

Economic
Development

Biodiversity

Protected areas

Conservation

livelihoods

Forest Investment Program (FIP) Summary of the First Design Meeting

Poverty reduction

Forest values

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Potsdam Mandate

“Potsdam Mandate”

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



Underlying Causes of Deforestation

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

Underlying
Causes of
Deforestation




Climate Change Mitigation Potential of Different Forest Measures

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





Investment Gap with FCPF and UNREDD

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



Feedback sought on Seven Key Questions

- 1. What are the objectives and scope of the FIP?**
- 2. What type of investments should be financed through the FIP?**
- 3. Should the FIP be designed as a pilot program or should it be more broadly available?**
- 4. How can the FIP be aligned with country priorities?**
- 5. What elements should be included in the FIP design to ensure harnessing synergies with other initiatives and funding mechanisms, particularly leveraging FIP financing from other sources?**
- 6. What instruments should be used in FIP financing?**
- 7. How can the FIP Sub-Committee be inclusive of interested stakeholders?**



Key Outcomes

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



Key Issues Going Forward

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