the projects that will contribute to achieving that vision. This will require a stronger commitment to selecting, designing, and implementing projects that contribute directly to a transformative vision. The design phase of the CIF's programmatic approach should better define this vision and ensure that projects respond to specific needs and opportunities to make this vision a reality. During implementation national stakeholder workshops for programmatic coordination, evaluation, learning, and monitoring should work together to sustain this vision.

b) Countries and MDBs should give greater attention to systems thinking and scaling pathways in investment planning, project design, and implementation. This could include, for example, more explicitly acknowledging the many systems being targeted and its constituent actors, actions, and interactions; and designing pathways for how smaller scale demonstration of sustainable land management practices can lead to larger and broader policy changes. It could also include demonstrating how MDBs could build on innovative CIF activities to influence their broader land use portfolio in a country or region.

c) Countries and MDBs should give more attention in design and implementation to interactions with large-scale drivers of deforestation, both as countervailing factors for effectiveness and as structural barriers that ultimately limit the benefits that accrue to poor and marginalized people. Connecting FIP programs with programmatic MDB support—including support that involves multiple instruments, such as other trust funds, investment operations, and policy operations—could position CIF to help address large-scale drivers of deforestation and major policy distortions. CIF Technical Committees should also consider whether the proposed coordinating ministry is well positioned in the national political economy to work in and across sectors, to address interlinked drivers, mainstreaming, or institutional capacity building.

d) CIF Technical Committees should not fund countries to develop investment plans when there is not reasonable certainty that associated investment funding will follow in the short-term.

RECOMMENDATION 2: Country representatives and MDBs should strengthen project design and implementation to improve impact and adaptive sustainability. To do so, they would need to:

a) Ensure that project designs explicitly articulate the causal links between alternative livelihoods activities and reducing deforestation and forest degradation—and ensure that those causal links are grounded in locally relevant diagnostics and aligned to the broader investment plan.
b) Design projects with the objectives of enhancing both tenure security and livelihoods. Focusing on both tenure security and livelihoods is needed to ensure that any increase to territorial value (e.g., through agroforestry) accrues to customary rights-holders, thereby mitigating conflict. Support for gender-transformative approaches to land rights will also help ensure that the most vulnerable benefit from FIP interventions.

c) Safeguard survival and impact of planted forests by lengthening project support. Long-term project support is needed to mitigate survival or reversal risks and better ensure that plantations deliver emissions reductions and income streams for local beneficiaries. This can be done through project extensions, additional financing, or follow-on projects, using CIF, MDB, or other financing.

d) Shift income-generating activities to earlier in the implementation period, or extend project timeframes, to ensure that there is sufficient time to build durable capacities for new livelihoods and connect to markets.

e) Acknowledging the uncertainty in REDD+, explore other opportunities to sustain impacts such as voluntary market jurisdictional payments. Example actions could include project planning to produce compliance documentation such as safeguards information systems that build on FCPF and ERPA readiness.

RECOMMENDATION 3: The CIF should design future private sector windows to address lessons from the FIP design, while remaining consistent with the principles of a programmatic approach and social inclusion. An effective private sector window would be:

a) Dedicated specifically to private sector projects to overcome the tendency for government-led investment planning processes to minimize the proportion of finance directed toward private sector entities.

b) Flexible to seize investment opportunities when they arise, rather than using time-bound calls for proposals.

c) Large enough to offer sufficient volume of funding to garner interest from MDBs.

d) Inclusive of grant and concessional funding that should be used to address the most significant constraints to private sector climate action, such as to de-risk investments, provide critical technical assistance and advisory, and support upstream development that has a clear line-of-sight to mobilizing private sector investment. In allocating scarce CIF concessional resources, the CIF

should also consider whether funding helps develop and/or standardize a private sector business model for new areas of climate action, provides explicit consideration of the scalability of private sector climate business models,[123] and supports social inclusion.[124]

e) Programmed in a manner that is consistent with the programmatic and transformational vision articulated in countries' investment plans. Investment plans should include diagnostic analysis that identify promising and priority strategies for engaging private sector and explicitly describe how CIF public sector activities (such as policy actions) and private sector activities could work programmatically to strengthen potential for scaling up private finance. During the investment planning phase, MDBs and countries should increase engagement with possible financial intermediaries (e.g., national environmental funds, national banks, regional banks, micro-credit finance facilities) to explore potential for greater use of intermediated finance to on-lend to Small- and Medium-sized Enterprises, with blended finance alongside technical assistance and advisory. A rigorous review process will be needed to ensure that private sector investments later approved through a dedicated window are aligned with the programmatic intent of the investment plans.

RECOMMENDATION 4: The CIF should streamline FIP and DGM collaboration while maintaining IPLC leadership for the DGM. Specific actions should include:

a) Maintaining IPLC leadership of DGM governance structures. At the country level, this should include the continuation of the model of representative National Steering Committees (NSC) supported by National Executing Agencies (NEA) with accountability mechanisms to IPLC stakeholders. Where appropriate FIP should help facilitate NSC interactions with government counterparts to advance the goals of DGM and FIP.

b) Sharing guidance for World Bank TTLs and NEAs on how to develop representative and accountable governance structures. Guidance should address how to interact with governance structures of membership-based organizations and how to ensure that civil society organizations represent the interests of, and build meaningful relationships with, IPLCs.

c) Encouraging stronger dialogue between FIP and DGM at the country-level during implementation through linkages between the design of FIP and DGM programming—while still respecting the DGM's principle of self-governance. Doing so would help ensure that IPLC engagement is mainstreamed across core programming rather than siloed. This could involve establishing local collaboration protocols between DGM and FIP project teams to improve decision-making, clarify roles and responsibilities, and pursuing synergies that could deepen impact for IPLCs. Additionally, MDB TTLs should share information and encourage dialogue between FIP and DGM decision-makers.

d) Adapting streamlined World Bank processes on procurement, safeguards, and other administrative processes from DGM experience into centralized operational guidance. Many DGM project teams negotiated more streamlined processes and requirements with the World Bank to balance due diligence, efficiency, and IPLC capacities. If future DGM projects are managed by other MDBs, the World Bank should share lessons learned and recommendations to avoid additional time-intensive negotiations. At a minimum, these streamlined processes should be shared with project leads for new DGM projects. Similarly, NEAs should be provided with a library of contract and reporting templates integrating safeguards (or World Bank-endorsed templates to mitigate spending time re-negotiating them) from existing DGM projects for their use.

[123] Factors recommended to the World Bank and IFC from the World Bank's Independent Evaluation Group on increasing private sector finance for climate action. See IEG. 2023. Creating an Enabling Environment for Private Sector Climate Action: An evaluation of World Bank group support, fiscal years 2013-22.

[124] Use of concessional resources should also be consistent with CIF financial terms and conditions, including principles and guidelines for use of concessional resources.

e) Providing immediate upfront training to MDB project leads, NEA staff, and NSC members on lessons learned from previous DGM experiences and best practices.

RECOMMENDATION 5: The CIF and MDBs should engage with other donors to raise sustainable funding for maintaining DGM's capacities and structures. Public and private donors have committed more than a billion dollars of funding to enhancing IPLC forest guardianship and are looking for effective channels to deliver that funding. Existing DGM infrastructure and capabilities could play a valuable role in the global donor ecosystem. The CIF Secretariat and MDBs could more proactively engage with donors during the life of the DGM project to identify avenues to continue DGM programming beyond the life of the program and/or make continued use of the NSCs and DGM model. Future DGM programs should clearly articulate that it is the responsibility of the CIF Secretariat and MDB, in cooperation with the NSC and NEA, to identify sustainable or long-term funding for DGM and build this into the project plan from the outset.

RECOMMENDATION 6: The CIF and MDBs should enhance support for gender-transformative approaches across the FIP portfolio. Promoting gender-transformative strategies that address deeper societal and cultural norms will involve understanding the specific burdens and benefits that interventions impose on different genders, especially those engaged in subsistence agriculture, fuelwood collection, and artisanal charcoal production. It is essential to ensure that these interventions do not inadvertently increase the burden on, or cause harm to, women or other marginalized groups.

To support this effort, the CIF and MDBs should ensure that gender-differentiated results are captured through gender-specific indicators. This will enable a more precise analysis of how interventions impact men and women differently and facilitate targeted improvements.

7.3 Lessons for future programming

The following additional lessons were derived from the FIP's experience and offer more generalizable learning for future programming.

Sustainable impact can be diluted by spreading resources too thin across multiple objectives and locations, especially for forests. Some FIP projects, for example, prioritized supporting more beneficiaries, spreading available resources thinly to the detriment of sustainable livelihood outcomes. Working with the most vulnerable may take more time and resources—e.g., to build sustainable capacities and organizational and legal structures to access resources and services—which may require lower beneficiary targets and extended project periods. Similarly, large-scale targets for sustainable land use may be at odds with dedicated efforts to pilot an approach in a smaller area. To enhance transformational potential, future programming might consider a strategy that facilitates deeper systemic change on a local level with a clear line of sight to scaling up that change—rather than diluting the impact of a small resource volume to deliver incremental change over a larger hectarage or number of beneficiaries. Funding for reducing deforestation and forest degradation is already constrained; potential trade-offs or unintended outcomes should be managed carefully to ensure that CIF's new NPC program can still support forest-related objectives effectively as part of its broader mandate.

Slowing forest loss is not possible without engaging with large-scale direct and indirect drivers, especially in countries where large-scale actors are major drivers of deforestation and forest degradation. The FIP experience demonstrated the importance of engaging with large- and small-scale direct and indirect drivers of deforestation in a coherent way to drive sector transformation. This topic is particularly ripe for discussion among CIF Secretariat and MDBs in the context of CIF's objective of accelerating transformational change toward net-zero emissions and adaptive, climate-resilient development pathways in a just and socially inclusive manner. More systems-based approaches backed by significant funding resources are needed to stop and reverse forest loss, warranting more strategic collaboration with MDBs and other aligned actors that can help address large-scale drivers, even if not covered by core project support. Promoting a deeper understanding of how concessional finance could be used to address large-scale drivers could include high-level strategizing among MDBs and other development partners, including the philanthropic sector, on how to ensure stronger coherence among forest and nature-related initiatives.

The importance of self-determined and representative governance coupled with robust funding should not be underestimated in future programming for IPLCs. The IPLC-led governance structures supported by NEAs were critical to the success of the DGM. The considerable investment of time and resources required to establish and make those structures functional should not be sacrificed for the sake of efficiency. Future programs that seek to replicate or adapt the DGM model should provide sufficient financial resources and longer planning timeframes to accommodate the creation of novel representative structures that work in alignment with the MDBs and NEAs.

Appendix A: Stakeholder interviews

Central-level Interviews

Organization	Number of Interviews
World Bank	9
MDBs (AfDB, ADB, IFC, IDB)	15
National Government	5
Civil Society / NGO	4

Country Case Study Interviews by Stakeholder Type

Country	Total	MDB	Government	NGO and IPLCs
Brazil	67	8	22	37
Burkina Faso	8	1	2	5
Cote d'Ivoire	9	5	0	4
DRC	47	14	6	27
Ghana	10	6	2	2
Indonesia	29	10	11	8
Lao PDR	7	5	2	0
Mexico	13	8	0	5
Mozambique	29	7	13	9
Peru	7	1	5	1
Total	**226**	**65**	**63**	**98**

Appendix B: Projects considered for case study and portfolio analysis

Notes: [1] Blue highlight indicates in-depth case study. [2] Project status is as of June 2023. [3] Public / private sector is listed is the way it is characterized by the CIF system – not an evaluative judgment on whether projects work with the private sector.

#	Project Title	Country	MDB	Public / Private	Project Status
1	Macauba Palm Oil in Silvicultural System	Brazil	IADB	Private Sector	Active
2	Forest Management Information for the Conservation and Valorization of Forest Resources in Brazil	Brazil	IADB	Public Sector	Active
3	Brazil Dedicated Grant Mechanism for Indigenous Peoples Phase Two – additional financing	Brazil	IBRD	Public Sector	Active
4	Environmental Regularization of Rural Lands in the Cerrado of Brazil	Brazil	IBRD	Public Sector	Active
5	Sustainable production in areas previously converted to agricultural use project (under the low carbon emission agriculture plan)	Brazil	IBRD	Public Sector	Closed
6	Forest Information to Support Public and Private Sectors in Management Initiatives	Brazil	IADB	Public Sector	Closed
7	Development of systems to prevent forest fires and monitor vegetation cover in the Brazilian Cerrado	Brazil	IBRD	Public Sector	Closed
8	Investment Plan Coordination Project	Brazil	IBRD	Public Sector	Active
9	Integrated Landscape Management in the Cerrado Biome	Brazil	IBRD	Public Sector	Active
10	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Funding Proposal for the DGM Project for Brazil	Brazil	IBRD	Public Sector	Closed
11	Decentralized Forest and Woodland Management	Burkina Faso	IBRD	Public Sector	Closed
12	Gazetted Forests Participatory Management Project for REDD+ (PGFC/REDD+)	Burkina Faso	AFDB	Public Sector	Closed
13	Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (Wouol project)	Burkina Faso	AFDB	Private Sector	Active
14	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities in Burkina Faso	Burkina Faso	IBRD	Public Sector	Active
15	Northern Congo Agroforestry Project	Congo, Republic of	IBRD	Public Sector	Active
16	Community Agroforestry and Wood Energy Project (PACBE)	Congo, Republic of	AFDB	Public Sector	Active
17	DGM: Support to Indigenous Peoples and Local Communities for Sustainable Resources Management	Congo, Republic of	IBRD	Public Sector	Active
18	Forest-Dependent Community Support Project	DRC	IBRD	Public Sector	Active
19	Improved Forested Landscape Management Project (IFLMP)	DRC	IBRD	Public Sector	Active
20	Integrated REDD+ Project in the Mbuji-Mayi/Kananga and Kisangani Basins	DRC	AFDB	Public Sector	Active
21	Forest Investment Project	Cote d'Ivoire	IBRD	Public Sector	Active
22	Forest Cover Recovery and Resilience Improvement Project in the Center of Côte d'Ivoire	Cote d'Ivoire	AFDB	Public Sector	Active
23	Dedicated Grant Mechanism for Cote D'Ivoire	Cote d'Ivoire	IBRD	Public Sector	Active
24	Forest Investment Project Phase 2	Cote d'Ivoire	IBRD	Public Sector	Active

25	Public-Private Partnership for restoration of degraded forest reserve through VCS and FSC certified plantations	Ghana	AFDB	Private Sector	Active
26	DGM for Indigenous Peoples and Local Communities	Ghana	IBRD	Public Sector	Closed
27	Enhancing Natural Forest and Agroforest Landscapes Project	Ghana	IBRD	Public Sector	Active
28	Engaging Local Communities in REDD+/Enhancement of Carbon Stocks	Ghana	AFDB	Public Sector	Closed
29	Additional Financing for Ghana Forest Investment Program - Enhancing Natural Forest and Agroforest Landscapes Project	Ghana	IBRD	Public Sector	Active
30	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities: Program Framework and Funding Proposal for the DGM Project for the Global Component	Global	IBRD	Public Sector	Closed
31	Phase 2 of the Dedicated Grant Mechanism (DGM) Global Project	Global	IBRD	Public Sector	Active
32	Green Guarantee for Competitive Landscapes	Guatemala	IADB	Private Sector	Active
33	DGM for Indigenous Peoples and Local Communities (IPLC)	Guatemala	IBRD	Public Sector	Active
34	Sustainable Forest Management	Guatemala	IADB	Public Sector	Active
35	Strengthening Rights and Economies of Adat and Local Communities Project	Indonesia	IBRD	Public Sector	Active
36	Community-Focused Investments to Address Deforestation and Forest Degradation(CFI-ADD+)	Indonesia	ADB	Public Sector	Active
37	Promoting Sustainable Community-Based Natural Resource Management and Institutional Development	Indonesia	IBRD	Public Sector	Active
38	Smallholder Forestry Program	Lao PDR	IFC	Private Sector	Active
39	Protecting Forests for Sustainable Ecosystem Services	Lao PDR	ADB	Public Sector	Active
40	Scaling-up Participatory Sustainable Forest Management	Lao PDR	IBRD	Public Sector	Closed
41	Support for Forest Related Micro, Small, and Medium-sized Enterprises (MSMEs) in Ejidos	Mexico	IADB	Private Sector	Closed
42	DGM for Indigenous Peoples and Local Communities	Mexico	IBRD	Public Sector	Active
43	Forests and Climate Change Project	Mexico	IBRD	Public Sector	Closed
44	Financing Low Carbon Strategies in Forest Landscapes	Mexico	IADB	Public Sector	Closed
45	Emissions Reductions in the Forest Sector Through Planted Forests with Major Investors	Mozambique	IFC	Private Sector	Closed
46	DGM for Indigenous Peoples and Local Communities	Mozambique	IBRD	Public Sector	Active
47	Mozambique Forest Investment Project (MozFIP)	Mozambique	IBRD	Public Sector	Closed
48	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities	Nepal	IBRD	Public Sector	Active
49	Forests for Prosperity	Nepal	IBRD	Public Sector	Active
50	Dedicated Grant Mechanism in Peru	Peru	IBRD	Public Sector	Closed
51	Integrated Land management in Atalaya, Ucayali Region	Peru	IBRD	Public Sector	Active
52	Forest Investment Program Peru	Peru	IADB	Public Sector	Active

Appendix C: Evaluation matrix

Subquestions	Indicators / What to look for	Methods / sources
Relevance and coherence		
a. To what extent were FIP's and DGM's overall design, as well as their country programs and projects, relevant to the context at the time of their design? Do they remain relevant today?	• Evolution of FIP and DGM program design features and types of projects funded • Relevant trends/changes in global, regional, national operating environments or MDB processes that may affect FIP and DGM relevance today and/or better support IPLC and private sector engagement (since earlier review) • Perceptions of original and continued relevance of key FIP design features, such as its focus on supporting REDD+, efforts and leveraging additional finance resources for REDD, the programmatic approach (including stakeholder engagement dimensions), the expansion to additional countries, and PSSA • Perceptions of original and continued relevance of key DGM design features, such as dedicated and predictable funding for IPLC, direct access, self-determination, GSC/GEA and NSC/NEA structures and linkages, and linkages to FIP • Continued demand for FIP and DGM services/funds at country level	• Document review and analysis including FIP Design Document, Results Frameworks, Phases 1 and 2 country selection process documentation, FIP Subcommittee and DGM Steering committee meeting summaries and comments on investment plans and projects, SREP presentations and outreach materials • Interviews with CIF Secretariat, MDBs, and FIP Technical Committee members, and participating countries • Interviews with GSC / NSC members, NEAs, and external experts
To what extent did FIP investment plans and projects consider the systems where change is needed and identify what change is required for forest sector climate action within their specific contexts? (context may include existing opportunities, assets, barriers to change, and complementary existing efforts.) c. To what extent were FIP investment plans and projects' intervention logic / theory of change relevant to the fundamental change and transformational impacts planned for?	• Degree of alignment between investment plans and updated country ambitions (NDC / Paris-aligned targets, long-term sector planning) • Evidence that IP/projects rely on diagnostic analysis to assess the underlying situation, root causes of the problem(s), and opportunities, given the scope of available funding and other existing efforts • Evidence that IP/projects are designed based on a strong and sound theory of change that clearly articulates specific fundamental changes being targeted and the linkages between proposed activities and identified opportunities and barriers (e.g. drivers of deforestation, forest governance, capacity-building dimensions, complementary efforts in country) • Proposed program pipeline and financing (FIP and leveraged financing) is proportionate to ambition, including domestic co-financing of FIP projects	• Document review of previous CIF studies, IPs and project proposals • Country case studies (including interviews and review of third-party country "diagnostic" documents on drivers of deforestation and FLEGT or other similar large-scale programs) • Transformational change signals framework

Subquestions	Indicators / What to look for	Methods / sources
	• Identification of key elements of context that may affect the extent to which FIP and DGM projects deliver outcomes that benefit various stakeholder and beneficiary groups	
Early results and effectiveness		
a. What are the major achievements of FIP and DGM so far, including progress on intended outcomes vis a vis the results framework (largely forest conservation and management and mitigation outcomes); co-benefits (for example, adaptation, livelihoods, and biodiversity benefits); and unintended positive and negative outcomes?	• Progress on intended outcomes and co-benefits as reported against the FIP Results Framework and relevant country/project results frameworks, disaggregated by stakeholder group where possible • Evidence of country progress toward obtaining REDD+ payments • Progress toward DGM outcomes (e.g., stronger and more sustainable natural resource management, improved IPLC livelihoods / higher income, land rights, and engagement in FIP and other REDD+ processes) and enabling results (e.g., increased ownership, trust, empowerment, inclusion, and representation among IPLC) • Evidence of other major FIP and DGM achievements or unintended results	• Document review and analysis including of operational reports, risk reports, country portfolio reports, MDB results reporting and evaluation, and previous CIF studies • Portfolio analysis • Interviews with CIF Secretariat and MDBs • Country case studies • Outcome harvesting (DGM) • Targeted geospatial analysis of environmental outcomes
b. How well, to what extent, and why has FIP and DGM supported different stakeholder groups?	• Distribution of support and associated outcomes across stakeholder groups (e.g. by sector, geography, ethnicity, gender, class) • Perceptions of why FIP and DGM have supported certain stakeholder groups and the process for prioritizing those groups, in different contexts • Quality of stakeholder engagement as it influences effectiveness of support for different stakeholder groups • Approaches for engaging IPLCs in FIP and DGM (e.g., participants in consultations, executing partners, beneficiaries, steering committees) and effectiveness of those approaches in different contexts	• Document review of IP/project documents, MDB project evaluations, and previous CIF studies (e.g., Just Transitions review of DGM/FIP in Ghana) • Portfolio analysis • Interviews with CIF Secretariat and MDBs • Thematic studies on IPLC and private sector • Country case studies • Outcome harvesting (DGM)
c. What mechanisms and structural issues have led the FIP and DGM to be more or less effective? What types of projects and initiatives have succeeded at generating various types of outcomes, including forest conservation and management,	• Evidence of key mechanisms or structural issues affecting FIP effectiveness, such as the programmatic approach, stakeholder engagement, national monitoring and reporting, learning opportunities/exchanges • Evidence of key mechanisms or structural issues affecting generation of outcomes in DGM, including the pre-existence of an organization representative of IPLC voices/interests, GSC/GEA and NSC/NEA structures, granting approaches, geographical spread/concentration)	• Document review of MDB project reporting and evaluations, DGM annual reports and reports of learning exchanges, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs • Country case studies • Realist analysis

Subquestions	Indicators / What to look for	Methods / sources
mitigation, adaptation, livelihoods, and biodiversity benefits?	• Evidence of patterns in the types of projects and initiatives that have yielded stronger and weaker outcomes (forest conservation and management, mitigation, adaptation, livelihoods, and biodiversity benefits), and in what contexts	
Analysis of scale and systemic change		
d. Did project outputs influence wider changes and generate signals of transformational outcomes (for example, sustainable changes that were robust, resilient, and lasting and leading to broader empowerment of IPLCs?)	• Evidence of contributions of project outputs/outcomes to the signals of systemic change (including those related to entrenched barriers/interests and power dynamics), speed, and scale • Perceptions of the significance of the wider changes and scaling observed, in the context of sector transition • Perceptions of why wider changes were or were not achieved or influenced by project interventions	• Document review of MDB project reporting, completion reports, and evaluations, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs • Country case studies • Outcome harvesting (DGM) • Transformational change signals framework approach
e. To what extent did FIP investment plans and projects support scaling of their outcomes?		
f. To what extent did FIP investment plans and projects remove entrenched barriers and open new pathways or change power dynamics needed for systemic changes?		
Analysis of private sector engagement		
g. How have CIF and FIP processes such as the programmatic approach and private sector set asides contributed to achievements and challenges in engaging the private sector?	• Comparison of the number of projects featuring significant private sector engagement, and private sector co-financing contributions, with the total number of FIP portfolio projects and total financing contributions • Feedback from MDB private sector arms and the private sector itself on the key contributing factors to private sector engagement, or otherwise • Evidence of extent of reported private sector engagement in the IP processes to inform the programmatic approach, and enable the use of public sector finance to leverage private sector finance • Evidence of FIP projects featuring substantive private sector investment or engagement, with clear signals of	• Document review of MDB project reporting, completion reports, and evaluations, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs, MDB private sector lending arms, e.g., IFC or IDB Lab • FIP portfolio analysis and project categorizations using Indufor/ICF definition of private sector engagement • Case studies featuring private sector engagement (as a crosscutting programmatic area).

Subquestions	Indicators / What to look for	Methods / sources
	transformational change in sustainable land management (reducing deforestation and forest degradation).	
h. What are lessons for other CIF nature-based work, chiefly NPC, for engaging the private sector?	• Evidence of innovative or effective approaches adopted in FIP and DGM programs, which have contributed directly to substantive private sector engagement and investment • Findings and recommendations considering what is needed for private sector engagement to actually address underlying sustainability problems (beyond "more is better" mentality), tailored for realities of available financing for NPC	• Document review of MDB project reporting, completion reports, and evaluations, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs, MDB private sector lending arms, e.g., IFC or IDB Lab • Case studies featuring private sector engagement (as a crosscutting programmatic area)
Cost effectiveness		
a. To what extent are FIP and DGM cost-effective, from a value for money and additionality perspective, in relation to program goals and operating contexts?	• Evidence of co-financing mobilized by source, project type, country/market context, MDB, financing modality • Fully costed activities leading to specific outputs achieved by FIP and DGM (included establishment costs) • Comparative cost data on similar outputs achieved by other initiatives • Estimation of proportion of DGM funding that directly reaches IPLCs • Perceptions of FIP and DGM cost-effectiveness, given program goals and different operating contexts	• Portfolio analysis • Budget and actuals review • Benchmarking • Document review of MDB project reporting, and literature from academia and NGOs working in similar or related fields • Interviews with CIF Secretariat, World Bank, GSC, FIP and DGM contributor countries, and other global funding mechanisms for IPLC direct access such as the Tenure Facility and IUCN Inclusive Conservation Initiative
Adaptive sustainability		
a. What relevant changes are likely to be sustained and advanced beyond FIP's interventions?	• Evidence of contributions of project outputs/outcomes to the signals of adaptive sustainability • Evidence of durable models for incentivizing REDD+-aligned practices that CIF and individual MDBs can replicate beyond FIP • Perceptions of whether and why changes are likely to be sustained and advanced, or not	• Document review of MDB project reporting, completion reports, and evaluations, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs • Country case studies • Transformational change signals framework approach
b. Why has it been hard to identify sustainable/long-term funding for DGM, and how might a second round of DGM under the NPC work	• Evidence of efforts to identify sustainable/long-term funding for DGM as a program and/or continued funding for DGM recipient countries/communities	• Interviews with CIF Secretariat, World Bank, GSC, current DGM contributor countries, and other global funding mechanisms for IPLC direct access such as the Tenure Facility and IUCN Inclusive Conservation Initiative

Subquestions	Indicators / What to look for	Methods / sources
seek to advance a more sustainable funding model?	• Perceptions of challenges faced (e.g., institutional, business model, perceptions of DGM effectiveness/efficiency) and opportunities for future funding models	
c. To what extent did FIP build the capacity of stakeholders and institutions to advance and sustain change?	• Evidence of contributions of project outputs/outcomes to the signals of adaptive sustainability • Evidence of knowledge-sharing among countries and MDBs involved in Phases 1 and 2 translating into enhanced design and implementation • Evidence of private sector engagement in national, subnational or landscape-level land use planning and sustainable management programs, and related climate action initiatives	• Document review of MDB project reporting, completion reports, and evaluations, learning exchange reports, and previous CIF studies • Interviews with CIF Secretariat, MDBs, GSCs, GEA, NSCs, NEAs • Country case studies • Transformational change signals framework approach

Appendix D: Details on evaluation methodology

This appendix provides additional details on two key components of the evaluation methodology: outcome harvesting and transformational change signals analysis.

Outcome harvesting: The evaluation team developed step-by-step guidance, interview scripts, and an Excel-based tool to capture, categorize, and interpret the outcomes harvested. Training was provided to all team members who conducted outcome harvesting, including both international and national team members. National consultants were carefully selected to ensure respect for, understanding of, and experience with local cultural and Indigenous customs, and interpreters were also hired to enable IPLCs to respond in local languages. Outcomes were harvested from DGM reporting and other documentation (e.g., evaluations, case studies, news reports), interviews and focus group discussions with project partners (World Bank, NEAs, and NSCs) and participating IPLCs, and through visits to DGM grant sites (e.g., transect walks, direct observation). With limited resources, evaluators focused on substantiating particularly notable outcomes as well as outcomes that may offer potential to strengthen the influence of different contexts on the change process (to support replication or scale up).

The team faced several challenges and limitations in applying this method. Several factors may have influenced the outcomes gathered. The team faced some difficulties in terms of sampling of project sites to visit; while significant efforts were made to target sites and communities that cover a range of activities, resources, and beneficiary groups, operational considerations ultimately had an outsized influence, given the remote sites of many projects, inaccessibility issues (e.g., washed out bridges in Mozambique), and geographical dispersion of sub-projects (e.g., spanning multiple islands in Indonesia). It is possible that these difficulties led to the team to visit sites where more positive outcomes were available.

Contextual and cultural factors may have also influenced the outcomes reported, including the focus of projects on immediate results like livelihoods or afforestation areas over complex, medium- to long-term goals such as access to funding mechanisms or political representation. Complex initiatives might take longer to materialize into reportable results, and purposive sampling could skew data towards certain types of outcomes. Geographical and contextual differences across countries, as well as the varying capacities of local stakeholders to report achievements, also play roles in the diversity of reported successes, potentially leading to underrepresentation of progress in areas with more challenging conditions or less established reporting mechanisms.

In addition, the team faced limitations in its ability to re-engage with project participants and partners to validate the significance of results (including outcomes harvested for DGM and signals of transformational change), sometimes due to practical barriers (e.g., resources were not available for national consultants to make repeat trips to remote project sites) and sometimes in recognition of limits on how much time the evaluation could reasonably request country partners to contribute. Acknowledging these limitations, the evaluation has focused on the relative frequency of outcomes within and across countries to understand trends in DGM results.

Transformational change signals analysis: Signals are ways of observing progress toward transformational change that can be found in both outcomes and processes,[125] and may be evident along a continuum from emerging to advanced stages.[126] Illustrative signals for each dimension of transformational change were identified in the evaluation's inception report. The team further refined these

[125] For more information on the signals, please see Savage and Kyle, 2021. The TCLP has used the term **signals** (rather than indicators) to highlight that these signs of change are highly context-specific and temporal, and that universal measures or metrics are often inappropriate for the assessment of transformational change across different scales, sectors, institutions, etc. (Williams, Dickman, and Smurthwaite 2020).

[126] Emerging signals suggest that transformational change processes are underway and provide a clear line of sight to connect lower-level (community and project level) and higher-level (sector, national, and global levels) systems to deliver transformational impact. Advanced signals are those of large-scale positive impacts which can be identified within larger systems, and either arise directly from specific project interventions or occur through the institutionalization of new systemic processes or scaling up pilot interventions over time.

signals through the evaluative process as the team learned more about what progress towards transformational changes look like for the FIP and in climate change and forestry. The refined signals for relevance, systemic change, and scale are shown in the tables below.

A rating rubric was applied to the signals for relevance, systemic change, and scale to assess progress toward transformational change at the country level. Advantages of this rubric approach are that it enables a systematic portfolio-wide view of FIP contributions to transformational change and could be replicated over time to examine progress toward transformational change. The rubric was applied using the country as the unit of analysis and from the lens of broader changes to which the FIP and DGM have contributed. Signals were assessed through an analysis of all sources of evidence at the country level, including desk review, interviews, and site visits. The rubric was applied to the eight countries for which case studies were conducted and that have mature FIP programs.[127]

To apply the rubric, each country case study lead rated each signal on a scale ranging from 0 to 2. The scale indicated the intensity of the presence of the signal, based on an assessment of how the balance of evidence compared to the normative description of the signal—2 indicates that the evidence pointed to outcomes or processes that mark substantial or good progress toward the normative signal description with few important changes left to be made; 1 indicates that the evidence pointed to outcomes or processes that partially fulfilled the normative signal description but that many important changes still need to be made; and 0 indicates that there is no evidence of the presence of the signal. Country case study leads provided a rating for each signal along with a summary of the evidence justifying the rating. A second evaluator reviewed all the ratings to ensure alignment. In cases of discrepancies, the original evidence was re-reviewed to finalize the ratings.

Relevance signals and rating rubric

Signals	Rating
Investment plans and projects are aligned to global, national, and local priorities	
Investment plans and projects identify the systems where fundamental changes are needed and address important levers and/or needs to produce systemic impact, within their specific contexts	
Investment plans and projects embrace approaches that are equitable, inclusive, empowering, capacity-enhancing, and rights-based	
Investment plans and projects seek to integrate ecological, social, and economic priorities	

Systemic change signals and rating rubric

Emerging Signals	Rating	Advanced Signals	Rating
Voice in policymaking			
Participation mechanisms enable meaningful involvement in shaping policy and funding decisions that affects forest landscapes, including by those voices that have been historically marginalized		Voices from key stakeholders, including equitable representation of historically marginalized groups, are routinely heard and exert a strong level of influence in policy and funding decisions	
Civil society as equal partner			
Relevant civil society actors and organizations representing communities, producers, and other historically marginalized groups develop the capacity for engagement as equals with government and businesses and have sustainable operating models		Relevant civil society actors and organizations, including those that have been historically marginalized, have secure land and resource rights, sustainable livelihoods, and act as equal partners with government and businesses	
Just governance and policy			
Government institutions strengthen their capacities and collaboration are strengthened vertically and horizontally to enable improved climate, forest-friendly and just climate policy and practice in the forestry, agriculture, and land use sectors		Government institutions enact, reform, implement, and enforce bold REDD+-aligned policies that are just, comprehensive, and difficult to circumvent	

[127] In the original design, signals were planned to be assessed only for four in-depth case studies, but the team was able to extend this assessment to four additional light-touch case studies, given the availability of evidence through robust documentation and remote interviews. These eight countries are: Brazil, Burkina Faso, DRC, Ghana, Indonesia, Lao PDR, Mexico, Mozambique

Market and economic incentives			
Market and economic incentives are created that induce businesses and policymakers to adopt just, REDD+ aligned practices and policies and increase access to financial resources for sustainable forest management, including for small and historically marginalized actors		Government and financial actors use their policies, practices, and financial flows to reflect climate change risks and opportunities, value non-market values of forest landscapes, and provide consistent access to finance at reasonable rates and terms, including for small and historically marginalized actors	
Business policy and practice			
Businesses adopt practices that support REDD+ objectives, while enhancing local benefits, equity, and inclusion		Nearly all major, influential businesses that influence forests promote and implement bold, REDD+ aligned policies and practices, while ensuring just benefits for workers, producers, and communities	
Equitable and inclusive AFOLU transition			
New approaches or business models are piloted that successfully demonstrate tangible options for a just transition in the AFOLU sectors, including by delivering climate benefits alongside improved and diversified local livelihoods and other environmental, social, and economic co-benefits		New approaches and business models are self-sustaining and self-replicating, without the need for continued concessional resources.	

Scale signals and rating rubric

Emerging Signals	Rating	Advanced Signals	Rating
Deepened shared understanding			
Government, businesses, and civil society are growing a shared understanding of the need for a just transition in the AFOLU sectors.		A widely accepted and strongly shared understanding among government, businesses, and civil society of the need for a just transition in the forest, agriculture, and land use sectors is driving decision-making at all levels.	
Scaled sustainable landscapes			
Opportunities and systems to scale interventions that advance sustainable landscapes are identified and integrated into institutional, regulatory, financial, and social responses in line with country commitments.		A widely accepted and strongly shared understanding among government, businesses, and civil society of the need for a just transition in the forest, agriculture, and land use sectors is driving decision-making at all levels	
Consistent and increased finance			
Public and private sector finance is consistently and increasingly invested in sustainable use and management of forest landscapes		Public and private financial flows for sustainable use and management of forest landscapes reaches a level that meets identified needs in the sector	

Appendix E: Links between DGM outcome harvesting and FIP themes

Outcome domain	Related FIP themes	Related DGM outcomes
Improved IPLC rights and governance over the natural resources on which they depend	Tenure, rights, and access (Theme 2.3)	Country sub-projects deliver benefits for IPLCs
Improved sources and security of IPLC sustainable livelihoods	Livelihoods co-benefits (Theme 1.2)	Country sub-projects deliver benefits for IPLCs
Empowerment of / benefits to women / girls	Livelihoods co-benefits (Theme 1.2) Tenure, rights, and access (Theme 2.3)	Country sub-projects deliver benefits for IPLCs
Increased representation/engagement of IPLCs in decision-making	Governance (Theme 2.2) Capacity development (Theme 2.4)	Country sub-projects deliver benefits for IPLCs
Increased IPLC skills and capacities	Capacity development (Theme 2.4)	IPLCs have increased skills and capacities
Greater funding and support for IPLC rights and stewardship	Support received from other partners including the private sector (Theme 3.3) *Additional funding (not represented in FIP Results Framework)*	*Additional funding (not represented in DGM ToC)*
Forest conservation, management, and climate mitigation outcomes	GHG emission reductions or avoidance/enhancement of carbon stocks (Theme 1.1) Biodiversity and other environmental services (Theme 2.1)	Country sub-projects deliver benefits for IPLCs *Benefits accruing to other actors not represented in DGM ToC*
Increased IPLC ownership of / trust in DGM model	Tenure, rights, and access (Theme 2.3) Governance (Theme 2.2)	IPLCs share knowledge and experiences
	Theory of change and assumptions (Theme 3.1)	Program monitoring & reporting is effective and accountable.

Appendix F: Country case study examples

Livelihoods

1. Fostering linkages to markets in Indonesia and DRC

Indonesia: A prominent feature of the ADB's project in Indonesia was the establishment of new economic facilities, as well as village infrastructure, which provided tangible and highly benefits to communities, and contributed directly to improving livelihoods. Through the provision of these facilities, with training programs, the investments contributed to capacity building, improved household incomes of 46-57 percent, and increased trust in government programs, most notably the Social Forestry program.

One of the most prominent examples of this is the Forest Products Gallery in Pontianak, West Kalimantan, designed to become a market center for community products within Forest Management Unit (FMU) areas in West Kalimantan. The Gallery provides a permanent exhibit space to present a broad range of NTFPs from community enterprises in West Kalimantan. Products exhibited include honey, coffee and kratom (plant leaves), and handicrafts such as woven mats. Arrangements were made for the gallery to be managed by the Provincial Forest Service (DLHK), with oversight and support from a Social Forestry Working Group, which has recurrent funding through the Provincial Government and the National Government's Social Forestry program. However, the Social Forestry Working Group would like to see further funding while the gallery initiative continues to develop supporting commercial initiatives, such as a local coffee house and café using coffee sourced from FMUs in West Kalimantan.

DRC: The evaluation's three site visits highlighted various livelihood benefits, each unique to its context but collectively illustrating the tangible advantages of sustainable land management and agroforestry. Local landowners and their employees directly benefit through employment and profits from produce, with wider community benefits including educational opportunities, improved infrastructure, and environmental conservation. The main sources of livelihood benefits are the production and sale of charcoal and honey, preservation of biodiversity, and stability provided by multifaceted land use. However, challenges such as fire risks, demographic pressures, and the need for continuous support and training remain evident.

For example, in Nzolo Kisantu, managed by a local development committee (LDC), a beneficiary family consists of "ayant droits" (customary rights holders), with 5 households directly involved and broader community participation. The project entailed 18 ha of acacia and 4 ha of fruit trees, with additional income from diverse sources like mushrooms, caterpillars, and livestock. The community has profited from the sale of acacia trees for charcoal production. Two trees can yield US$12 for the LDC and US$30 in a week for the charcoal maker, with significant potential profit if scaled up (if all trees planted by the project went to charcoal, local charcoal producers could profit US$114,000). The community has also built 100 hives with proceeds from charcoal sales. Improvements such as bridges facilitate better transport, while fire breaks protect the plantation. Non-monetary benefits include increased capacity to afford schooling for children, enhanced wildlife, and strengthened local cooperatives.

2. DGM livelihoods outcomes in Mozambique

In Ile district, Zambezia Province, a DGM sub-project engaged 13 members (5 women; 8 men) of the Egumi Dioroma CBO with the aim of diversifying and increasing the income of the CBO members through raising and selling broiler chickens. Egumi Dioroma is the only association selling chicken in the district. Previously, the community members were largely dependent on charcoal production for income and thus changing to chickens as an alternative livelihood was expected to help reduce deforestation. The project began in March 2021, building infrastructure (including a chicken house with battery power system), conducting CBO trainings, and purchasing chicks. Total project costs were US$16,360. The service provider, WWF, provided direct support for the first two cycles of chicken production (30 days each) starting in May 2022, and the CBO has since raised and sold chickens in 9 additional cycles through July 2023. Through those 11 cycles, the CBO has generated nearly US$11,400 in gross revenue. After three cycles, net profits (after purchasing the next cycle of chicks) are shared among active members, based on their level of participation. For the latest three cycles, each member is expected to receive up to US$32. The CBO members plan to continue to produce and sell chickens.

CBO members have used their substantial new income to make changes in their lives. Two members have bought their land with the new income received; another member reported that he is improving his house; a female member purchased a bicycle. The President of the CBO also explained that five of the 13 members of the CBO are no longer producing charcoal, as a result of their increased income from chicken production. Community members that are not part of the CBO also benefit, in terms of local access to purchase chicken for eating and chicken manure for fertilizing

their gardens. CBO members are reported that one community member has started independently keeping chickens, due to the DGM project influence and technical knowledge CBO members are able to share with him.

Despite this success, the CBO has also faced challenges in the DGM subproject. Access to market is the biggest challenge, as it requires a mode of transportation that the CBO does not currently have. Instead, the project sells locally to their community, but demand is less. Families buy a single chicken, often for a festival or holiday. As a result, the CBO has reduced the number of chicks from 500 in the first cycles to 300. This reduction in income makes it more difficult for the CBO to raise enough money to address the infrastructure repairs needed, including for the power battery system (to support incubation) and the chicken house. Water is also an issue in the dry season, given the size of the rain-fed tank and the lack of access to a borehole. The Egumi Dioroma CBO has now applied to the REDD+ benefit sharing mechanism under the Emission Reduction Program. If successful, these additional funds could help address infrastructure issues and access to market, enabling the business to thrive and grow.

Chicken coop built by DGM with the Egumi Dioroma CBO. Photo credit: Evaluation team, July 2023.

3. Improved well-being in DGM communities

In Burkina Faso, significant improvements have been observed in the lives sub-project stakeholders. For example, increased access to healthcare services, an enhanced standard of living including better clothing and food, acquisition of consumer goods such as mobile phones, motorcycles, and the implementation of solar energy electrification demonstrate such progress.

In Mozambique, the APROCAMO CBO in the same province cultivated a new economic pathway by generating 250,000 Mozambican Metical (MZN) from poultry farming in their first three production cycles, thereby enhancing living standards for its 45 beneficiaries. This income allowed members to afford essential family items and increased their protein intake, which was otherwise scarce. In the words of one member, “We believe that we now have more than when we were producing charcoal. At that time, we spent more time in the bush, whereas now we have more time at home and can contribute better in the fields.”

In DRC, the provision of fruit trees and livestock by DGM has yielded significant enhancements in the food security and economic stability of the community members, with subsequent benefits including support for the education of Indigenous children. The DGM's collaborative work with CENADEP (an environmental federation) and the World Wildlife Fund (WWF) has introduced a variety of fruit-bearing and citrus trees over an area of 100 square meters, diversifying the agricultural portfolio and ensuring a consistent nutritional supply.

Forest Governance

4. Successes and challenges in strengthening governance and rights

In **Mozambique**, forest governance in Zambezia Province strengthened in terms of implementation, enforcement, and compliance over the project period. FIP played an important role in building capacity in and equipping the new

National Agency for Environmental Quality Control (*Agência Nacional para o Controle da Qualidade Ambiental*, AQUA) at the national and provincial level in Zambezia. Key outcomes are that AQUA is now enforcing the Forestry Law (previous enforcement focused on the Conservation Law), coordinating more regularly with the forest directorate, protected areas agency, and national judicial system, and implementing a new law enforcement structure at the provincial level. AQUA rangers are now spending more time in the field. Interviews with AQUA and monitoring data provided suggest that these efforts are starting to translate into reduced illegal activity. MozFIP-financed joint surveillance between AQUA and ANAC resulted in illegal wood seizure (approximately 5,750 m^3 of logs and about 300 m^3 of sawn wood in) and the ban, elimination, and relocation of all 22 forest operators in the buffer zone of Gilé National Park. Data provided by AQUA showed a 42 percent reduction in fines issued between 2020 and 2022.

In **Mexico**, the World Bank's Forest and Climate Change Project supported CONAFOR in developing its capacity and systems to manage its growing portfolio, and to in place effective inter-sectoral coordination mechanisms that have continued long after project close. The Forest Carbon Climate Program also supported strengthening the majority of CONAFOR's field offices through increases in staff and capacity building, improved infrastructure and equipment, as well as capacity building and certification of independent Service Providers.

In **Lao PDR**, the World Bank FIP project played an instrumental role in implementing the National Forest Law Enforcement Strategy 2020, providing effective support to reduce illegal logging. Strengthened governance and law enforcement were considered a key achievement of the project by interviewees and project reports. The Vice Minister for Agriculture and Forestry said: "FIP created the capacity to act, PMO15 created the authority to act".[128]

5. A breakthrough on land tenure in Peru, yet short of transformational change

DGM Saweto was implemented during a period when land recognition, titling, and registration were very challenging for native communities in Peru due to government resource constraints and complex procedures and methodologies. The titling process, which initially involved over 20 stages across various government levels, was streamlined through collaborative efforts with the government, led by the NSC and NEA with World Bank support. Key simplifications and changes were achieved:

- In September 2015, a regulation requiring lengthy anthropological studies for native community recognition was replaced with a simpler socioeconomic assessment.
- Collaboration with the National Superintendence of Public Registries simplified legal requirements for the leadership of native communities, no longer requiring formal registration in the Public Registry.
- Through conversation with government, clarifications were made about the agreements that allow native communities to use and benefit from forest lands absent formal ownership.

These reforms, including national guidelines adopted by the Ministry of Agrarian Development and Irrigation in 2016, streamlined procedures, reducing the costs and duration of land titling. As a result, over 200 subprojects were completed in two years, a major achievement considering the average of 10 communities recognized and registered on an annual basis before DGM Peru.

DGM Saweto set an important precedent to show how land titling for Indigenous communities can be improved, but challenges remained around incentives for public officers to fully adopt the approach. More is needed in terms of political will and resources, integrated work with Indigenous organizations, roundtables, and other mechanisms to strengthen coordination across relevant agencies. A major reason why norms on land titling have not transformed is the siloed nature of land titling within the Ministry of Agriculture. Concerns were raised about the reliance on international agencies for funding land titling, pointing to the need for more government initiative, as evidenced by the limited success of government-funded programs like PRTR3. The World Bank is working to rebuild relations between the government and native communities to address these issues.

6. IPLC access rights in Indonesia

In West Kalimantan, communities including Dayak Taman Sungsong in Sekadau District and Dayak Mayao and Dayak Samai in Sanggau District, now have legal access rights to their customary territories. This was achieved through a Decree of the District Head, providing legal protection and recognition. These protections have proved valuable in practice, including through blocked attempts by concession holders to expand into customary areas. These developments have raised awareness and promoted sustainable management of customary forests in

[128] FIP Lao PDR Case Study.

Sekadau and Sanggau districts. Communities have gained knowledge about regulations for protecting Indigenous Peoples and their lands, including village, forestry, and plantation governance.

In the early 2010s, prior to the DGM projects being allocated, these communities did not have formal rights and access to forests within their customary areas, because 75 percent were within a designated protected forest area. This designation, established in 2014 and not discovered by the community until around 2016-2017, led to loss of land access. Community settlements, schools, and health infrastructure were all affected. Additionally, there were threats from oil palm plantations, with some developments being rejected by the community, while others resulted in loss of land access, particularly impacting women who play a key role in managing these resources.

With DGM funding, the AMAN Sekadau and AMAN Sanggau consortium worked to protect the rights, traditions, and institutions of IPLCs in four customary areas, covering about 65,000 ha. Activities included involving local communities and leaders in implementation, ensuring targeted and effective FPIC for shared understanding of project objectives, consolidating knowledge of Indigenous rights among various government levels, and lobbying for the issuance of regulations and decrees. The AMAN organizations, as implementing partners, led these efforts across villages and hamlets within the customary areas.

AMAN Sekadau engagement with Maragun Village Government representatives, Sekadau District, West Kalimantan
(Source: CIF mid-term evaluation meetings, July 2023)

Maragun Village forested landscape, showing high elevation mixed forest, with some oil palm plantings incursions
(Source: CIF mid-term evaluation meetings, July 2023)

7. Management challenges in Ghana

In off-reserve landscapes, successful management has been undermined partly because the complex and under-enforced tree tenure policy disincentivized farmers to adopt sustainable forestry practices. Multi-stakeholder dialogue on this issue had been ongoing for at least a decade, and a tree tending toll had finally been agreed for timber companies to compensate farmers for nurturing trees prior to harvest, including with support from other key partners such as UNDP. FIP support was key for developing a tree registration and data system. While the registration process is being implemented in some areas—with the hope that after several years of administrative experience, a regulation can be drafted—a lack of continued resources make the future tenuous. FIP funding is exhausted, and the administrative directive to the Forestry Commission is seen by some as an unfunded mandate.

Capacity Building

8. Transforming DGM supported groups into viable and respected enterprises in Burkina Faso

With the help of the DGM, associations across Burkina Faso improved the managerial, social and technical basis of their businesses to grow and gain respect in their communities. All three income-generating groups visited by the evaluation team managed to adopt fair and transparent financial management processes and a key for sharing revenues equitably. Members have a better understanding of the association's functioning and management (administrative, financial, and technical). The rules for managing association revenues are accepted by all members and apply to everyone. This resulted in conscious and interested participation of all group members, strengthened their entrepreneurial capacities, and ensured the sustainability of their groups and business activities.

For the **Guisma village group** the DGM sub-project also led to better collaboration with decentralized technical state services (environment, livestock, and agriculture) which are now partners that provide valuable quality control which enhances the sustainability of the group's activities. The practical knowledge acquired and better access to inputs, raw materials and market resulted in several new and differentiated activities in their business and in the community. The **Association of solidarity widows in Boromo** was able to acquire a plot of 1980 square meters where it established a new building for its enterprise, thanks to support by the DGM and the municipality. The association also installed a wastewater treatment system for the transformation of néré other products as well as other systems to reduce solid waste, noise, and odor pollution. These improved environmental standards were critical for obtaining financing for their business plans from other technical and financial partners.

The **mixed-member association in Guisma village** successfully changed its operational and business model and became a cooperative society (SCOOPS) in compliance with the legal and judicial system of the Organization for the Harmonization of Business Law in Africa (OHADA). This status confers advantages in terms of facilitating trade and investment, guaranteeing legal and judicial security for the company's activities. The '**Allah Wallou' women's group** and the **Association of solidarity widows** were also admitted to the same status of a cooperative society. The latter groups broadened its activities significantly and changed its name into **Solidarity and community development association**. It developed int a well-recognized group that operates in safeguarding environment and REDD+ objectives and is engaged in decision-making in the municipality. All groups increasingly gained trust and sponsorship of administrative, customary, religious authorities, and other partners.

Sustainable Land Management

9. Successes and challenges in scaling sustainable land use through FIP

In the **DRC**, FIP reported 233,590 ha under sustainable forest and land management through 2022 based on the **PGAPF** and **PIREDD-MBKIS** projects, primarily through afforestation, restoration and the development and implementation of "simple land management plans" (*plans simples de gestion)*. Approximately 24,000 ha of protected savanna and forests for restoration have been reported, with little monitoring evidence to demonstrate restoration outcomes. **PGAPF** reports 21,251 ha of savannah and forests under protection and conservation through exclosures and community-led projects. The project paid approximately US$2 million to community members for their contributions. **PIREDD-MBKIS** reports 3,230 ha of improved degraded forests as of 2022, though these numbers are reported by the ALEs and not verified by AfDB.

Left: Acacia plantation in Kongo Centrale, DRC, supported by FIP co-financing
Right: Artisanal charcoal production using FIP co-financed Acacia planted by local development committee
Photo credit: Evaluation team, October 2023

Plantation establishment for charcoal production and agroforestry has been the cornerstone of FIP projects in DRC, largely successful when implemented. The afforestation objectives were to plant fast-growing species such as acacia to supply the charcoal market, and fruit trees (e.g. avocados, saffoutier, citrus, and mango) for income and food security. Evaluation visits to plantations run by private landowners and Local Development Committees confirm the presence of acacia and agroforestry plantations planted from 2016-2018 in the PGAPF Kongo Centrale area. Due to

MBKIS project delays, and close to 40 percent of the budget used by 2020, the AfDB and PIU team decided to replicate the plantation approach from PGAPF, leading to a rapid effort to identify local landowners and communities with customary rights to plant 5,000 ha in two years. A review of Planet imagery and PIU shapefiles by the evaluation team confirms some planting has occurred.

In **Brazil**, FIP played a key demonstration role in scaling up low-carbon agriculture practices with technical assistance in the Cerrado among small and medium farms through the **ABC Cerrado** and **ILM** projects. Practices include recovery of degraded pastures, crop-livestock-forest integration, no-tillage system, and planted forests. An impact assessment of the ABC Cerrado project found improved environmental performance of farms, 93,800 ha of recovered pasture areas, and intensification of cattle production. The Brazilian government launched the 2023/2024 Safra Plan to provide credit at preferential interest rates for producers, cooperatives, and family farmers adopting sustainable agricultural production and pasture recovery, the largest program of its kind in Brazil's history, through RenovAgro, the new name for the ABC program.

The ongoing ILM project, building on the ABC project, has also driven strong adoption of low-carbon agriculture, reporting 83,726 ha as of June 2023. The project reported 17,996 ha of conservation and restoration practices, which have proven harder to scale. The project design was premised on engagement of medium and large landowners, with massive area targets. Most participating landowners are small, reflecting the implementing agency SENAR's specialization with small landowners, the fact that large landowners can hire their own agronomists or engineers, and mixed understanding of what drives behavioral change for large landowners.

In **Mozambique**, FIP achieved 39,949 ha under sustainable practices, exceeding revised targets on multiuse planted forests and agroforestry techniques, while underachieving on ha of conservation area under improved management. Over 2,280 ha of commercial plantations (primarily *Eucalyptus species*) were established in the Zambezia landscape and 800 ha of degraded natural forests were restored. Restoration work included pruning, enrichment planting of valuable native species (including Chanfuta, Jambire and Umbaua), protecting water courses and riparian environments, and establishing and maintaining fire breaks. Multiple sources confirmed that beneficiaries are committed to these investments and that planted forests are growing well. However, most planted areas are only 2-3 years old, with another 5-6 years of maturation required before harvesting for commercial purposes.

A total of 7,195 ha in 3,038 smallholder farms were incorporated in the SAF scheme throughout Zambezia and Cabo Delgado. Each smallholder was supported with at least one technique to increase agricultural productivity and contribute to restoration/conservation, increasing tree cover (with leguminous and fruit tree species[129]) and producing income-generating products. Techniques included alley cropping and restoration of vulnerable areas like riverbanks. The agroforestry schemes were estimated to have reduced burning in Mulevala district from 100 percent to 5 percent of plots. While the plan was to increase focus on planting systems that enhance soil fertility and stem erosion, i.e., nitrogen fixing trees rather than cashew/fruit trees, people prefer the latter. Seedlings had a lower-than-expected survival rate, especially fruit trees, due to late delivery of crop inputs.

Private Sector

10. Blended finance and private sector engagement

In Mexico, national organizations used a combination of grants and concessional loans through intermediated financing arrangements to lower overall risk and allow the proponents to work with communities that otherwise would

[129] Although the SAF completion report references both commonly used and native species as options, choice of species was up to the interest of farmers and no information is reported on those planted and used.

not have had sufficient credit history to qualify for traditional financing (see case study 3). Mexico identified the issue of inexperience and reluctance of the financial sector to provide credit and market opportunities to local-level communal forestry operations, resulting in limited financial services available to most forest owners. This led to establishing a model for private sector engagement directly through a national financial institution (FINDECA), with capacity to work with CFEs, supported by the National Fund for the Conservation of Nature (FMCN), to provide technical and administrative support. This enabled FINDECA to specialize on the finance side while ensuring communities received the support that they needed to pay back loans and reinvest in communities.

In Brazil, FIP funding was provided through blended finance incorporating equity shares in a private company leading the development of a novel silvo-pastoral agroforestry value chain investment in sustainable palm oil. The project enjoyed financial support from IDB Lab, the innovation department of the IDB, and supported Brazilian Cerrado farmers in adopting a native, environmentally sustainable Brazilian oil palm ('Macauba'). The project overcame reluctance by farmers and financial institutions to develop a private sector led model for supporting a new sustainable agroforestry practice. In this case, the enabling conditions featured the financial flexibility of CIF and IDB Lab, to channel the FIP investment to taking equity shares in a private sector entity, to reduce investment risks. As noted above, the linkages between site selection and scale and the benefits for REDD+ were not strongly evident; however, this project stands as an innovative example of FIP financing that leveraged private sector investment (ratio of x0.55). To date, the ongoing project is seen as experimental and charismatic, though still quite concessionary and not an easy project to replicate from IDB's standpoint.

In Lao PDR, grant funding was used effectively by the IFC to address enabling conditions for private sector investment in sustainable plantations at policy, company and community levels. The Smallholder Forestry Program (SFP) was a private sector grant for IFC advisory services that provided technical support for large companies involved to develop free, prior and informed consent (FPIC) and effective processes for working with local communities; capacity building of local communities; and policy and governance work focused on supportive legislation for plantation development. The project was originally designed as a demonstration pilot to test the viability of a forestry business model using outgrower schemes and working with a lead company. However, after facing many protracted delays, the project scope was revised and expanded to better align with the FIP objectives and support other forestry firms by focusing on aspects of the regulatory environment that were constraints for the expansion of sustainable private sector plantations. The close cooperation between the World Bank and the IFC led to approved changes in the policy environment that have helped attract additional investment into the private forestry sector, including a major contribution of SFP support for a US$30 million project to develop a new 3,500-hectare plantation (funded by Proparco, FMO and Finnfund).

In this way, FIP supported the development of a new model based on direct support via programming and funding of credit lines for marginal and emerging enterprises. However, these credit lines will require ongoing concessional support to maintain and scale up.

11. Private sector set-aside in Ghana

The largest PSSA project in the FIP portfolio is the *Public-Private Partnership for Restoration for Degraded Forest Reserve through VCS and FSC Certified Plantations (PPP Restoration)*, in Ghana. This project is implemented by AfDB through the Ghana Forestry Commission and has received a US$10 million concessional loan from FIP, as well as US$14 million in AfDB co-financing and US$22.4 million in equity investment from the international project sponsor (Sustainable Forest Investments BV, a company based in The Netherlands that specializes in forestry investments and technical management of commercial forest plantations. This resulted in a relatively high ratio of private sector co-financing (approximately x1.9).

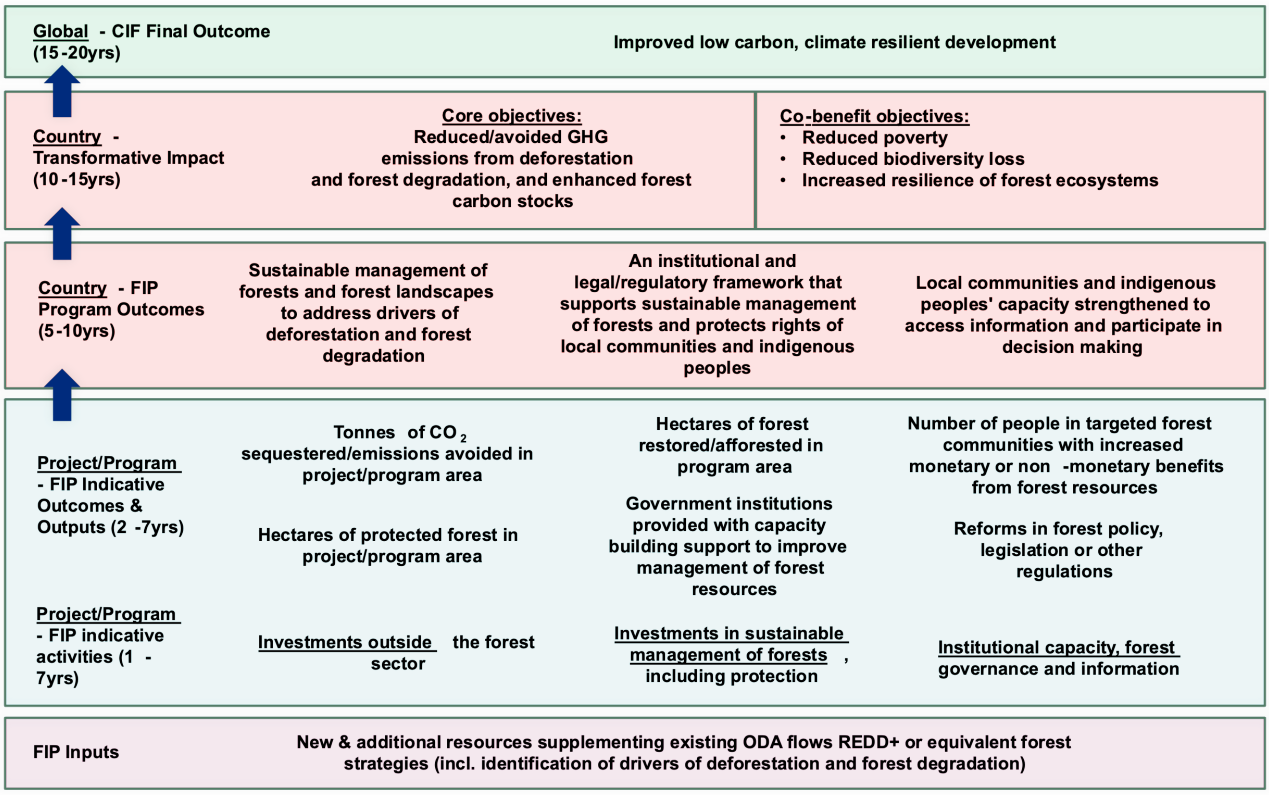
Form Ghana, a forest plantation management company, was selected to implement the project beginning in 2017; the project is ongoing. The project objective is to catalyze private sector involvement in large-scale sustainable and commercial teak (*Tectona grandis*) plantations in degraded forest reserves, reflecting the goal in Ghana's investment plan to reduce pressure on natural forests and to meet the construction, housing and furniture needs of a growing economy. The project has exceeded its target for restoration of degraded forest land through plantation development by restoring over 7,100 hectares (ha) to date. This brings the total area of the plantation to over 12,100 ha. The company has a land lease from the government for 14,000 ha over 50 years and is in the process of negotiating the expansion of that lease to 20,000 ha.

This plantation had already obtained Forest Stewardship Council (FSC) and Verified Carbon Standard (VSC) certification, and Form Ghana will seek certifications for all areas of plantation expansion. The project is meant to demonstrate the business case for future replication in other parts of the country. The project has also established a benefit sharing agreement that allocates revenues through an agreed distribution to Form Ghana, the Forestry Commission, and landowners/communities. The project has also sought to establish a viable model for private sector investment to address the second indirect driver. In an information memo to the FIP, Form Ghana explained:

"There is no history of institutional investors, pension funds and local commercial banks deploying finance in the country. The banking sector responds to market signals and usually seeks profitable investment opportunities. It is therefore imperative that [a] track record is established, and comfort grows among these financial institutions and other investors." (Source: project proponent and information memoranda).

Form Ghana project was the first public-private partnership to be financed by AfDB in the forestry sector. It was particularly relevant as Ghana's Forest and Wildlife Policy (2012) lists one objective as "promoting public-private sector partnerships and investment in [the] forestry sector". This project was made possible through the PSSA mechanism.

Appendix G: FIP logic model



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