
BioCarbon Fund
Initiative for Sustainable Forest Landscapes
The BioCarbon Fund Initiative for Sustainable Forest Landscapes
Annual Report 2017

TWO YEARS AFTER THE SIGNING OF THE PARIS AGREEMENT THE FOCUS IS ON IMPLEMENTING AND DELIVERING THE AMBITIOUS PLANS DEVELOPED BY COUNTRIES.

CONTENTS

IN 2017, THE BIOCARBON FUND INITIATIVE FOR SUSTAINABLE FOREST LANDSCAPES (ISFL) MADE GREAT STRIDES TO SUPPORT COUNTRIES IN DEVELOPING EMISSION REDUCTIONS PROGRAMS.

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LIST OF ACRONYMS

AFOLU	Agriculture, Forestry and Other Land Use
ER	Emission Reductions
ESMF	Environmental and Social Management Framework
FREL	Forest Reference Emissions Level
GEF	Global Environment Facility
GHG	Greenhouse gas
IDA	International Development Association
IFC	International Finance Corporation
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
ISFL	Initiative for Sustainable Forest Landscapes
MRV	Monitoring, Reporting, and Verification
NDC	Nationally Determined Contribution
PF	Process Framework
PFM	Participatory Forest Management
PPP	Public-Private Partnership
REDD+	Reducing Emissions from Deforestation and Forest Degradation plus Conservation, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks
RPF	Resettlement Policy Framework
SESA	Strategic Environmental and Social Assessment
tCO2e	(metric) tons of Carbon Dioxide equivalent
UNFCCC	United Nations Framework Convention on Climate Change
WBG	World Bank Group

All dollar amounts are U.S. dollars unless otherwise indicated.

BOX 1. Key Progress Made This Year[a]

2
Ethiopia and Zambia
Number of ISFL grants signed with program countries
See pages 35 and 39.

$18.75
MILLION
Volume of grants committed under ISFL to create an enabling environment for emission reductions
See pages 35 and 39.

1
Number of partnerships[b] with the private sector
See page 35.

8
Number of engagements[c] with the private sector
See pages 31, 35, and 39.

$3
MILLION
Finance leveraged through partnerships with the private sector
See page 35.

1
Number of partnerships with not-for-profit organizations
See page 35.

4
Number of engagements with not-for-profit organizations
See pages 35 and 39.

$25.05
MILLION
Finance leveraged from the public sector for ISFL programs
See page 39.

17,054
(34%)
Number of land users trained (% women)
See page 35.

2,149
Number of trees planted
See page 35.

19
Number of technical studies completed for ISFL programs to date
See pages 31, 35, and 39.

22
Number of workshops held to prepare ISFL programs to date
See pages 31, 35, and 39.

✓
First-of-its-kind comprehensive landscape GHG accounting approach developed
See page 16.

✓
ISFL Monitoring, Evaluation, and Learning Framework developed
See page 22.

✓
ISFL Private Sector Engagement Approach updated
See page 18.

Note: GHG = Greenhouse gas; ISFL = Initiative for Sustainable Forest Landscapes.

a. This report covers progress made during the World Bank's 2017 fiscal year (July 1, 2016 – June 30, 2017). All figures "to date" refer to figures through June 30, 2017.
b. A *partnership* is formalized through legal agreements, memorandums of understanding, and similar documents detailing the kind of support ISFL provides.
c. An *engagement* is defined as a relationship that is publicly mentioned, that is, cited in an official ISFL document (ISFL Annual Report). Relevant examples in this context are formal meetings or workshops hosted jointly or with support from the ISFL, joint initiatives toward mutual objectives, collaboration on standards or procedures, etc.

INTRODUCTION

Two years after the signing of the Paris Agreement the focus is on implementing and delivering the ambitious plans developed by countries. Action to reduce forest loss and change the way land is used is important in achieving the targets incorporated in these plans.

In 2017, the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) made great strides to support countries in developing Emission Reductions programs (box 1). Most significantly, the ISFL launched its first grant in support of Ethiopia's goals to improve land use and livelihoods in Oromia. In May, the government of Ethiopia launched the Oromia Forested Landscape Program, which covers over 40 percent of the country's forests, and is financed through an $18 million grant from the ISFL.

In addition, the government finished designing the Zambia Integrated Forest Landscape Program last year and will soon sign a grant with the ISFL to implement activities on the ground and develop the components required for an ISFL Emission Reductions program. The program has also leveraged finance from the Global Environment Fund (GEF) and the International Development Association (IDA). In Colombia, the ISFL program in the Orinoquía region supports integrated rural and agricultural development as a key aspect of the peace-building agenda. These strategies will enable sustainable development in the region—protecting critical ecosystems, generating livelihood opportunities, and reducing greenhouse gas (GHG) emissions in the process. Colombia is expected to finalize its program design and sign a grant with the ISFL in the coming months.

The ISFL has also finalized three essential components of its approach to supporting Emission Reductions programs: (i) innovative, comprehensive landscape GHG accounting requirements; (ii) a refined ISFL Private Sector Engagement Approach; and (iii) a framework for monitoring, evaluating, and learning from the Initiative as it progresses.

Working with its program countries, contributors, and external experts and stakeholders in workshops and during a public consultation period, the ISFL established the first-ever requirements to test approaches to account for emission reductions across different land uses. These requirements build on Intergovernmental Panel on Climate Change (IPCC) Guidelines for National GHG Inventories and other relevant United Nations Framework Convention on Climate Change (UNFCCC) documents and decisions, and will inform future landscape programs to support lasting change for jurisdictions beyond ISFL programs.

Applying the experience gained from private sector participation in land use programs, the ISFL in 2017 updated its Private Sector Approach to focus on areas where it can add value to this collaborative work. Identifying the drivers of deforestation and linking them to commodity supply chains and other key commercial factors helps programs develop a way to catalyze change and identify entry points for working with the private sector.

In 2015, the ISFL began developing a Theory of Change and a Logical Framework (Logframe) to serve as the underpinning for the Initiative's objectives to be monitored and evaluated. This past year, the ISFL's Monitoring, Evaluation, and Learning (MEL) Framework was launched, following in-depth consultations with ISFL program teams; monitoring, evaluation, and learning specialists; and ISFL Contributors.

The call to action on climate change remains strong—farmers, companies, and consumers are altering their behavior in ways that will have a positive effect on the landscape and forest frontier. ISFL action, through its programs, emphasizes the need to work with both the public and private sector to reduce the impact of land use on tropical forests. This report highlights examples of this work in Colombia, Ethiopia, and Zambia, and shares knowledge gained through land use activities supported by the ISFL.

In the context of the global effort to combat climate change, the ISFL is emboldened to support the design, development, and implementation of sustainable landscape programs to deliver results and make a lasting impact.

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GLOBAL CONTEXT

Two of the world's most pressing challenges—climate change and rural poverty—are inextricably linked. Limiting global warming to 2°C requires a rapid halt to deforestation, and reaching a carbon balance by the second half of this century necessitates massive forest restoration. Yet the activities that fuel economic development and create jobs, including agricultural expansion, mining, infrastructure development, and energy production, are the main drivers of forest loss but also the engine of economic activities that can reduce rural poverty.

Unsustainable land use—such as slash-and-burn agriculture, overgrazing, and mining in natural forests —accounts for one-quarter of all GHG emissions.[1] This is more than the transport and aviation sectors' combined share. Compared to other approaches, lowering the rate of deforestation offers the largest opportunity to cost-effectively and efficiently tackle climate change. Moreover, forestry and other land use is the only sector that can absorb a significant amount of GHGs.

What's more, forests not only store and sequester carbon, but also serve as a pathway out of poverty for forest-dependent communities and provide essential environmental services for the planet. Forests play a crucial role in soil retention, erosion control, water and climate regulation, and pollination—all essential for people's livelihoods and sustainable economic activities. These services increase the productivity of farming systems and reduce damage from flooding and sea level rise. In short, intact forests enhance the resilience of communities to climate change.

In addition, some 300–350 million people, about half of whom are indigenous, live within or close to dense forest and depend almost entirely on forests for their subsistence.[2] Forest-dependent communities are among the most marginalized in the world, with most people living on less than $1.25 per day.

The World Bank's Forests and Landscapes Climate Finance Funds rely on donor funding to support activities for sustainable and integrated rural development across a landscape. The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) aims to promote and reward the reduction of GHG emissions and increased sequestration (through better land management and climate-smart agriculture), combined with smarter land use planning and policies. Established in 2013, the ISFL reflects the demand for progression from relatively small-scale pilot projects to programs aimed at promoting sustainable land use at scale.

The ISFL's work also supports the World Bank's action to combat climate change and protect healthy forests. The World Bank Climate Change Action Plan aims to accelerate efforts to tackle climate change over the next five years and help developing countries deliver on the national climate plans they submitted for the historic climate agreement reached at COP21 in Paris. Forests are a key pillar of those plans, which lay down 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 World Bank Forest Action Plan focuses on two priority areas: investments in sustainable forest management and "forest-smart" interventions.

300–350
MILLION

PEOPLE, ABOUT HALF OF WHOM ARE INDIGENOUS, LIVE WITHIN OR CLOSE TO DENSE FOREST AND DEPEND ALMOST ENTIRELY ON FORESTS FOR THEIR SUBSISTENCE.[2]

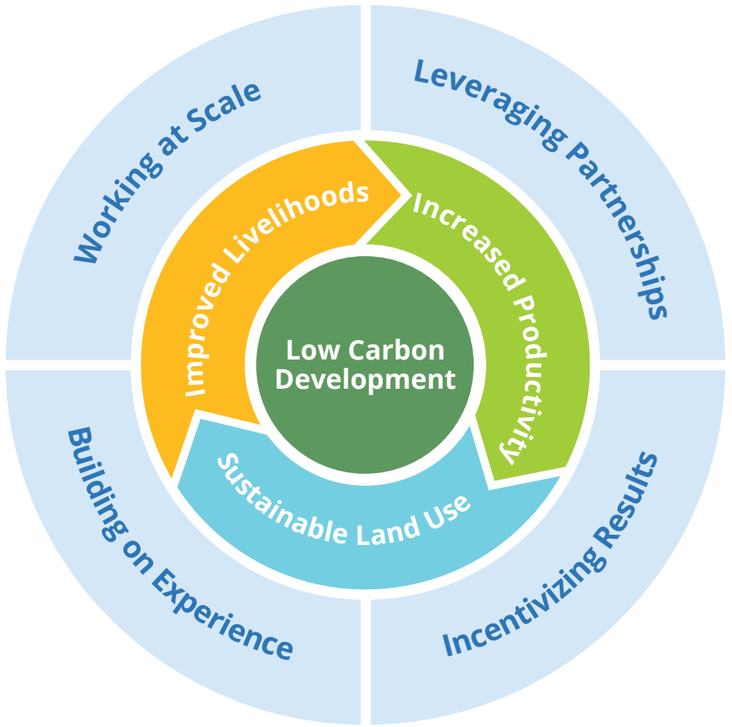
1 IPCC AR5.
2 Chao 2012.

THE ISFL APPROACH

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) is a multilateral facility that promotes and rewards reduced greenhouse gas emissions and increased sequestration through better land management, including REDD+, climate smart agriculture, and smarter land use planning and policies.

The ISFL aims to catalyze the development of a low-carbon rural economy in each of its program areas that will simultaneously result in livelihood opportunities for communities and an overall reduction in emissions from the land. The ISFL will achieve its ultimate objective of reducing GHG emissions, while also addressing poverty and unsustainable land use, through four key design elements (figure 1).

FIGURE 1. Key Design Elements and Objectives of ISFL Programs



THE ENABLING ENVIRONMENT REFERS TO A SET OF INTERRELATED CONDITIONS THAT INCLUDE LEGAL, ORGANIZATIONAL, FISCAL, INFORMATIONAL, POLITICAL, AND CULTURAL FACTORS.

Working at Scale

Each ISFL program focuses on an entire jurisdiction (state, province, or region) within a country, which provides programs with the opportunity to engage with multiple sectors affecting land use and increase its impact over a relatively large area. The ISFL uses 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 can be found that serve multiple objectives and influence a variety of sectors.

The landscape approach seeks to implement a development strategy that strives for environmental, social, and economic impact at scale. This is done by targeting interventions in a way that improves the **enabling environment** for sustainable land use. Improvements in the enabling environment, such as participatory forest management or land use planning, can have a significant impact on how land is used and can benefit communities across a jurisdiction.

Leveraging Partnerships

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

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—among others, a reduction in GHG emissions. To incentivize countries in this regard, the ISFL will provide significant **results-based climate finance** over a 10–15 year period by purchasing verified emission reductions.

BOX 2. Development Partners

Before starting to implement programs on the ground, the ISFL collaborates with various stakeholders on key aspects of its work. The ISFL will seek to continue engaging relevant stakeholders in program countries, taking into consideration a country's existing mechanisms, including the Forest Carbon Partnership Facility (FCPF), the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD), the United Nations Framework Convention on Climate Change (UNFCCC), and stakeholders' views from the agriculture, energy, infrastructure, and other relevant landscape sectors. Priority will be given to stakeholders that have already organized into groups and other initiatives such as broader national climate change platforms. In countries where the World Bank Group (WBG) and its partners support other land use-based projects, the ISFL will endeavor to collaborate effectively with relevant partners, among other things, by building on their structures of engagement, as appropriate.

The ISFL also recognizes the important role that its partners and Contributors play in encouraging smarter land use and reducing deforestation and degradation. The ISFL's Contributors are Germany, Norway, the United Kingdom, and the United States of America. National governments manage their own ISFL program so they can calibrate them with complementary programs undertaken by ISFL donor countries and other bilateral efforts.

Building on Experience

The ISFL reflects the demand for progression from relatively small-scale pilot projects to programs aimed at incentivizing sustainable land use at scale. To work at scale effectively, the ISFL builds on the experiences and lessons learned by the BioCarbon Fund's initial work piloting land use projects, REDD+ initiatives, and other sustainable forest and land use programs (box 2). 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.

ISFL FUNDING INSTRUMENTS

To ensure the success of each ISFL program, countries will need different tools and approaches, and the flexibility to combine them to suit a given country's context. The specific design of the BioCF*plus*, a true pioneer for the World Bank Group (WBG) and carbon and land use funds—in combination with the results-based finance from BioCF Tranche 3 (T3)—can provide this flexibility (table 1 and box 3).

TABLE 1. BioCF*plus* and BioCF T3 Characteristics

BioCF*plus*	BioCF Tranche 3
• Provides funding in the form of a *grant*. • Supports countries to make improvements to its enabling environment for sustainable land use. • Supports piloting of activities and key partnerships, including engagements with private sector. • Provides resources to countries to develop systems for monitoring, reporting, and verifying reductions in GHG emissions to prepare jurisdictions for payments.	• Provides *results-based finance* through the purchase of verified emission reductions. • Payments provide incentives for countries to shift to a sustainable development trajectory for each jurisdiction. • Payments can be used to support successful interventions that ensure sustainable land use in each jurisdiction.

Catalyzing Change In-Country

Each ISFL program serves as a strategic engagement platform in-country to mobilize, coordinate, and scale up funding from several different sources. In particular, each program focuses on synchronizing multisector, multipartner land use interventions to ultimately enhance the success of each initiative. This approach also benefits ISFL programs by mobilizing and scaling up funding from both the public and private sector and ultimately harnessing efforts to reduce GHG emissions.

THE ISFL REFLECTS THE DEMAND FOR PROGRESSION FROM RELATIVELY SMALL-SCALE PILOT PROJECTS TO PROGRAMS AIMED AT INCENTIVIZING SUSTAINABLE LAND USE AT SCALE.

BOX 3. 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 provides critical investment finance to test sustainable land use approaches. This combination of finance from one source enables countries 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 World Bank Group (WBG) and aligns goals and visions more closely. IFC advisory service projects can attract private sector interest in ISFL jurisdictions and can benefit farmers and other private sector actors directly.

The BioCF*plus* also allows ISFL Contributors the flexibility of providing direct funding to countries that they consider a priority within the ISFL portfolio. This helps to align the ISFL Contributors' in each ISFL program country more closely and creates a framework for collaboration on sustainable land use.

To ensure the success of every ISFL program, countries will need access to different tools and approaches, and the ability to combine them in a way that best suits the country's specific conditions. The specific design of the BioCF*plus*, a true pioneer for the WBG and carbon and land use funds—in combination with the results-based finance from BioCF T3—offers this flexibility.

ISFL COUNTRY SELECTION

The criteria used in the selection of ISFL countries ensure that ISFL programs can achieve the largest possible impact. These criteria identify that the countries chosen are prepared to undertake a complex land use program and that the programs 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 support necessary to achieve results.

Initial Country Selection

The ISFL portfolio currently includes four initial target countries: Colombia, Ethiopia, Indonesia, and Zambia. While programs in Colombia, Ethiopia, and Zambia have been formally included in the ISFL pipeline, Indonesia remains a target country. These four countries were selected based on the criteria discussed below.

Engagement and Capacity for Large-Scale Programs: REDD+ Readiness

Given the ISFL's streamlined approach of building on the experience of earlier initiatives, each program relies on institutional infrastructure for low-carbon rural development that was developed during the REDD+ Readiness process. Each country's readiness was assessed through a range of indicators that provide a preliminary view of its engagement and capacity in REDD+ and its potential to reduce GHG emissions through a similar program, such as the ISFL. Not only the links between national REDD+ efforts and other land uses were considered, but also the institutional arrangements in place and the capacity of local stakeholders to implement the program.

Enabling Environment and Governance

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

Agricultural Drivers of Land Use Change

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

THE CRITERIA USED IN THE SELECTION OF ISFL COUNTRIES ENSURE THAT ISFL PROGRAMS CAN ACHIEVE THE LARGEST POSSIBLE IMPACT.

Looking to the Future

The ISFL has the potential to expand its portfolio beyond its four initial target countries. Since the original selection was done 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 following elements if it pursues potential additions to its portfolio.

The Paris Climate Agreement

As part of the 2015 Paris Agreement, countries prepared Nationally Determined Contributions (NDCs), which spell out how they commit to reducing their emissions. More than 100 countries 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 actors, including the private sector, have made important public statements to signify their commitment to forests, land use, and climate stabilization. For example, the New York Declaration on Forests committed governments, private sector companies, and civil society organizations to halt deforestation globally. A total of 14 forest developing countries that signed the New York Declaration on Forests further committed to achieving 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 World Bank's Forest Action Plan and Climate Change Action Plan

The World Bank, as the implementing agency for the ISFL, has committed to action plans for both forests and climate change in 2016. These plans provide guideposts for 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.

RECENT PROGRESS MADE BY THE INITIATIVE

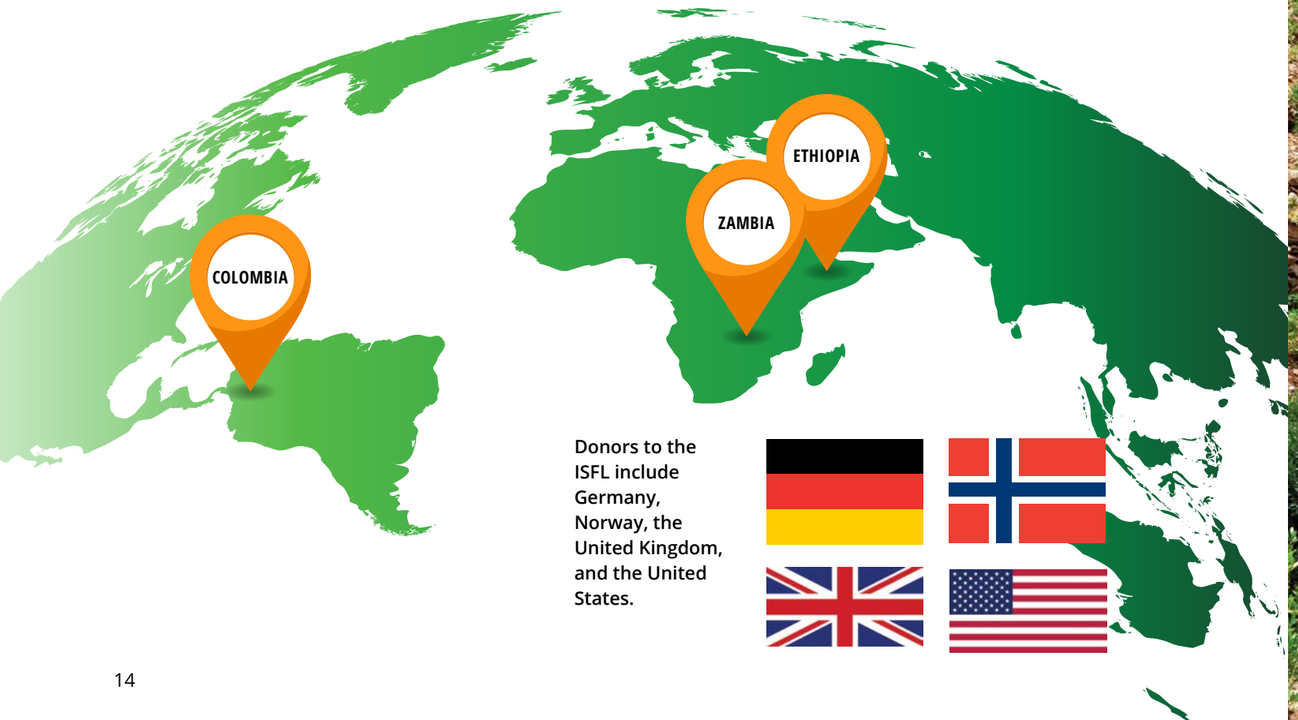
The ISFL reached several critical milestones this year. Most significantly, the ISFL launched its first grant in support of Ethiopia's goals to improve land use and livelihoods in Oromia. The ISFL also finalized three essential components of its approach to supporting Emission Reductions programs, including a first-of-its kind approach to comprehensive landscape GHG accounting.

ISFL'S FIRST GRANT FOR ETHIOPIA

In May, the ISFL signed its first grant—a total of $18 million for the government of Ethiopia. The signing of the grant was a major milestone for the ISFL and will result in communities seeing results on the ground in Oromia. The launch of the program was celebrated in Ethiopia with a tree-planting ceremony and a visit by government, World Bank, and development partners to Chilimo, one of the few remnants of a dry, mountainous forest that once covered Ethiopia's Central Plateau. At one time threatened by deforestation, the Chilimo forest is today sustainably managed by local community cooperatives. Local forest communities are empowered to protect, manage, and decide on how to use the benefits accrued from the forest.

The pride and enthusiasm of the community have been rewarded even in the face of continuous pressures on the forest. The launch of the ISFL program in Oromia highlighted a key feature of the program—the effort to replicate the successful community-centered approach as widely as possible by leveraging the activities of partners and other initiatives across the regional state.

Where ISFL Works



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

The $18 million grant will improve the enabling environment for sustainable forest management and investment in Oromia. The grant will help Ethiopia reduce its emissions from land use through improvements to government systems related to safeguards, forest monitoring, and cross-sector coordination. "The program will be the coordination platform for multisector, multipartner interventions on all forested landscapes in Oromia," says Dr. Hassan Yusuf, Director General of Oromia's new Environment, Forest and Climate Change Authority, which will implement the program. "This long-term program will be the engine that will help transform how we manage forests to foster poverty reduction, improved livelihoods, climate change resilience and mitigation, and biodiversity conservation."

At the local level, the program will initially invest grant funds in participatory forest management and reforestation in targeted sites in 49 districts (*woredas*) that are deforestation hotspots. These activities will help reduce deforestation and land use-based emissions, and enhance forest carbon stocks, especially when used as models for scaling up activities throughout the state.

At the state level, the program will help advance institutional development, forest-smart policies, land use-related incentives, and forest monitoring to create an enabling environment for local initiatives to thrive and be scaled up.

The Oromia program will also seek to partner up with new and existing public-private sector initiatives. For example, as part of its commitment to forest-proof the coffee supply chain in Ethiopia, the program includes a partnership between the WBG's International Finance Corporation (IFC), Nespresso, ISFL, and TechnoServe aimed at improving sustainable agricultural practices in the country's coffee industry.

Additional information on the ISFL program in Ethiopia may be found in the section Recent Progress Made by the ISFL Programs.

FIRST-OF-ITS-KIND COMPREHENSIVE LANDSCAPE GHG ACCOUNTING APPROACH DEVELOPED

There is a growing consensus on the need to account for GHG emissions across a landscape where a mosaic of land uses exists, but such an approach did not exist when the ISFL was established. Therefore, the ISFL pioneered the development of a first-of-its-kind GHG accounting approach to meet its objectives to account for emission reductions across agriculture, forestry, and other land use sectors. This is not only a significant achievement for the ISFL, but also for the broader climate change community, as it will test approaches to comprehensive landscape GHG accounting that are likely to be expected of programs in the future.

$18 MILLION

The $18 million grant will improve the enabling environment for sustainable forest management and investment in Oromia.

THE ISFL'S INNOVATIVE GHG ACCOUNTING REQUIREMENTS ARE COMPLEMENTED BY OTHER KEY PROGRAM DESIGN REQUIREMENTS RELATED TO BENEFIT SHARING, FEEDBACK AND GRIEVANCE REDRESS, AND LAND AND RESOURCE TENURE ASSESSMENT, AMONG OTHERS.

More specifically, new approaches had to be developed to set baselines and account for emission reductions with sufficient confidence to allow for results-based payments. The ISFL used this opportunity to bring together its program countries, contributors, external experts, and stakeholders—by organizing three workshops and introducing a public consultation period—to produce an ambitious yet realistic set of requirements that will test approaches to account for emission reductions across different land uses for the first time.

To develop these innovative requirements, the ISFL had to define parameters for essential questions, such as what is "comprehensive" and how can emission reductions from activities in different land uses be accounted for in a straightforward way. In doing this, the ISFL aimed to build on existing systems and guidelines and streamline the accounting of emission reductions with a country's reporting of GHG emissions to the UNFCCC.

The requirements for both reporting on and accounting for emissions under the ISFL therefore build on IPCC Guidelines for National GHG Inventories and other relevant UNFCCC documents and decisions. It should be noted that the ISFL requirements are meant for use in the ISFL only and do not preempt ongoing or future discussions under the UNFCCC on the implementation of the Paris Agreement. However, the requirements developed by the ISFL and their implementation by program countries will provide critical lessons for future efforts in this area.

Full comprehensiveness ideally requires accounting for all emissions and removals related to agriculture, forestry, and other land use (AFOLU) activities with data of sufficient quality and accuracy to allow for results-based payments. However, ISFL program countries are at different stages in terms of the availability and quality of GHG data. In general, tropical forest countries have significantly improved their reporting and accounting methods for forests *converted to other land uses* as part of REDD+ readiness. However, throughout the development of the requirements, countries noted that they find it more difficult to accurately report GHG data on *forests remaining forests* (forest degradation or enhancements) and other AFOLU sectors. As different ministries or departments can be responsible for reporting on emissions from livestock, agriculture, and forestry, the degree of support for improving the reporting of GHG data across these sectors can vary widely. The ISFL is committed to working with countries by offering financial support and the necessary flexibility to enable countries to gradually build the capacity to account for GHG emissions from several AFOLU sectors.

ISFL program countries noted that improving the data quality and developing capacity for reporting across significant AFOLU sectors would take time. Considering these circumstances, a unique phased approach was adopted to allow countries to account and receive payments for net emission reductions in significant AFOLU sectors once sufficient data of a specified level of quality are available. In other words, a country can begin accounting for and receiving payments for net emission reductions from land use categories that meet the requirements. Over time, as a country improves the quality of its data, other significant emissions categories can be included in the accounting, and also become eligible for results-based payments if emission reductions are achieved. This phased approach provides a roadmap as well as incentives for countries to improve their data on AFOLU categories while receiving payments for results attained. Higher-quality data will directly affect a country's ability to report to the UNFCCC for these categories and thus broaden the basis for receiving payments for emission reductions in the future.

Each country will indicate how and when it will improve its data in the ISFL Emission Reductions Program Document (PD). The ISFL PD template was developed this past year and countries will use it to detail their ER programs, including their degree compliance with the ISFL's GHG reporting and accounting requirements. Furthermore, the phased approach to GHG accounting is mirrored in the unique structure of the ISFL Emission Reductions Purchase Agreement (ERPA) template, also developed this past year. For the first time, each ISFL ERPA will include subsidiary phase agreements to ensure that improvements to GHG data are made and that countries have incentives to make such improvements.

The ISFL's innovative GHG accounting requirements are complemented by other key program design requirements related to benefit sharing, feedback and grievance redress, and land and resource tenure assessment, among others. These requirements build on the recognized approaches of the Forest Carbon Partnership Facility and were developed further in close consultation with program countries, contributors, and other stakeholders.

The GHG accounting requirements and program design requirements are collectively known as the ISFL Emission Reductions Program Requirements. They clearly detail the elements program countries need to have in place to receive results-based payments from the ISFL for emission reductions. However, the Program Requirements are much more than that—they will form the basis for countries to pilot innovative approaches to accounting for GHG emissions and foster programs that change the trajectory of land use across jurisdictions and sustain results over the long term.

ISFL'S PRIVATE SECTOR ENGAGEMENT APPROACH REFINED

The ISFL focuses on engaging with the private sector to reduce GHG emissions from land use while creating livelihood opportunities (described as a key design element: "leveraging partnerships"). The ISFL has tested different approaches to engaging with the private sector since its program countries were selected in 2014 and has learned important lessons about the role of the private sector, the unique value of ISFL programs, and the most effective and efficient ways for programs to involve the private sector throughout their development and implementation. As a result, the ISFL has refined its Private Sector Engagement Approach from its first iteration in 2015.

To maximize the effectiveness of its efforts, each ISFL program addresses three essential questions about its jurisdiction:

- **What are the main drivers of GHG emissions in the jurisdiction?**
- **Are these drivers linked to key commercial sectors and do they involve commodity supply chains, energy, infrastructure, another factor?**
- **What are the most effective and efficient ways to reduce GHG emissions from these sectors?**

By answering these questions, programs develop a Theory of Change and identify activities to be implemented in each jurisdiction as well as entry points for the private sector. For example, the development of land use plans, as supported by ISFL grants, can include features that address limitations for sustainable investments by the private sector.

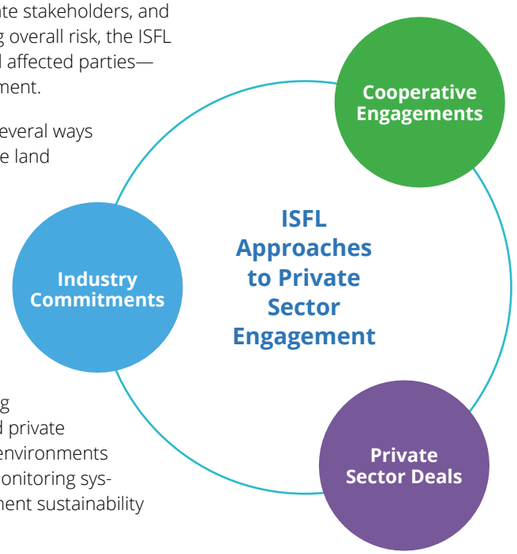
Private sector actors play a major role in shaping land use. Broadly speaking, they can promote sustainable land use through intensification of sustainable activities on productive land; expansion of sustainable practices to degraded land; and restoration of landscapes, including through reforestation and afforestation.

THERE IS A GROWING CONSENSUS ON THE NEED TO ACCOUNT FOR GHG EMISSIONS ACROSS A LANDSCAPE WHERE A MOSAIC OF LAND USES EXISTS, BUT SUCH AN APPROACH DID NOT EXIST WHEN THE ISFL WAS ESTABLISHED.

Given these approaches, ISFL jurisdictions have significant investment potential for sustainable action. The ISFL reduces the private sector risks associated with initiating and scaling up sustainable investments by strengthening regulatory environments, supporting sustainability commitments, convening public and private stakeholders, and providing some finance to pilot innovative approaches. By reducing overall risk, the ISFL can catalyze sustainable investments. It is a win-win situation for all affected parties—communities, governments, private sector actors, and the environment.

The private sector can be involved in sustainable development in several ways and initiatives often focus on leveraging investments for sustainable land use. The ISFL is interested in amplifying efforts in this space, not duplicating them. Therefore, the ISFL knows from experience where it adds value for the private sector, how the private sector can engage most efficiently, and which areas provide the largest number of opportunities for collaborative effort.

Strong groundwork underpins these engagements through ISFL support for knowledge generation and operationalization of commitments. This takes the form of analytical work to support industry action and the convening of stakeholders—among others, by organizing workshops with government, civil society, and private sector stakeholders. In addition, improvements made to enabling environments through ISFL grants can provide essential outputs like maps and monitoring systems that could also make it easier for the private sector to implement sustainability commitments.



By concentrating its efforts on the three ways of engaging the private sector detailed above, the ISFL can build on existing efforts, while focusing on the geographies and sectors most relevant to its programs. In this way, the ISFL can test innovative approaches to working with the private sector on sustainable land use while advancing progress toward achieving results.

The ISFL has identified three ways of working together with the private sector that take advantage of the Initiative's added value:

Cooperative Engagements: *The ISFL is pursuing cooperative action to direct global private sector efforts and investments to ISFL jurisdictions. Examples of this kind of engagement include the following:*	• Working with the Tropical Forest Alliance 2020 and similar initiatives to promote action in ISFL jurisdictions, like the Orinoquía in Colombia. • Validating the ISFL ER Program Requirements as sufficient to meet the selection criteria under global initiatives such as the andgreen.fund and the Commodities/Jurisdiction Approach.
Industry Commitments: *The ISFL supports private sector commitments and actions (by companies or industries), including the creation and implementation of sustainability and zero-deforestation policies and sourcing standards. Examples of this kind of engagement include the following:*	• In May 2017, the ISFL together with the World Cocoa Foundation and Climate Focus, released a report that presents a first set of principles for achieving sustainable, deforestation-free cocoa production. *Eliminating Deforestation from the Cocoa Supply Chain*[3] analyzes current sustainability projects and best practices in the cocoa sector and endorses the business case for moving toward deforestation-free production models. Following the publication of this report, the World Cocoa Foundation and the leading cocoa producers are working to develop a global public-private framework of action to address deforestation in the cocoa supply chain. • The ISFL is working with cotton companies in Zambia to adopt standards for zero-deforestation sourcing in the Eastern Province. Practices for zero-deforestation cotton were analyzed in an ISFL study. • The ISFL is exploring ways to collaborate with the private sector on restoration efforts, taking into account existing and burgeoning sustainability commitments across various sectors.
Private Sector Deals: *The ISFL is partnering directly with global and local companies, including through the IFC, to leverage private sector investments in ISFL jurisdictions. Examples of this kind of engagement include the following:*	• The ISFL's first PPP in Ethiopia—with Nespresso, TechnoServe, and the IFC (box 6). • Partnerships with dairy companies are being explored in the Orinoquía region in Colombia to address livestock as a driver of emissions.

3 The report may be found at http://www.biocarbonfund-isfl.org/ISFL%20Documents.

BOX 4. Public-Private Partnership (PPP) for Sustainable Coffee in Ethiopia

The ISFL has 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 loan funded by the IFC to support smallholder coffee farmers and producer wet mill businesses in Ethiopia and Kenya. More importantly, this engagement has the dual benefits of reducing the pressure on forests for agricultural land and improving coffee quality and yields, which translates to livelihood outcomes for farmers. This innovative partnership is a critical piece of the ISFL's engagement with the private sector on development and sustainability opportunities and the ISFL is analyzing opportunities to replicate this model in other ISFL countries.

ISFL'S MONITORING, EVALUATION, AND LEARNING FRAMEWORK

For any initiative to be successful, its objectives must be clearly defined, the steps necessary to achieve these objectives must be identified, and progress should be regularly monitored and evaluated. Two tools are particularly useful in this context: a Theory of Change and a Logical Framework (Logframe).

The ISFL began developing these tools in early 2015, in consultation with ISFL program teams, World Bank colleagues working on monitoring, evaluation, and learning, and ISFL Contributors. This continued collaboration has resulted in the ISFL's Monitoring, Evaluation, and Learning (MEL) Framework, launched this year. The Framework incorporates the Theory of Change and Logframe, as well as details on planned approaches to MEL from the ISFL portfolio.

To meet the overall objective of the ISFL, specific interventions are required. The logic of these interventions and how they lead to meeting broader objectives is visually represented in the **ISFL Theory of Change**. The interventions are derived directly from the four ISFL design elements and their multilevel objectives are further broken down into different operational and strategic elements to allow for monitoring and evaluation. The Theory of Change diagram shows how the elements supporting the effective delivery of the ISFL and its programs form the foundation for the successful implementation of outputs. Based on these efforts, the programs are expected to deliver shorter-term results that together create the enabling environment that is necessary to attain the higher outcomes, which ultimately contribute to the ISFL's

BOX 5. Early Lessons from Engaging the Private Sector in Results-Based Landscape Programs

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) and the Forest Carbon Partnership Facility (FCPF) have spent years working with private sector companies that produce, trade, or buy commodities that play a role in deforestation or forest degradation. These funds have gained valuable insights into what has worked, and what more is required to further shift private sector behavior toward sustainable business models.

Despite the challenges these funds face, a number of opportunities for partnering with the private sector are emerging. International consumer companies, as well as global traders and producers, are coming under pressure to improve their sustainability. The ISFL and the FCPF are taking advantage of such opportunities and involving the private sector in various ways, through different entry points, as summarized below.

ENGAGE private sector actors early in the design process of REDD+ Programs.

ENGAGE directly with companies that have made recent "zero deforestation" pledges.

BUILD on existing, ongoing work by companies and NGOs in emission reductions programs.

ISFL THEORY OF CHANGE

Impact beyond the ISFL

PARIS2015 UN CLIMATE CHANGE CONFERENCE COP21·CMP11

2 ZERO HUNGER · 13 CLIMATE ACTION · 15 LIFE ON LAND

Impact on ISFL Countries

Low Carbon Development:

GHG emission reductions

Benefits to communities

Achievement of ISFL's Overall Objectives

Improved livelihoods

Increased agricultural productivity

Sustainable land use

Achievement of Intermediate Objectives

The enabling environment leverages additional resources that benefit communities and produce intermediate land use improvements

Benefits to communities (ER payments, trainings, increased productivity, improved environment, investments)

Partnerships established with and between the public and private sectors to contribute to economic growth and sustainable land use

Improved land management and land use

Forest cover increased

Enabling Environment

Host countries make improvements to the enabling environment for sustainable land use through capacity building, training, engagement, and reforms

Capacity building

Effective stakeholder engagement

Policy reforms

Training for land users

Support for Effective Delivery

Host countries and WB have high quality tools and approaches for designing and implementing ER programs

Governance

Monitoring, reporting, and verification of ERs

Financial/ procurement management

Monitoring, evaluation, and learning dissemination

Due diligence process

Replication of ISFL Approach

Communicate and share lessons

pursuit of low-carbon development. The specific delivery of interventions at each level influences other elements. In particular, monitoring and evaluating the ISFL and sharing lessons learned from its programs and approach will be the main tool for trying to persuade other programs or countries to adopt successful interventions for reducing GHG emissions or to avoid challenges identified.

Beyond the direct reach of its programs, the ISFL aims to contribute to broad global goals related to improved livelihoods, increased agricultural productivity, and sustainable land use, including the Sustainable Development Goals and the Paris Agreement targets.

The **ISFL Logframe** is derived from the Theory of Change and its purpose is to serve as a reference for operational planning, monitoring of the Initiative's progress towards its objectives, and evaluating its overall performance and impacts. The Logframe shows how the inputs interact logically, thus producing outputs, outcomes, and finally impacts. For each tier, the Logframe contains specific, measurable, attainable, relevant, and time-bound (so-called "SMART") indicators.

As with all Logframes, it is not a static blueprint for implementation but rather a flexible tool that can be adjusted as progress is made and lessons are learned. The Logframe can be used to set strategic priorities and make choices regarding actions to take to keep the ISFL's main objectives in focus. This is especially important for a fund that is dependent on contributions from various development partners to bring them together around a set of commonly agreed expected results. In this context, the Logframe can provide guidance or serve as a benchmark for setting priorities.

Wherever possible, Logframe indicators are differentiated by gender, meaning that information will be collected for men and women. This gender differentiation implies that countries, in the development and reporting of their ISFL programs, will be mindful of the need to report on gender-disaggregated data and different effects on men and women, whenever possible. The current ISFL Logframe is presented in appendix A.

Monitoring the progress of the ISFL is a continuous process that aims to provide early indications of progress, or lack thereof, in the achievement of results. Monitoring helps the ISFL and its programs track achievements through the regular collection of information to facilitate timely decision making, ensure accountability, and provide the basis for evaluation and learning. This information will also be useful for managing the ISFL and informing the main stakeholders (including ISFL's Contributors) on progress made.

The ISFL Monitoring Approach will be complemented by various evaluation and learning activities carried out by external parties to improve the performance of the program—in terms of meeting its objectives—and to provide a basis for accountability to ISFL Contributors, stakeholders, and the general public. More specifically, **evaluations** will aim to improve the relevance of the program, enhance achievement of results, optimize resource use, and address issues of target group satisfaction. The ISFL will have independent third parties carry out three evaluations (in 2018, 2023, and 2028). The objective and scope of each evaluation will be tailored to the status of the Initiative at the time of evaluation.

As part of the ISFL's MEL approach, **learning** activities ensure that the results stemming from the M&E work are captured, fed back into program implementation, and shared more broadly with ISFL stakeholders, the land use climate community as a whole, and the general public. The ISFL Learning Agenda will be a wide-ranging, ongoing activity that will complement the independent evaluations already scheduled. However, a more narrowly focused, thematic review of a few topics will ensure that there is a continuous learning culture in ISFL management to improve the effectiveness of the ISFL, without the need to wait for the outcomes of the formal external evaluations.

EVALUATING LESSONS FROM THE ISFL

Since the inception of the ISFL in 2013, the Initiative has learned valuable lessons about program design and preparation, including the following:

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. However, this scale presents challenges and opportunities. Most significantly, strong coordination between sectors and government agencies is required to ensure consistent and holistic management of complex landscape issues.

Funding needs: Countries implementing large land use programs have identified funding needs for their implementation. In general, countries lack funding sources for investments in land management, such as reforestation efforts or improved agricultural inputs. While the ISFL can provide some finance for investments, it cannot meet the needs of each and every jurisdiction. However, ISFL grants are intended to be used in a way that supports countries in mobilizing finance, including private sector funding.

Institutional arrangements: 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. Yet given the multisectoral nature of the ISFL, it can be challenging to identify that actor or the most appropriate champion of this work.

Complexity and timing: Given the complexity of each ISFL program and the large number of actors and sectors with which they must engage to be successful, the preparation of ISFL programs has taken more time than originally anticipated.

The ISFL has also learned a great deal from engaging with the private sector (box 7) and through the development of its GHG reporting and accounting requirements (see the section First-of-its-Kind Comprehensive Landscape GHG Accounting Approach Developed).

MONITORING HELPS THE ISFL AND ITS PROGRAMS TRACK ACHIEVEMENTS THROUGH THE REGULAR COLLECTION OF INFORMATION TO FACILITATE TIMELY DECISION MAKING, ENSURE ACCOUNTABILITY, AND PROVIDE THE BASIS FOR EVALUATION AND LEARNING.

RECENT PROGRESS MADE IN ISFL PROGRAMS

The ISFL has officially included three countries in its pipeline: Colombia, Ethiopia, and Zambia. Each country is at 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 will promote the expansion of agricultural production in Orinoquía in the coming years. The Food and Agriculture Organization of the United Nations (FAO) expects Colombia to become a major producer that will help meet increasing global food demands, as the country plans to plant 1 million additional hectares of commercial crops and forest plantations. A large portion of this additional crop production is expected to be concentrated in the Orinoquía region and Colombia is committed to doing this in a low-carbon manner.

The recently brokered peace agreement between the Colombian government and the Revolutionary Armed Forces of Colombia - People's Army (FARC-EP) to end conflict in the country provides a unique opportunity to engage on integrated rural and agricultural development in Colombia. There is documented evidence that strategies for addressing the structural causes of conflict can also create the enabling conditions for the adoption of sustainable and low-carbon natural resources management. These strategies include, but are not limited to, programs that promote land use planning, land tenure regularization, sustainable livelihoods, and local institutional strengthening. **The Orinoquía Sustainable Integrated Landscape Program (OSILP)** supports these strategies and will enable *sustainable* development in the Orinoquía—protecting critical ecosystems, generating livelihood opportunities, and reducing GHG emissions in the process.

The main cause of GHG emissions in the Orinoquía region, encompassing the departments of Meta, Casanare, Vichada, and Arauca, is conversion of forests to pasture lands through deforestation. Between 1990 and 2015, the region lost over 1 million hectares of forest, mostly in the Meta Department. The deforestation is caused by the expansion of cattle grazing land; the lack of land use planning for an organized expansion of suitable productive activities; the lack of incentives for sustainable practices; and the clearing of forests for the planting of illicit crops. In addition to deforestation, methane emissions from livestock are a significant source of GHG emissions.

Given that the underlying causes of emissions and deforestation in the Orinoquía region are both agricultural and institutional in nature, strong coordination across sectors is required to address them effectively. The Ministry of Agriculture and Rural Development (MADR) will be the lead ministry for coordination and implementation of the OSILP. The MADR will work closely with the Ministry of Environment and Sustainable Development and the National Planning Department through formalized implementation arrangements and joint committees. This coordination is mirrored from the national to the regional to the local levels through joint teams managing the program.

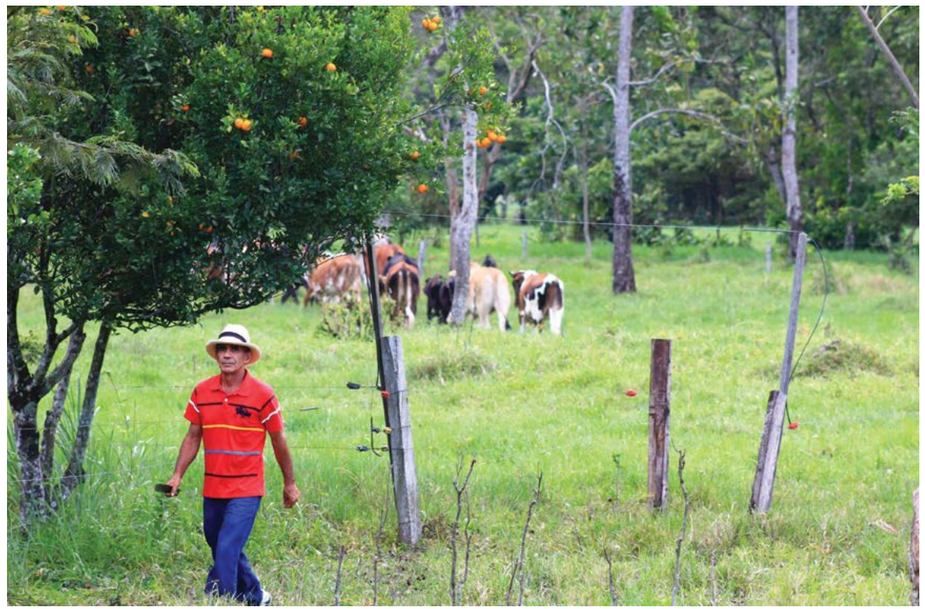
Colombia has developed several policies and action plans related to land use and the peace process, and the OSILP will operationalize these plans and coordinate their action toward mutual objectives. The World Bank is reaching out to Ministries of Finance in some countries to engage in a multistakeholder dialogue on land use. The complementarity of the ISFL program with the peace-building process, especially in terms of land use and deforestation, is widely recognized. Support at this level is crucial for driving change in the country.

Colombia´s Integrated Rural Reform, as defined in the existing peace agreement, notes that land use planning can help overcome barriers for achieving rural development and sustainable peace. Given that the lack of land use planning is also a key driver of deforestation, the OSILP will support the planning process by integrating sustainable land use in the design of plans and their resulting recommendations. More specifically, the inclusion of key environmental priorities and policies, such as the delimitation of the agricultural frontier, environmental zoning carried out as part of the peace agreement, regional and national climate change and deforestation plans, and land regularization processes will be prioritized in land use plans in all four departments of the Orinoquía region. To this end, the OSILP will focus on strengthening the capacities of relevant agencies to conduct and implement land use planning. These agencies include government authorities at the municipal and departmental levels as well as the Civil Society Reserves Network, a network of land owners who have dedicated some or all of their land for conservation purposes.

Colombia is currently developing a National Multipurpose Cadastre System, a registry of land ownership and/or property in the country. Cadastres serve many purposes, but can be particularly useful in contributing to sustainable land use by supporting the establishment of land rights and land tenure, which has been proven to provide incentives for land users to manage their land more sustainably. The OSILP will enhance the ongoing work on the cadastre to include key environmental variables, update property information, and, where feasible, improve the regularization of property rights in selected municipalities. In addition, the program will support the interoperability of the cadastre with the Colombian Environmental Information System to create robust, accurate, and georeferenced information on tenure, ownership, land use, protected environmental areas, and use restrictions.

Closely related to the cadastre is the issue of land tenure. Unclear property rights have led to informal activities in Colombia, such as illegal mining and illicit crops, and have provided incentives for land-grabbing resulting in forest degradation and deforestation. The OSILP will support systematic land tenure regularization in one prioritized municipality that is an identified deforestation hotspot, and that has completed a multipurpose cadastre survey and land use plans, or is developing them in parallel. This will include protocols for environmental considerations targeted at avoiding deforestation or other ecosystem transformations as a prerequisite for proving land tenure rights on state-owned land. This approach could serve as a model for future land tenure regularization based on the cadastre.

To truly attain a shift in land use toward sustainable activities, planning instruments are not sufficient. The OSILP will also contribute to the enforcement of land use plans, policies, and regulations in the Orinoquía region. For example, procedures for coordinated administrative and law enforcement actions by environmental authorities, the defense sector, military, police, and others will be developed to ensure the effective control of deforestation and land degradation caused by illicit activities. Regional planning units will also receive support to monitor the adherence to high standards of business practices by large investors in selected landscapes to ensure land is being managed sustainably.



The private sector is expected to have an increasing role in the Orinoquía region as a result of the peace process and the established plans to expand agricultural production in the region. To address key causes of deforestation and emissions in the region, the OSILP is working with the IFC to explore opportunities for public-private partnerships in both the dairy and palm oil sectors to pilot approaches to sustainable production. These targeted partnerships, if formalized, can provide valuable lessons on how best to cooperate with sectors that are central to deforestation issues.

The Zones of Interest for Economic and Social Development in Rural Areas (ZIDRES) Act will particularly increase private sector investment and engagement in the Orinoquía region. ZIDRES are classified territories in rural areas marked by a low population density and limited infrastructure where agriculture, cattle ranching, or fisheries productive industries can be developed in partnership between large businesses and small and medium producers who do not own land. As this law has the potential to significantly alter the way land is used in the rural areas of the Orinoquía region, the OSILP will mainstream environmental considerations into upcoming ZIDRES investments. This will be done through several means, including aligning investments with zero-deforestation agreements and requiring commitments to the adoption of low-carbon practices by companies, smallholder farmers, and cooperatives. ZIDRES areas will be selected based on proposed plans and the OSILP will ensure sustainable standards and enforcement measures are included in approved plans.

Given the potential in the Orinoquía region, the private sector has begun coordinating activities in the region through several stakeholder initiatives, including the Tropical Forest Alliance, a global PPP aiming to reduce deforestation caused by key global commodities (such as soy, beef, palm oil, paper, and wood pulp) by 2020. The OSILP has fostered dialogues through ExpoGestión, a forum to engage on the development trajectory in the Orinoquía region with stakeholders from the public and private sector, including companies and civil society. It will continue facilitating multistakeholder dialogues—among others, with the Tropical Forest Alliance—to develop an agreed strategy for low-carbon development in selected landscapes and reach sustainable supply chain agreements for key commodities driving development in the region. Ultimately, this strategy will focus on bringing public and private sector efforts in line with ongoing processes in the Orinoquía region for value chain competitiveness and green development. It will be operationalized through the development of new financial products (possibly including credit guarantees, mobile banking, and green funds) under the OSILP. As development in the region is expected to accelerate, it is critical that public and private sectors efforts be closely coordinated to ensure land is used sustainably and emissions can be significantly reduced.

Colombia will soon finalize the design of OSILP and sign an ISFL grant for $20 million to support it. Colombia has already started developing its ISFL ER program and made strides to meet the ISFL ER Program Requirements by developing its GHG inventory for the Orinoquía region. The ISFL grant will provide Colombia additional support to develop other components required for an ER program, including a benefit-sharing plan and an AFOLU monitoring, reporting, and verification system, aiming to sign an ERPA in 2018.

$20 MILLION

Colombia will soon finalize the design of OSILP and sign an ISFL grant for $20 million to support it.

TABLE 2. The Orinoquía Sustainable Integrated Landscape Program (OSILP) in Colombia

PROGRAM PROFILE

Jurisdiction	Orinoquía region, Colombia
Size of jurisdiction	25 million hectares
Population in jurisdiction	1.37 million
Accounting area	TBD
Implementing agency	Ministry of Agriculture and Rural Development (MADR)
Proposed ISFL funding envelope size	$20 million preparation and upfront grant and, potentially, payments for up to 10 million tCO2e of ER
Potential cofinancing	$7.3 million from GEF
Month program opened	August 2015

PROJECTED FUTURE MILESTONES

2017	2017	2017	2018	2018
Program design completed (PAD)	**Letter of Intent (LOI) signed with government[a]**	**Grant Agreement signed with government**	**Emission Reductions Program Document finalized**	**ERPA signed with government**

EARLY RESULTS

# of engagements established with the private sector	3: Expogestión; engagements with dairy and with private sector palm oil companies for potential partnerships
# of coordination platforms supported	1: Orinoquía Climate Change Platform
# of technical studies completed[b]	4
# of workshops held on OSILP	3
Project Concept Note completed	✓
Environmental and Social Management Framework completed	✓

Note: tCO2e = (metric) tons of carbon dioxide equivalent; ER = emission reductions; ERPA = Emission Reductions Purchase Agreement; GEF = Global Environment Facility; PAD = Project Appraisal Document.

a. The ISFL will sign Letters of Intent (LOIs) with ISFL program countries to reflect the intent to purchase emission reductions from the jurisdiction as part of the ISFL program.

b. The studies referenced are: (1) *Low-Carbon Agricultural Growth in the Orinoquía Landscape: An Assessment of Opportunities*; (2) *Strategic Study for the Colombia Land Administration Institutional Reform*; (3) *Assessing Public and Private Financing of Low- Carbon Development in the Orinoquía Region*; and (4) *Institutional and Legal Framework for Low-Carbon Development in the Orinoquía Region*. Studies pertaining to Colombia are made public in accordance with World Bank information policies and are available at http://www.biocarbonfund-isfl.org/colombia-program.

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, among others, by engaging the private sector.

Ethiopia reached a significant milestone last year, when it signed the first ISFL grant of $18 million to support the OFLP. The grant will enable OFLP to serve as Oromia's strategic programmatic umbrella and coordination platform for multisector, multipartner interventions on all forested landscapes in the jurisdiction. In particular, the grant will contribute to transforming the way in which forested landscapes are managed in Oromia to allow the delivery of 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 development through a series of on the ground activities (including investments and enhancements to regional institutions) that address deforestation, reduce land use emissions, and enhance forest carbon stocks.

The OFLP is designed to coordinate and leverage efforts in Oromia toward sustainable land use. The program will build on national REDD+ readiness and implement a jurisdictional approach for reducing emissions and receiving payments by scaling up action and investments for this work. In addition, the OFLP is exploring ways to involve the private sector in the generation of mutually beneficial outcomes in Oromia, such as improving livelihoods for local communities and expanding sustainable land use.

In the preparatory phase of the program, it was determined that the two main causes of deforestation and forest degradation in Oromia are small-scale agricultural expansion and wood extraction for firewood and charcoal production, respectively. The interventions that will be supported by the grant comprehensively address the drivers of deforestation and have the potential to improve the way land is managed in Oromia over the long term.

Ethiopia has designed the OFLP with a strong focus on land use planning and management across sectors so that approaches to sustainable land use in Oromia can be harmonized. Land use planning will be conducted at both the state and local levels, and subject to requirements for multisectoral coordination and the incorporation of sustainable land management practices. Through the planning process itself, stakeholders will be able to identify and find solutions for land conflicts so that potential barriers to sustainable land use can be addressed. The outputs of this exercise will extend beyond the land use plan to include maps of natural resources, land uses, and land cover, which can also be useful in the planning of future investments and expansion of activities in suitable areas.

Sound management approaches must be in place to operationalize sustainable land use plans. Ethiopia has a long history of participatory forest management (PFM), a system that involves communities in the management of forests. One of the central features of the OFLP is to expand PFM in Oromia. PFM has been proven to improve the overall management of forests, thereby possibly contributing to reductions in deforestation and ecosystem degradation. Just as important, PFM provides livelihood benefits to forest communities by strengthening their forest user and management rights. In general, forest communities are more likely to benefit reliably from forest ecosystem services and non-timber forest products under PFM.

In addition to dealing with land use planning and management issues, the OFLP will directly address livelihood concerns of Oromia communities—ultimately aiming to improve their economic conditions while also promoting sustainable land use. The latter will be accomplished through a complementary approach that seeks to improve agricultural practices and establish sustainable sources of fuelwood.

As small-scale agricultural expansion is a major cause of deforestation in Oromia, the OFLP will invest in extension services. In particular, conservation agriculture and agroforestry practices will be introduced to communities. The OFLP grant will support both the inputs required for these practices and the transfer of knowledge to communities.

Moreover, the OFLP will invest in reforestation in deforestation hotspots, with the aim of reducing wood extraction for firewood and charcoal, a major cause of forest degradation in Oromia. Woodlots will be established and requirements set to ensure their sustainable management. If properly managed, these woodlots will not only increase the forest area in Oromia but also provide communities with a sustainable source of fuelwood and construction materials, thereby reducing deforestation in native forest areas.

The OFLP grant will also support the government in improving its formulation, coordination, and enforcement of policies for sustainable land management. More specifically, implementing agencies (active at the local, regional, and national level) will benefit from capacity building and investment support to improve coordination across ministries and sectors and their ability to manage and enforce aspects of the program. Policies and laws on land certification, natural resource-based enterprises, PFM, sustainable investments, renewable energy and cook stoves, and payment for environmental services will be assessed for their potential to streamline and improve existing policies for sustainable land use.

Since the launch of the OFLP grant in May 2017, Ethiopia has begun implementing activities to deliver benefits on the ground in Oromia. The government has focused on laying a solid foundation for program implementation by consulting with the key stakeholders, developing essential programmatic elements, and building the capacity of the implementing agencies.

To date, almost 350,000 stakeholders have been consulted on the OFLP.[5] Consultations during the preparation of the program gave stakeholders the opportunity to influence its design and give feedback on its proposed implementation. As the program refined its design, consultations became more focused on details. For example, consultations have been held on risks and social and environmental safeguards to ensure that the program will be implemented appropriately and any potential negative impacts duly mitigated. In preparation for OFLP's ER program, consultations have been held on the monitoring, reporting, and verification (MRV) system for GHG emissions and mechanisms for sharing benefits from payments for ER results. It is essential for stakeholders to have a say in these program elements to ensure benefits will be maximized and programs will succeed in sustaining behavior changes.

As a result of these consultations, Ethiopia has made significant progress in developing the program elements required for an ER program. In particular, the government in Oromia has finalized its implementation manual for the OFLP grant, which will guide action across ministries and levels of government to ensure mutually beneficial objectives are pursued. This will, in turn, improve both the effectiveness and efficiency of the program throughout its implementation. In addition, Oromia has continued developing its benefit-sharing mechanism, based on stakeholder consultations, aimed at a design that incentivizes sustainable land use and maintains interventions in the long term. A Forest Reference Emissions Level (FREL) that meets the ISFL's requirements for GHG reporting and accounting has also been drafted.

To ensure activities supported by the grant are implemented quickly and effectively, key technical staff have been hired and trained. A project management unit has been established to oversee the implementation of the OFLP and staff members have been trained on the program's interventions, coordination across sectors, and requirements for the ER program. In addition, field staff are being hired in Oromia to deliver interventions to communities and ensure their proper implementation.

The OFLP has been able to engage with several organizations and initiatives on the preparation and implementation of the program. Solidaridad, an international development civil society organization, is involved in the OFLP by exploring how the sustainability of the dairy supply chain in Oromia could be improved—based on a feasibility study of potential investments by large-scale producers. As emissions from livestock are significant in Oromia, this study has the potential to inform the livestock sector on ways to reduce overall emissions. This could be further compounded by a developing program the government may undertake to modernize the sector and make it more sustainable. Other organizations, such as Farm Africa, SOS Sahel, Ethio Wetlands, the Natural Resource Association, and Japan International Cooperation Agency, have also been closely involved in the preparation of the OFLP. Programs managed by these organizations in Oromia, including REDD+ and forest coffee certification projects, will contribute to the OFLP's goal of reducing emissions.

In addition, the ISFL has been able to partner up with the private sector in Ethiopia on coffee—a key commodity for communities in Oromia. The ISFL is working with Nespresso, TechnoServe, and the IFC to train farmers and invest in coffee production in the state. Activities on the ground only began this year, but results can already be seen. Over 17,000

5 Information on these consultations may be found at https://reddplusethiopia.wordpress.com/consultation-and-participation/.

farmers, 34 percent of whom are women, have been trained on sustainable coffee production practices, signaling significant progress toward meeting project targets. Moreover, 32 wet mills for processing coffee beans have been registered with Nespresso's AAA Sustainable Quality Program™ and Nespresso has been able to leverage cofunding from IDH to support improvements to the mills. Finally, over 2,000 indigenous shade trees have been planted and technical assistance has been provided to farmers on the importance of indigenous species for climate adaptation and ecosystem services.

A new coffee policy in Ethiopia will soon make it possible for coffee to be fully traceable when traded through the Ethiopia Commodity Exchange (ECX) or directly to exporters. This means the ISFL project with Nespresso will have a positive impact, and the coffee commodity supply chain more in general, by enabling buyers to learn more about the coffee they are purchasing. Overall, traceability can improve the efficiency of a supply chain and sustainable coffee production practices could be scaled up in Oromia, which would result in direct improvements to family livelihoods in the area.

To further reduce the pressure on forests and increase livelihood opportunities for forest communities, the OFLP will pilot a program for supporting forest-based businesses in Oromia. The regional government will hold a call for proposals for promising business ideas from cooperatives in sectors such as non-timber forest products (honey, mushrooms, spices, and forest coffee), nature-based tourism, and wildlife management. Up to 15 businesses may be supported by the OFLP grant, which covers both financial support and technical assistance for accessing markets, managing funds, and overall business management.

Over the next year, implementation of the OFLP grant will continue and yield more results on the ground. The government will select sites and begin operationalizing PFM across the state, and reforestation and afforestation efforts will begin. Efforts to partner with the private sector will increase with the hiring of a specialist to develop opportunities for engagement. Finally, Ethiopia will continue to develop the elements for an ER program that is in line with the ISFL ER Program Requirements (see the section Recent Progress made by the Initiative), with a view to signing an ERPA in 2018.

TABLE 3. The Oromia Forested Landscape Program (OFLP) in Ethiopia

PROGRAM PROFILE

Jurisdiction	Oromia Regional State, Ethiopia
Size of jurisdiction	32 million hectares, of which 9 million are forests
Population in jurisdiction	30+ million
Accounting area[a]	All forests in Oromia
Implementing agency	Oromia Environment, Forest, and Climate Change Authority and regional bureaus
Committed ISFL funding envelope size	$18 million upfront grant, $3.2 million IFC advisory services in the coffee sector
Proposed ISFL funding envelope size	Potentially payments for up to 10 million tCO2e of ERs
Committed cofinancing	$3 million loan from the IFC for investment services in the coffee sector
Month program opened	September 2014

(Table 3 continues next page)

PROJECTED FUTURE MILESTONES

2018
Emission Reductions Program Document finalized

2018
ERPA signed with government

EARLY RESULTS

ISFL grant signed with government	✓
Letter of Intent signed with government	✓
# of partnerships established with private sector	1: Nespresso
# of partnerships established with not-for-profits	1: TechnoServe
# of engagements established with private sector	Pilot program for forest-based businesses in Oromia; and Solidaridad.
# of engagements established with not-for-profits	4: Farm Africa, SOS Sahel, Ethio Wetlands and Natural Resource Association, and Japan International Cooperation Agency
# of coordination platforms supported	2: OFLP Steering Committee chaired by the Oromia Regional State Vice President; Oromia REDD+ Coordination Unit
# of technical studies completed[b]	8
# of workshops held on OFLP	9
# of stakeholders consulted on OFLP	350,000
Grievance redress mechanism developed	✓
Project Concept Note completed	✓
Project Appraisal Document completed	✓
Project Implementation Manual completed	✓
Strategic Environmental and Social Assessment completed	✓
Environmental and Social Management Framework completed	✓

Note: tCO2e = (metric) tons of carbon dioxide equivalent; ER = emission reductions; ERPA = Emission Reductions Purchase Agreement; GEF = Global Environment Facility; IFC = International Finance Corporation.

a. The accounting area refers to the land area from which reductions in GHG emissions will be monitored, reported, and verified.

b. The referenced studies are: (1) *Analysis of Drivers of Deforestation and Strategic Options*; (2) *Legal and Institutional Analysis*; (3) *Reference Level and Designing an MRV System for a REDD+ Program in Oromia Regional State*; (4) *OFLP Consultation and Participation Plan*; (5) *Baseline Study*; (6) *OFLP Safeguards Instruments (SESA, ESMF, RPF, and PF)*; (7) *Benefit Sharing Mechanism*; and (8) *Environmental and Social Review of Ongoing Bale Mountains Eco-region REDD+ Project and REDD+ Participatory Forest Management Project of Nono Sele Woreda*. Studies pertaining to Ethiopia are made public in accordance with World Bank information policies and are availbable at http://www.biocarbonfund-isfl.org/ethiopia-program.

ISFL PROGRAMS

Zambia

The ISFL program in Zambia targets the Eastern Province, an area of miombo forests and grasslands that contains large, globally significant biodiversity areas, including the Luangwa Valley. The province supports some of Zambia's highest revenue-generating parks—the South Luangwa, Lukusuzi, and Luambe National Parks. Rural development in the Eastern Province has been challenged by unsustainable human activity that is driving deforestation, land degradation, and wildlife depletion. The **Zambia Integrated Forest Landscape Program (ZIFL-P)** aims to reduce GHG emissions across the landscape of the Eastern Province by reducing deforestation, enhancing rural livelihoods, and protecting wildlife habitat. The program will achieve this goal through planned interventions in the agriculture, tourism, and forest sectors.

Zambia has expressed its ambition "to be a prosperous middle-income country in 2030" in its long-term plan, Vision 2030. A key component of this plan is the country's rural development agenda, which envisions increased livelihood opportunities, in part through natural resource conservation focused on reversing deforestation, wildlife depletion, and land degradation. The ZIFL-P can contribute directly toward achieving the goals laid out in Vision 2030.

In the Eastern Province, the main causes of deforestation are agricultural expansion for cotton and maize production and fuelwood harvesting for charcoal or firewood. The ZIFL-P aims to tackle these drivers of deforestation through an integrated approach to forest and wildlife management, agricultural productivity, and land tenure. The program will be able to address this wide range of issues thanks to its unique financing arrangements. The proposed ISFL grant to Zambia has leveraged formal cofinancing from both GEF and IDA. Taken together, this financing will total over $33 million in the form of grants and a loan to Zambia to improve rural livelihoods while conserving the valuable forest, agriculture, and wildlife resources in the Eastern Province.

To successfully implement the program, the government of Zambia has built a network of stakeholders to support the ZIFL-P in achieving its multiple objectives. The Interim Climate Change Secretariat, housed in the Ministry of National Development Planning, will coordinate the overall program. Leadership from the Eastern Province's Provincial Administration will ensure the program is effective on the ground. In addition, local civil society organizations will support efforts in the Eastern Province related to sustainable agriculture and wildlife protection. Finally, a group of government, civil society, and private sector actors will continue to advise the ZIFL-P as part of the Chipata Roundtable.

Policy and management can significantly influence the way land is used. Legally secure land rights are essential for sustainable land management and increase the productivity of land. Yet, under Zambia's current legal system, the procedure available for many groups to formally secure their land rights is limited. The ZIFL-P will develop cost-effective systems to manage information on land rights, identify new ways for the private sector to engage in the Eastern Province based on existing land rights arrangements, and link land rights documentation to land use. Together, this will help develop the regulatory and institutional preconditions for a larger-scale effort of rural land rights registration. In addition, the ZIFL-P will support land use planning to be conducted in the Eastern Province and include criteria for sustainable land management practices. To optimize the use of natural resources and reduce the rate of deforestation, land use plans will focus on maximizing the value of the land, conservation of forests, and sustainable integration of agriculture.

Cotton is one of the main cash crops in the Eastern Province and its expansion is an underlying cause of deforestation. Often, farmers grow cotton in conjunction with maize and other crops to meet their subsistence needs. The ZIFL-P will address agricultural expansion as a direct cause of deforestation and because it involves a sector that is important for rural livelihoods. Farmers in the Eastern Province will receive support to increase their productivity on land they currently own. Extension services will be increased and improved to focus on climate-smart agriculture practices and will include training sessions and field-based learning to demonstrate good practices. Farmers will also receive training on agroforestry with the aim to improve soil fertility management. This will be coupled with investments in community nurseries and seeds to assist the adoption of the practices promoted.

The ISFL is interested in supporting the private sector in operationalizing its zero-deforestation commitments as part of its Private Sector

Engagement Approach (see the section Recent Progress Made by the Initiative). As part of its preparation, the ZIFL-P analyzed the actions that cotton companies can take to reduce deforestation in their supply chain to net-zero. A group of cotton companies have made a collective zero-deforestation commitment and, based on the ISFL's analysis, is working with the ZIFL-P to explore ways to adopt the proposed actions in their operations. This engagement could yield valuable lessons on the challenges and opportunities for companies in operationalizing zero-deforestation commitments.

Aside from addressing agricultural issues, the ZIFL-P has significant potential to improve livelihoods and restore ecosystems through investments in wildlife in the Eastern Province. The Lukusuzi and Luambe National Parks are relatively large parks with major revenue potential and have not received as much support as the South Luangwa National Park. Both parks urgently need investments to establish even the most basic management of the park. The ZIFL-P will support the parks through investments in infrastructure for park management and ecotourism, including equipment for monitoring the park and enforcement of rules and regulations. In addition, park management plans will be developed, and include management measures to be adopted jointly with Malawi on account of the biological connectivity between the Kasungu National Park in Malawi and the Luangwa valley complex of protected areas in Zambia. In the context of both investments and management, the management of poaching to conserve wildlife will be the focus of attention.

By investing in the management of national parks and protected areas, the ZIFL-P will improve livelihoods for communities in the Eastern Province. First, with proper management, human-wildlife conflict can be reduced and poaching restricted, preserving both human well-being and wildlife that will continue to attract tourism and revenue to the province. Second, the ZIFL-P will support the establishment of community conservation areas and the development of strategies for biological corridors that reintroduce lost species from neighboring parks. This will be complemented by support to communities to develop ecotourism business models to increase the share of revenue that flows to communities. Finally, the ZIFL-P will analyze and pilot community models to improve natural resource-revenue sharing in the Province's game management areas. These approaches combined can diversify income streams for communities and incentivize the conservation of biodiversity, forests, and other ecosystems.

The ZIFL-P will also address fuelwood as a driver of deforestation through various investments to tackle both supply and demand issues. The program will establish woodlots that will sustainably produce firewood and charcoal to satisfy local demand. Technical assistance will also be provided to communities on more sustainable techniques to reduce the amount of wood needed for charcoal production and the volume of GHGs emitted in that process. In addition, fuel-efficient cookstoves will be distributed to reduce local fuelwood consumption, improve indoor air quality, and save communities money and time. Finding a cookstove that will be adopted on a large scale by communities requires that economic, social, and environmental considerations be taken into account. Therefore, ZIFL-P will analyze appropriate options before proceeding to the distribution of cook stoves.

Zambia finalized the design of its program last year and will sign a package of ISFL and GEF grants and an IDA loan for over $33 million for ZIFL-P in the next year. The country will continue implementing activities on the ground and developing the components required for an ISFL ER program. It is anticipated that Zambia will enter into an ERPA in 2019.

OVER $33 MILLION

Zambia finalized the design of its program last year and will sign a package of ISFL and GEF grants and an IDA loan for over $33 million for ZIFL-P in the next year.

TABLE 4. The Zambia Integrated Forest Landscape Program (ZIFL-P)

PROGRAM PROFILE

Jurisdiction	Eastern Province, Zambia
Size of jurisdiction	5.1 million hectares
Population in jurisdiction	1.59 million
Accounting area	5.1 million hectares
Implementing agency	Interim Climate Change Secretariat
Proposed ISFL funding envelope size	$8 million preparation and upfront grant, and potentially up to 6 million tCO2e for ER
Cofinancing	$8.05 million grant from GEF; $17 million loan from IDA
Month program opened	September 2014

PROJECTED FUTURE MILESTONES

2017
Letter of Intent (LOI) signed with government

2017
Grant Agreement signed with government

2018
Emission Reductions Program Document finalized

2019
ERPA signed with government

EARLY RESULTS

ISFL Preparation Grant Signed with Government[a]	✓
# of engagements established with private sector	3: Zero-deforestation cotton with industry group; pilots on community ecotourism and game management area revenue sharing business models
# of coordination platforms supported	1: Chipata Roundtable
# of technical studies completed[b]	7
# of workshops held on ZIFLP	10
# of stakeholders consulted on ZIFLP	1,000
Project Concept Note completed	✓
Project Appraisal Document completed	✓
Environmental and Social Management Framework completed	✓

Note: tCO2e = (metric) tons of carbon dioxide equivalent; ER = emission reductions; ERPA = Emission Reductions Purchase Agreement; GEF = Global Environment Facility; IDA = International Development Association.

a. ISFL Preparation Grant Signed with government for $750,000

b. The studies referenced are: (1) Technical Needs Assessment; (2) Agricultural Value Chain Development for Forest Conservation in Zambia's Eastern Province; (3) Drivers of Deforestation and Forest Degradation in Eastern Province, Zambia; (4) Vision Document; (5) Land Administration, Resource Tenure and Land Use Assessment: A Focus on the Eastern Province; (6) Strategic Interventions to Address Deforestation and Forest Degradation in Eastern Province, Zambia; and (7) Safeguards Study (ESMF, RPF, PF). Studies pertaining to Zambia are made public in accordance with World Bank information policies and available at http://www.biocarbonfund-isfl.org/zambia-program.

APPENDIX A: THE ISFL LOGFRAME

The ISFL Logframe is derived from the Theory of Change and its purpose is to serve as a reference for operational planning; monitoring of progress of the Initiative toward its objectives; and evaluating its overall performance and impacts. As with all Logframes, it is not a static blueprint for implementation but rather a flexible tool that can be adjusted as progress is made and lessons are learned.

Figures for targets are based on the best estimates of the ISFL at the time the Logframe is published. Target values will be updated based on information from each ISFL program's Results Framework once it is finalized in the corresponding program's design document (Project Appraisal Document) and as future programs are added to the ISFL portfolio. The targets currently included in the ISFL Logframe show results for the ISFL's initial portfolio of four programs. ***Targets for Tier 1 and Tier 2 (except for Outcome 3 and Cross-cutting Outputs) apply only to Ethiopia and Zambia unless otherwise noted, as they had finalized their Results Framework as of July, 2017. Furthermore, targets for Zambia for Tier 1, Outcomes 1 and 2, and Outputs 1 and 2 are discounted on account of formal cofinancing arrangements—24 percent of total results being anticipated for ZIFL-P.***

The ISFL Fund Management Team (FMT) is responsible for maintaining the Logframe and will consider re-baselining targets if and when it receives the following inputs:

- **New or adjusted ISFL program Results Frameworks (typically at the development of a Project Appraisal Document, midterm review of the program, or at time of program restructuring, if any);**
- **ISFL evaluations;**
- **Extraordinary events occurring in ISFL program areas that significantly alter Logframe targets.**

Impact and outcome indicators are mandatory, that is, all ISFL programs need to make every effort to include these in their respective Result Frameworks if they are relevant to their specific program. *Output indicators are optional*. ISFL program teams are strongly encouraged to include these output indicators in their respective Results Frameworks to allow maximum aggregation of results for the Initiative. However, given the wide variance in program designs, it is understood that the adoption rate of output indicators will be lower than of the impact and outcome indicators.

All targets are cumulative. This report covers progress made during the World Bank's 2017 fiscal year (July 1, 2016 – June 30, 2017). All figures in the 2017 Results column are through June 30, 2017.[6]

THE ISFL LOGFRAME IS DERIVED FROM THE THEORY OF CHANGE AND ITS PURPOSE IS TO SERVE AS A REFERENCE FOR OPERATIONAL PLANNING; MONITORING OF PROGRESS OF THE INITIATIVE TOWARD ITS OBJECTIVES

6 For additional information, see the ISFL Monitoring, Evaluation, and Learning Framework report, available at http://www.biocarbonfund-isfl.org/sites/biocf/files/documents/ISFL%20MEL%20Framework.pdf.

	Baseline (2014)	2017 Results	Target 1 (2019)	Target 2 (2021)	Target 3 (2026)	EOP Target (2031)	Page Reference
Tier 1 (Impact): Contribute to low carbon development by delivering benefits to communities and reducing GHG emissions in ISFL program areas and catalyzing programs beyond the ISFL.							
1. Number of people reached with benefits (assets and/or services) from ISFL programs (% women)	0	N/A*	13,000 (Average 20%)	50,647 (Average 30%)	86,699 (Average 30%)	86,699 (Average 30%)	–
2. GHG emission reductions in ISFL program areas	[Indicator targets to be developed once included in an ISFL program's results framework]						–
3. Non-ISFL programs replicate or incorporate ISFL approaches in their program design	No	N/A	No	Yes	Yes	Yes	–
Tier 2 (Outcome)							
Outcome 1: Improve land management and land use, including forest cover.							
1.1 Total natural forest area in ISFL program areas	[Indicator targets to be developed once included in an ISFL program's results framework]						–
1.2 Reduction in deforestation as compared to a reference level in ISFL program areas	0	N/A	0	2,977	5,849	5,849	–
1.3 Emission reductions from forest degradation as compared to a reference level in ISFL program areas	[Indicator targets to be developed once included in an ISFL program's results framework]						–
1.4 Land area reforested or afforested in ISFL program areas	0	N/A	3,600	8,100	9,000	9,000	
1.5 Land users who have adopted sustainable land management practices (% women) as a result of ISFL support, including in the following sectors where relevant: - Forestry - Agriculture - Other	0	N/A	7,000 (Average 20%)	22,591 (Average 23%)	32,303 (Average 30%)	32,303 (Average 30%)	–
Outputs to achieve Outcome 1							
1.1 Total land area brought under sustainable management plans as a result of ISFL support, including where relevant: - Forest plans - Biodiversity plans - Land use plans - Other	0	N/A	36,000	111,775	132,584	132,584	–

	Baseline (2014)	2017 Results	Target 1 (2019)	Target 2 (2021)	Target 3 (2026)	EOP Target (2031)	Page Reference
1.2 Total land area under sustainable landscape management practices as a result of ISFL support, including where relevant: - Forestry - Agriculture - Other	0	N/A	0	13,383	30,250	30,250	–
1.3 Land users who have received training for improving land management (% women)	0	N/A	13,000 (Average 20%)	25,000 (Average 30%)	25,000 (Average 30%)	25,000 (Average 30%)	–
1.4 Land users who have received training for agricultural productivity (% women)†	0	17,057 (33%)	17,000 (No % Target)	17,000 (No % Target)	17,000 (No % Target)	17,000 (No % Target)	p. 35
1.5 Reforms in forest and land use policy, legislation or other regulations as a result of ISFL support	[Indicator targets to be developed once included in an ISFL program's results framework]						–
1.6 Government officials who have received technical training on ISFL interventions	[Indicator targets to be developed once included in an ISFL program's results framework]						–
1.7 Number of government institutions provided with capacity building to improve land use management	[Indicator targets to be developed once included in an ISFL program's results framework]						–
Outcome 2: Deliver benefits to land users							
2.1 Number of communities or organizations that have received benefits (assets and/or services) from emission reduction payments	[Indicator targets to be developed once included in an ISFL program's results framework]						–
2.2 Number of people involved in income generation activities due to ISFL support (% women)	[Indicator targets to be developed once included in an ISFL program's results framework]						–
Outputs to achieve Outcome 2							
2.1 Number of approved benefit-sharing plans established for emission reductions payments‡	0	0	3	4	4	4	–
2.2 Volume of emission reductions purchases from ISFL programs	[Indicator targets to be developed once included in an ISFL program's results framework]						–
Outcome 3: Leverage partnerships with and between the public and private sectors to advance the ISFL vision and approach							
3.1 Volume of for-profit private sector finance leveraged to contribute to ISFL objectives	0	$3 million	[Indicator will be reported on each year. Targets will not be included.]				p. 35

	Baseline (2014)	2017 Results	Target 1 (2019)	Target 2 (2021)	Target 3 (2026)	EOP Target (2031)	Page Reference
3.2 Volume of not-for-profit finance (public or private) leveraged to contribute to ISFL objectives	0	$25.05 million	[Indicator will be reported on each year. Targets will not be included.]				p. 39
3.3 Number of people in private sector schemes adopting sustainable practices	[Indicator targets to be developed once included in an ISFL Program's results framework]						–
Outputs to achieve Outcome 3‡							
3.1 Number of partnerships established with for-profit private sector organizations due to ISFL support	0	1	3	4	4	4	p. 35
3.2 Number of partnerships established with not-for-profit organizations/ initiatives (public or private) due to ISFL support	0	1	3	4	4	4	p. 35
3.3 Number of engagements established with for-profit private sector organizations due to ISFL support	0	8	4	8	12	12	p. 31, 35, 39.
3.4 Number of engagements established with not-for-profit organizations/ initiatives (public or private) due to ISFL support	0	4	2	4	8	8	p. 35
3.5 Number of coordination platforms supported	0	4	[Indicator will be reported on each year. Targets will not be included.]				p. 31, 35, 39.

	Baseline (2014)	Target 1 (2017)	2017 Results	Target 2 (2018)	Target 3 (2020)	Target 4 (2022)	Target 5 (2026)	Target 6 (2031)	Page/RF references
Cross-cutting outputs for ISFL program design and preparation.									
CC1 Number of funded technical studies completed§	0	18	19	21	23	25	29	32	p. 31, 35, 39.
CC2 Number of stakeholders consulted on ISFL programs following WB safeguard policies (% women)	0	N/A	350,746	[Indicator will be reported on each year. Targets will not be included.]					p. 35, 39.
CC3 Number of countries that develop a grievance redress mechanism‡	0	0	1	3	3	4	4	4	p. 35
CC4 Number of workshops held to prepare an ISFL program§	0	14	22	16	20	27	27	27	p. 31, 35, 39.
CC5 Number of project concept notes approved for ISFL programs‡	0	3	3	3	4	4	4	4	p. 31, 35, 39.

	Baseline (2014)	Target 1 (2017)	2017 Results	Target 2 (2018)	Target 3 (2020)	Target 4 (2022)	Target 5 (2026)	Target 6 (2031)	Page/RF references
CC6 Number of project appraisal documents (project design documents) approved for ISFL programs‡	0	2	2	3	4	4	4	4	p. 35, 39.
CC7 Number of project manuals or other administrative documents completed‡	0	1	1	1	4	4	4	4	p. 35
CC8 Number of Monitoring, Reporting, and Verification roadmaps developed‡	0	0	0	0	3	4	4	4	–
CC9 Number of country-specific methodology documents developed‡	0	0	0	0	3	4	4	4	–
Tier 3: High quality tools and approaches are in place to ensure that ISFL goals and objectives are achieved in a timely manner.									
1. Volume of grants committed under ISFL to create an enabling environment for emission reductions§	0	18.75	18.75	39.5	39.5	39.5	39.5	39.5	p. 35, 39.
2. Volume of grants disbursed to ISFL programs§	0	3.25	1.05	19.25	30.5	38.5	39.5	39.5	–
3. Volume of emission reductions purchase agreements committed to ISFL programs	[Indicator targets to be developed indicatively by end of December 2018]								–
4. Number of emission reductions purchase agreements signed‡	0	0	0	1	3	4	4	4	–
5. Number of ISFL target countries that are officially included in the ISFL pipeline‡	0	3	3	4	4	4	4	4	p. 31, 35, 39.
6. Number of countries with programs under implementation‡	0	1	1	3	4	4	4	4	p. 35
7. Number of ISFL programs that develop a Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF)‡	0	1	1	1	3	4	4	4	p. 35
8. Number of documents made public in order to share ISFL approaches and lessons learned	0	10	10	15	20	25	30	37	–
9. Number of ISFL knowledge dissemination events carried out	0	2	2	3	5	6	10	15	–
10. Percentage of participants who rate ISFL knowledge dissemination events as 'overall satisfactory (useful)'	0	≥75%	50%	≥75%	≥75%	≥75%	≥75%	≥75%	–
11. Percentage increase of unique and returning visitors to the ISFL website¶	0	0.50%	207%	1%	3%	5%	10%	15%	–

ISFL LOGFRAME

	Baseline (2014)	Target 1 (2017)	2017 Results	Target 2 (2018)	Target 3 (2020)	Target 4 (2022)	Target 5 (2026)	Target 6 (2031)	Page/RF references
12. An ISFL Monitoring, Evaluation, and Learning Framework is developed and updated, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	p. 22
13. Number of external evaluations/ assessments carried out at initiative and program levels	0	0	0	0	3	4	6	8	–
14. An ISFL Methodological Approach is finalized	No	No	No	Yes	Yes	Yes	Yes	Yes	p. 16
15. An ISFL Private Sector Engagement Approach is developed and updated, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	p. 18
16. An ISFL long-term financial plan is developed and updated annually	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–
17. An approach for managing pipeline risk is agreed and adjusted, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–

* ISFL programs will begin reporting on Tier 1 or Tier 2 indicators in 2018, except for Outcome 3, Output 3, and cross-cutting outputs, which have current results for Zambia and Ethiopia unless otherwise noted.

† Results and targets from ISFL PPP with Nespresso, TechnoServe and IFC.

‡ Include targets and/or results for Colombia, Ethiopia, Indonesia, and Zambia.

§ Includes targets and/or results for Colombia, Ethiopia, and Zambia.

¶ As compared to 2014, the baseline. Future results will be reported against 2017 results.

APPENDIX B: FINANCIAL REPORTS

The World Bank Group's fiscal year (FY) includes July 1 and June 30, in other words, FY17 covers the period from July 1, 2016 through June 30, 2017.

BioCF*plus*

FUND SOURCES

TABLE 5. Total BioCF*plus* Contributions by Donor as of June 30, 2017 ($, millions)

Donor	Ministry/ Department	Total	Outstanding	FY17	Cumulative to FY16
Germany	BMUB	43.60	-	-	43.60
Norway	NICFI	18.89	10.91	-	7.98
United States of America	DOS	35.00	-	10.00	25.00
Total		**97.49**	**10.91**	**10.00**	**76.58**

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 = Norway's International Climate and Forest Initiative; DOS = Department of State.

TABLE 6. BioCF*plus* Expenses Cumulative through End of FY17 ($, millions)

Use of Funds	Total Cumulative to FY17
Initiative Activities	**3.97**
Fund Administration	2.86
Initiative Technical Support	1.09
Methodology Support	0.44
Communications and KM	0.36
Private Sector Engagement	0.29
Evaluations	0.03
BioCF*plus* Program Activities	**6.79**
Grant Disbursements	1.05
Colombia	0.00
Ethiopia	0.95
Zambia	0.10
IFC Advisory Services	0.71
Colombia	0.00
Ethiopia	0.71
Zambia	0.00
Country Implementation Support	0.59
Colombia	0.26
Ethiopia	0.03
Zambia	0.30
Country Advisory Services	1.99
Colombia	0.81
Ethiopia	0.10
Zambia	1.09
Fees	2.44
Financial Management	**(0.84)**
Total Use of Funds	**9.92**

FUND USES

Most expenses to date for the ISFL have been accrued by BioCF*plus*. ISFL Initiative Activities are expenses that are not attributable to one specific ISFL program but contribute to the ISFL's global work programs. These expenses, cumulative through FY17, have been paid by BioCF*plus*. From FY18 forward, ISFL Initiative Activity expenses will be split between BioCF*plus* (65%) and BioCF T3 (35%).

BioCF T3

FUND SOURCES

TABLE 7. Total BioCF T3 Contributions by Donor as of June 30, 2017 ($, millions)

Donor	Ministry/ Department	Total	Outstanding	FY17	Cumulative to FY16
Norway	NICFI	95.71	-	-	95.71
United Kingdom	DBEIS	65.03	64.39	-	0.64
	DEFRA	84.59	83.83	-	0.76
United States of America	DOS	6.95	-	-	6.95
Total		**252.28**	**148.22**	**-**	**104.06**

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

CREDITS

PHOTOS

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p.15 Andrea Borgarello/World Bank, Ethiopia;
p.16 Andrea Borgarello/World Bank, Ethiopia;
p.19 Andrea Borgarello/World Bank, Ethiopia;
p.20 Katie O'Gara, Indonesia
p.23 André Aquino, Ethiopia
p.25 Jessica Belmont, Colombia;
p. 27 André Aquino, Mozambique;
p.29 Katie O'Gara, Colombia;
p.30 Jessica Belmont, Colombia;
p. 37 Robert Griffin, Zambia;
p. 38 Robert Griffin, Zambia;
p.45 Andrea Borgarello/World Bank, Ethiopia;
p.47 Jessica Belmont, Colombia;
p.49 Katie O'Gara, Indonesia;
Back cover: Robert Griffin, Zambia.

DESIGN

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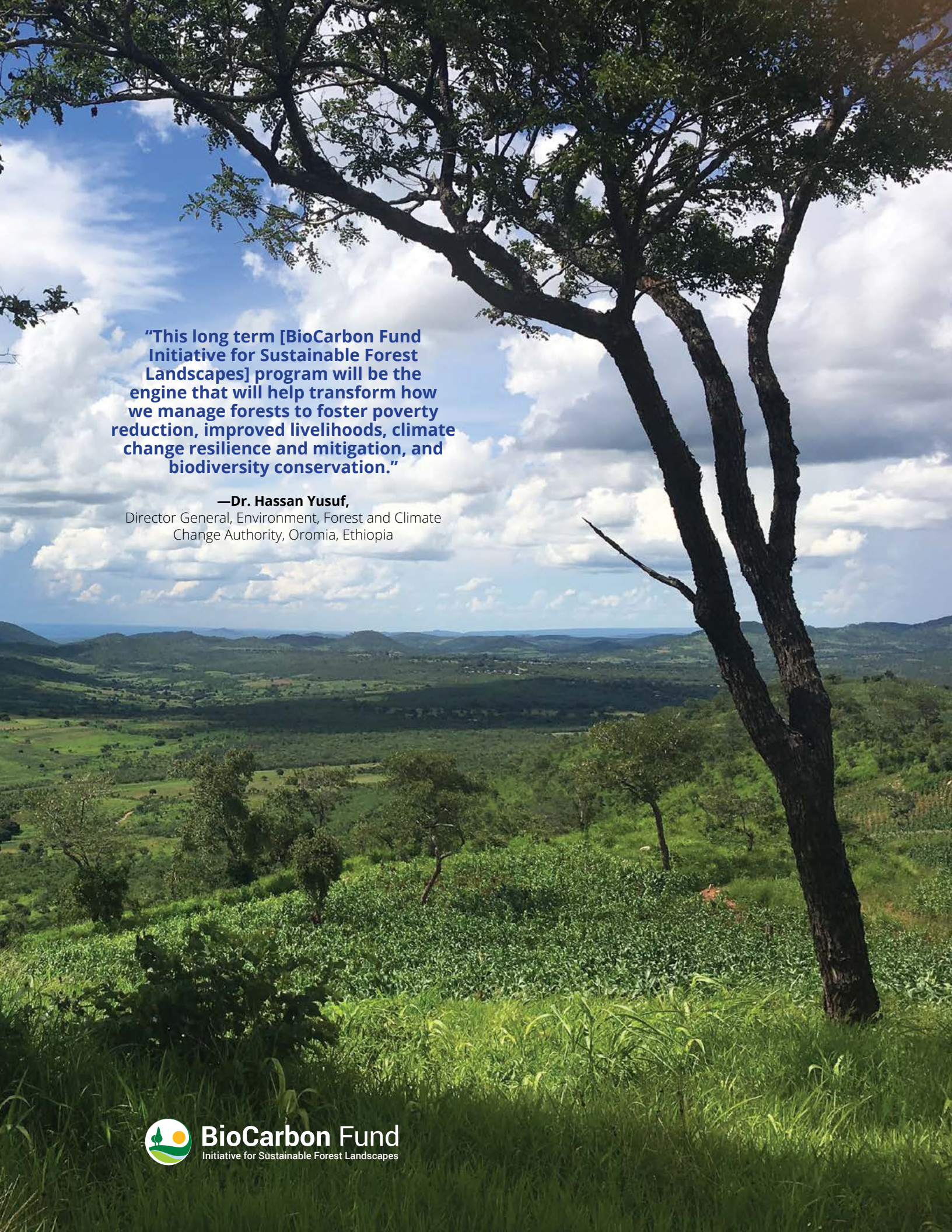

"This long term [BioCarbon Fund Initiative for Sustainable Forest Landscapes] program will be the engine that will help transform how we manage forests to foster poverty reduction, improved livelihoods, climate change resilience and mitigation, and biodiversity conservation."

—Dr. Hassan Yusuf,
Director General, Environment, Forest and Climate Change Authority, Oromia, Ethiopia

BioCarbon Fund
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