



# The BioCarbon Fund Initiative for Sustainable Forest Landscapes

2016 ANNUAL REPORT



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes





GOVERNMENTS,  
CITIZENS,  
FARMERS, AND  
COMPANIES  
ACROSS THE  
WORLD ARE EVER  
MORE AWARE OF  
THE IMPACTS OF  
FOREST LOSS ON  
THEIR ECONOMIES,  
WELL-BEING,  
PRODUCTIVITY,  
AND SUPPLY  
CHAINS—AND  
THEY ARE  
SHOWING GREATER  
WILLINGNESS TO  
CHANGE THE WAY  
THEY DO BUSINESS.

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**TROPICAL FORESTS  
CAN PROVIDE ONE  
THIRD OF THE  
CLIMATE CHANGE  
MITIGATION  
NEEDED TO STAY  
ON A TWO-DEGREE  
PATHWAY OR  
BELOW OVER THE  
NEXT DECADES.**

**ACRONYMS**

<b>AFOLU</b>	Agriculture, Forestry and Other Land Use
<b>BAU</b>	Business-as-usual
<b>BioCF</b>	BioCarbon Fund
<b>BioCFplus</b>	BioCF preparation and implementation fund for the ISFL
<b>BioCF T3</b>	BioCF Tranche 3 (a Carbon Fund)
<b>BMUB</b>	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
<b>COP</b>	Conference of the Parties
<b>CSO</b>	Civil Society Organization
<b>DBEIS</b>	U.K. Department for Business, Energy and Industrial Strategy
<b>DEFRA</b>	U.K. Department for Environment, Food and Rural Affairs
<b>DOS</b>	U.S. Department of State
<b>ER</b>	Emission Reduction
<b>ERPA</b>	Emission Reductions Purchase Agreement
<b>FCPF</b>	Forest Carbon Partnership Facility
<b>FY</b>	Fiscal Year (WB fiscal year x: July 1, year x-1 through June 30, year x)
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse Gas
<b>IDA</b>	International Development Association (WBG)
<b>IFC</b>	International Finance Corporation (WBG)
<b>IPs</b>	Indigenous Peoples
<b>IPCC</b>	Intergovernmental Panel on Climate Change (UN)
<b>ISFL</b>	Initiative for Sustainable Forest Landscapes (BioCarbon Fund)
<b>KM</b>	Knowledge Management
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MRV</b>	Measurement, Reporting, and Verification
<b>MtCO<sub>2</sub>e</b>	Million metric tons of carbon dioxide equivalent
<b>NDC</b>	Nationally Determined Contributions
<b>NICFI</b>	Norway’s International Climate and Forest Initiative
<b>OFLP</b>	Oromia Forested Landscape Program
<b>OSILP</b>	Orinoquía Sustainable Integrated Landscape Program
<b>RBF</b>	Results-Based Financing
<b>REDD</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>REDD+</b>	REDD plus Conservation of Forest Carbon Stocks, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks
<b>tCO<sub>2</sub>e</b>	Metric tons of carbon dioxide equivalent
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UN-REDD</b>	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
<b>VER</b>	Verified Emission Reduction
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group
<b>ZIFL-P</b>	Zambia Integrated Forest Landscape Program



GET TO KNOW THE INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES

The ISFL supports large-scale, sustainable land use programs in

Colombia  
Ethiopia  
Zambia

\$342  
MILLION

Total funding: \$98 million to support the enabling environment for sustainable land use; \$244 million for results-based financing for reducing greenhouse gas emissions.



71

MILLION HECTARES  
ISFL program pipeline covers over 71 million hectares.

33

MILLION PEOPLE  
ISFL programs support healthy landscapes that can deliver benefits to over 33 million people.<sup>1</sup>

109

COUNTRIES  
109 countries have included forests and land use in their Nationally Determined Contribution (NDC).

24%

MITIGATION  
Mitigation from forests and land use can reduce emissions from all sectors by 20–24 percent.<sup>6</sup>

130

METRIC TONS  
In its NDC, Ethiopia commits to reducing emissions in the forestry sector by 130 metric tons of carbon dioxide through the protection and re-establishment of forests and the increase of carbon stocks.<sup>7</sup>

20%

REDUCTION  
In its NDC, Colombia commits to reduce its greenhouse gas emissions by 20 percent by 2030.<sup>8</sup>

47%

REDUCTION  
Zambia's NDC, which includes a focus on sustainable forest management and climate-smart agriculture, has the potential to reduce 20-47% of its greenhouse gas emissions by 2030.<sup>9</sup>

SUSTAINABLE LAND USE AND CLIMATE CHANGE

FINANCING FOR LOW-CARBON RURAL DEVELOPMENT

\$50  
BILLION

Current global investment from public and private sources in sustainable landscapes is estimated at \$50 billion per year—of which half is invested in emerging and developing countries.<sup>2</sup>

1<sup>st</sup>

For the 70 percent of the world's poorest people, agriculture is the main source of income and employment.<sup>3</sup>



\$300  
BILLION

However, global financing needs for landscape conservation and restoration are estimated at \$200 to \$300 billion per year.<sup>4</sup>

350  
MILLION

300 to 350 million people, about half of whom are indigenous custodians of their land, live within or close to dense forests and depend almost entirely on forests for their subsistence.<sup>5</sup>





**CLIMATE,  
FORESTS,  
AND  
AGRICULTURE  
ARE  
INEXTRICABLY  
LINKED.**

## INTRODUCTION

To meet our most urgent climate challenges and deliver on the Paris Agreement, the world needs innovative and creative solutions. The World Bank Group's carbon initiatives are mobilizing climate finance across landscapes at scale in new ways that will help meet global goals.

The BioCarbon Fund Initiative for Sustainable Forest Landscapes collaborates with forest countries around the world to reduce emissions from the land sector through smarter land use planning, policies, and practices. Through these catalytic efforts, millions of tons of emissions can be reduced but, just as important, the investments and capacity built can improve livelihoods, reduce poverty, and ensure the long-term sustainability of these countries' economies.

Today, the BioCarbon Fund Initiative for Sustainable Forest Landscapes is pioneering work that enables countries and private sector actors to adopt integrated solutions to support sustainable landscapes, climate-smart land use, and green supply chains, with an eye toward other sectors in the future.

In 2016, the BioCarbon Fund Initiative for Sustainable Forest Landscapes finalized program design in Ethiopia's Oromia state, which includes 6.5 million hectares of vulnerable forest and is home to more than 30 million people. The initiative prepared programs in Colombia's Orinoquía region, an area of wetlands, grasslands, and forests that is considered one of the last "virgin regions" or agricultural frontiers on the planet, and in Zambia's Eastern Province, with a focus on improved land use planning, climate-smart agriculture, rural energy generation, and regulations to enhance the sustainable management of forests and wildlife.

We now turn our focus to implementation and delivery of plans and commitments. In addition to partnering with governments, we will continue to collaborate with indigenous peoples, local communities, civil society, and businesses to take this work forward.

Last year was one of progress against some of the world's most pressing concerns for forests, land use, and climate change. We are proud to be able to share our highlights and milestones in this annual report, and we invite you to explore this work further and engage in the conversation with us in 2017 and beyond.

### **Dan Radack**

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Initiative for Sustainable  
Forest Landscapes

### **Ellysar Baroudy**

Coordinator, BioCarbon Fund  
Initiative for Sustainable  
Forest Landscapes



# GLOBAL CONTEXT

*Climate-smart land use is critical for reducing poverty, increasing productivity, building resilience, and helping countries meet their global climate commitments.*

Forests are at the heart of many of the world’s most pressing challenges: producing food for a growing population; regulating greenhouse gas (GHG) emissions; reducing the impact of extreme climate events such as storms and heat waves; protecting infrastructure; providing energy; and housing critical biodiversity. Forests are also home to some of the world’s most vulnerable people. Actions that improve the governance and sustainable management of forests directly promote economic opportunities for the poorest.

But forests are under significant threat. Increasing demands for fuel, housing, and nourishment drive large-scale land use changes at the cost of forest and tree cover. Today, deforestation, forest degradation, and land use change are responsible for nearly a quarter of the world’s greenhouse gases, eroding a critical carbon sink.

At the same time, agricultural expansion is key to poverty reduction and shared prosperity. Growth in the agriculture sector can be up to four times more effective in raising incomes among the poorest compared to other sectors. This is important for 78 percent of the world’s poor, who live in rural areas and depend largely on farming to make a living.

In addition, agriculture, which is the world’s leading source of anthropogenic methane and nitrous oxide emissions, is more vulnerable to climate change than any other sector: droughts, floods, and higher temperatures reduce crop yields. For example, it’s estimated that for every 1°C of warming, global wheat production will

decline by more than 5 percent. Innovative approaches that can help smallholders get the most out of their farms and build the productivity of their lands can help mitigate this impact.

Unless these competing land uses are understood and comprehensively managed, in the coming years we will see more economic challenges and irreversible environmental degradation. Rising temperatures and increasingly unpredictable precipitation patterns pose an additional threat to the stability of the forests affected by disease and fires. In short, climate and land use are inextricably linked.

Building on momentum at both the national and international levels, climate-smart land use approaches, applied across the agricultural, forestry, and other sectors, are increasing food production and income while offering opportunities for climate resilience, reduction of emissions, more sustainable water use, and carbon sequestration.

Governments, citizens, farmers, and companies across the world are ever more aware of the impacts of forest loss on their economies, well-being, productivity, and supply chains—and they are showing greater willingness to change the way they do business.

The World Bank Group (WBG) has been at the heart of linking climate finance and sustainable land use over the last decade. Initiatives at the project level around the world have provided valuable lessons on how to quantify emission reductions (ERs) from different activities and generated a wealth of knowledge on land tenure issues, financing arrangements, and benefit sharing.

The new capacities and enabling conditions developed through this work have laid the foundation for continued and scaled-up climate-smart approaches in forest landscapes, and revealed critical lessons for regional and national climate strategies. The successes and challenges encountered in efforts to date point the way to effective, Results-Based Financing (RBF) mechanisms that could yield benefits for people and nature at significant scales.



## The World Bank Group’s Climate Change Action Plan and Forest Action Plan

The Climate Change Action Plan aims to accelerate efforts to tackle climate change over the next five years and help developing countries deliver on their national climate plans submitted for the historic climate agreement reached at COP21 in Paris in December of last year. Forests are a key pillar of the plan, which lays out specific targets, including support for REDD+ (Reducing Emissions from Deforestation and Forest Degradation *plus* Conservation of Forest Carbon Stocks, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks) strategies in more than 50 countries and mobilizing financing for sustainable forest management in at least 10 countries by 2020.

The Forest Action Plan focuses on two priority areas: investments in sustainable forest management and “forest-smart” interventions. A key aspect of the Forest Plan

is to streamline interventions across the WBG and forest-related funds—including the BioCarbon Fund, the Forest Carbon Partnership Facility, and the Forest Investment Program—so that coordinated efforts are focused on meeting sustainable development and climate goals.

The plans are complementary and provide a road map of the WBG’s strategic engagement on these issues.



## The Paris Agreement and Nationally Determined Contributions

The Paris Agreement, reached in December 2015, will be implemented through country-led commitments to reduce GHG emissions, known as NDCs. According to the agreed upon process, countries are required to prepare, communicate, and maintain successive climate targets that focus on domestic mitigation measures to achieve their objectives. Countries will be required to regularly submit national emissions inventories and

report on their progress. In addition to signaling concrete commitments, NDCs can offer a road map of the investment direction countries need to follow as the global economy steers toward a low-carbon, climate-resilient pathway.

More than 100 countries have included specific targets related to forests in their NDCs. This can provide opportunities for concrete dialogue about how the BioCarbon

Fund Initiative for Sustainable Forest Landscapes (ISFL) can support NDC progress by embedding forest targets into government policy, building capacity, or delivering on sectoral carbon reduction.





# THE ISFL APPROACH

## Overall Approach

The ISFL is taking on the complexity of reducing GHG emissions through sustainable land use in order to maximize the opportunity to improve livelihoods for rural communities. The objective of the ISFL is to promote and reward reduced GHG emissions and increased sequestration through better land management, including REDD+, climate-smart agriculture, and smarter land use planning and policies. The ISFL aims to foster a sustainable economy in each of its program areas that will simultaneously create development opportunities for communities and reduce emissions from the land.

The ISFL will achieve its objective of reducing GHG emissions, while also addressing poverty and unsustainable land use, through four key design elements.

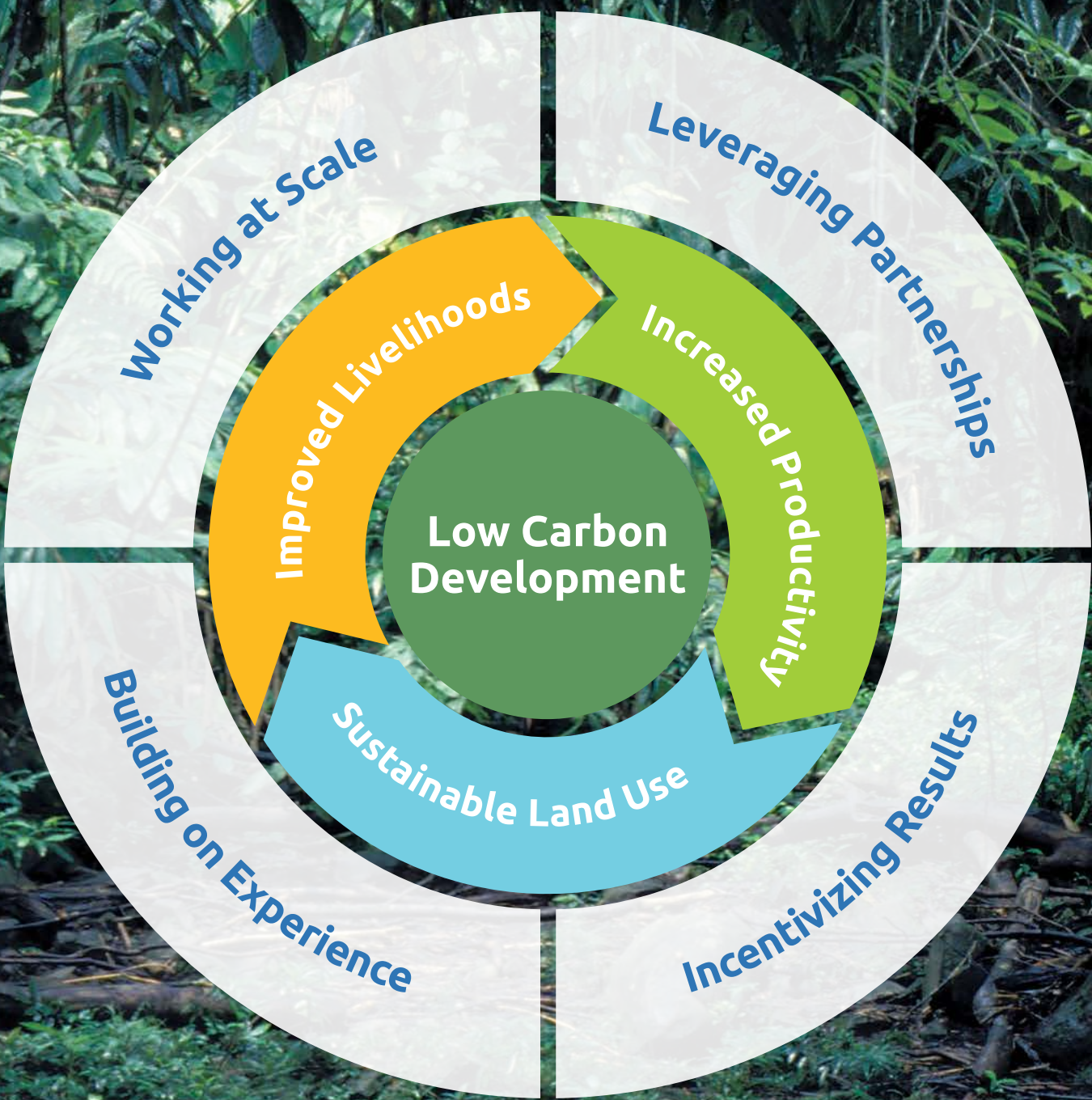
### WORKING AT SCALE

Each ISFL program focuses on an entire jurisdiction (state, province, or region) within a country, thereby enabling it to engage with multiple sectors affecting land use and have an impact on a relatively large area. The ISFL utilizes a **landscape approach** in each jurisdiction, which requires stakeholders to consider the trade-offs and synergies between different sectors that may compete in a jurisdiction for land use—such as forests, agriculture, energy, mining, and infrastructure. In doing so, solutions that serve multiple objectives and influence a variety of sectors can be identified.

The goal of the landscape approach is to implement a development strategy that pursues environmental, social, and economic impacts at scale. This is achieved by targeting interventions to improve the **enabling environment** for sustainable land use—a set of interrelated conditions such as legal, organizational, fiscal, informational, political, and cultural that affect the capacity of stakeholders to engage in development processes that are sustainable and effective. Improvements in the enabling environment such as participatory forest management or land use planning can have a significant impact on the way land is used and can benefit communities across a jurisdiction.



THE ISFL IS  
TAKING ON THE  
COMPLEXITY  
OF REDUCING  
GHG EMISSIONS  
THROUGH  
SUSTAINABLE LAND  
USE IN ORDER TO  
MAXIMIZE THE  
OPPORTUNITY  
TO IMPROVE  
LIVELIHOODS  
FOR RURAL  
COMMUNITIES.



## Landscape Carbon Accounting Approach

The ISFL aims to pioneer a comprehensive landscape carbon accounting approach as the basis for purchasing VERs. This approach is intended to account for emissions across an entire jurisdiction and will thus consider potential ERs from forests, agriculture, and other relevant sectors that affect land use within that jurisdiction. This

approach represents an innovation in accounting for emissions that mirrors the evolution of the comprehensive reporting under the United Nations Intergovernmental Panel on Climate Change (UN IPCC; for more information, see *Developing a Comprehensive Landscape Carbon Accounting Methodology*).



LEVERAGING PARTNERSHIPS

In order to reduce GHG emissions from land use across an entire jurisdiction while simultaneously creating livelihood opportunities, the ISFL will partner with other public sector initiatives and private sector actors. **Public-private partnerships (PPPs)** are essential to mobilize capital and align objectives to create sustainable and scalable models for long-term improved land use.

Private actors—from subsistence farmers to global, multinational firms—have significant influence on the way land is used. The ISFL intends to engage these actors through its programs and, more broadly, work alongside global forums of companies that have pledged to reduce their impact on tropical forests to help identify pathways to enact these commitments. The ISFL will explore opportunities to engage the private sector in the agriculture, energy, and finance sectors, among others, where that sector has a significant impact on landscapes within a jurisdiction. Through these engagements, the ISFL can influence the private sector’s contribution to sustainable land use and increased productivity, ultimately reducing GHG emissions and generating livelihood opportunities.

The public sector has an essential role to play in shaping private sector behavior through appropriate policy setting, regulation, and promoting sustainability in a variety of sectors. By addressing these issues, countries can ultimately reduce risk and drive private sector investments in a green economy that benefits both people and the environment.



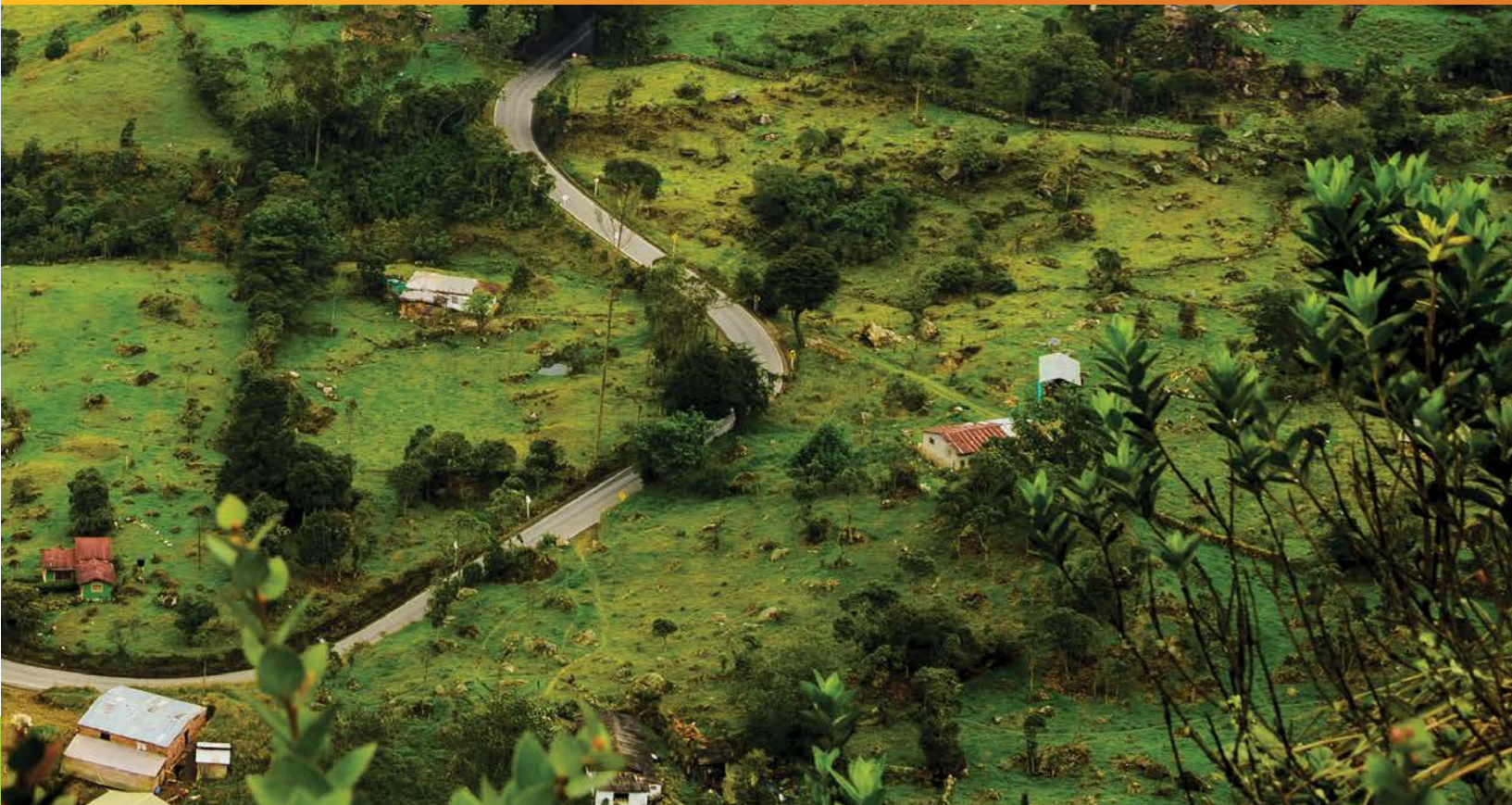
Risk Mitigation

The ISFL approach benefits a variety of stakeholders by mitigating risks that are often associated with large-scale land use reform. Though one of the ISFL’s goals is to mitigate climate change by reducing GHG emissions, its programs reduce the risk for **communities** in each jurisdiction through adaptation and resilient development benefits such as increased agricultural productivity or protection of critical ecosystem services. The ISFL also reduces the risk that **countries** will not achieve their national or regional development objectives by integrating these programs with broader development strategies and aligning key resources and efforts around a common goal—to achieve sustainable development. The work undertaken by countries to reform regulations, improve land use planning, and increase coordination reduces the risk involved for the **private sector** when making sustainable investments in jurisdictions.



“IN RECENT YEARS, A NUMBER OF COMPANIES HAVE COMMITTED TO SUSTAINABLE OR ZERO-DEFORESTATION PRODUCTION AND SUPPLY CHAINS. WE STAND READY TO WORK WITH COMPANIES AND FOREST NATION GOVERNMENTS TO REALIZE THESE AND NEW COMMITMENTS AND HELP ALIGN PRIVATE INVESTMENT FLOWS WITH OUR SHARED SUSTAINABLE DEVELOPMENT, FOOD SECURITY, CLIMATE MITIGATION AND FOREST PROTECTION GOALS.”

—Joint Statement by Germany, Norway, and the United Kingdom





### INCENTIVIZING RESULTS

By taking on the immense challenges of convening public and private actors and creating an enabling environment for sustainable development, countries can expect to generate results, including a reduction in GHG emissions. To incentivize countries to do so, the ISFL will provide significant **results-based climate financing** (RBF) over a 10–15 year period by purchasing Verified Emission Reductions (VERs).

This RBF is intended to create a positive feedback loop for successful interventions for sustainable land use in each ISFL program country.<sup>10</sup> If effective, each jurisdiction can continue to generate results, sell VERs, and reinvest in successful interventions. Eventually, this model for sustainable development could be scaled up beyond each jurisdiction.

### BUILDING ON EXPERIENCE

The ISFL reflects the demand for progression from relatively small-scale pilot projects to a program aimed at promoting sustainable land use at scale. To work at scale effectively, the ISFL builds on the experiences and lessons learned through the BioCarbon Fund’s initial work piloting land use projects, REDD+ initiatives, and other sustainable forest and land use programs.

More specifically, the ISFL relies on the national REDD+ readiness work of the Forest Carbon Partnership Facility (FCPF) and the United Nations REDD Programme (UN-REDD), which have created essential institutional infrastructure for large-scale land use programs, including:

- Accountable and transparent program management arrangements
- Clear operating mandates
- Multisector coordination mechanisms and cross-sector collaboration
- Technical supervision capacity
- Funds management capacity
- Mechanisms for feedback and grievance redress.

This **streamlined approach** allows the ISFL to concentrate its efforts and activities at the jurisdictional level, adding value to existing platforms rather than duplicating existing processes.



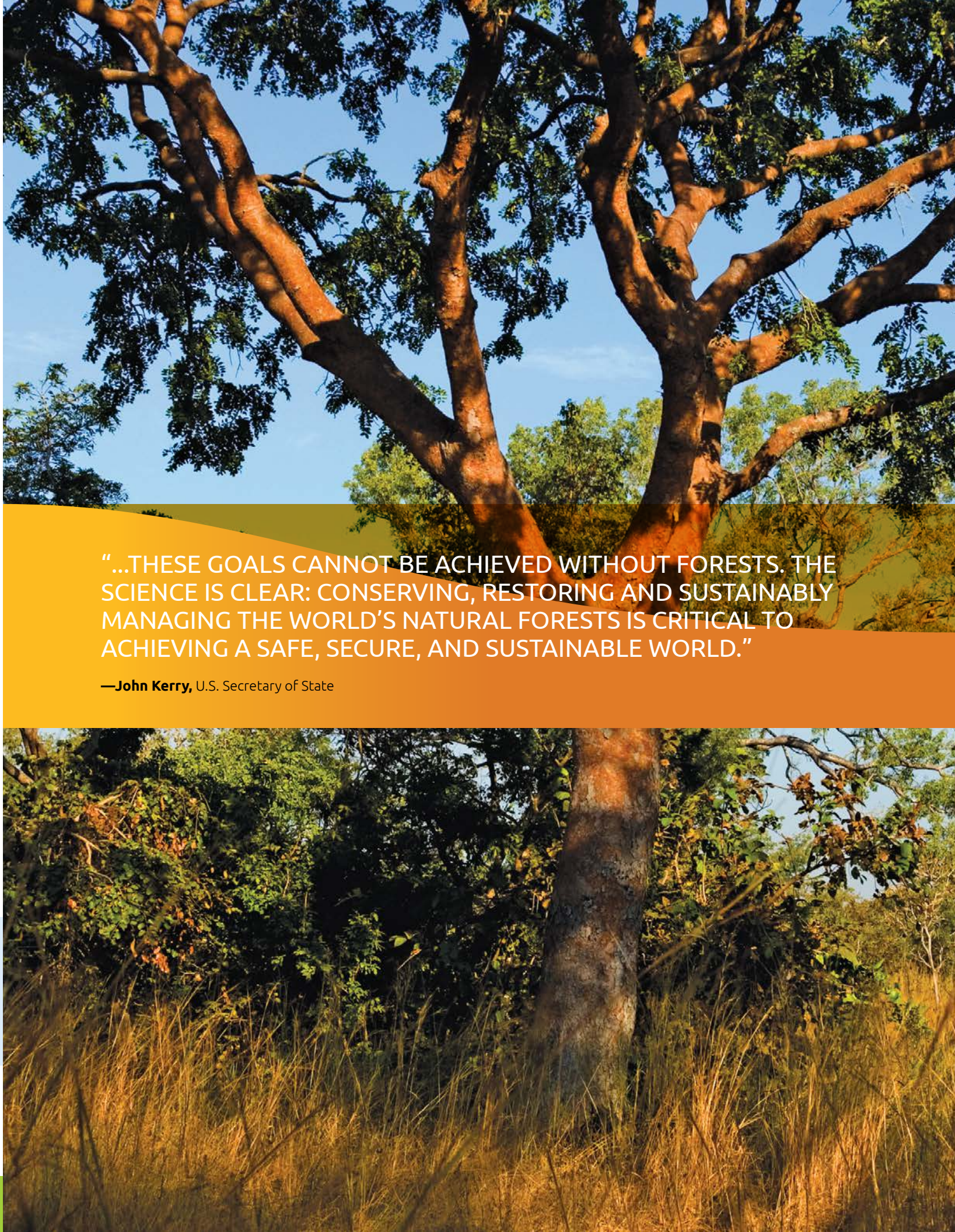
**TO WORK AT SCALE EFFECTIVELY, THE ISFL BUILDS ON THE EXPERIENCES AND LESSONS LEARNED THROUGH THE BIOCARBON FUND’S INITIAL WORK PILOTING LAND USE PROJECTS, REDD+ INITIATIVES, AND OTHER SUSTAINABLE FOREST AND LAND USE PROGRAMS.**



### Catalyzing In-Country Objectives

Each ISFL program serves as a strategic, in-country engagement platform to mobilize, coordinate, and scale up funding from different sources. In particular, each program focuses on synchronizing multisector, multipartner land

use interventions to ultimately enhance the success of each initiative. This also benefits ISFL programs by mobilizing and scaling up funding from both the public and private sector in harnessing efforts to reduce GHG emissions.



“...THESE GOALS CANNOT BE ACHIEVED WITHOUT FORESTS. THE SCIENCE IS CLEAR: CONSERVING, RESTORING AND SUSTAINABLY MANAGING THE WORLD’S NATURAL FORESTS IS CRITICAL TO ACHIEVING A SAFE, SECURE, AND SUSTAINABLE WORLD.”

—John Kerry, U.S. Secretary of State



## Funding Instruments

The ISFL uses two funding instruments to support countries to further improve their development trajectory and results. These instruments complement each other and work in synergy to enable success.

### BioCF $plus$

- Provides funding in the form of a **grant**.
- Supports countries to make improvements to their enabling environment for sustainable land use.
- Supports piloting of activities and key partnerships, including engagements with the private sector.
- Provides countries with resources to develop systems for monitoring, reporting, and verifying reductions in GHG emissions to prepare jurisdictions for payments.

### BioCF Tranche 3

- Provides **RBF** through the purchase of VERs.
- Payments give countries incentives to shift to a sustainable development trajectory in each jurisdiction.
- Payments can be used to sustain successful interventions to sustainable land use in each jurisdiction.



**ISFL COUNTRIES  
ARE SELECTED  
ON THE BASIS OF  
CRITERIA THAT  
PROVIDE THE BEST  
FOUNDATION FOR  
ISFL PROGRAMS  
TO ACHIEVE  
THE GREATEST  
POSSIBLE IMPACT.**

## Innovative Funding Arrangements

The BioCF $plus$  has been designed specifically to operationalize the vision of the ISFL, which requires several innovative elements to meet the demand on the ground in ISFL countries. First, the fund supports technical assistance and capacity-building efforts in each jurisdiction and can provide some critical investment finance to test sustainable land use approaches. This combination of finance from one source gives countries the flexibility to design their programs in an integrated way and identify the most effective approaches for land management.

In addition, the BioCF $plus$  can directly finance advisory service projects through the International Finance Corporation (IFC). This direct funding link with the IFC is groundbreaking for the WBG and aligns goals and visions more closely. IFC advisory service projects can attract private sector interest in ISFL jurisdictions and benefit farmers and other private sector actors directly.

Lastly, the BioCF $plus$  gives ISFL donors the flexibility to align their efforts to each ISFL program country more closely and create a framework for collaboration on sustainable land use.

In order to achieve success in each ISFL program, countries will require several tools and approaches and the flexibility to combine these to suit a country's specific context. The design of the BioCF $plus$ , a true pioneer for the WBG and carbon and land use funds—in combination with the RBF from BioCF Tranche 3—provides this flexibility.

## ISFL Country Selection

ISFL countries are selected on the basis of criteria that provide the best foundation for ISFL programs to achieve the greatest possible impact. These criteria ensure that countries are prepared to undertake a complex land use program that will be governed and monitored effectively. They also assess the global community's commitment to working collectively toward in-country solutions so that countries have the necessary support to achieve results.

### INITIAL COUNTRY SELECTION

The ISFL portfolio currently includes four initial target countries: Colombia, Ethiopia, Indonesia, and Zambia. Programs in Colombia, Ethiopia, and Zambia have been formally included in the ISFL pipeline, while Indonesia remains a target country at present. These four countries were selected based on several criteria, as outlined below.

#### *Engagement and Capacity for Large-scale Programs: REDD+ Readiness*

Given the ISFL's streamlined approach of building on the experience of other initiatives, each program relies on the institutional infrastructure for low-carbon rural development that was fostered during the REDD+ Readiness process. The degree of readiness was assessed through a range of indicators that provide a preliminary view of a country's engagement and capacity in REDD+ and potential to reduce GHG emissions through a similar program, such as the ISFL. In particular, links between national REDD+ efforts and other land uses were considered, as well as the institutional arrangements in place and the capacity of local stakeholders to implement such a program.

#### *Enabling Environment and Governance*

The ISFL intends to focus on improving the enabling environment for sustainable land use. In considering the initial target countries, the ISFL assessed the current quality of the enabling environment and its potential to improve considering the strength of governance, private sector engagement, and in-country green growth initiatives.

#### *Agricultural Drivers of Land Use Change*

The agricultural sector has a significant impact on land use, particularly in terms of deforestation and forest degradation. Therefore, the ISFL analyzed the agricultural factors behind land use change to understand which commodities, if any, were key drivers and whether the pressure on forests could be considered historically high or likely to increase significantly. This analysis allowed the ISFL to understand the potential of climate-smart agriculture practices to reduce GHG emissions in each country.



LOOKING TO THE FUTURE

The ISFL has the potential to expand its portfolio beyond its current target countries. Since the original four countries were selected in 2013, many significant agreements and declarations have been made that highlight commitments to action on forests and land use for climate change mitigation. In view of this, the ISFL may also consider the elements highlighted below if it pursues possible additions to its portfolio.

The Paris Climate Agreement

As part of the 2015 Paris Agreement, countries prepared NDCs, committing them to reducing their emissions through several means. More than 100 countries have included forests and land use in their NDCs, with over half of these countries presenting one or more targets for reducing GHG emissions from these sectors. Specific targets provide opportunities for concrete dialogue on goals and can be a sign of a country’s commitment to work in these sectors.

Public Commitments and Declarations

Since 2013, several important public announcements have been made, including by the private sector, to signify commitment to forests, land use, and climate. For example, the New York Declaration on Forests committed governments, private sector companies, and civil society organizations to halt deforestation globally. The 14 forest developing countries that signed the New York Declaration on Forests further committed to achieve greater reductions of GHG emissions through international collaboration as part of the Lima Challenge. Moreover, the Bonn Challenge builds on international commitments to ultimately restore 350 million hectares of deforested and degraded land globally.

These declarations and challenges, among others, further demonstrate a country’s commitment and potential for engagement to tackle large-scale land use issues.

The WBG’s Forest Action Plan and Climate Change Action Plan

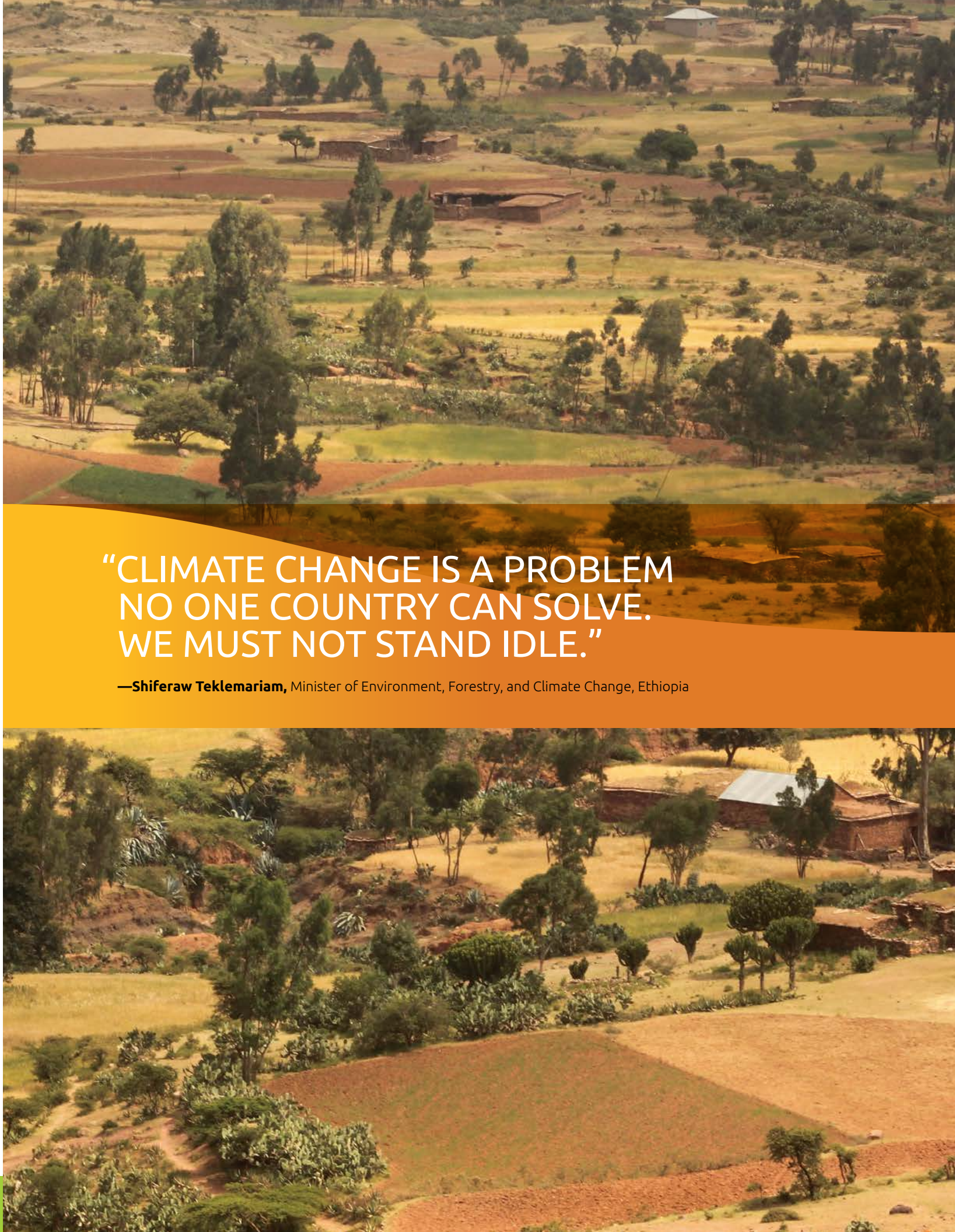
The WBG, as the implementing agency for the ISFL, developed action plans for both forests and climate change in 2016. These plans provide guideposts of the WBG’s strategic engagement on these issues in-country. Furthermore, they provide a strategic foundation for the ISFL and validate the relevance of the initiative’s vision.



“By protecting our forests, we are thus making a crucial contribution to climate change mitigation and global sustainability, and—ultimately—to the future of humanity.”

—Erna Solberg  
Prime Minister of Norway

14 / 2020  
DEVELOPING FOREST COUNTRIES SIGNED THE NEW YORK DECLARATION ON FORESTS  
AIMING TO AT LEAST HALVE THE RATE OF NATURAL FORESTS GLOBALLY BY 2020

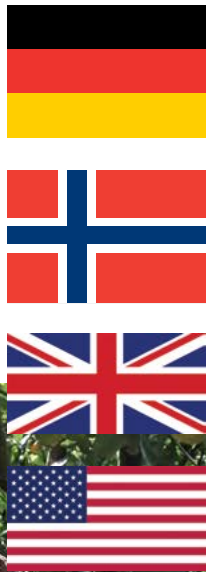


“CLIMATE CHANGE IS A PROBLEM NO ONE COUNTRY CAN SOLVE. WE MUST NOT STAND IDLE.”

—Shiferaw Teklemariam, Minister of Environment, Forestry, and Climate Change, Ethiopia



Where ISFL Works



Donors to the ISFL include Germany, Norway, the United Kingdom, and the United States.



RECENT PROGRESS OF THE INITIATIVE

Over the past year, the ISFL has finalized program design for Ethiopia and prepared programs for Colombia and Zambia. Throughout, the ISFL has been successful in leveraging finance from both the public and private sector, developed key foundation pieces for the implementation of the initiative, and applied lessons learned through its early portfolio work to further improve program design in each country.

LEVERAGING DEVELOPMENT FINANCE

ISFL programs are designed to serve as coordination platforms for sustainable land use and climate change mitigation in each jurisdiction. In addition to harmonizing objectives, these programs allow direct partnering with other development initiatives to provide critical finance for interventions to reduce GHG emissions.

The ISFL programs in Colombia and Zambia are cofinanced by the Global Environment Facility (GEF). In Zambia, the GEF is providing finance for wildlife habitat restoration, forest conservation practices, and a reduction in elephant poaching. This financing complements the Zambia program’s work to create livelihood opportunities, including through ecotourism, and reducing GHG emissions from land use in the Eastern Province. To support other investment needs, Zambia has submitted a formal request to the WBG’s International Development Association (IDA).

In Colombia, the GEF cofinancing will support the integration of environmental sustainability in land use planning and operationalizing the expansion of protected areas in Orinoquía. The GEF portfolio in Colombia provides a wealth of lessons—based on activities ranging from piloting key initiatives to fostering ecosystem and multiscale approaches for biodiversity and ecosystem services. These lessons will be useful for sustainable land use planning in the region.

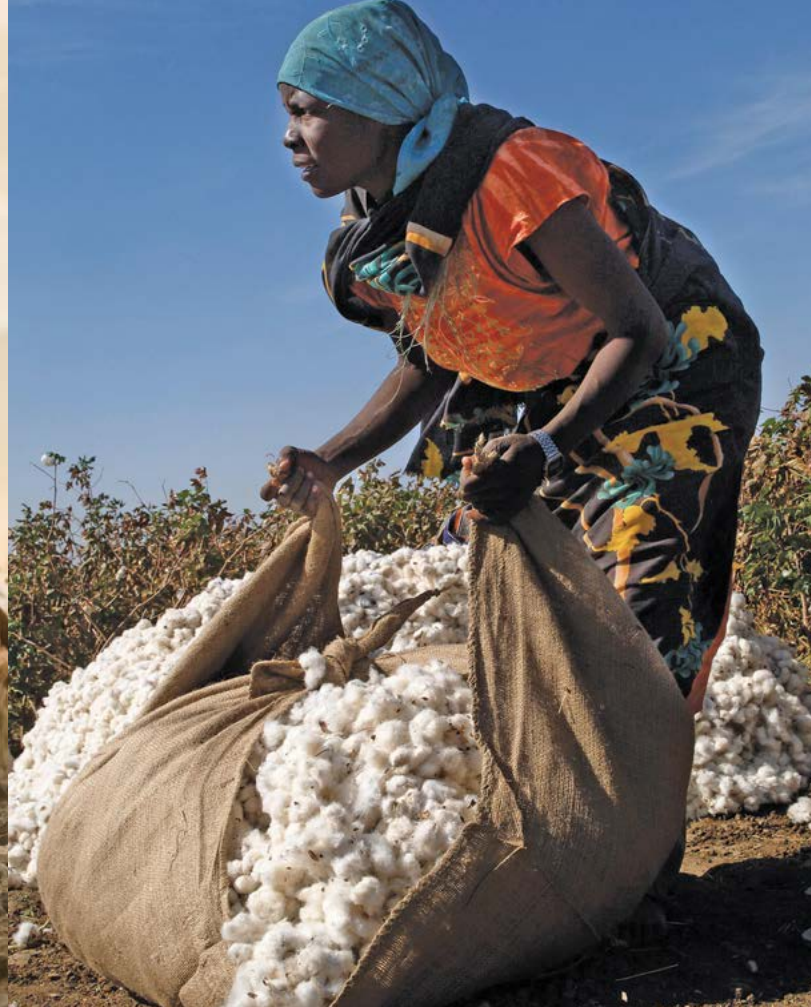
Development Partners

The ISFL recognizes the important role that its partners and donors play in encouraging smarter land use and reducing deforestation and degradation. Donors to the ISFL include Germany, Norway, the United Kingdom, and the United States. Each ISFL program is managed by the government to coordinate with complementary programs undertaken by ISFL donor countries and other bilateral efforts.

Before implementing programs on the ground in Colombia, Ethiopia and Zambia, the ISFL collaborated with diverse stakeholders on an number of key aspects of its work, including formalizing relationships through cofinancing with the GEF, engaging with and building on REDD+ readiness work with the FCPF and the UN-REDD, and partnering with the private sector company Nespresso to deliver benefits to farmers with the support of the IFC and TechnoServe.

As ISFL programs’ designs are further elaborated and additional countries are added to the ISFL portfolio, other opportunities to build links and formally engage with other actors and efforts will be explored. This can include complementary WBG projects and initiatives, private sector companies, and in-country coordinating platforms.






**THE ISFL IS  
WORKING  
CLOSELY WITH THE  
PRIVATE SECTOR  
TO PROVIDE  
LIVELIHOOD  
OPPORTUNITIES  
FOR COMMUNITIES  
IN EACH  
JURISDICTION AND  
MOBILIZE FINANCE  
FOR CRITICAL  
INVESTMENTS.**

## BUILDING RELATIONSHIPS WITH THE PRIVATE SECTOR

The ISFL is working closely with the private sector to provide livelihood opportunities for communities in each jurisdiction and mobilize finance for critical investments. This engagement can take several forms, from collaborating on sustainability approaches, to blending finance in-country, to convening stakeholders to work toward complementary goals.

The ISFL's BioCF *plus* Fund can provide funding directly to the IFC for advisory service projects in ISFL jurisdictions. This direct funding link is an innovative aspect of the ISFL and the WBG that brings added value to ISFL countries.

Last year, the ISFL secured a first-of-its-kind partnership with Nespresso and TechnoServe through the IFC. This partnership will provide \$3 million in support to farmers to increase the uptake of sustainable coffee production practices. This landmark deal will be combined with a \$3 million IFC loan to support smallholder coffee farmers and producer wet mill businesses in Ethiopia and Kenya. More important, this engagement has the dual benefits of reducing the pressure on forests for agricultural land and improving coffee quality and yields, which in turn improve farmers' livelihoods. This innovative partnership is a critical piece of the ISFL's engagement with the private sector on development and sustainability opportunities and the initiative hopes to replicate this model in the future in other ISFL countries.

In Colombia and Zambia, the ISFL has convened stakeholders to engage on sustainable development issues through workshops and roundtables focused on planning in each jurisdiction. The ISFL program in Colombia has supported workshops for civil society, the public and private sectors, and academia to discuss and explore a variety of approaches for sustainably developing the relatively undeveloped Orinoquía region.

In Zambia, the ISFL program interfaces with the Chipata Roundtable, a forum of civil society, private sector, and government representatives that discusses environmental threats to the Luangwa Valley ecosystem. In particular, the ISFL program is working with the COMPACI initiative—a commodity producer group comprised of Cargill, NWK Agribusiness, and Alliance—to explore opportunities for sustainable cotton production (and other commodities associated with deforestation) in the Eastern Province.<sup>11</sup> These opportunities for engagement provide important input to program design by illuminating both the public and private sectors' perspectives on opportunities and challenges in each jurisdiction.

## DEVELOPING A COMPREHENSIVE LANDSCAPE CARBON ACCOUNTING METHODOLOGY

Part of the conceptualization of the ISFL stemmed from a growing consensus that there is a need for accounting for reductions in GHG emissions from land use at a large scale. In practice, this means accounting for ERs across a jurisdictional landscape, such as a state or district, where a mosaic of Agriculture, Forestry and Other Land Use (AFOLU) exist.

Existing international mechanisms, including the first two tranches of the BioCF, have demonstrated the possibility of accounting for GHG emissions on a project-by-project basis. The BioCF pioneered and tested multiple carbon accounting methodologies, including Afforestation/Reforestation (A/R), REDD+, and sustainable agricultural landscape management in more than 20 projects in multiple countries, ranging in



size from 5,000 to 300,000 hectares. A wealth of knowledge has been derived from the BioCF’s initial work. Unfortunately, as this approach to carbon accounting failed to recognize the many interactions happening across a landscape and was based on stringent international rules, it proved difficult to scale up these projects.

The Paris Agreement recognizes that good practice methodologies accepted by the IPCC are the basis for national inventories and future reporting under this agreement. However, in many cases, international reporting is infrequent and based on data that are not always robust. The ISFL, therefore, seeks to build on this experience and develop—for the first time—a comprehensive carbon accounting approach that provides sufficient confidence to allow for results-based payments for ERs from AFOLU.

As evidenced by the BioCF’s initial work, developing a new methodology is a significant undertaking. The ISFL has made progress in developing a comprehensive accounting approach over the last year. Most significantly, a workshop with technical experts and ISFL Contributors was held to explore a variety of approaches to overcome the challenges of accounting for GHG emissions from land use across multiple sectors. The outcome of this workshop was analytical work to explore GHG accounting data availability and quality in each ISFL program country. Over the coming year, the ISFL will complete this analysis and develop a general approach to carbon accounting for the initiative.

**BUILDING A FRAMEWORK FOR MONITORING AND EVALUATION**

Over the past year, the ISFL has harvested lessons learned from comparable programs and initiatives on what has worked and what is challenging about their monitoring and evaluation (M&E) approaches. The ISFL aims to build a robust, yet flexible M&E framework that can track long-term progress of ISFL programs and approaches while taking advantage of learning opportunities that arise throughout their implementation. Learning from these experiences as they develop will be critical for the successful implementation of current and future ISFL programs. The ISFL will finalize and make public its M&E framework by 2017.

**ASSESSING AND ADAPTING FOR RISK**

Land use interventions and development initiatives at the scale of the ISFL are inherently risky. The ISFL is prepared to manage risk in order to maximize the opportunities that can arise as a result. To do so effectively, the ISFL has used the WBG’s risk assessment instrument (Systematic Operations Risk-rating Tool, SORT) to develop tools that identify risks to both ISFL programs and the initiative more broadly. In addition, the ISFL is using the information generated by SORT and each register to quantify the risk to delivery of ERs for each program. In operationalizing these tools, the ISFL is identifying risk in order to manage it effectively and maximize the chance of success.

**EARLY LESSONS LEARNED**

Since the inception of the ISFL in 2013, the WBG has learned valuable lessons about the administration of the initiative and program country design and preparation. The ISFL plans to continue to assess its portfolio for lessons learned, especially as programs are implemented. The lessons learned include but are not limited to the ones presented on the next page.



**DEVELOPING A COMPREHENSIVE LANDSCAPE CARBON ACCOUNTING METHODOLOGY**

**Early Lessons Learned**

***Dimension of scale***

The ISFL mirrors the demand in-country and in the international community for programs to be implemented across a large area, rather than at project scale. Working at a large scale presents the following challenges and opportunities:

- Coordinating efforts across a variety of actors and sectors that may compete in a jurisdiction requires consistent and holistic management.
- Several political dimensions may be present within a jurisdiction that can facilitate or undermine the successful implementation of an ISFL program.
- Often, multiple significant drivers of land use change exist within a jurisdiction, all requiring different, but coordinated interventions.
- Given the complexity of each ISFL program and the large number of actors and sectors with which they may engage, it has taken more time than originally expected to reach consensus on the design in-country.

***Funding needs***

Countries implementing large land use programs have identified funding needs for implementation. In general, funding is made available to countries for upfront training, technical assistance, and capacity building, as well as for results-based climate financing to purchase ERs. However, countries generally lack funding sources for investments in land management such as the purchase of agricultural inputs and reforestation.

While the ISFL can provide some finance for investments, it cannot meet the needs of each jurisdiction, which are likely to run into millions of dollars.

The ISFL’s interventions supported by BioCF *plus* are intended to help countries mobilize finance.

***Institutional arrangements***

ISFL programs are integrated with broader land use and economic development plans and strategies. While this can be seen as an opportunity, it can also complicate the arrangements required between institutions in-country. In particular, ISFL programs generally require close coordination among the ministries and/or departments responsible for environment, climate change, and agriculture.

Early experience suggests that ISFL programs have a greater chance of success and timely implementation if there is an actor in the country that champions the program. However, given the interministerial nature of the ISFL, it can be challenging to identify that one actor or the most appropriate champion for this work.

Participation from indigenous peoples (IPs), women, civil society organizations (CSOs), academia, technical experts, and others ensures diverse viewpoints are taken into account in program design, implementation, and learning.

***Private sector engagement***

ISFL programs are designed and implemented by each ISFL country. In addition to building links with other development initiatives and finance in-country, the following opportunities can emerge from engaging with the private sector on ISFL programs:

- The opportunity to support the achievement of development goals including improved livelihood, employment, income opportunities, and improved resilience to climate change;
- The opportunity to help ensure the long-term sustainability of key sectors in the rural economy;
- The opportunity to help align sector practices affecting land use with a country’s policies and broader strategies.



# RECENT PROGRESS IN ISFL PROGRAMS

***The ISFL has officially included three countries in its pipeline: Colombia, Ethiopia, and Zambia. Each program is in a different stage of preparing and implementing a jurisdictional program.***

## Colombia

The ISFL program in Colombia focuses on the Orinoquía region, an area of wetlands, grasslands, and forests that is considered one of the last “virgin regions” or agricultural frontiers on the planet. The government of Colombia plans to expand its agricultural production in Orinoquía in the coming years. According to the Food and Agriculture Organization of the UN (FAO), Colombia is anticipated to be a producer that will help meet increasing global demands for food and the country plans to plant one million additional hectares of commercial crops and forest plantations. A large proportion of this additional crop production will be concentrated in the Orinoquía region, and Colombia is committed to promoting low-carbon development in this area.

In addition, Colombia is currently in the process of brokering peace to end conflict in the country. Integrated rural and agricultural development is a key aspect of the peace-building agenda, including a focus on rural livelihood opportunities, access to and development of idle and unproductive land, and management of the agricultural frontier and conservation of national reserves and protected areas, among others. The Orinoquía Sustainable Integrated Landscape Program (OSILP) is aligned with these priorities and will enable this development to happen sustainably—protecting critical landscapes and ecosystems, generating livelihood opportunities, and reducing GHG emissions.

The OSILP will support Colombia in creating a strengthened framework for integrated land use planning and management to promote

environmental and offer major economic and social opportunities in Orinoquía. In particular, OSILP aims to deploy interventions that will promote an economically profitable, socially equitable, and environmentally friendly development model in Orinoquía.

In order to develop these interventions, over the past year, Colombia has undertaken preparatory activities that will provide the foundation for solid program design. Several technical analyses were launched to underpin the understanding of the challenges and opportunities in Orinoquía. A qualitative and quantitative analysis of the historical and projected drivers of land use conversion is ongoing to focus interventions for maximum impact on sustainable land use, the promotion of climate-smart agriculture, the reduction of GHG emissions, and the protection of biodiversity and water.

A mapping exercise is being carried out to understand the role of stakeholders in the jurisdiction. As part of this, several technical issues were considered, including the institutional structure for implementing the program, options for territorial development instruments, and the current landscape of environmental licensing and regulations. This mapping exercise will help lay the basis of a mechanism for sharing benefits from the OSILP across the Orinoquía region.

A financial assessment is underway on a range of potential public and private investment opportunities for low-carbon development in the jurisdiction and several incentives that exist for making these investments. This analysis is particularly critical for the identification of the underlying investments that will form the basis for a reduction in GHG emissions in Orinoquía.



**COLOMBIA IS ANTICIPATED TO BE A PRODUCER THAT WILL HELP MEET INCREASING GLOBAL DEMANDS FOR FOOD.**

—According to FAO





Finally, five land experts have been hired to develop a study to inform Colombia’s comprehensive land administration policy, specifically regarding a multipurpose cadastre. The cadastre is a key enabling instrument for the formalization of land tenure rights and the reduction in the number of conflicts over the use of land and its management. Currently, only 320 out of a total of 1,102 municipalities have an updated cadastral database, which produces a high level of legal uncertainty over the land ownership, discourages investment in the field, and widens the poverty gap between rural and urban areas. The study will inform the much needed institutional reforms for successful rollout of the cadastre.

In addition to technical assessments, the OSILP has provided several opportunities for the public and private sectors, civil society, and academia to engage in workshops and forums to discuss models for developing the Orinoquía region. During the Expo Gestión that the OSILP helped support, 500 representatives from the public and private sector, academia, and civil society convened to discuss sustainable development and land use in Orinoquía. Subsequently, a Latin America supply chain workshop was held—bringing together government representatives, commodity agriculture companies, scientific experts, implementation professionals, and nongovernmental organizations—to generate consensus on a common approach to conserve ecosystems and make supply chains more sustainable and climate-friendly in the context of commodity agriculture expansion. Finally, during the IFC Climate Business Forum, the role of the private sector in implementing NDCs was discussed. The range of stakeholders and topics included in these meetings and workshops speaks to the convening

power of the OSILP, thanks to the program’s comprehensive nature and focus on sustainable development.

These analyses and engagement opportunities have provided the basis for designing interventions to address sustainable land use in Orinoquía, to be supported by a grant from the ISFL. In the specific context of Orinoquía, a region in transition and under development, the focus lies on developing and strengthening land use planning tools and instruments, among others, a multipurpose cadastre and land tenure regimes that include specific variables for sustainable and environmental land use planning. By addressing key capacity gaps, prioritizing adequate approaches for sustainable land use productive systems, and identifying financial and nonfinancial incentives from both the private and public sectors, OSILP will promote low-carbon landscape activities in Orinoquía and ultimately reduce GHG emissions.

In particular, the grant will provide funding for integrated land use planning across ministries that considers climate change, water, and biodiversity elements; manages critical ecosystems and agricultural land use; pilots sustainable land use practices and systems; and prepares the technical components of an ER program. These efforts will be cofinanced by the GEF to incorporate protection and conservation elements and leverage funding to achieve the overarching goal of reducing GHG emissions.

Given the success of these interventions, RBF will be made available to Colombia in exchange for ERs, once the latter have been achieved, monitored, reported, and duly verified.



**THE OSILP HAS PROVIDED SEVERAL OPPORTUNITIES FOR THE PUBLIC AND PRIVATE SECTORS, CIVIL SOCIETY, AND ACADEMIA TO ENGAGE IN WORKSHOPS AND FORUMS TO DISCUSS MODELS FOR DEVELOPING THE ORINOQUÍA REGION.**

**OSILP PROFILE**

Jurisdiction	Orinoquía region, Colombia
Area of jurisdiction	38.1 million hectares
Population in jurisdiction	1.5 million
Accounting area	To be determined
Implementing agency	Ministry of Agriculture and Rural Development (MADR), Ministry of Environment and Sustainable Development (MADS)
Proposed ISFL funding envelope size	\$15 million preparation and upfront grant and, potentially, up to \$50 million in ER payments <sup>12</sup>
Cofinancing	\$7.3 million from GEF
Date program opened	August 2015



**ANTICIPATED PROGRAM PROCESS**



Notes: OSILP = Orinoquía Sustainable Integrated Landscape Program; ISFL = Initiative for Sustainable Forest Landscapes; GEF = Global Environment Facility; PAD = Project Appraisal Document; LOI = Letter of Intent; ERPA = Emission Reductions Purchase Agreement.



**Colombia’s First National ER Target**

Colombia’s NDC includes its first ever national, economy-wide ER target: reducing GHG emissions to a level 20 percent below projected business-as-usual (BAU) emissions by 2030.

While Colombia’s target does allow emissions to increase between now and 2030, the NDC estimates Colombia’s emissions will be 268 MtCO<sub>2</sub>e in 2030 under the new target, as against 335 MtCO<sub>2</sub>e under a BAU scenario. The target would also reduce per capita emissions from 5.8 tCO<sub>2</sub>e per person under a BAU scenario to 4.6 tCO<sub>2</sub>e in 2030.

Moreover, in its new climate plan, the country includes actions such as reaffirming its commitment to reduce deforestation, but within the broader objective of limiting overall national emissions.<sup>14</sup>



# ISFL PROGRAMS:

## Ethiopia

The ISFL program in Ethiopia focuses on Oromia, Ethiopia’s largest regional state in terms of land area, population, and forest cover. The Oromia Forested Landscape Program (OFLP) addresses the increasing rate of forest loss and degradation in the jurisdiction and contributes to livelihood improvements for its population, including through engagements with the private sector.

The OFLP will be Oromia’s strategic programmatic umbrella and coordination platform for multisector, multipartner interventions on all forested landscapes in Oromia. The program will contribute to a transformation in the way forested landscapes are managed in Oromia to deliver multiple benefits such as poverty reduction and resilient livelihoods, climate change mitigation, biodiversity conservation, and water provisioning. The OFLP will foster equitable and sustainable low-carbon rural development through a series of on-the-ground activities that address deforestation; reduce land use-based emissions and enhance forest carbon stocks; and

promote statewide and local enhancements to institutions, incentives, information, and safeguards management to scale up investments in sustainable land use.

Over the last year, Ethiopia has completed the design of the OFLP and put in place critical pieces for implementation of the ISFL program. Particular attention was given to developing approaches that enhance the enabling environment for sustainable land use and reduce GHG emissions. These approaches will be supported through an \$18 million grant from BioCF*plus*.

Specific activities and interventions to be supported by the grant were developed to address the causes of deforestation analyzed during the preparation of the OFLP. One major cause of deforestation is small-scale agricultural expansion into forest areas. To address this, Ethiopia will use grant funding to invest in participatory forest management, especially in deforestation hotspots, and make improvements to extension services for smallholder agriculture,



\$18  
MILLION

ENHANCEMENTS  
TO THE  
ENABLING  
ENVIRONMENT  
WILL BE  
SUPPORTED  
THROUGH AN  
\$18 MILLION  
GRANT FROM  
BIOCF*PLUS*



THE PROGRAM WILL CONTRIBUTE TO A TRANSFORMATION IN THE WAY FORESTED LANDSCAPES ARE MANAGED IN OROMIA TO DELIVER MULTIPLE BENEFITS SUCH AS POVERTY REDUCTION AND RESILIENT LIVELIHOODS, CLIMATE CHANGE MITIGATION, BIODIVERSITY CONSERVATION, AND WATER PROVISIONING.





soil and water conservation, and household energy. These activities will be coordinated with other initiatives in Oromia to promote more resilient and productive agricultural and land management techniques, ultimately aimed at reducing forest degradation in the whole landscape. This work can provide the additional benefit of improvements in productivity for farmers and access to energy.

The primary cause of forest degradation is wood extraction for firewood and charcoal production. The grant to Ethiopia will support investments in forest management, including afforestation and reforestation for biomass energy, and coordination with national cookstove and biogas programs to reduce demand for fuelwood and charcoal. The combination of these approaches will reduce dependence on forest as an energy source and have a direct impact on total emissions from the landscape.

Ethiopia will also use its grant funding to address coordination, planning, and enforcement needs within Oromia. In addition to providing targeted and critical investments through the interventions outlined above, the country will create a harmonized approach to sustainable land use in Oromia. This has the added benefits of aligning incentives for stakeholders to participate in the OFLP; improving communication and the dissemination of information in the jurisdiction; and coordinating existing programs in Oromia to achieve goals shared by stakeholders at many levels.

Ethiopia has put in place several key measures to be able to implement the OFLP effectively and successfully. The Ethiopian team coordinating the OFLP has prepared an annual work plan, a procurement plan, and a program implementation manual that outlines each intervention and how it will be managed in-country. Moreover, a benefit-

sharing mechanism is under preparation. The government also finalized and publicly disclosed environmental and social safeguards instruments that were developed in coordination with stakeholder consultations—reaching roughly 1,000 people throughout the country, including several hundred in Oromia. In addition, staff have been hired to ensure the effective implementation and monitoring of the OFLP.

Also within the last year, the OFLP has engaged with the coffee sector, a key actor for creating livelihood opportunities in Ethiopia. The ISFL, the IFC, Nespresso, and the nonprofit organization TechnoServe are working together to support farmer training to improve climate-smart and sustainable practices and to increase productivity in the high-quality coffee production sector. The ISFL will provide \$3 million through the IFC to Nespresso to support training activities implemented by TechnoServe. Specifically, 20,000 farmers will be trained over two years on standards for sustainable production and the processing of coffee beans. Assistance will also be provided to improve the operation of 77 wet mills that process sustainably produced coffee. As a result, farmers are expected to increase the production of sustainable coffee, improve their resilience to changes in growing conditions, and increase their incomes through the sale of high-quality coffee. These results will not only benefit farmers but also reduce pressure to convert forests to agricultural land.

RBF will be available to purchase ERs once the program achieves, verifies, and reports on its results. The revenue from these purchases will be distributed according to a benefit-sharing plan currently being developed by Ethiopia, primarily to ensure the sustainability of successful land use interventions and to scale up action in other geographical areas within Oromia.



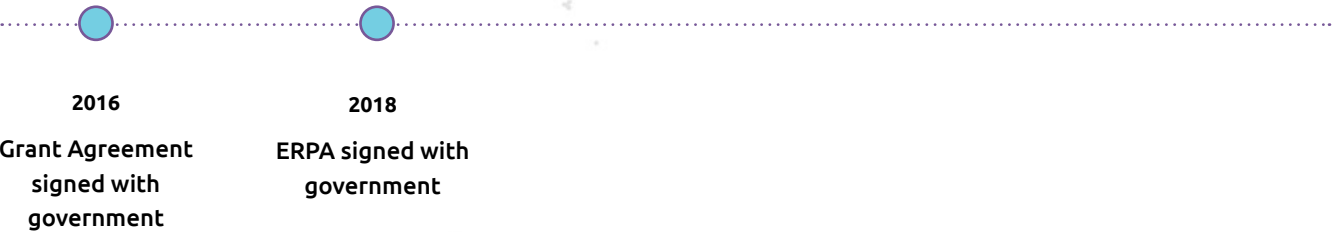
**THE PRIMARY CAUSE OF FOREST DEGRADATION IS WOOD EXTRACTION FOR FIREWOOD AND CHARCOAL PRODUCTION. THE GRANT TO ETHIOPIA WILL SUPPORT INVESTMENTS IN FOREST MANAGEMENT, INCLUDING AFFORESTATION AND REFORESTATION FOR BIOMASS ENERGY, AND COORDINATION WITH NATIONAL COOKSTOVE AND BIOGAS PROGRAMS TO REDUCE DEMAND FOR FUELWOOD AND CHARCOAL.**

OFLP PROFILE

Jurisdiction	Oromia Regional State, Ethiopia
Area of jurisdiction	28 million hectares, of which 6.5 million are forests
Population in jurisdiction	30+ million
Accounting area <sup>15</sup>	All forests in Oromia
Implementing agency	Oromia Forest and Wildlife Enterprise and regional bureaus
Proposed ISFL funding envelope size	\$18 million upfront grant, \$3.2 million IFC advisory services in the coffee sector, up to \$50 million in ER payments
Cofinancing	\$3 million loan from the IFC for investment services in the coffee sector
Date program opened	September 2014



ANTICIPATED PROGRAM PROCESS



Notes: OSILP = Orinoquia Sustainable Integrated Landscape Program; ISFL = Initiative for Sustainable Forest Landscapes; GEF = Global Environment Facility; PAD = Project Appraisal Document; ERPA = Emission Reductions Purchase Agreement.



Ethiopia Makes Major Shift

As one of Africa’s most vulnerable nations and the first least developed country to submit its NDC to the UNFCCC, Ethiopia communicated its plans to cut emissions below 2010 levels from 150 million metric tons of carbon dioxide equivalent (MtCO<sub>2</sub>e) in 2010 to 145 MtCO<sub>2</sub>e in 2030. This represents a major

shift, since conventional economic growth would more than double Ethiopia’s GHG emissions by 2030. The country is also betting on reducing heat-trapping gases in its *forestry* and *agriculture* sectors, which accounted for 85 percent of emissions in 2010.<sup>16</sup>



# ISFL PROGRAMS:

## Zambia

The ISFL program in Zambia focuses on the Eastern Province, an area of miombo forests and grasslands that contains large, globally significant biodiversity areas, including the Luangwa Valley. The province supports one of Zambia’s highest revenue-generating parks—the South Luangwa National Park. Rural development in the Eastern Province has been challenged by unsustainable human activity that is driving deforestation, land degradation, and wildlife depletion. The program aims to reduce GHG emissions by improving ecosystem function, protecting threatened wildlife, and enhancing livelihood opportunities, potentially through ecotourism, among others.

Zambia has expressed its ambition “to be a prosperous middle income country by 2030” in its long-term plan, Vision 2030. A key component of this plan is the country’s rural development agenda, outlined in its Sixth National Development Plan (SNDP), which envisions increased livelihood opportunities, in part through natural resource

conservation focused on reversing deforestation, wildlife depletion, heritage sites degradation, and land degradation.

The Zambia Integrated Forest Landscape Program (ZIFL-P) complements Zambia’s low-carbon vision for the Eastern Province by aiming to improve rural livelihoods while conserving the valuable forest, agriculture, and wildlife resources in the Eastern Province. The program will achieve results and reduce GHG emissions through interventions that prevent deforestation and forest degradation such as improved land use planning, climate-smart agriculture, rural energy generation, and regulations to enhance the sustainable management of forests and wildlife.

Over the last year, Zambia has initiated critical preparatory elements for effective program design. An analysis of the drivers of deforestation was completed and identified fuelwood production, agricultural expansion, and uncontrolled fires as the



1<sup>st</sup>  
THE EASTERN  
PROVINCE IS  
HOME TO ONE  
OF ZAMBIA’S  
HIGHEST  
REVENUE  
GENERATING  
PARKS –  
THE SOUTH  
LUANGWA  
NATIONAL PARK



THE ZAMBIA INTEGRATED FOREST LANDSCAPE PROGRAM COMPLEMENTS ZAMBIA’S LOW-CARBON VISION FOR THE EASTERN PROVINCE BY AIMING TO IMPROVE RURAL LIVELIHOODS WHILE CONSERVING THE VALUABLE FOREST, AGRICULTURE, AND WILDLIFE RESOURCES IN THE EASTERN PROVINCE.





main causes of deforestation and forest degradation in the Eastern Province. This analysis included recommendations for strategic interventions to address drivers through activities that would specifically benefit rural communities and improve livelihoods. These recommended interventions primarily considered on a cost-benefit analysis of each individual intervention proposed.

To further build on the results of the analysis of the drivers of deforestation, the ZIFL-P will assess approaches to optimize private sector cotton, maize, soy, and groundnut operations to reduce land-based emissions and improve rural livelihoods. This study intends to identify cost-effective production techniques and improve GHG sequestration. The study’s initial target group is private sector companies that have committed to eliminating deforestation from their production and supply chains. A procurement tool that can help identify crops that do not contribute to deforestation will be developed to enable private sector buyers to do business with compliant smallholder farmers in their networks.

In addition to analyzing commodity-driven deforestation in the Eastern Province, Zambia is assessing approaches for communities to collectively conserve their surrounding forest and wildlife resources while displacing fuelwood production with low-carbon revenue streams. Activities such as the production of nontimber forest products, ecotourism, and sustainable woodlots could be explored in the context of community-based natural resource management (CBNRM).

Over the past year, Zambia has also explored the gaps and areas of improvement in its enabling environment for sustainable land use in the Eastern

Province. This assessment was focused, among other things, on the multistakeholder coordination efforts that would be required to implement strategic interventions in the jurisdiction. This assessment gives insights into what should be the priority areas for ISFL funding to maximize the likelihood of achieving results in the ZIFL-P.

Considering these analytical pieces and the country’s broader development agenda, Zambia is outlining a “vision” for low-carbon development across the Eastern Province. This vision was developed through a participatory process that involved engagement with stakeholders in the Eastern Province. The ZIFL-P is intended to align with this vision and assist Zambia in achieving its development goals.

The preparatory work for ZIFL-P will be translated into specific interventions to increase sustainable land use in the Eastern Province, generate livelihood opportunities for communities, and ultimately reduce land-based GHG emissions. These interventions will be funded by a grant from the ISFL, which will support improved land management, rural energy solutions, conservation agriculture, wildlife conservation, and institutional strengthening. These efforts will be cofinanced by the GEF and potentially IDA to support the management of national parks and forests, a reduction in poaching, the adoption of climate-smart agriculture, and the restoration of wildlife corridors—all intended to result in a reduction of land-based GHG emissions.

Given the success of these interventions, RBF will be made available to Zambia in exchange for ERs, once the latter have been achieved, monitored, reported, and duly verified.



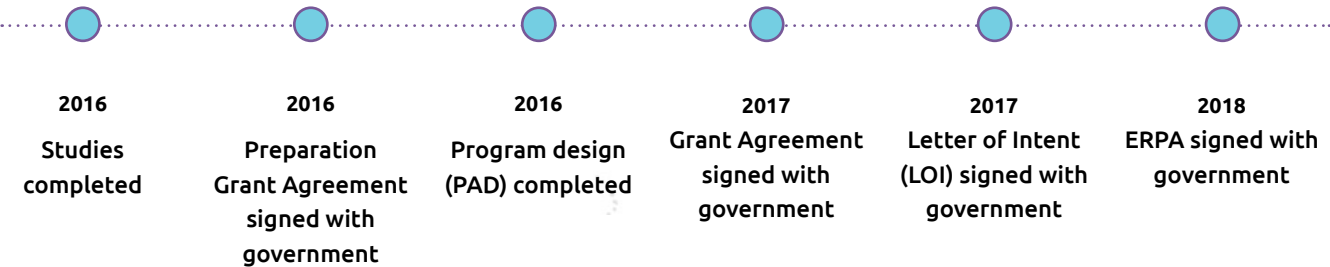
**ZAMBIA IS OUTLINING A “VISION” FOR LOW-CARBON DEVELOPMENT ACROSS THE EASTERN PROVINCE. THIS VISION WAS DEVELOPED THROUGH A PARTICIPATORY PROCESS THAT INVOLVED ENGAGEMENT WITH STAKEHOLDERS IN THE EASTERN PROVINCE.**

**ZIFL-P PROFILE**

Jurisdiction	Eastern Province, Zambia
Area of jurisdiction	5.1 million hectares
Population in jurisdiction	1.59 million
Accounting area	5.1 million hectares
Implementing agency	National Climate Change Secretariat
Proposed ISFL funding envelope size	\$8 million preparation and upfront grant and, potentially, up to \$30 million in ER payments <sup>17</sup>
Cofinancing	\$9 million from GEF; potential funding from IDA
Date program opened	September 2014



**ANTICIPATED PROGRAM PROCESS**



*Notes: ZIFL-P = Zambia Integrated Forest Landscape Program; ISFL = Initiative for Sustainable Forest Landscapes; GEF = Global Environment Facility; IDA = International Development Association; PAD = Project Appraisal Document; ERPA = Emission Reductions Purchase Agreement.*

**Zambia’s First National ER Target**

In Zambia, the implementation of the domestic efforts outlined in the country’s NDC is conditional upon strong commitment of international climate, bilateral, and multilateral finance in addition to the provision of domestic resources. Given this scenario, it is expected that, with significant international support, by the end of 2030, an estimated 38,000

GgCO<sub>2</sub>eq could be mitigated, as against 20,000 GgCO<sub>2</sub>eq under the scenario of domestic efforts with limited international support. This translates into a reduction potential of 25 and 47 percent respectively with respect to the base year 2010.

Zambia’s NDC places importance on adaptation to the effects of

climate change in order to enhance the resilience of its population, ecosystems, and infrastructure, as well as of its productive and health systems. Two of the key socioeconomic sectors identified as most vulnerable to climate change are **agriculture and forestry**.<sup>18</sup>



# APPENDIX: FINANCIAL REPORTS

The WBG’s fiscal year (FY) runs from July 1 through June 30

(for example, FY16 covers the period between July 1, 2015, and June 30, 2016).

## BioCFplus

### FUND SOURCES

Table 1. Total BioCFplus Contributions by Donor as of June 30, 2016 (\$, millions)

Donor	Ministry/ Department	Total	Outstanding	FY16	Cumulative to FY15
Germany	BMUB	43.60	-	-	43.60
Norway	NICFI	19.36	11.38	-	7.98
United States of America	DOS	35.00	10.00	16.70	8.30
Total		97.96	21.38	16.70	59.88

Notes: Foreign exchange rates have been applied to outstanding contributions and may fluctuate. BMUB = Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety; NICFI = Norwegian Climate and Forest Initiative; DOS = Department of State.

### FUND USES

Most expenses to date for the ISFL have been accrued by BioCFplus. ISLF Initiative Activities are expenses that are not attributable to one ISFL program and contribute to the ISFL’s global work programs. These expenses, cumulative to FY16, have been paid by BioCFplus. From FY17 forward, ISFL Initiative Activity expenses will be split between BioCFplus (65 percent) and BioCF T3 (35 percent).

Table 2. BioCFplus Expenses Cumulative to FY16 (\$, millions)

Use of Funds	Total Cumulative to FY16
ISFL Initiative Activities	2.51
Fund Administration	2.17
Initiative Technical Support	0.34
Methodology Support	0.07
Communications and KM	0.20
Private Sector Engagement	0.07
Evaluation and Learning	-
ISFL Program Expenses	1.02
Grant Disbursements	-
Colombia	-
Ethiopia	-
Zambia	-
IFC Advisory Services	-
Colombia	-
Ethiopia	-
Zambia	-
Country Implementation Support	0.31
Colombia	0.09
Ethiopia	-
Zambia	0.22
Country Advisory Services	0.71
Colombia	0.12
Ethiopia	-
Zambia	0.59
Fees	1.53
Financial Management	0.83
Total Use of Funds	5.88

Notes: ISFL = Initiative for Sustainable Forest Landscapes; KM = Knowledge Management; IFC = International Finance Corporation.

## BioCF Tranche 3

### FUND SOURCES

Table 3. Total BioCF Tranche 3 contributions by donor as of June 30, 2016 (\$, millions)

Donor	Ministry/ Department	Total	Outstanding	FY16	Cumulative to FY15
Norway	NICFI	95.71	-	-	95.71
	DBEIS	61.46	60.81	-	0.64
United Kingdom	DEFRA	79.93	79.18	0.43	0.32
United States of America	DOS	6.95	6.90	0.05	-
Total		244.04	146.88	0.48	96.68

Notes: Foreign exchange rates have been applied to outstanding contributions and may fluctuate. NICFI = Norwegian Climate and Forest Initiative; DBEIS = Department for Business, Energy & Industrial Strategy; DEFRA = Department for Environment; Food & Rural Affairs; DOS = Department of State.

No expenses had accrued to BioCF T3 cumulative to FY16, aside from fee expenditures (totaling \$2.06 million), part of which provide funding for scoping target ISFL countries.





ENDNOTES

- 1 Based on population size of ISFL program areas
- 2 Parker 2012
- 3 UN Food and Agriculture Organization.
- 4 Credit Suisse 2014
- 5 Chao 2012
- 6 IPCC 2015
- 7 Conditional on international support
- 8 Colombia NDC
- 9 Zambia's NDC, based on international support and a 2010 base year.
- 10 *ISFL program country*, a recipient country selected to be included in the ISFL portfolio.
- 11 For details, see <https://www.cargill.com/wcm/groups/public/@ccom/documents/document/na31891865.pdf>.
- 12 No potential for an IFC component in the Colombia program has currently been identified.
- 13 The ISFL will sign LOIs with ISFL program countries to reflect its intent to purchase ERs from the jurisdiction as part of the ISFL program.
- 14 Source: "Colombia First South American Country to Release New Climate Plan Ahead of Paris." World Resources Institute. September 14, 2015. <http://www.wri.org/blog/2015/09/colombia-first-south-american-country-release-new-climate-plan-ahead-paris>.
- 15 The *accounting area* refers to the land area from which reductions in GHG emissions will be monitored, reported, and verified.
- 16 Sources: "Ethiopia Submits Carbon Cutting Plan for UN Climate Deal." Climate Home. October 6, 2015. <http://www.climatechangenews.com/2015/06/10/ethiopia-submits-carbon-cutting-plan-ahead-of-un-climate-deal/> and "Ethiopia's Climate Commitment Sets a High Bar for National Climate Action." World Resources Institute. June 11, 2015. <http://www.wri.org/blog/2015/06/ethiopias-climate-commitment-sets-high-bar-national-climate-action>.
- 17 The potential for an IFC component of the Zambia program is currently unidentified.
- 18 Source: Irish Aid. "Zambia Climate Action Report." November 2015. <https://www.irishaid.ie/media/irishaid/allwebsitemedia/20newsandpublications/publicationpdfsenglish/Country-Climate-Action-Reports-Zambia-FINAL.pdf>

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**ISFL IS  
PIONEERING WORK  
THAT ENABLES  
COUNTRIES AND  
COMPANIES  
TO SUPPORT  
SUSTAINABLE  
LANDSCAPES,  
CLIMATE-SMART  
LAND USE, AND  
GREENER SUPPLY  
CHAINS**





A scenic landscape photograph of a mountain valley. In the foreground, a person is walking a dark-colored dog through a field of tall, golden-brown grass. The middle ground shows rolling green hills and valleys, with a small cluster of buildings visible on a distant slope. The background consists of layers of misty, hazy mountains under a sky filled with soft, white clouds. The overall lighting is warm and golden, suggesting late afternoon or early morning.

**“Agriculture, forestry and other land use contribute just under a quarter of greenhouse gas emissions—and these emissions could grow as the global population hits a projected 9 billion by 2050 and demand for food increases. Climate-smart agriculture techniques can increase crop yields, strengthen farmers’ resilience to climate change and reduce net emissions through healthy soil and vegetation that serves as a carbon sink. This approach to managing cropland, livestock, forests and fisheries will allow the world to produce more food on less land, reduce emissions, and increase global food security.”**

**—Jim Yong Kim, President, World Bank Group**



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes