



## ***BioCarbon Fund - Initiative for Sustainable Forest Landscapes***

*Presentation to CSOs, Washington March 2015*



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes

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# BioCarbon Fund

Initiative for Sustainable Forest Landscapes

## In a nutshell:

- **ISFL supports countries to adopt and promote climate-smart land-use and low-carbon practices to minimize agricultural expansion, protect, forests, and reduce greenhouse gas emissions.**
- **Contributing Participants:** Germany, Norway, UK, US
- **Geographically diverse portfolio of four jurisdictional programs**
- **Operational in November 2013; Total funding: \$380 million**



Technical Assistance: \$100M

Result-based payments: \$280M

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**1. BIOCARBON FUND OVERVIEW**

**2. SPECIFIC DESIGN ELEMENTS**

**3. COUNTRY PROGRAMS**



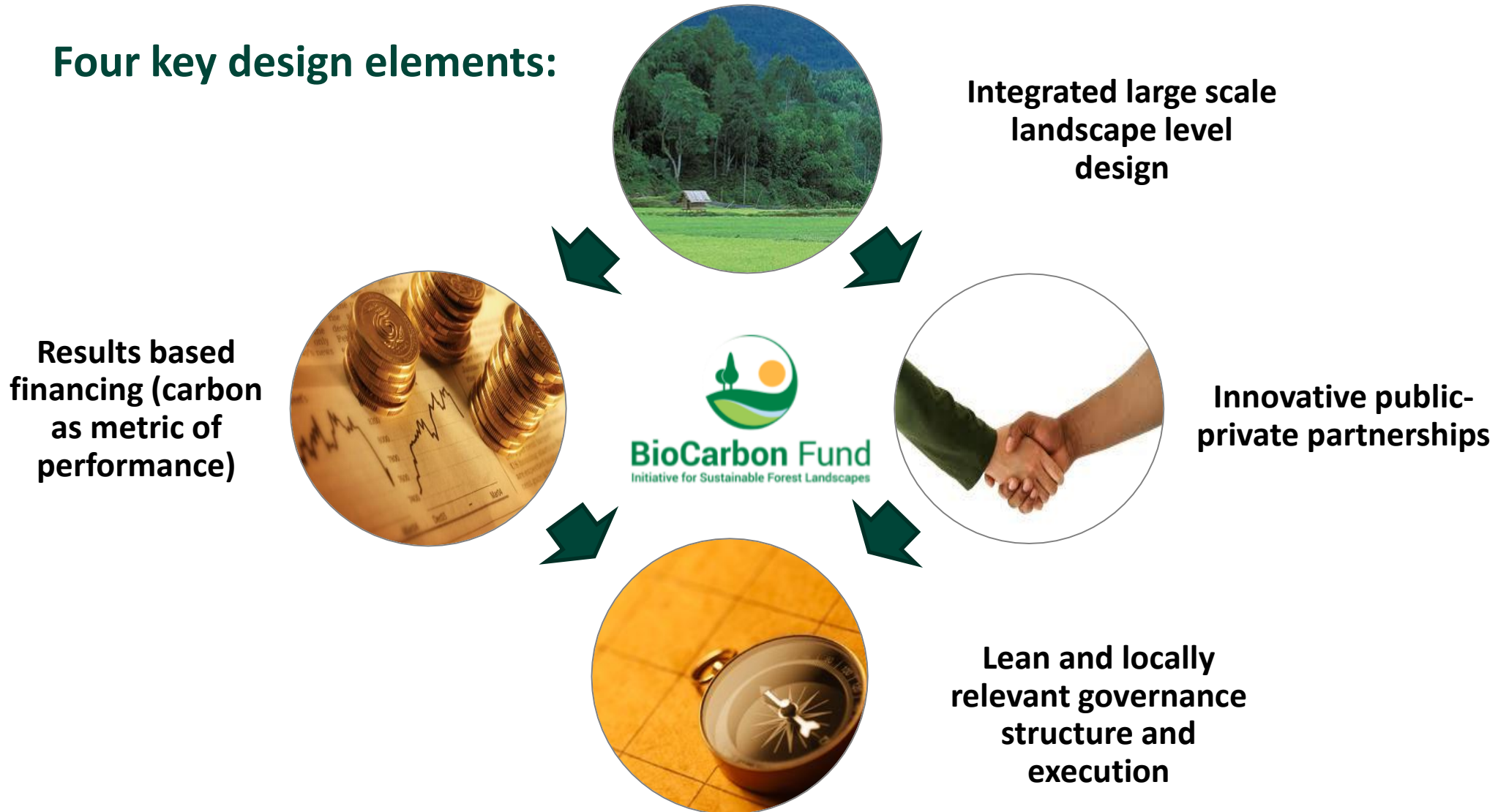


## Building on a decade of incentivizing sustainable and productive land use management with the BioCF:

- The **first-ever land use carbon fund**
  - Main **focus is mitigation**, but in land use, many **adaptation benefits**
  - Huge **rural development** and **local development benefits** but until today only CO<sub>2</sub> quantified
  - **Successful track-record**
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# LEADING TO A NEW INITIATIVE:

## Four key design elements:



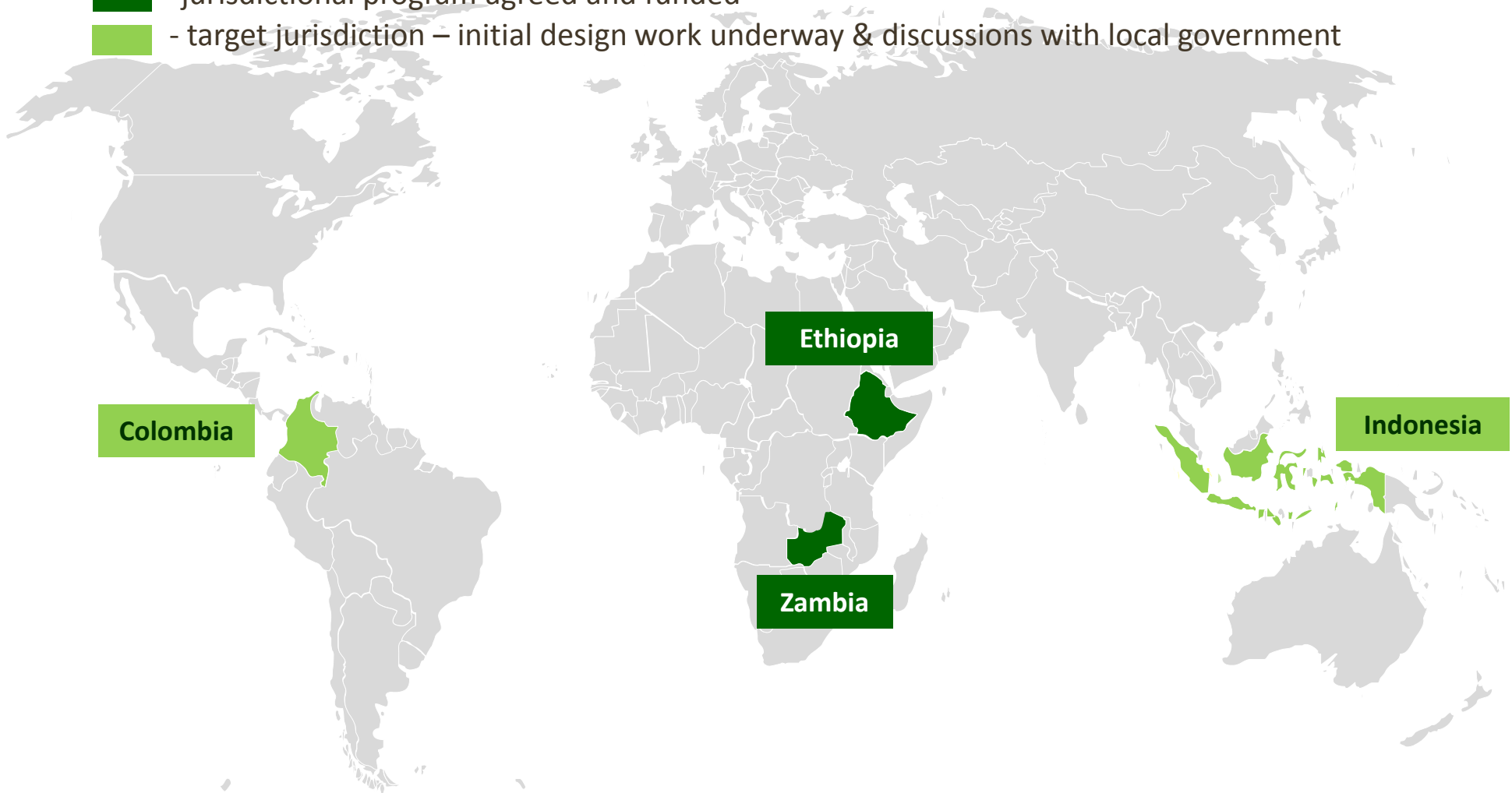
# ISFL COUNTRY PROGRAMS FUNDED AND UNDER EVALUATION

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## Selection process

 - jurisdictional program agreed and funded

 - target jurisdiction – initial design work underway & discussions with local government



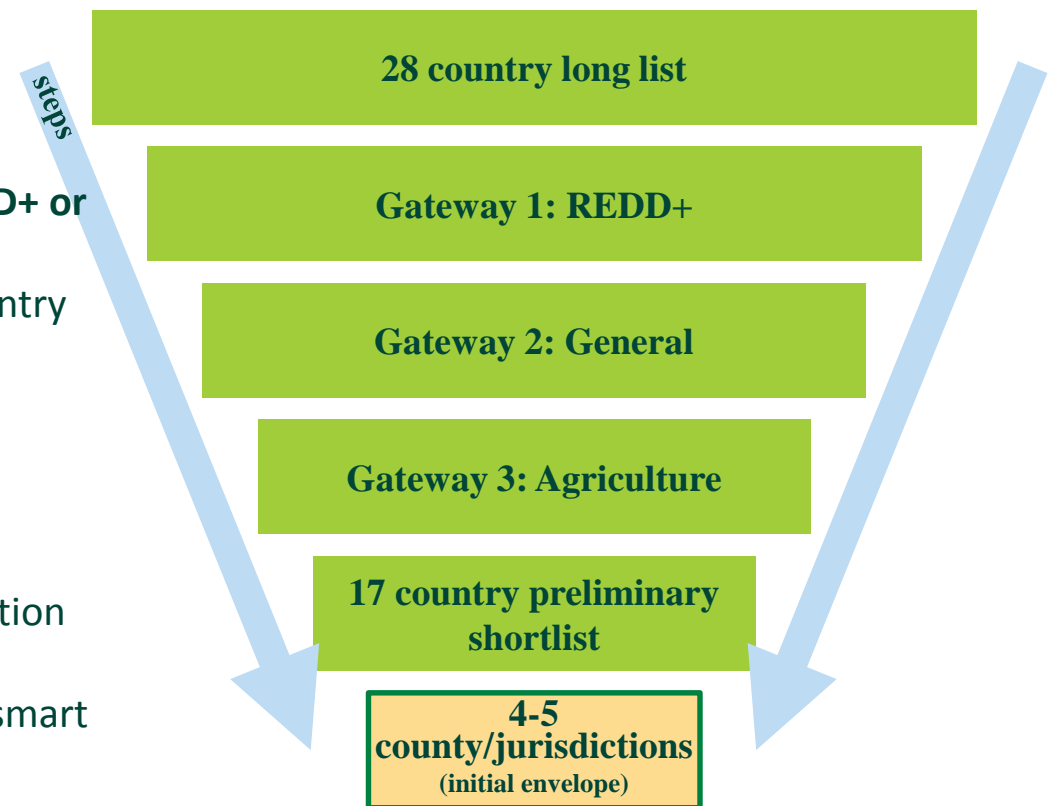


# PROCESS FOR ISFL COUNTRY SELECTION

To select the ISFL jurisdictions, a series of high-level quantitative and qualitative indicators are being considered around three main areas:

- i) REDD Readiness:** A range of indicators , including:
  - countries' engagement and capacity in REDD+
  - abatement potential from possible Emission Reduction (ER) programs.
  
- ii) General factors not related specifically to REDD+ or agriculture:** A range of indicators , including:
  - strength of the enabling environment and country governance
  - private sector engagement in the country
  - potential co-benefits.
  
- iii) Agricultural drivers:**
  - commodities that are key drivers of deforestation and forest degradation
  - Significant abatement potential from climate-smart agriculture in the potential ER programs

## Process for ISFL Country Selection



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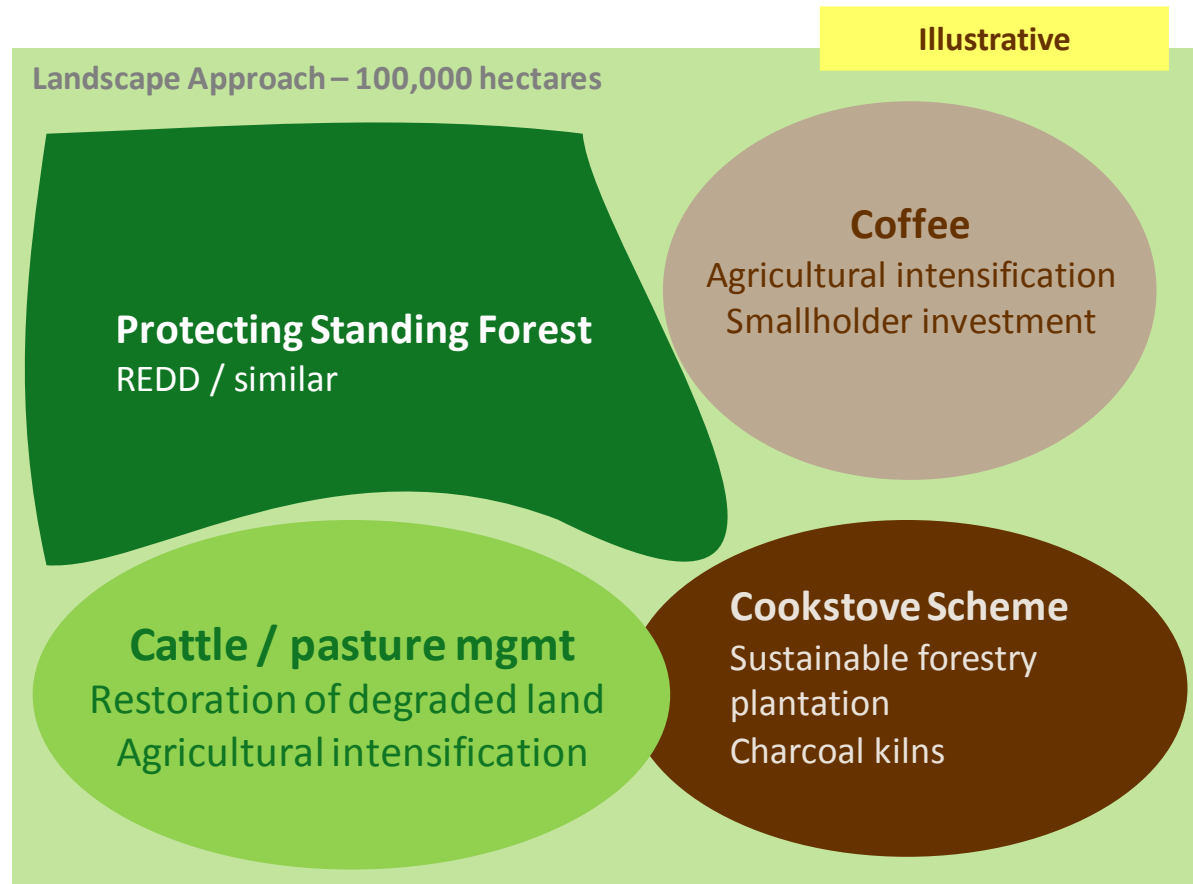




# DEFINING A LANDSCAPE LEVEL APPROACH

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- Large **‘landscape level’ approach** at appropriate jurisdictional level (e.g. state, district)
- Focus on creating an **integrated approach** to the entire landscape
- **Catalyse synergies** between programs within a single area. Approaches could include:
  - Sustainable agriculture production
  - Agro-forestry schemes
  - Assisted Natural Regeneration
  - Energy projects (e.g. cookstoves)
  - Water management
  - REDD+
- Programs could be **focused on global commodity supply chains** (e.g. coffee, palm oil) or to encourage sustainable domestic production and markets



# **BUILDING PUBLIC-PRIVATE PARTNERSHIPS**

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**ISFL recognizes the important role that the private sector plays to:**

- Spur innovation
- Leverage cutting-edge expertise and knowledge
- Mobilize the capital necessary to scale up successful land-use practices
- Accelerate the greening of supply chains

*The ISFL concept has been endorsed by a number of multinational companies, including Unilever, Mondelēz International, and Bunge Environmental Markets.*

# ROLES FOR DIFFERENT PRIVATE SECTOR ACTORS

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## Multinational consumer goods companies and traders:

- **High profile thought leaders** for global sustainability
- Large **commodity traders/offtakers** – put longer term procurement arrangements in place for specific commodity, jurisdiction etc.
- **Potential interest in carbon credits** (e.g. internal offsetting)

## Large agricultural producers (often domestic)

- **Change agricultural practice** and/or roundtable certification
- Support **innovative smallholder programmes**
- Ability to **demonstrate leadership**, raise the bar for performance for competitors

## Financiers (international and domestic):

- **Aggregating capital** targeted for investment in sustainable land use – e.g. new funding
- **Structuring of innovative financial products** – e.g. risk mitigation for agricultural products
- **Linking existing investment and lending** to sustainable land use practices

## Local private sector

- **Enhance commercial viability** and sustainability focus of local enterprises (e.g. OFWE in Ethiopia)
- **Innovative new business models** for land use and smallholder engagement (e.g. COMACO in Zambia)

# GOVERNANCE

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## ISFL Governance will be focused at the local level:

- Will require both **national and jurisdictional** focus
- **Partnership** between ISFL Contributors and in-country entities
- **Potential for multi-stakeholder advisory committee**, again with local focus but including broader links if helpful

→ Where possible, local governance will build on elements already in place (i.e., as supported through REDD+ readiness process supported by FCPF and UN-REDD, as well as other existing national or sub-national bodies.

### Type of decision-making at local level versus fund level:

#### Program-level decision-making includes:

- Program design (based on inputs by Government, ISFL Contributors, and local-level stakeholders, including CSOs, Indigenous Peoples organizations, farmers cooperatives, etc.)
- Budget/financing envelope for each program (decided only by ISFL Contributors who are part of the specific country window)

#### Initiative-level decision-making includes:

- Selection of new ISFL Programs
  - Overarching design and direction of the ISFL, but not decisions on specific ISFL Programs
- Decision-making at this level is by ISFL Contributors on a consensus basis

# FUNDING MECHANISMS

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## Two linked funding streams

**BioCFplus**  
**~\$100m**



**Technical assistance and  
enabling environment (ex-ante)**



Examples: build public sector capability,  
create integrated program, engage  
private sector

**BioCF Tranche 3**  
**~\$280m**



**Results based finance (ex-post)**



Examples: payment for verified  
emission reductions from the  
landscape against baseline

# KEY DIFFERENCES FCPF & BioCF

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## FCPF

### *Carbon Fund*

- Operates through **2020** (possibly 2025)
- **ERs exclusively REDD+**
- Countries selected through a competitive process
- **Global partnership governance structure**
- US\$ 50-60 million – Average Program size
- Builds on FCPF Readiness Financing: \$3.8m & \$5m upon significant progress, as well as additional sources of readiness finance
- REDD+ Readiness Assessment needs to be endorsed by PC before program proposal is accepted

## BioCF

### *Initiative for Sustainable Forested Landscapes*

- Operates through **2030**
- **ERs from REDD+ and other land use interventions** (e.g., agriculture & energy)
- Countries selected through targeted process
- **Emphasis on private sector engagement** (as part of value chains, not buyers of Emission Reductions)
- **Local governance structure**
- US\$ 50-70 million – Average carbon fund program size but also dedicated TA funds; further builds on readiness financing from FCPF, UN-REDD, and others at national level





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# PROGRAMS UNDER DEVELOPMENT:

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## Ethiopia:

Note that figures are based on preliminary information available.

### Scope:

Program accounting area will be around 9m hectares, which includes 2.2. m ha of forest cover (60% of national forest cover). Program implementing area will be smaller (tdb).

### Geography:

Oromia Regional State. Results will be measured in 40-60 “districts” (woredas) around Bale, Jimma, and Ilubabor forest in Oromia (together they cover around 9m hectares).

### Planned Program Activities:

Participatory Forest Management of natural forest and woodlands, agricultural intensification through climate smart agriculture, sustainable household energy and management of firewood demand, restoration of degraded areas through agroforestry, A/R and assisted natural regeneration.



# PROGRAMS UNDER DEVELOPMENT:

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## Ethiopia - continued:

Note that figures are based on preliminary information available.

### Financial arrangement:

Grant of \$10m for TA has been signed with the Ministry of Environment and Forest (MEF). This complements activities financed by the FCPF's REDD+ readiness grant as well as the design of the Oromia Program. Results-based payments will be around \$50m.

### Timing:

Program design is expected to advance over the course of 2015. An ERPA may be signed in 2016. Initial "implementation phase" (~2016-2020) would see investments that will be made against agreed implementation milestones. Once ERs are generated, RBF would be paid against ERs. (~2020 onwards).

### Available public documents:

A PID and ISDS are available to the public.



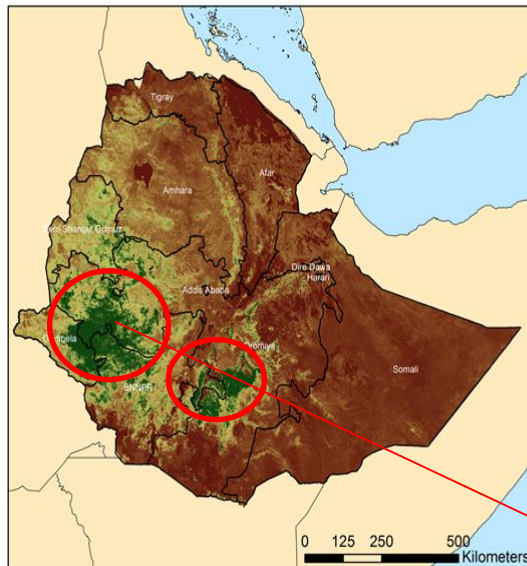
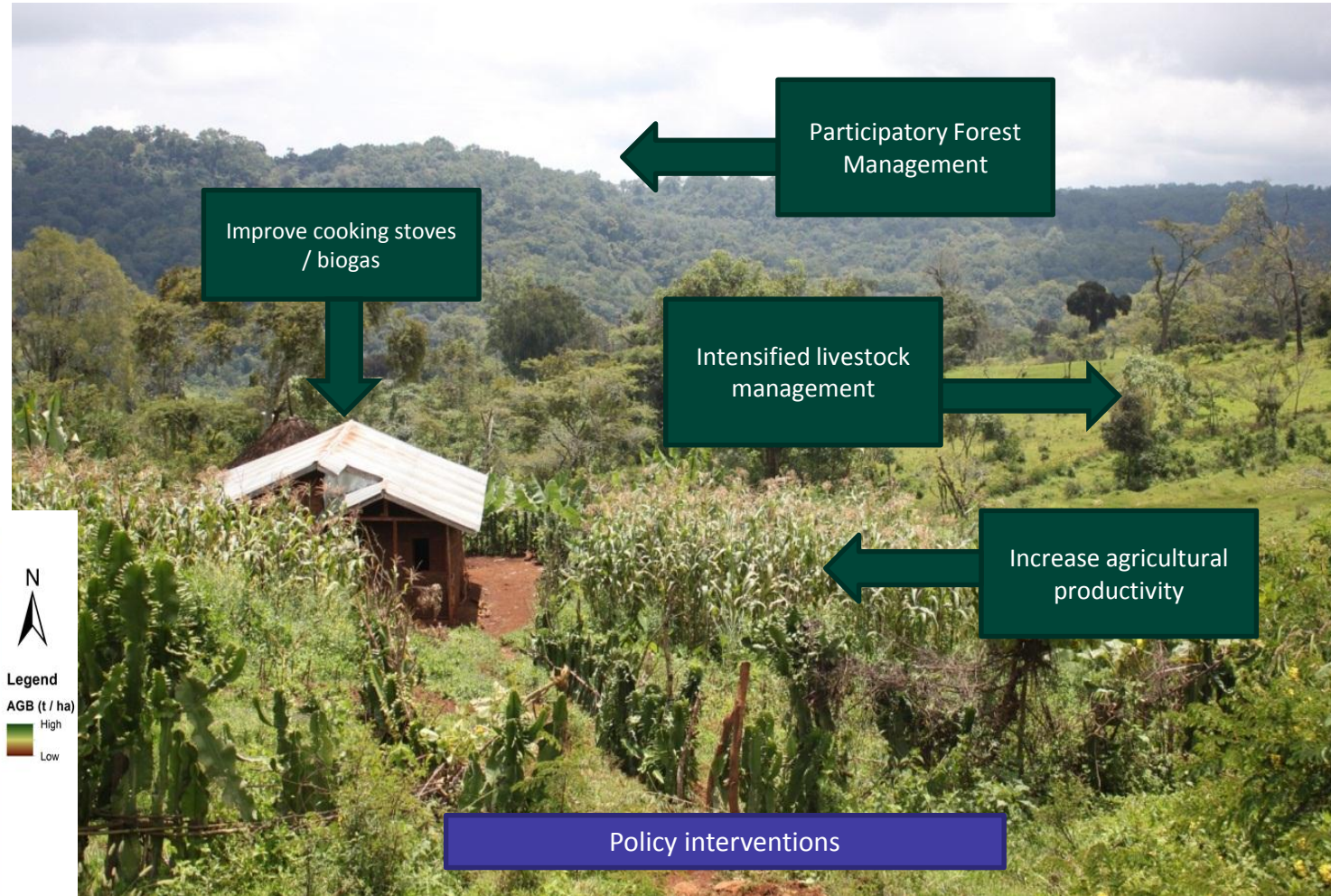


# THE OROMIA REDD+ PROGRAM IN ETHIOPIA

## - CROSS SECTORAL INTERVENTIONS IN THE LANDSCAPE

### Potential target commodities:

- (Fuelwood/charcoal)
- Coffee
- Timber
- Livestock



Program Area

# PROGRAMS UNDER DEVELOPMENT:

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## Zambia:

Note that figures are based on preliminary information available.

### Scope:

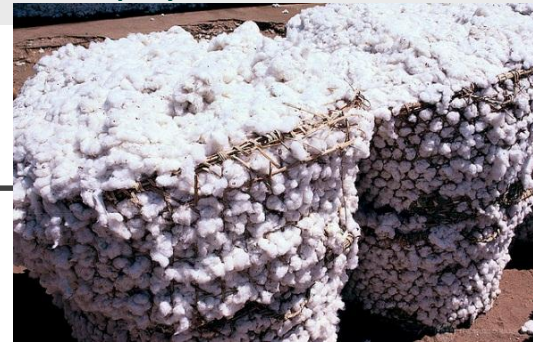
Program expected to cover 6.1 m hectares of land, which includes approximately 5 m ha of cropland, and other lands adjoining forests, as well as 1.1 m ha of threatened intact forests

### Geography:

Luangwa Valley, specifically Eastern and Muchinga provinces

### Planned Program Activities:

Selection of activities and program pillars intended to link rural/ local development and climate change objectives. Activities will aim to improve local rural livelihoods and wildlife conservation, while reducing GHG emissions from the land sector in the Luangwa Valley. Activities will include sustainable agriculture and REDD+ related activities on croplands including customary and private croplands, community conservation areas, and Game Management Areas (GMAs). Improved rural livelihoods are expected to be supported through better land management and may include: development of non-timber forest products, tourism, game ranching, eco-charcoal and alternative energy solutions, agri-cultural based incentive payments for conservation compliance.





# PROGRAMS UNDER DEVELOPMENT:

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## Zambia - continued:

Note that figures are based on preliminary information available.

### Financial arrangements:

No grant agreement has been signed as yet. Scoping missions have been undertaken. Program in early conceptual phase.

### Timing:

Program expected to operate for 10 years (~2016-2025).

### Available public documents:

A PID and ISDS are expected to be available around June/July when the grant agreement for TA support is signed.





# PROGRAM UNDER CONSIDERATION:

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## Colombia:

- First scoping mission with multi-stakeholder workshop in February 2015
- Target geography: Orinoquia Region; selected because of planned agricultural expansion activities, proximity to the Amazon, importance for national peace process; Orinoquia is considered “the last agricultural frontier”
- Multi-sectoral program with participation of Ministry of Environment and Sustainable Development (MADS) and Ministry of Agriculture and Rural Development (MADR) and other national institutions, e.g., Dept of Planning (DNP), Agency for Cooperation (APC), and local entities



# QUESTIONS

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## FURTHER INFORMATION

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