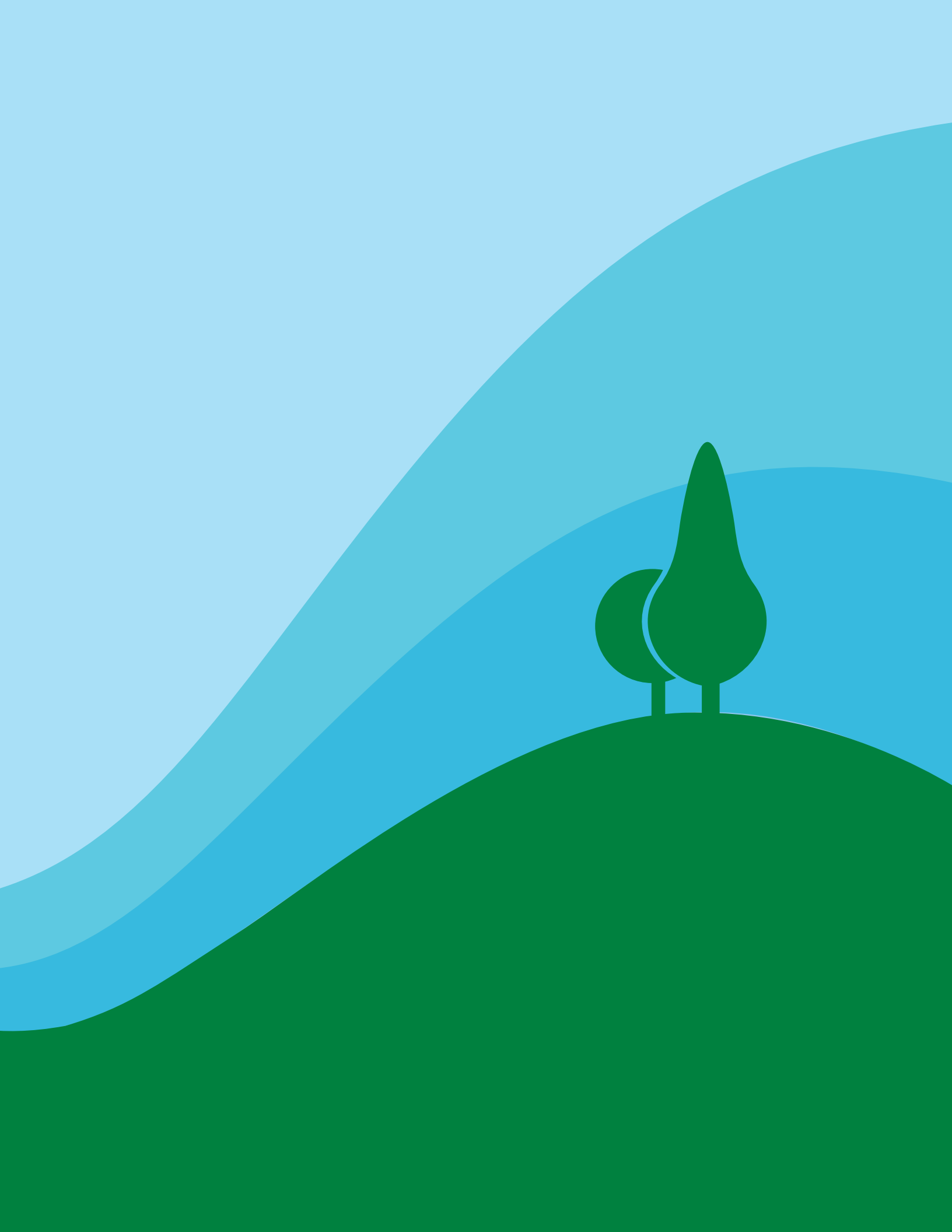


# The BioCarbon Fund Initiative for Sustainable Forest Landscapes

2022 ANNUAL REPORT



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes



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# Abbreviations and Acronyms

<b>AFOLU</b>	Agriculture, Forestry, and Other Land Uses	<b>IPLCs</b>	Indigenous Peoples and Local Communities
<b>A/R</b>	Afforestation/Reforestation	<b>ISFL</b>	Initiative for Sustainable Forest Landscapes
<b>BioCF<sup>plus</sup></b>	BioCarbon Fund <i>Plus</i>	<b>J-SLMP</b>	Jambi Sustainable Landscape Management Project
<b>BioCF T3</b>	BioCarbon Fund Tranche 3	<b>LUMIS</b>	Land-Use Monitoring and Information System
<b>BSP</b>	Benefit Sharing Plan	<b>MEL</b>	Monitoring, Evaluation, and Learning
<b>CATS</b>	Carbon Assets Tracking System	<b>MRV</b>	Measurement, Reporting, and Verification
<b>COP26</b>	26th United Nations Climate Change Conference in Glasgow	<b>MtCO<sub>2</sub>e</b>	Metric Tons of Carbon Dioxide Equivalent
<b>CONAFOR</b>	National Forestry Commission of Mexico	<b>NDC</b>	Nationally Determined Contribution
<b>CSA</b>	Climate-Smart Agriculture	<b>NGO</b>	Nongovernmental Organization
<b>DxHub</b>	Digital Transformation Hub	<b>OFLP</b>	Oromia Forested Landscape Program
<b>EOP</b>	End of Program	<b>OSILP</b>	Orinoquia Sustainable Integrated Landscape Program
<b>ERPA</b>	Emission Reductions Purchase Agreement	<b>PFM</b>	Participatory Forest Management
<b>ERPD</b>	Emission Reductions Program Document	<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation, and Fostering Conservation, Sustainable Management of Forests, and Enhancement of Carbon Stocks
<b>ESMF</b>	Environmental and Social Management Framework	<b>SABP</b>	Sustainable Agricultural Banking Program
<b>FCPF</b>	Forest Carbon Partnership Facility	<b>SDG</b>	Sustainable Development Goal
<b>FGRM</b>	Feedback and Grievance Redress Mechanism	<b>SESA</b>	Strategic Environmental and Social Assessment
<b>FOLU</b>	Forestry and Other Land Uses	<b>ZIDRES</b>	Zones of Interest for Rural, Economic, and Social Development (Colombia)
<b>FY</b>	Fiscal Year	<b>ZIFL-P</b>	Zambia Integrated Forest Landscape Program
<b>GHG</b>	Greenhouse Gas		
<b>ha</b>	Hectare(s)		
<b>IDA</b>	International Development Association (of the World Bank Group)		
<b>IFC</b>	International Finance Corporation (of the World Bank Group)		



# Letter from the Fund Manager

The 2021 United Nations Climate Change Conference in Glasgow (COP26) brought forth a global outpouring of support and new international commitments for the protection of forests as a vital measure for tackling the interrelated crises of climate change and biodiversity loss. The parties came to key agreements on rules that will govern Article 6 of the Paris Agreement. These new rules provide the foundation for a robust, effective, and high-integrity voluntary carbon market and have put wind in the sails of the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL).

The past year was one of strong progress for the Fund, with marked advancements in activities across all five jurisdictional ISFL programs. A major set of achievements was all the programs nearing completion of their Emission Reductions Program Documents (ERPDs). This is a crucial step toward the issuance of the Emission Reductions Purchase Agreements (ERPAs) that will unlock millions of dollars in financial resources for communities and entities operating across all five jurisdictions.

In addition to our progress toward ERPAs, the Fund focused on delivering results for communities, including through assistance to agribusinesses and farmers in adopting climate-smart practices; support for regulations that protect forests and respect community rights; the training of land users in sustainable management practices; and ensuring that marginalized and vulnerable populations, such as women, youth, and Indigenous peoples, have a seat at the table and fully benefit from these programs.

At the initiative level, we designed innovative knowledge products, prototypes, pilots, and models that not only built on lessons learned from our jurisdictional programs but also helped us feed back into and continually improve these programs and share knowledge with other organizations and actors, enabling them to replicate and improve aspects of the ISFL approach. This past fiscal year, the Fund finalized its Private Sector Theory of Change; launched the Sustainable Agricultural Banking Program (SABP); trained bankers in expanding lending to sustainable agricultural enterprises; launched a first-of-its-kind report, *Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives*<sup>1</sup>; started work on piloting an innovative agricultural traceability system to support deforestation-free crops; and saw our team work on new approaches to supporting lower-cost, higher-efficiency measurement, reporting, and verification (MRV).

Despite all the work being done by so many committed individuals, communities, and countries, the world continues to face existential threats in the form of deforestation, land degradation, and climate change. As societies emerge from the COVID-19 crisis, the BioCarbon Fund ISFL will continue working with our Contributors and partners to drive our programs forward, catalyze innovation, safeguard our planet's forests and ecosystems, and lift up communities.

**Roy Parizat**  
ISFL Fund Manager

<sup>1</sup> The *Guide to Integrated Land-Use Initiatives* is available at: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/831591628501365387/toward-a-holistic-approach-to-sustainable-development-a-guide-to-integrated-land-use-initiatives>.







# Country Program Highlights

## Colombia

Colombia's Biocarbon Orinoquia Project finalized a rapid diagnostic assessment of land-use planning instruments and completed land ownership and titling verification for 860 farm-plots (*predios*) in the country's Zones of Interest for Rural, Economic and Social Development (ZIDRES). It also submitted its ERPD to the ISFL to kick off the assessment process.

## Ethiopia

Through the Oromia Forested Landscape Program (OFLP), Ethiopia became the first ISFL country to undertake ERPA negotiations. The program has helped establish a total of 78 forest management cooperatives for participatory forest management (PFM) and 241 cooperatives for afforestation/reforestation (A/R) activities in communities in Ethiopia. PFM activities under the program cover more than 123,000 hectares and A/R activities nearly 9,500 hectares.

## Indonesia

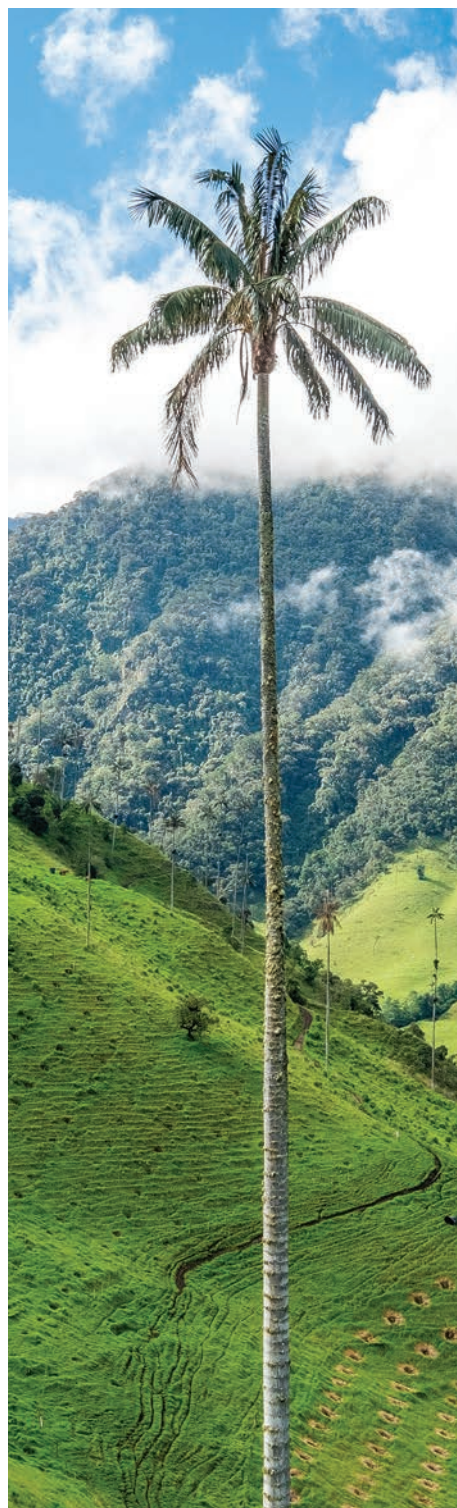
Community engagement efforts under Indonesia's Jambi Sustainable Landscapes Management Project (J-SLMP) yielded substantial results. The Project coordinated regular participatory patrols, raised public awareness of fire prevention, and provided training on forest fire management, helping reduce fires in 20 areas that are usually burned. It also submitted its ERPD to the ISFL to kick off the assessment process.

## Mexico

The ISFL Mexico Emission Reductions Program continued to strengthen collaboration among different agencies and levels of government, including through the drafting of specific interinstitutional agreements. It also submitted its ERPD to the ISFL to kick off the assessment process.

## Zambia

The Zambia Integrated Forest Landscape Program (ZIFL-P) developed 13 priority forest reserves. Once the review process is completed, more than 109,430 hectares of forest land will be brought under sustainable forest management, in addition to the areas under community forest management on customary land. The ERPD for the ZIFL-P entered third-party assessment.



# Program Progress to Date

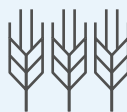
**124,314**

people benefiting  
from ISFL programs



**49,497**

land users trained  
in agricultural productivity



**41,506**

people trained in  
sustainable land-use practices



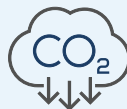
**\$351M**

pledged to  
the ISFL



**\$35.6M**

in grant disbursements  
by program



**\$108M**

leveraged in  
public and private finance



**5**

programs  
with feedback  
and grievance  
redress mechanisms



**40**

partnerships  
and engagements  
with the  
private sector



**61**

partnerships  
and engagements  
with not-for-profit  
organizations



**5**

ISFL  
implementation  
grants signed



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





Forests are threatened by pressures to convert land for multiple land uses:



**Agricultural  
production**



**Energy  
extraction**



**Mining**



**Infrastructure  
development**



**Urban  
expansion**





# 1. The ISFL Vision

## 1.1 Global Context

Forests are the lungs of the earth. They safeguard our planet's health by regulating the climate, counteracting greenhouse gas (GHG) emissions, and protecting our dwindling biodiversity. Forests also provide a wide range of vital goods and services, such as food, fuel, and medicine, that support some of the world's most vulnerable communities.

Although forests are essential to sustaining life, anthropogenic pressures threaten these ecosystems. Since 1990, approximately 420 million hectares of forest—an area larger than India—have been lost. While agricultural production is the main driver of deforestation and forest fragmentation, energy extraction, infrastructure development, and urban expansion also contribute to land degradation and increased emissions. Deforestation also leads to habitat loss and brings humans and wildlife into closer contact, which increases the risk of the transmission of interspecies diseases, such as Ebola and human immunodeficiency viruses (HIV), and of pandemics.

The international community has become increasingly aware of the ways in which forests are intricately tied to human well-being and to the functioning of healthy economies, especially in light of the COVID-19 pandemic. Reflecting the global drive to preserve our forests, new tools and approaches to conservation are being developed that offer hope for a resilient recovery and sustainable growth. Applied across agriculture, forestry, and other land-use (AFOLU) sectors, climate-smart land-use approaches and REDD+ techniques<sup>2</sup> offer innovative and effective ways to address the multifaceted challenges of deforestation, land degradation, and unsustainable land use.

**More than 1,000 cities, 60 regions, 5,200 business, 440 investors, and 1,000 higher education institutions have committed to achieving net zero emissions by 2050.**

A growing transnational network of governments, businesses, civil society organizations, and local communities is working to advance forest conservation and sustainable development. In the business sphere, calls for greater corporate social responsibility are spurring the formation of global carbon markets, and more and more major corporations are making actionable commitments to combat climate change. More than 1,000 cities, 60 regions, 5,200 business, 440 investors, and 1,000 higher education institutions have joined the United Nations Framework Convention on Climate Change's Race To Zero global campaign, committing to achieving net zero emissions by 2050.<sup>3</sup> These ambitious sustainability targets, if translated into action, could meaningfully contribute to the objectives of the Paris Agreement; an estimated 85 to 90 percent of the total investment needed to reach Paris goals will be contributed by the private sector (see Box 1.1).

Now more than ever, private sector actors, governments, and local communities must mobilize to advance low-emission and climate-resilient development and secure a sustainable future for the planet. As a multilateral facility that promotes and rewards the reduction of GHG emissions and the sequestration of carbon through improved land management across multiple geographies, the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) has a key role to play in these global efforts.

<sup>2</sup> REDD+ stands for reducing emissions from deforestation and forest degradation, plus fostering conservation, sustainable management of forests, and enhancement of carbon stocks.

<sup>3</sup> For more information, see: <https://unfccc.int/climate-action/race-to-zero-campaign>.

### Box 1.1: The Role of Emerging Carbon Markets in Reaching Climate Targets

Emerging carbon markets provide opportunities to assist countries in reaching their Nationally Determined Contributions (NDCs) under the Paris Climate Agreement. Carbon markets give parties the opportunity to trade emission reductions (or carbon credits). This process helps mobilize resources for climate action, reducing the costs of adopting more sustainable practices. According to a recent study,<sup>a</sup> trading carbon credits could have a major impact on countries' abilities to reach their NDCs; carbon trading could help lead to the removal of an estimated 50 percent more emissions by 2030.

At the 26<sup>th</sup> United Nations Climate Change Conference in Glasgow (COP26), parties agreed on guidance for new international carbon market mechanisms under Article 6 of the agreement. This article allows countries to transfer carbon credits to help meet their climate targets—a consensus that was reached after five years of difficult negotiations.

The new carbon market architecture is based on a centralized mechanism hosted by the United Nations Framework Convention on Climate Change. This so-called Article 6.4 mechanism follows the project cycle and governance model of the Kyoto Protocol's Clean Development Mechanism, which the new carbon market will replace. It comes with stronger rules to safeguard environmental integrity than the Clean Development Mechanism and, most importantly, prevents double counting of emission reductions, which it achieves by requiring corresponding adjustments for emission reductions authorized for NDC compliance. Put another way, this means emission reductions transferred to a buyer country and used to reach its NDCs cannot also be used to help the seller country reach its own NDCs.

While most experts agree that Glasgow delivered a rulebook for a broad range of possible environmentally integral carbon market mechanisms and transactions, it remains to be seen whether the current Article 6 rulebook can enable new markets at scale. Among the major barriers to trading emission reductions is uncertainty that countries will achieve their NDC targets, and whether they lack capacity to implement these novel mechanisms. Innovative climate finance solutions, however—such as use of results-based climate finance (as the ISFL provides)—can be important in enabling pilot transactions. These help countries build up the necessary capacity to take full advantage of the promising climate change mitigation opportunities the emerging voluntary carbon market provides.

Carbon markets, it is hoped, are a short- to medium-term tool for climate change mitigation. As countries achieve net zero targets, the need to trade emission reductions will diminish, and the carbon markets will become redundant. For now, though, the groundwork laid for Article 6 provides a promising set of tools to enable parties to make the necessary changes to reach their targets.<sup>b</sup>

<sup>a</sup> For more information, see "The Economic Potential of Article 6 of the Paris Agreement and Implementation Challenges," published by IETA, University of Maryland, and CPLC: [https://www.ieta.org/resources/International\\_WG/Article6/CLPC\\_A6%20report\\_no%20crops.pdf](https://www.ieta.org/resources/International_WG/Article6/CLPC_A6%20report_no%20crops.pdf).

<sup>b</sup> For more information on Article 6 of the Paris Climate Agreement, see this "Climate Explainer" from the World Bank: <https://www.worldbank.org/en/news/feature/2022/05/17/what-you-need-to-know-about-article-6-of-the-paris-agreement>.







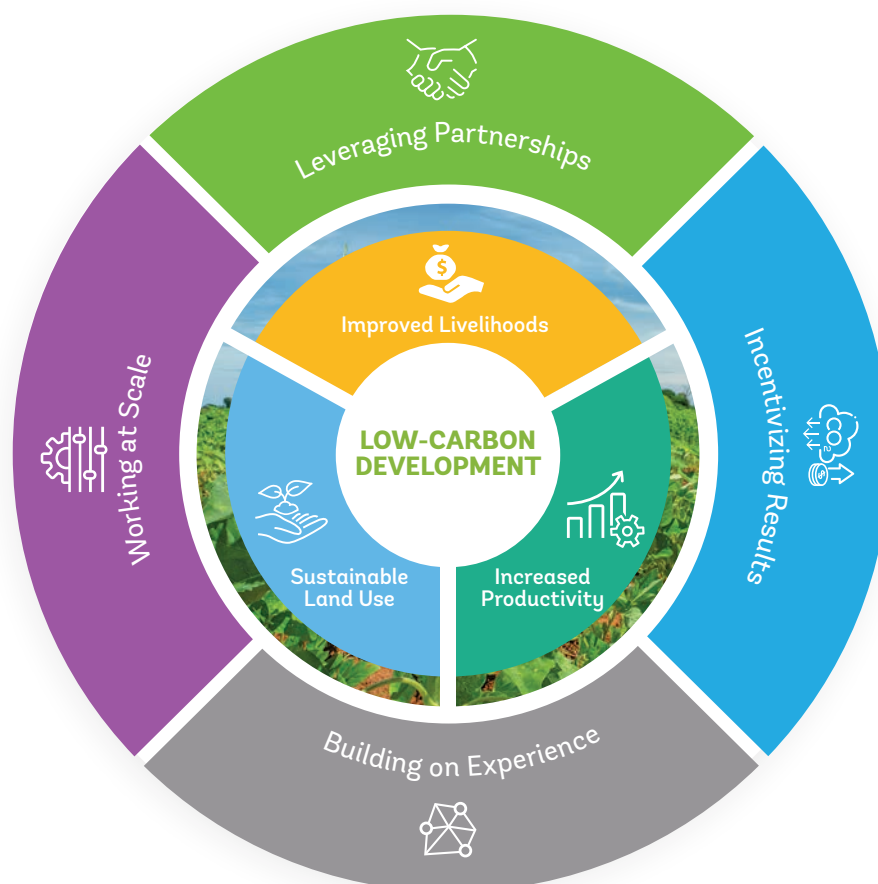
## 1.2 The ISFL Approach

Building on over a decade and a half of the international development community's experience in conservation and integrated land-use planning, the ISFL is advancing a portfolio of programs that promotes and integrates sustainable agriculture and forestry through REDD+ approaches, climate-smart agriculture (CSA), and smarter land-use planning, policies, and practices. It 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 land-based emissions (see Figure 1.1).

ISFL programs work toward multiple objectives—including protecting primary forests, restoring degraded lands, and boosting agricultural productivity—to enhance local livelihoods and to preserve essential ecosystems. They serve as in-country, strategic engagement platforms that mobilize, coordinate, and scale funding from different sources. Synchronizing multi-sector and multi-partner land-use interventions can help to maximize the positive results of independent initiatives and broaden access to additional public and private sector funding.

The ISFL also contributes to work that will streamline the global carbon market. It aims to build centralized, accountable mechanisms,

**Figure 1.1: The ISFL Approach**



such as the Carbon Assets Tracking System (CATS), that public sector actors can use to transact high-quality carbon credits. Through the development of common accounting and verification standards and the provision of upfront financing, the ISFL will incentivize GHG mitigation activities and promote the growth of international carbon markets (see Boxes 1.2, 2.5, and 3.1).

To realize the ISFL's overall objective of reducing GHG emissions while addressing poverty and protecting the environment, the initiative emphasizes four key design elements (see Figures 1.1 and 1.2):

1. Working at scale to integrate multisector considerations across jurisdictions
2. Leveraging partnerships across the public and private sectors
3. Incentivizing results through payments for verified emission reductions
4. Building on experience from the ISFL's previous work, REDD+ initiatives, and other relevant agriculture and forestry programs

### Box 1.2: BioCarbon Fund ISFL at COP26

In 2021, representatives from four ISFL program countries—Colombia, Ethiopia, Indonesia, and Zambia—came together at COP26 to share experiences, discuss progress, and communicate lessons learned from their jurisdictional ISFL programs. At a session entitled “Insights and Experiences from BioCarbon Fund ISFL Emission Reduction Programs in the Land-Use Sector: Progress and Lessons Learned,” hosted at the Indonesia Pavilion, the conversation focused on the strengths of taking a place-based, jurisdictional approach to emission reductions programs, on using an integrated strategy to achieve multiple objectives across landscapes, and on the importance of multistakeholder engagement. More broadly, COP26 updated ISFL countries on the latest discussions about carbon markets and the increasing demand for emission reductions credits from sustainable landscape management programs.

Events like these are vital to the ISFL's mandate to share lessons learned from its pilot programs to enable improvement and replication for the next generation of programs. As Dr. Stephen Hammer remarked during the event, “We can draw lessons from the challenges that we have encountered [in implementing initiatives like the ISFL and Forest Carbon Partnership Facility (FCPF)] . . . gaps that need to be addressed in terms of how we build these initiatives going forward, and try and build even stronger collaboration between countries, development partners, civil society groups, academia, and other stakeholders. With patience and commitment, we will get there.”<sup>a</sup>

<sup>a</sup> Dr. Hammer is Advisor, Global Partnerships and Strategy, to the World Bank Group's Vice President for Sustainable Development and the Global Director of the Climate Change team.

Figure 1.2: Key Design Elements

 <b>Working at Scale</b>	<p>Each ISFL program focuses on an entire jurisdiction (for example, a state, province, or region) within a country so it can engage with multiple sectors affecting land use and rapidly increase its impact over a relatively large area. The ISFL uses a landscape approach that requires stakeholders to consider the tradeoffs and synergies among different sectors that may compete for land use, such as forests, agriculture, energy, mining, and infrastructure. This allows solutions to be identified that serve multiple objectives.</p> <p>The goal of the landscape approach is to implement a development strategy that achieves environmental, social, and economic impact at scale. To attain it, interventions are targeted to improve the enabling environment for sustainable land use through such strategies as participatory forest management or land-use planning, that can transform how land is used and greatly benefit the communities residing within a jurisdiction.</p>
 <b>Leveraging Partnerships</b>	<p>To reduce GHG emissions from land use across an entire jurisdiction while simultaneously creating livelihood opportunities, the ISFL forms partnerships with public and private sector actors. These are essential to align objectives and mobilize capital to create sustainable and scalable models for improved land use in the long term.</p>
 <b>Incentivizing Results</b>	<p>By convening public and private actors to embark on collaborative endeavors and creating an enabling environment for sustainable development, countries can expect to generate positive results. To incentivize countries to reduce GHG emissions, the ISFL will provide significant results-based climate finance over a period of 10 years through the purchase of verified emission reductions.</p>
 <b>Building on Experience</b>	<p>The ISFL can accelerate the maturation process for relatively small-scale pilot projects so they can quickly start incentivizing sustainable land use at scale. To work at scale effectively, the ISFL builds on the experiences and lessons learned from its initial land-use pilot projects, REDD+ initiatives, and other sustainable forest and land-use programs. This streamlined approach allows the ISFL to concentrate its efforts at the jurisdiction level, which can add value to existing platforms while avoiding redundancies.</p>



## 1.3 Funding Instruments

The ISFL has two key funding instruments, **BioCarbon Fund Plus (BioCFplus)** and **BioCF Tranche 3 (T3)**, each designed specifically to realize its vision (see Figure 1.3).

BioCFplus supports grant-based technical assistance and capacity-building efforts in each jurisdiction. It provides the investment finance crucial to establishing an enabling environment for sustainable land use and developing systems for monitoring, reporting, and verifying GHG emission reductions. In addition, BioCFplus directly finances advisory service projects aimed at attracting private sector interest in ISFL jurisdictions, which can benefit farmers as well as other actors (see appendix B for details on donor contributions and cumulative expenses).

BioCF T3 provides results-based payments for verified emission reductions through an Emission Reductions Purchase Agreement (ERPA). BioCFplus support, in combination with results-based finance from BioCF T3, allows ISFL programs to use context-specific tools and approaches to reduce emissions from land-use sectors and achieve much more (see Figure 1.4). The ISFL strives to contribute to broader, global goals, including those of the Paris Agreement and the United Nations Sustainable Development Goals (SDGs), which are related to improved livelihoods, increased agricultural productivity, and sustainable land use. These funding tools enable the ISFL to make impacts both within its program countries and beyond.



Figure 1.3: BioCFplus and T3

### BioCFplus

**\$133.1 million**

pledged



Delivers grants to support countries in shaping an enabling environment for sustainable land use



Enables pilot activities and key partnerships, including engagements with the private sector



Provides countries with resources to develop systems for monitoring, reporting, and verifying reductions in GHG emissions

### BioCF T3

**\$217.8 million**

pledged



Delivers results-based finance through the purchase of verified emission reductions

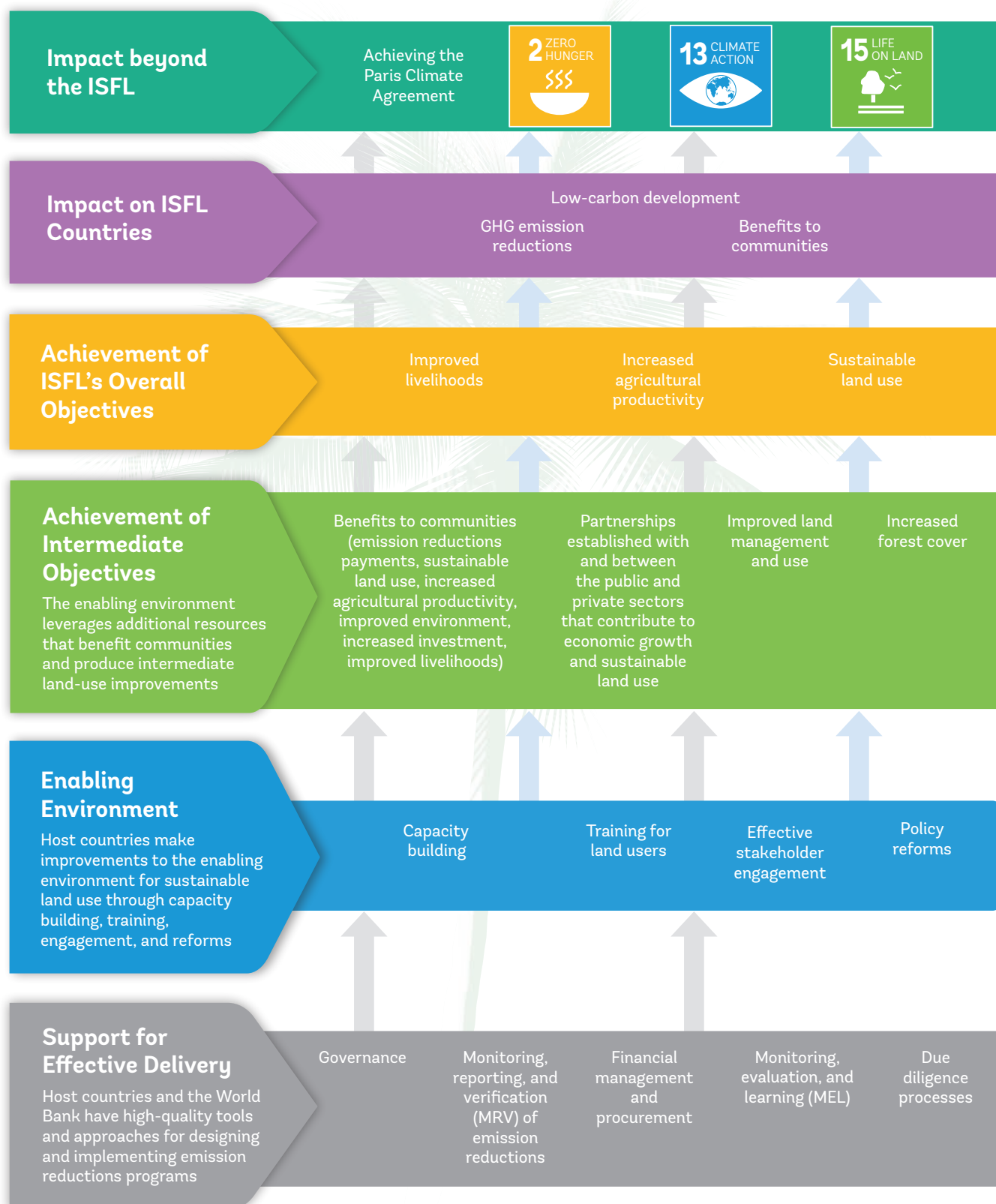


Incentivizes countries to shift toward sustainable development trajectories within their jurisdictions



Develops interventions that ensure sustainable land use in the long term

Figure 1.4: ISFL Theory of Change













## 2. Initiative Progress in Fiscal Year 2022

### 2.1 Moving Toward Emission Reductions Purchase Agreements

The BioCarbon Fund ISFL is a multilateral facility, managed by the World Bank and supported by five donor governments—Germany, Norway, Switzerland, the United Kingdom, and the United States—that works to reduce GHG emissions from agriculture, forestry, and other land uses (AFOLU). The Fund supports program countries to implement integrated land-use planning at jurisdictional scale through a two-pronged approach. First, the ISFL provides upfront grant financing and technical support to program countries to help them improve jurisdictional land-use management. Second, it provides monetary payments in exchange for results in the form of verified emission reductions. This model provides incentive to a broad range of actors within local communities and the public and private sectors to adopt sustainable practices.

To date, the ISFL has primarily concentrated on mobilizing grant financing to support the development of an improved enabling environment for sustainable land use. With significant progress being made through on-the-ground activities, all five ISFL program countries are now preparing to secure results-based payments through Emission Reductions Purchase Agreements (ERPAs). At the simplest level, ERPAs are contracts that facilitate payment to countries for reducing emissions. The terms of each are negotiated between and agreed on by the World Bank (as Trustee of the ISFL, on behalf of ISFL Contributors) and the program country. Key points of an ERPA negotiation include the anticipated volume of emission reductions units to be generated (measured in metric tons of carbon dioxide equivalent, or MtCO<sub>2</sub>e), the use modalities (see Box 2.1) for the emission reductions, and the

**Payments made through ERPAs will help improve the livelihoods of local communities and give land users additional incentive to adopt more sustainable modalities of operation.**

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unit price of the emission reductions that will be transacted.

In 2021, Ethiopia became the first ISFL program country to enter ERPA negotiations. Ethiopia's ERPA signature is anticipated in calendar year 2022, after which the program will move into the monitoring and reporting stage, when subsequent emission reductions can be verified and paid for. For all ISFL programs, a detailed Benefit Sharing Plan (BSP) will have been developed by the program country, in consultation with a range of program stakeholders, to ensure the ERPA payments flow to communities and actors in the jurisdictions in a fair and transparent manner. The remaining four ISFL program countries—Colombia, Indonesia, Mexico, and Zambia—are expected to enter ERPA negotiations in fiscal year (FY) 2023.

By effectively implementing landscape-level, sustainable land-use programs, ISFL countries can expect to generate a substantial volume of emission reductions that are eligible for remuneration once recorded and verified. In addition to the environmental benefits these programs will bring in the form of reduced carbon emissions, curbed deforestation, and enhanced ecosystem management, the payments made through ERPAs will help improve the livelihoods of local communities and give land users additional incentive to adopt more sustainable modalities of operation.

### Box 2.1: Emission Reductions Use Modalities

The ISFL provides program countries with opportunities to monetize their emissions reductions through both climate finance and carbon finance. Under a climate finance modality, also called Emission Reductions Use Modality 1, the ISFL makes payments for verified emission reductions, but the ISFL's Contributors do not retain ownership of them. Rather, after being purchased by the Fund, on behalf of its Contributors, the verified emission reduction credits are transferred back to the ISFL program country for use toward its NDCs under the Paris Agreement.

For emission reductions purchased by the ISFL, on behalf of its Contributors, under a carbon finance modality—also called Emission Reductions Use Modality 2—the ISFL purchases the verified emission reductions which are retained by the ISFL Contributors. This means the ISFL program country is not able to use these emission reductions to fulfill its NDCs, creating an opportunity cost to the program country. The country must generate additional emission reductions, through additional climate mitigating actions, so as to meet its emission reduction goals. As such program countries are more likely to demand a higher price for such emission reduction credits.

Regardless of the modality used, the verified emission reductions need to be robustly and consistently assured. For transactions under both climate and carbon finance, units must first be verified by an accredited third party to ensure they have met the necessary standards. Under the ISFL, the verification standard used is provided by the ISFL Emission Reductions Program Requirements,<sup>a</sup> the ISFL's methodological framework.

Furthermore, the seller of verified emission reduction credits must demonstrate an ability to transfer their title to the buyer (through, for example, ownership or transfer authorization) i.e. they must be able to show that they have the right to sell the emission reductions which have been generated. This can be achieved in a variety of ways, including referencing appropriate legislation or even issuing new legislation if none currently exists.<sup>b</sup>

<sup>a</sup> You can find the ISFL Emission Reductions Program Requirements here: [https://biocarbonfund-isfl.org/sites/isfl/files/2021-04/ISFL%20ER%20Program%20Requirements\\_V2.0\\_2021.pdf](https://biocarbonfund-isfl.org/sites/isfl/files/2021-04/ISFL%20ER%20Program%20Requirements_V2.0_2021.pdf).

<sup>b</sup> For more information on carbon and climate finance under the ISFL, see the Results-Based Payments section of the ISFL website: <https://www.biocarbonfund-isfl.org/what-are-erpa>.





## 2.2 Improving Livelihoods through Inclusive and Equitable Benefit Sharing Plans

Social inclusion is fundamental for all ISFL programs, which are focused on supporting country partners in generating benefits—including from payments for verified emission reductions—and allocating them to individuals and communities within their jurisdictions. These payments, directed through BSPs, help provide for the sustainability of ISFL interventions by incentivizing communities to engage in climate action, while ensuring fair and equitable distribution of benefits.

The BSP elaboration process is led by each country program, is collaborative and participatory, and strives to ensure all stakeholders and groups

engaged in the program are equitably rewarded (see Box 2.2). Key to this mission is ensuring Indigenous Peoples and local communities (IPLCs), women, youth, and other marginalized and vulnerable populations are consulted and have access to benefits from the programs. To date, all five ISFL programs have embarked on the development of their BSPs as the programs move toward signing their ERPAs. BSPs are living documents that can be revised, updated, and improved over time to incorporate relevant lessons identified during implementation. The ISFL has worked hard to develop a robust approach to inclusive and equitable benefit sharing and has created a detailed note to provide guidance to all the programs. In line with this work, it has also been facilitating global knowledge-sharing events to disseminate lessons learned and best practices within the broader sustainability community.

### Box 2.2: Keeping Communities Engaged through COVID-19

All of the ISFL programs have been affected by COVID-19. Limitations on face-to-face interaction have presented particularly severe challenges to community consultations, which are key to engagement and mobilization efforts, and ISFL teams have needed to get creative to keep the communities safely engaged. The Oromia Forested Landscape Program (OFLP) in Ethiopia, for example, devised several techniques to keep up the momentum of its activities. When COVID restrictions made public group consultations impossible, volunteers shifted to home-to-home consultations. Similarly, maintaining project progress required new ways of working. Tree nursery employees implemented a shift work system to enable social distancing, and program participants have been encouraged to adhere to social distancing measures during tree planting. The Project Implementation Unit adopted a hybrid approach, using a combination of office and remote home-based work to limit virus spread. The success of these innovative approaches has been demonstrated by the results achieved: the program has brought more than 123,000 hectares of forest under participatory management schemes, has trained 39,313 forest users, has successfully had its ERPD independently assessed and validated<sup>a</sup> by SCS Global Services, and expects to sign an ERPA in calendar year 2022.



<sup>a</sup> The assessment report for the OFLP can be found here: [https://www.biocarbonfund-isfl.org/sites/isfl/files/2021-09/ISFL\\_OFLP\\_RPT\\_AssessmentReport\\_V1-4\\_7\\_22\\_21.pdf](https://www.biocarbonfund-isfl.org/sites/isfl/files/2021-09/ISFL_OFLP_RPT_AssessmentReport_V1-4_7_22_21.pdf).

## 2.3 Scaling Up Private Sector Engagement

The ISFL has produced private sector strategies for all five of its programs. Designed to complement the ISFL grant programs, these strategies are tailored to jurisdictional contexts to enable the private sector to improve the sustainability of their activities and operations. Implementation is underway for the strategies in Colombia and Ethiopia, while work is ongoing to identify the optimal means for implementation in Indonesia and Mexico.<sup>4</sup>

Building on work being conducted at the program level, the Initiative has drafted and adopted an overarching Private Sector Theory of Change that illustrates its multifaceted approach to private sector engagement, stressing work across the firm, sectoral, and jurisdictional levels. This blueprint showcases how a strong enabling environment for financing and adopting low-carbon sustainable practices can be achieved through jurisdiction-specific activities.

The objective of the holistic Theory of Change is to create a mutually reinforcing set of positive outcomes that will result in the adoption of

improved, sustainable practices by private sector actors at scale. The strategy highlights three needs:

- To help **firms** identify refinements to their business operations that can improve financial results while reducing environmental harms
- To use industry bodies to ensure business improvements piloted and proven at the firm level are shared across the **sector**, thereby encouraging the adoption of more sustainable practices by many other firms
- To identify how **governments** (local, regional, and national) can create an enabling environment to support the adoption of sustainable business practices

The ISFL's approach responds to private sector needs by simultaneously promoting sustainable and environmentally responsible practices (see Box 2.3), strengthening the implementation of climate-smart approaches by supply chain actors, and unlocking trapped capital. By achieving these outcomes, the ISFL seeks to shift the private sector's agricultural and forestry production from traditional systems toward low-carbon approaches and processes.



<sup>4</sup> The Fund decided in 2021 not to proceed with the implementation of the Zambia private sector strategy.



### Box 2.3: Unlocking Private Sector Finance to Accelerate Climate Action

Building a global community that is energetically engaged with natural climate solutions, sustainable agribusiness, and low-carbon development is essential to the ISFL's overall mission. To achieve impact on this front, the initiative collaborated with the International Emissions Trading Association and the Carbon Disclosure Project to host the 2022 FCPF-ISFL Private Sector Workshop entitled "Accelerating Climate Action: Unlocking Private Finance for Sustainable Landscape Management,"<sup>a</sup> a global knowledge-sharing event on strategies and opportunities that can unlock private sector investment to achieve sustainability across supply chains.

Bringing together a diverse cohort of more than 500 participants from 70 countries representing private sector organizations, REDD+ governments, contributing countries, nongovernmental organizations (NGOs), international development organizations, and academic and research institutions, the event provided practical advice, models, and tools for promoting private sector engagement and increasing financing for climate action.

Over the course of the three-day virtual workshop, convenors presented a roadmap for moving from commitment to action and highlighted practical examples of private sector engagement, including ISFL-funded activities in Colombia's livestock sector. Participants learned about the evolving landscape of financial mechanisms to accelerate climate action and the private sector's growing role as a leader in this area.

In sum, "Accelerating Climate Action" sought to establish a clear business case for private sector investment in sustainable landscapes and demonstrate how effective public-private partnerships can deliver a triple win for the climate, nature, and communities.

<sup>a</sup> Recordings from the workshop are available on the ISFL website in English, French, Portuguese, and Spanish: <https://www.biocarbonfund-isfl.org/landing-page/workshop-accelerating-climate-action-unlocking-private-sector-finance-sustainable>.



## 2.4 Building Technical Capacity

ISFL has worked to assist host countries to develop robust MRV systems to support the needs of their jurisdictional programs. ISFL verified emission reductions aim to be of the highest possible standard, requiring rigorous MRV to ensure their environmental integrity. An independent, third-party, accredited carbon accounting firm evaluates all ISFL ERPDs, assessing their compliance with the ISFL Emission Reductions Program Requirements and helping to ensure the program design, data, and accounting methods used are of a high quality. Ethiopia has successfully completed the independent audit of its ERPD, while audits in the remaining four countries are currently underway.

An important part of the ISFL's efforts to build technical capacity is the World Bank's MRV Support Program, which helps program countries develop needs assessments, produces analytical reports, and makes available the latest knowledge on the theory and practice of GHG accounting. The program engages with both the ISFL program countries and the broader global community to help them develop their carbon accounting systems. All of the ISFL

program grants include dedicated financial support to finance efforts by program countries to increase their MRV capacity (see Box 2.4).

In 2022, the MRV Support Program delivered several analytical reports in service of this mission. The World Bank collaborated with the Global Forest Observations Initiative (GFOI) to publish *Lessons Learned from the Implementation of MRV Systems for REDD+*,<sup>5</sup> which provides recommendations to donor countries, forest countries, and agencies for the implementation of activities conducive to operationalizing MRV systems. *The Nesting of REDD+ Initiatives: Manual for Policymakers*<sup>6</sup> guides countries in creating nesting systems that maximize access to climate and carbon finance without sacrificing environmental integrity. Finally, the World Bank released the report, *Options for Conserving Stable Forests*,<sup>7</sup> which quantifies the extent of stable forests globally, values major ecosystem services provided by stable forests in the tropics, and outlines policy options.

In addition to producing analytical reports, the MRV Support Program has generated tools to help countries strengthen and operationalize their MRV systems. One key knowledge management tool, created with the support of the GFOI, is OpenMRV,<sup>8</sup> a free, open-source platform that

### Box 2.4: Partnering with SilvaCarbon

SilvaCarbon is an interagency technical cooperation program of the U.S. government whose purpose is to enhance the capacity of selected tropical countries to measure, monitor, and report on carbon in their forests and other lands. SilvaCarbon has been an indispensable partner in helping ISFL program countries and the global community build technical capacity for MRV.

Ongoing support from SilvaCarbon in establishing approaches to measure and monitor forest degradation in Colombia, Ethiopia, Mexico, and Zambia complements the mission of the ISFL program. In Zambia, for example, SilvaCarbon has helped create a national REDD+ Registry and a land-use and land cover map. Beyond forestry, SilvaCarbon has supported the design and establishment of livestock MRV systems in Ethiopia, a critical step in enabling payment for emission reductions generated by the livestock sector.



<sup>5</sup> You can access the publication here: [https://www.forestcarbonpartnership.org/sites/fcp/files/lessons\\_learned\\_from\\_the\\_implementation\\_of\\_mrv\\_systems\\_for\\_redd.pdf](https://www.forestcarbonpartnership.org/sites/fcp/files/lessons_learned_from_the_implementation_of_mrv_systems_for_redd.pdf).

<sup>6</sup> The manual is available here: <https://openknowledge.worldbank.org/handle/10986/36363>.

<sup>7</sup> The report is available here: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/541251635971110855/options-for-conserving-stable-forests>.

<sup>8</sup> The platform can be accessed at: <https://openmrv.org/>.



provides access to resources that support forest-related MRV. Among them are training manuals on next-generation algorithms for detecting forest change and predictive modeling using Monte Carlo simulations. These tools help program countries conduct uncertainty analyses and build up their MRV systems more generally—capabilities that are both vital to their participation in emission reductions programs and their receipt of results-based payments.

## 2.5 Strengthening Program Design

In FY22, the ISFL disseminated a first-of-its-kind report, *Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives*,<sup>9</sup> which takes stock of how integrated land-use initiatives for sustainable development have evolved globally over the past two decades. The Initiative held a webinar to mark the launch of the report externally, featuring promising case studies and speakers from all over the world. Recognizing that the *Guide* represents only an opening to a much larger conversation in a rapidly growing field, the ISFL has also created a new section on its website<sup>10</sup> as an addendum.

The website will be updated quarterly with new resources, case studies, and other content.

Furthermore, as the Initiative has worked to ensure the *Guide* reaches the widest possible audience, it has used engagements with external organizations as opportunities to learn from and expand the integrated land-use community of practice and to improve its own programs. The lessons learned from the *Guide* have already influenced and will continue to influence the direction of the ISFL. In its Private Sector Theory of Change, for example, the Initiative applied lessons from the *Guide* to craft a cross-sectoral, integrated approach to private sector engagement in the ISFL jurisdictions.

In an effort to increase the efficiency and accuracy of MRV for emission reductions programs in the forestry and land-use sectors, the World Bank is developing a prototype and proof of concept of a remote sensing-based digital MRV system called “next generation MRV for land use emission reductions programs,” or, simply, “MRV 2.0.” The purpose of MRV 2.0 is to demonstrate that carbon stocks can be estimated across large, spatially explicit areas using newly available satellite data, cloud computing technology, and artificial intelligence. To carry out this demonstration,



<sup>9</sup> The *Guide* is available here: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/831591628501365387/toward-a-holistic-approach-to-sustainable-development-a-guide-to-integrated-land-use-initiatives>.

<sup>10</sup> You can access the website here: <https://www.biocarbonfund-isfl.org/integrated-land-use>.

the World Bank, with the support of different partners, including the European Space Agency, will implement several prototypes in two forest countries over the next year. If successful, it is hoped MRV 2.0 will improve the way ISFL countries and the international community implement and measure the impact of innovative nature-based solutions to climate change, while ensuring the timely distribution of benefits to communities through the sale of verified emission reductions.

Finally, to take stock of progress and lessons learned from ISFL program implementation to

date and help ensure it is on track to achieve the objectives in its Theory of Change, the ISFL is preparing to kick off its second program evaluation in 2023. The evaluation will be undertaken by an independent, third-party firm and will assess, among other things, whether the Initiative is well positioned to achieve its goals and whether ISFL approaches are being replicated by other programs and countries. The ISFL evaluation will help to identify course corrections and other actions to be implemented through an adaptive management approach, enhancing the ISFL's ability to meet its ambitious goals.

### Box 2.5: Building the Infrastructure for Emission Reductions Issuance

Emission reductions transaction registries are online databases that issue, record, transfer, and track emission reductions units that are exchanged through market mechanisms or generated by results-based climate finance programs. Registries are essential to mitigating the risk of double-counting—that is, when a single GHG emission reduction or removal is used more than once to demonstrate compliance with mitigation targets. Robust accounting of international transfers through registries is imperative to safeguarding the environmental integrity of emission reductions units.

The World Bank's Carbon Assets Trading System (CATS) is one such registry. CATS, which has been fully operational since June 2020, supports the issuance, recording, and transaction of verified emission reductions units, or carbon credits, generated under World Bank programs. During fiscal year 2022, the World Bank began the CATS training and onboarding process for external users and entities, starting with countries that had completed their validation and verification processes under the Forest Carbon Partnership Facility (FCPF). CATS also supported the first emission reductions transaction under the FCPF Carbon Fund for the Zambézia Integrated Landscape Management Program in Mozambique. Through this transaction, the FCPF paid \$6.4 million for 1.3 million carbon credits generated through community-based efforts in Zambézia Province.

As CATS includes the necessary functionalities to ensure compliance with the ISFL Emission Reductions Program Requirements, it is ready to support the Initiative's first emission reductions transactions.











## 3. Innovation at the Initiative Level

As a pilot program, the ISFL is charged with designing and implementing innovative, integrated approaches to emission reductions at a jurisdictional scale. The ISFL has a mandate both to seek out the latest knowledge to improve continually its own programs and to share lessons learned to enable replication and improvement of the Initiative's approach by other actors. In this way, the Initiative aims not only to implement innovative approaches to sustainable development in ISFL jurisdictions but also to enable and catalyze innovation at a much larger scale.

For the ISFL, 2022 was a landmark year for innovation, knowledge production, and lesson sharing. On the private sector side, the Initiative finalized and shared its Private Sector Theory of Change; initiated the implementation of two of its four private sector engagement strategies; held a five-week course to train bankers in Africa on lending to agricultural enterprises operating in a sustainable manner; and began supporting the development of a technological approach to improving traceability across agricultural value chains, designed to help agribusinesses eliminate deforestation across their supply chains. The ISFL also published and disseminated a first-of-its-kind report on the current global picture of integrated land-use initiatives, both to raise awareness of opportunities for adopting integrated land-use approaches and to serve as a foundation for future collaboration among current and future practitioners in this rapidly growing field.

### 3.1 Creating a Comprehensive Private Sector Theory of Change

The private sector is a powerful and vital partner in realizing integrated land-use strategies that reduce emissions, lift local communities out of poverty, and grow sustainable economies. The ISFL

drafted the comprehensive Private Sector Theory of Change in full recognition of its pivotal role in this endeavor and the need for future initiatives to work closely with private sector actors for greener supply chains (see Figure 3.1). The objective is to raise awareness and provide a blueprint for integrated thinking and activities to enable the adoption of sustainable practices by the private sector while increasing production.

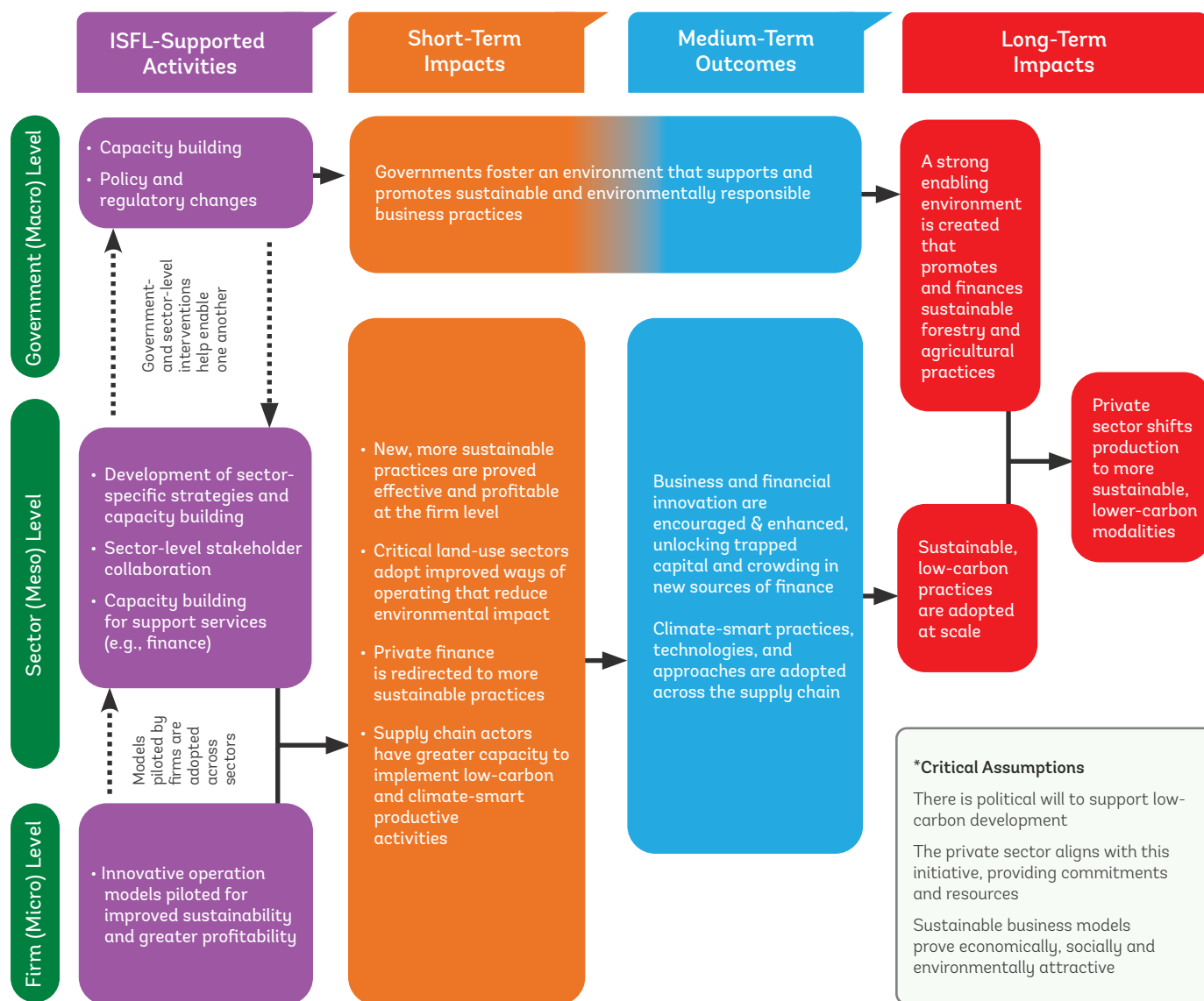
The ISFL's role in private sector engagement is to shift the landscape to enable a long-term and inclusive growth pathway for private sector actors to improve the sustainability of their operations and reduce their carbon emissions. Underpinning the approach is the idea that, if the ISFL provides evidence of the viability and scalability of innovative, sustainable business and financial models and facilitates engagement with its actors, the private sector will be able to deliver more sustainable products and services, leading to increased emission reductions and helping communities scale up climate-smart practices.

The ISFL has developed and is implementing private sector strategies in Colombia and Ethiopia and continues to identify the right approach for implementation in Indonesia and Mexico. Combined with the ongoing ISFL grant programs, these strategies operate across three levels—the firm level, the sectoral level, and the jurisdictional/national level—to promote large-scale change. At the firm level, the ISFL often works with the World Bank's International Finance Corporation (IFC) to identify and work with partners who can help demonstrate better and more sustainable business models. At the sectoral level, it focuses on the value chains with the most impact and works with industry and sectoral organizations to facilitate knowledge sharing (generated by work at the firm level) across a given sector, ensuring that all businesses operating in the sector are aware



Figure 3.1: Private Sector Theory of Change

**Problem:** Supply chain practices and investment decisions are not as sustainable as they need to be because the private sector currently lacks the know-how, the incentives, and the supporting enabling environment to help lead the transition to low-carbon development.



**Objective of ISFL Private Sector Engagement:** Harness the potential of the private sector to support the adoption of sustainable practices that protect the environment, lower emissions, and foster growth.\*



of how adopting new approaches and models can assist them in their operations. Meanwhile, the ISFL emission reductions programs work at the national and jurisdictional levels to tackle policy and regulatory issues, such as land tenure, credit, and market access, to improve the enabling environment. The programs also provide technical assistance and capacity building to strengthen the enabling environment further, providing firms and individuals with the tools they need to engage in more sustainable and profitable practices.

Put another way, the ISFL, through its private sector engagement, aims to catalyze change across entire sectors by starting with individual firms. The ISFL and its partners help firms develop

more sustainable and profitable operations, tailored to the jurisdictional context. The Initiative then shares these examples widely, generating sectoral momentum for the adoption of improved practices. In parallel, it also works with government and regulatory agencies to improve the enabling environment within the jurisdictions, incentivizing and enabling firms to adopt these kinds of practices. This integrated approach aims to leverage the private sector to realize its full potential as an agent of change for the environment (see Box 3.1 for additional information on how the ISFL aims to maximize the role of the private sector).

### Box 3.1: Facilitating Future Opportunities in the Carbon Market

Along with supporting firms to operate more sustainably in program jurisdictions, host countries can engage with the private sector by selling them the verified emission reductions generated by their jurisdictional programs. Through the BioCarbon Fund ISFL (T3) ERPA process, the ISFL aims to set a floor price for jurisdictional verified emission reductions. This enables host countries to negotiate with third-party buyers (likely private sector entities) who may be willing to pay a higher price for the emission reductions contracted within the ERPA. In such a situation, the host country could sell their emission reductions to the third party, unless the Fund decides to continue to purchase the emission reductions at the higher price (Right of First Refusal).

This process will, it is hoped, facilitate competition for the emission reductions, incentivize host countries to engage in the carbon market and help raise market prices, which will benefit host countries and their populations and build their capacity to engage in the carbon market. In addition, if host countries generate more emission reductions than they have agreed to sell in the ERPA, they are free to sell them to other parties, generating additional revenues for communities, improving livelihoods, and, potentially, reinvesting the revenues in more sustainable practices that create even more emission reductions.



## Private Sector Case Study: Colombia

In Colombia, the ISFL's private sector work in Orinoquia is leading the region's transition to low-carbon development. The ISFL has taken an integrated approach to private sector engagement in the region, selectively targeting high-impact commodities and working closely with local firms to pilot pioneering approaches to transforming supply chains. Currently, ISFL-funded activities in the Orinoquia region are supporting the development of value chains for rice, cocoa, non-timber forest products, palm oil, livestock, coffee, cashew, and commercial forestry and agroforestry systems.

Vital to this work is the ISFL's partnership with the IFC, to which it provides funding for projects that work with agribusiness to pilot new practices, promote policy dialogue, and leverage synergies from public-private investments. Pilot activities aim to produce evidence that these sustainable practices will work under the specific agroclimatic conditions prevailing in the Orinoquia region, laying the groundwork for replication at scale.

As the IFC works with firms to develop and promote sustainable practices, the World Bank is coordinating knowledge sharing across key value chains and working with the government of Colombia to prepare a \$50 million regional Emission Reductions Program for the AFOLU sector. The goal of these activities is to generate the knowledge base and identify the supporting investments needed to protect the environment, conserve biodiversity, and improve the livelihoods of local communities through an integrated, coordinated approach to moving the region toward comprehensive, transformative change, couched in active dialogue across levels of government, sectors, and communities.

To realize this holistic vision, the ISFL engages with a broad coalition of governmental and nongovernmental partners and stakeholders, including the Ministry of Agriculture and Rural Development, the Ministry of Environment and

**The World Bank is coordinating knowledge sharing across key value chains and working with the government to prepare a \$50 million regional emission reductions program for the agriculture, forestry, and other land uses (AFOLU) sector.**

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Sustainable Development, regulatory agencies, research organizations, civil society organizations, local community groups, large and small businesses, and individual farmers and ranchers. Through open and transparent dialogue among the key stakeholders, the ISFL's work supports concerted action to reach its objectives and contribute to the country's broader development needs by helping improve land-use planning and aiding the transition of key value chains to climate-smart and low-carbon practices.

### Greening the Cocoa Value Chain

The area devoted to agriculture in the Orinoquia region has expanded rapidly in recent years, with more than one million hectares of forest cleared between 1990 and 2015. The focus of the government of Colombia and of the international community on greening supply chains and shifting to CSA creates opportunities to influence the region's development trajectory and lay the groundwork for more sustainable agricultural practices.

As part of these broader efforts, the IFC and the World Bank, with support from the ISFL, are partnering with public and private sector actors to promote the sustainable expansion of cocoa cultivation in the Orinoquia region.<sup>11</sup> While cocoa has long been cultivated in Colombia and consumed domestically, the country captures only 1 percent of the global market, ranking tenth in production. According to estimates by Colombia's

<sup>11</sup> For more information on this work, read this report from the ISFL, IFC, and Climate Focus on cocoa landscape mapping in the Orinoquia: [https://www.biocarbonfund-isfl.org/sites/isfl/files/2021-11/Cocoa%20Scoping%20CF%20Report%20Public%20-%20Final\\_1.pdf](https://www.biocarbonfund-isfl.org/sites/isfl/files/2021-11/Cocoa%20Scoping%20CF%20Report%20Public%20-%20Final_1.pdf).







Unit for Rural Agricultural Planning (UPRA), more than one million hectares of land in the Orinoquia region are well suited for cocoa cultivation, but barriers stand in the way of expanding production, including high upfront costs and an overall lack of experience with cocoa cultivation.

With ISFL support, the IFC has been working closely with two Colombian cocoa companies—Andean Cocoa and Casa Luker—to overcome these barriers and build more efficient, reliable, and traceable cocoa supply chains.<sup>12</sup> The project provides support to farmers in testing and evaluating new production methods and technologies to improve efficiency, quality, and sustainability while facilitating access to international markets. It encourages producers, for instance, to establish agroforestry systems that incorporate wind breaks and shade trees into cocoa plantations on degraded pastureland, a practice that increases yields while enhancing soil fertility, controlling erosion, and augmenting carbon sequestration. The project also supports the rehabilitation of already cleared land and

increases household income by enabling farmers to cultivate cocoa, helping to curb deforestation, and incentivizing climate-smart practices. The goals of this five-year pilot are to bring 3,000 hectares under sustainable land management practices, increase productivity by 25 percent, and boost cocoa producers' revenues from sales. At the local level, it seeks to improve the livelihoods of local farmers and reduce GHG emissions caused by deforestation.

The cocoa pilot is just the beginning of the ISFL's efforts in the region. The ISFL intends to apply the lessons learned from it to encourage adoption across the sector, collaborating with sectoral initiatives and industry bodies to share the learning with as many cocoa sector firms as possible to inspire them to improve their practices. Key among these bodies is the Cocoa, Forests & Peace Initiative, which promotes deforestation-free cocoa production models. It boasts more than 20 signatories, including the two largest cocoa buyers and chocolate producers in the country.



The five-year pilot project aims to bring

**3,000**  
hectares of land under  
sustainable land  
management

and increase land  
productivity by

**25%.**

<sup>12</sup> To learn more about the IFC's work on Colombian cocoa, watch this video: <https://www.biocarbonfund-isfl.org/news/sweet-sustainable-and-smart-future-colombian-cocoa-0>.



Detailed analysis and knowledge sharing is key to the ISFL's efforts to scale up its work across the cocoa sector. The World Bank, for instance, in collaboration with more than 23 key stakeholders from Brazil, Colombia, Côte d'Ivoire, Dominican Republic, Ghana, and Peru, developed a Global Sustainable Agroforestry Cocoa Guide and cost-benefit simulator analysis. The ISFL will adopt and build on these tools and lessons learned by, for example, developing a flavor map to help companies enhance product quality and market niche while also contributing to traceability, or by road testing the models presented in the guide.

To round out this integrated approach to promoting sustainability in the cocoa sector, the World Bank has also engaged in cross-regional collaboration between West Africa and Latin America and the Caribbean, with Colombia among the targeted countries. It has worked closely with its partners Kinome and Alisos to promote a global community of practice and a knowledge-sharing platform that gives companies the opportunity to collaborate, exchange ideas, and demonstrate how sustainable practices can increase cocoa production while benefiting communities and the planet.

### Scaling Up Sustainable Cattle Ranching

Deforestation, ecosystem degradation, and related carbon emissions in the fertile and biodiversity-rich Orinoquia region are driven primarily by agricultural expansion, including for extensive cattle ranching. To address this problem, the ISFL program in Colombia is working to develop innovative ways to engage with local communities and the private sector to increase the sustainability of cattle ranching.<sup>13</sup> The ISFL's ongoing partnership with Hacienda San José, a leading agribusiness operating in Orinoquia, has been key to these efforts.

Hacienda San José has collaborated with the IFC and the World Bank with the financial support of the ISFL since 2019, working to build a more sustainable, deforestation-free beef supply chain

at scale. The IFC and Hacienda San José have conducted a series of pathbreaking analytical exercises, including a GHG assessment, an economic feasibility analysis, and the development of a land protection plan. Insights derived from this work have laid the groundwork for helping Hacienda San José and, eventually, other firms to make a transition to a climate-smart livestock supply chain and better production standards, while also helping the region realize its conservation potential.<sup>14</sup>

This work has also been a catalyst for new global and national partnerships for Hacienda San José, including with the International Center for Tropical Agriculture, the Tropical Forest Alliance, the Nature Conservancy, the World Wildlife Fund, Colombia's Center for Research on Sustainable Systems of Agricultural Production, and the EcoSocial Projection Foundation.

In February 2022, Hacienda San José became the first company in Colombia to be added to &Green's global portfolio of investments in deforestation-free agricultural production. &Green is a social impact fund with a prestigious list of contributors, including the governments of Norway and the United Kingdom, the Global Environment Facility, the Ford Foundation, and Unilever. Over the next 12 years, &Green will invest \$7.5 million in Hacienda San José's climate-smart livestock operations, with the goal of developing a blueprint for the transition to a sustainable, deforestation-free cattle sector across Colombia. With &Green's backing, Hacienda San José intends to expand its sustainable cattle farming operations to over 180,000 hectares in the Orinoquia region and has committed to the protection and restoration of up to 27,000 hectares of tropical forest. Further objectives include fostering social inclusion, creating new jobs, engaging with the community, and sharing data, knowledge, and lessons learned to encourage positive change in the cattle industry.

<sup>13</sup> To learn more about these efforts, see this compendium summarizing the World Bank's sustainable cattle ranching initiatives: <https://www.biocarbonfund-isfl.org/sites/isfl/files/2022-03/220222%20-%20CompendioGS%20vFinal%20-%20logos.pdf>.

<sup>14</sup> For more information, see CIAT's Info Note, "Soil carbon stocks in tropical pasture systems in Colombia's Orinoquia region: supporting readiness for climate finance:" <https://cgspace.cgiar.org/handle/10568/116231>.



In February 2022, Hacienda San José became the first company in Colombia to be added to &Green's global portfolio of investments in deforestation-free agricultural production. Over the next 12 years, the fund will invest \$7.5 million in Hacienda San José's climate-smart livestock operations, with the goal of developing a blueprint for the transition to a sustainable, deforestation-free cattle sector across Colombia.



Moving forward, Hacienda San José plans to develop a framework for value chain restructuring across the cattle ranching sector and scale up investment opportunities. With continued support from the IFC, ISFL, and &Green, Hacienda San José aspires to be the catalyst for sustainable transformation across the Orinoquia region's beef value chain.

### Maximizing ISFL Results

The ISFL's private sector work in Colombia is a paradigm for putting the ISFL Private Sector Theory of Change into practice, with activities spanning the firm, sectoral, and jurisdictional levels. The World Bank's Agriculture and Food Global Practice is working across Orinoquia to enable the adoption of sustainable practices in critical agricultural sectors, and lessons learned from these efforts are shared with the IFC and the firms they are partnering with to maximize adoption of the most sustainable and profitable practices. Meanwhile, the Colombian government is implementing the BioCarbon Orinoquia Project, which delivers activities that finance improvements to the enabling environment that will give firms incentive to adopt sustainable practices. These three World Bank Group teams are collaborating closely to ensure these activities together constitute an integrated approach. Ultimately, these activities aim to have an impact on the people, economy, and environment of the Orinoquia region much larger than the sum of their parts.

## 3.2 Expanding Access to Finance for Sustainable Agriculture

Agriculture is the second largest source of carbon emissions globally, making the adoption of sustainable agricultural practices critical to fighting climate change. While farmers and agribusinesses are eager to adopt climate-smart practices, the ISFL has recognized that those in its program countries are often unable to secure loans from commercial banks to support these activities.

Switching to more sustainable practices can have high upfront and opportunity costs, making loans vital to the ability of smallholder farmers and agribusinesses to adopt them. Financial institutions are often hesitant to provide the needed financing, in part because banks perceive agriculture as a risky investment; because they lack an understanding of how the sector works; and because they incur high transaction costs when engaging with dispersed farmers.

To overcome these obstacles and encourage lending in the agricultural sector, the ISFL and FCPF launched the Sustainable Agricultural Banking Program (SABP) in September 2021, bringing together banks from Chad, Côte d'Ivoire, Democratic Republic of Congo, Ethiopia, Ghana, Mozambique, and Zambia for an intensive course on the use of value chain financing (VCF). The course demonstrated how, with appropriate structuring and implementation, VCF could allow financial institutions to provide funds to agricultural borrowers. This increased investment in sustainable agriculture would boost productivity while helping protect forests, reducing landscape degradation, and supporting emission reductions.

Participants were guided through five weeks of hands-on training in the form of webinars, self-paced learning modules, case studies, and group work sessions. The course presented proven approaches and methodologies, drawing on the rich experiences of its expert faculty, and offered tracks for both bank staff and senior managers. The track for bank staff covered the technical skills needed to implement a value chain financing program, while that for senior managers focused on how to introduce a new product line. Each bank was required to design a new VCF product specific to it that was tailored to the country context and an identified value chain. The course also included a behavioral change component, covering how to enact organizational change and introduce innovation within financial institutions.

The expert faculty leading the trainings comprised commercial bankers who work in developing

countries, have proven expertise in their field, and have developed their own processes for lending through VCF to agri-enterprises and smallholder farmers. Each bank was assigned a faculty member mentor to guide its participants throughout the course.

Through this rigorous approach, SABP participants, who began the course with limited knowledge of value chain financing, completed the program able to design their own products, and they began working on implementing their proposals. Within a few months, one SABP participant had a new product in the pipeline through which the bank will lend to clients for sustainable agricultural activities.

The ISFL and FCPF will continue to support program participants as they finalize their new agricultural value chain lending processes and procedures and begin to lend to new clients engaged in sustainable agriculture. The next step is the creation of a virtual, self-paced version of the SABP to reach more financial institutions with this valuable training. By helping domestic banks understand sustainable value chains and better conceptualize the risks involved, the ISFL and FCPF will make it easier for agribusinesses to secure loans to cover the upfront costs associated with adopting sustainable land-use practices. Ultimately, this will help facilitate climate action across the agricultural sector.

### 3.3 Piloting Technology for Traceability

Halting deforestation across supply chains is vital to global efforts to address climate change. Private sector actors have signaled their desire to be part of this solution: as of September 2017, more than 470 companies in the food and agriculture sector had pledged to eliminate deforestation from their supply chains, with commitments continuing to grow. Despite this, progress has been too slow to meet goals set by both the private sector and the broader international community. This is partially because of the difficulty of accurately tracing products at each point in the supply chain. Without

a reliable traceability mechanism, companies cannot effectively eliminate deforestation in their supply chains or certify that their products did not cause it.

The Piloting Technology for Traceability program, led by the BioCarbon Fund, aims to spur progress by providing examples of how private sector enterprises can combine existing technologies to identify deforestation within supply chains. The team has been working with private sector partners to identify an agile, effective way to trace products to their origins and confirm they are not from areas that were deforested to support production.

In Colombia, work is underway to pilot a traceability approach in the cocoa sector. The BioCarbon Fund is working closely with a cocoa exporter that wants to prove to customers its product is deforestation free. To achieve this, the program is creating a traceability system that is overlain with satellite information to verify the origin of the cocoa and show it was farmed sustainably.

This work is being carried out in coordination with the IFC and the Digital Transformation Hub (DxHub), a partnership between Cal Poly University and Amazon Web Services that offers technical support and prototype development. Activities have included a series of workshops based on Amazon Web Services' "Working Backwards" methodology. Using it, the team identified the challenges and problems the client faces related to traceability and deforestation within the supply chain and proposed a solution. The prototype phase of the program, in which appropriate technology was designed to meet the client's needs, was completed in April 2022.

The pilot outputs will be shared in a global knowledge product and prototype source code made available through an open-source license by late summer 2022. When finalized, this work will be shared widely in the hopes that it will encourage the adoption of similar technology by the private sector, making it possible for companies to trace their products effectively and eliminate deforestation across supply chains.



### 3.4 Building a Global Community of Practice around Integrated Land Use

Integrated land-use initiatives challenge practitioners to look beyond traditional sectoral development projects and engage with the complexity of entire landscapes to tackle some of the biggest challenges of our time: poverty, climate change, biodiversity loss, and deforestation, among others. Reflecting the promise of this approach, the number of initiatives has grown substantially over the last decade or so, leading to a wide range of applications and a great deal of innovation. Consensus on best practice in integrated land use is limited, however.

To fill the gaps, the ISFL has taken stock of best practices and lessons learned from more than 150 initiatives implemented globally in a new report, *Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives* and an accompanying *Resource and Case Studies Booklet*,<sup>15</sup> and, in January 2022, the Initiative held a webinar series<sup>16</sup> to mark the launch of the Guide and to open the conversation on integrated land use by convening practitioners, academics, and other experts around the world to share their insights and discuss the way forward. The webinars brought together more than 500 practitioners, community representatives, private sector actors, and academics from 90 countries, who exchanged global best practices and lessons learned from the initiatives assessed in the ISFL's report.

The webinars were designed to cover the eight main themes identified in the ISFL's report through the presentation and analysis of promising case

studies from around the world. Presenters and panelists included policy experts and academics discussing case studies from a range of places, including Colombia, Indonesia, Scotland, and Tanzania, and representing such organizations as the United Nations Food and Agriculture Organization, EcoAgriculture Partners, the U.S. Agency for International Development, the Center for International Forestry Research (CIFOR), the University of British Columbia, and the World Bank.

Integrated land-use initiatives are complex and ambitious – they call for global collaboration, the breaking of policy and economic silos, and big-picture thinking bolstered by keen attention to the needs of specific landscapes. The ISFL's report provides the opening for a broader conversation on how key actors can collaborate, share best practices, and realize the full potential of the integrated land-use approach.

In the coming fiscal year, the ISFL will work closely with colleagues at PROGREEN, the World Bank's Global Partnership for Sustainable and Resilient Landscapes, to move the integrated land-use agenda forward. To raise awareness of this approach and strengthen capacity to implement it, both within and outside of the Bank, PROGREEN will create trainings and tools for Bank staff and external audiences based on the *Guide to Integrated Land-Use Initiatives*. The team will also build up the body of tools and resources on the ISFL website. These efforts will help keep the *Guide* up to date and useful for practitioners in this growing field, make lessons learned easily accessible and applicable to a variety of stakeholders, and help foster a global community of practice around integrated land use.

<sup>15</sup> You can find the Guide and Resource and Case Studies Booklet on the ISFL website: <https://www.biocarbonfund-isfl.org/integrated-land-use>.

<sup>16</sup> You can access resources for the webinar, along with recordings in English and Spanish, here: <https://www.biocarbonfund-isfl.org/node/691>.







# 4. Country Program Progress

## 4.1 Colombia

### Key Achievements in FY22:

- The core GHG accounting sections of the ERPD for the BioCarbon Emission Reductions Program Orinoquia went through the first World Bank review in FY22, and the full ERPD document (including remaining sections) will be submitted to a third-party audit in September 2022.
- As part of its efforts to strengthen land tenure, the BioCarbon Orinoquia Project finalized a rapid diagnostic assessment of the targeted land-use planning instruments and completed land ownership and titling verification for 860 farm-plots (*predios*) in the Zones of Interest for Rural, Economic, and Social Development (ZIDRES).
- ISFL-funded activities in the Orinoquia region supported the sustainable development of critical private sector agricultural value chains, including rice, livestock, cocoa, cashew, commercial forestry and agroforestry systems, and palm oil.
- The project supported the mainstreaming of low-carbon and climate change criteria into seven municipal and four departmental development plans.
- Technical guidelines to integrate sustainable and low-carbon landscape management criteria in ZIDRES regulations were validated.
- Two targeted pilot landscape charts, on cocoa production by farmer families in the municipality of Acacias in the department of Meta and on livestock production in the municipality of Paz de Ariporo in the department of Casanare, were finalized and approved by the participating entities.

### Overview

The Sustainable Low-Carbon Development in Orinoquia Region Project (the BioCarbon Orinoquia Project; also known as the Orinoquia Sustainable Integrated Landscape Program, OSILP), aims to help farmers and agribusinesses in Colombia's Orinoquia region sustainably manage their land, increase agricultural production, and realize the region's potential to become a food basket for the country and the world. The ISFL invested a \$20 million grant in the project, channeled through the World Bank's Environment, Natural Resources, and Blue Economy and Agriculture and Food Global Practices and implemented by the Ministry of Agriculture and Rural Development (MinAgricultura), in alliance with the Ministry of Environment and Sustainable Development (MinAmbiente), the Institute of Hydrology, Meteorology, and Environmental Studies (IDEAM), and the National Planning Department (DNP).

The Orinoquia region, consisting of four departments (Arauca, Casanare, Meta and Vichada), is one of the last agricultural frontiers on the planet and home to almost 1.5 million people. Developing the region's potential is vital for the livelihoods of local farmers and for the country's growth and development. Deforestation and ecosystem degradation in the region, however,

**Country Program Progress, Colombia** *continued*

obstruct efforts both to grow the economy and protect the environment. The destruction of forested areas and the conversion of native savannah and wetlands not only exacerbate climate change; they also narrow the habitable area available to the region's highly biodiverse populations of mammals and birds. Along with methane emissions, large-scale draining, in particular, drives the loss of critical flora and fauna in these ecosystems.

The project provides technical assistance to address the drivers of land-use change in the Orinoquia and to catalyze sustainable development across the region. It works to build the capacity of key stakeholders, promote environmentally sensitive land-use planning, integrate sustainable land-use policies, enforce pertinent laws and regulations, and promote low-carbon productive practices across the targeted value chains. The project also supports the preparation of an Emission Reductions Program that gives the country access to results-based finance for a portion of the total verified emission reductions generated. It has four components:

1. Support for capacity building for the implementation of integrated land-use planning and improved governance for deforestation control
2. Support for sustainable land-use management by generating information, skills, and incentives to reduce GHG emissions from land-use change in the AFOLU sector
3. The provision of technical assistance for the preparation of an Emission Reductions Program for results-based payments and the development of Colombia's capacity for robust reporting, accounting, and verification of AFOLU emissions and removals
4. The financing of project coordination, management, and monitoring and evaluation activities

## Colombia's ISFL Program Progress in FY22

In FY22, the project engaged with several local and national partners to increase the region's overall resilience to climate change by helping to strengthen land tenure, mainstreaming low-carbon and climate change criteria into development plans, and bolstering sustainable activities. Furthermore, it worked to strengthen the competitiveness of multi-sectoral value chains, develop sustainable agricultural extension plans, and support public and private sector efforts to mainstream low-carbon development. ISFL-funded activities in the Orinoquia region are supporting the development of multiple value chains, including cocoa, non-timber forest products, palm oil, livestock, and rice (see Private Sector Case Study: Colombia on page 32).

Secure land tenure is instrumental to any integrated land-use initiative. People who are secure in their rights to land can more easily invest in the adoption of more sustainable practices that will pay dividends in the future. In the Orinoquia, weak land tenure facilitates land grabbing for unsustainable, extensive livestock grazing and illegal crops and mining. Where property rights are not clearly established, deforestation and soil degradation are more likely to take hold, and any sustainable land-use plans implemented on land where tenure is unclear tend to be nonbinding and temporary. Strengthened land tenure security is, therefore, essential to fostering participatory land-use planning, enabling forest conservation, and more effectively implementing climate change mitigation efforts.

Land tenure considerations form a key subcomponent of the OSILP, which supports the government of Colombia in strengthening its territorial planning agenda; mainstreaming environmental and climate-resilience considerations into land-use planning instruments and land tenure regularization processes at the regional and local levels; and managing land tenure processes via consultancy services, technical assistance, and training. During FY22, the project finalized a rapid diagnostic assessment of the land-use planning instruments in the Orinoquia to guide



future interventions. It completed land ownership and titling verification for 860 farm-plots (*predios*) certified by the National Land Agency (ANT) and finalized technical guidelines for ZIDRES, which were approved by the Unit of Rural Agricultural Planning (UPRA) of MinAgricultura, the DNP, and MinAmbiente.

The project made substantial progress in preparing a forestry inventory and associated MRV systems for the region and in designing and implementing a multipurpose cadaster for the Arauquita municipality in the department of Arauca to strengthen land tenure security, complementing relevant efforts by the DNP. It is also providing ongoing support to the National Cadastral Strategy.

Several activities are underway under the project to enable producers to adopt more sustainable forestry and agricultural practices. It has established training programs for forest planning and sustainable use of forests and is working to strengthen four departmental Forest Management Roundtables, and it supports the formulation of a regional deforestation control action plan and the development of community forestry projects for deforestation hotspots. The project also operates Science, Technology, and Innovation Roundtables, focused on strengthening the national system for agricultural innovation, and has helped update four Departmental Action Plans for Science, Technology, and Innovation. Implementation of the ISFL's private sector work in Orinoquia is leading the region's transition to low-carbon development, applying an integrated approach to private sector engagement, selectively targeting high-impact commodities, and working closely with local firms to pilot pioneering approaches to making a transition to low-carbon supply chains.

The project began important work in the region in FY22, formulating departmental programs to develop payment for environmental services (PES) initiatives and a set of associated projects per department. It plays an important role in coordinating knowledge exchange and lesson learning for integrated land-use planning in the

region. The project has also strengthened emerging multistakeholder platforms to streamline disparate workstreams and align the goals of different players in the region strategically. It has conducted stakeholder mapping exercises to ensure members of local communities have equal access to project benefits, including improved extension services and capacity-building opportunities. Additionally, it has conducted training sessions on low-carbon livestock systems, water resource use and management, and silvopastoralism.

Creating an institutional and legal framework that enables and encourages a low-carbon development model is central to the project's goals. In service of this, it has supported the mainstreaming of low-carbon and climate change criteria into seven municipal and four departmental development plans. It is implementing a series of interventions and providing technical assistance for strengthening the Regional Node of Climate Change (NORECCO) and its Technical Secretariat for the fulfillment of their mission and objectives as the regional authority that oversees the implementation of the Regional Climate Change Action Plan.

The core GHG accounting sections of the ERPD for the BioCarbon Emission Reductions Program Orinoquia went through the first World Bank review in FY22, and the full ERPD document (including remaining sections) will be submitted to a third-party audit in September 2022. The task team looks forward to finalizing the ERPD and entering ERPA negotiations in FY23. The project will continue to engage with producers and the private sector and work to strengthen collaboration among different ministries and levels of government to achieve greater synergies among government programs and policies in the region and to implement all deforestation control interventions in the territory successfully.

## Country Program Progress, Colombia continued

## Project Timeline



<sup>a</sup> An independent, third-party firm undertakes an audit of the ERPD for compliance with ISFL Emission Reductions Program Requirements. This process helps ensure the program design, data, and accounting methods used are robust, providing confidence in the resulting carbon credits and overall environmental integrity of the program.

<sup>b</sup> After the external firm has completed the audit of the ERPD and the ERPD is revised, ISFL Contributors will formally agree to move forward with ERPA negotiations. Negotiations take place between the World Bank (as Trustee of the ISFL, negotiating the ERPA on behalf of ISFL Contributors) and the program country. The ERPA is signed after negotiations conclude.





## Project Profile

<b>Jurisdiction</b>	Orinoquia region
<b>Size of jurisdiction</b>	25 million ha
<b>Population in jurisdiction</b>	1.37 million
<b>Accounting area</b>	To be determined
<b>Implementing agency</b>	Ministry of Agriculture and Rural Development
<b>ISFL funding</b>	\$20 million in grant financing for implementation by the government of Colombia
	\$8.8 million from IFC projects to support firm-level engagement
	\$7.3 million for analytical work to support private sector engagement
	Potential payments for up to 10 million tons of verified emission reductions
<b>Co-financing</b>	\$5.93 million Global Environment Facility financing (under implementation)





## High-Level Context

Drivers of land-use change	
	Land-use change from agricultural cultivation has been the main driver of deforestation and ecosystem degradation in the Orinoquia region for the past three decades.
	Much of the Orinoquia region constitutes undeveloped “frontier” territory, due in part to land tenure insecurity and persistent lack of adequate infrastructure.
	The main causes of land-use change are encroachment from grazing cattle, a lack of land-use planning and incentives for sustainable practices, and illicit activities, such as clearing forests to plant coca.
Key commodities and sectors	
	Agroforestry and commercial forestry systems, cattle, cashew, cocoa, dairy production, and palm oil.
Policy interactions and green growth strategies	
	The Government of Colombia has developed a long-term policy on green growth to reach sustainable development (National Council on Economic and Social Policy 3934 of 2018). Under this framework, the National Planning Department conducted the Green Growth Mission between 2014 and 2018, which prepared and discussed technical inputs to inform green growth policy. Diagnostic and prospective studies were carried out to identify policy options incorporating a green growth approach into the country's development planning and to promote economic competitiveness, conservation, climate-friendly growth, and greater social inclusion.
	The recently launched national policy on deforestation control and forest management (National Council on Economic and Social Policy 4021 in 2020) set the guidelines for the implementation of cross-sectoral activities to boost the forest economy and sustainable use of the country's natural capital and to bring the deforestation rate to zero by 2030. The project supports its implementation at the regional level.
	The project also contributes to the updating and implementation of the Regional Climate Change Plan (PRICCO) for the Orinoquia region in Arauca, Casanare, Meta, and Vichada.
NDC commitments	
	The government of Colombia has committed to reducing GHG emissions by 51 percent against the business-as-usual level by 2030.
	To fulfill its NDC, the government has formulated a climate change policy and set an institutional framework to address adaptation and mitigation through the National Climate Change System (SISCLIMA).

## Results

Number of partnerships established with the private sector	15
Number of partnerships established with not-for-profit organizations	25
Number of engagements established with the private sector	15
Number of engagements established with not-for-profit organizations	20
Number of coordination platforms supported	23
Environmental and Social Management Framework (ESMF) completed	Yes
Feedback Grievance Redress Mechanism (FGRM) completed	Yes





## 4.2 Ethiopia

### Key Achievements in FY22:

- Ethiopia became the first ISFL country to undertake ERPA negotiations.
- The Oromia Forested Landscape Program (OFLP) helped establish a total of 78 forest management cooperatives for participatory forest management (PFM) and 241 coops for afforestation/reforestation (A/R) activities. PFM activities under the program cover more than 123,000 hectares and A/R activities nearly 9,500 hectares.
- Safeguards training was provided to nearly 14,000 regional, zonal, and Woreda-level experts, including development agents working at grassroots level; and more than 1,600,000 people across 6,310 Kebeles (the lowest administrative units) have been consulted to date on safeguards management.
- OFLP partnered with two firms, Solidaridad and TechnoServe, to undertake proof of concept work on, respectively, business service hubs for climate-smart dairy farming and the development of a business model for coffee rejuvenation (stumping) working in the OFLP operational area.

### Overview

The OFLP seeks to reduce deforestation and lower net GHG emissions resulting from land use by improving forest and livestock management throughout the region. The Ethiopian state of Oromia is a critical landscape, as it is home to about 52 percent of the country's forests and more than 30 million people. Ethiopia's land and natural resources have come under increasing pressure as deforestation and forest degradation have accelerated in the region. Wood extraction for firewood and charcoal represents the largest source of forest degradation, while slash and burn agriculture is the main cause of deforestation. The OFLP has three components:

1. The enablement of investment, which includes support for sub-basin land-use planning, investment, and extension services, as well as support for PFM and A/R activities in deforestation hotspots
2. The enhancement of the enabling environment by financing complementary activities to increase the effectiveness and positive impact of institutions, policies, marketing, benefit sharing, strategic communication, MRV, and safeguards management at the state and local levels
3. The delivery of emission reductions payments once results have been achieved, verified by a third party, and formally reported to the World Bank

The OFLP is supported by a five-year \$18 million grant that will be followed by results-based payments for verified emission reductions for up to \$40 million in emission reductions over the next eight years (2022–29). These emission reductions would come from both the forestry and livestock sectors in the jurisdiction of the Oromia regional state.

### Ethiopia's ISFL Program Progress in FY22

The OFLP is an umbrella platform for multisectoral, multipartner sustainability initiatives across the Oromia region. In FY22, the program made substantial progress on several components that will help create large-scale change across the region by, among other actions, setting up the infrastructure for results-based payments for emission reductions and benefit sharing; empowering communities to manage natural forests and develop new forest areas; assessing options to improve land tenure policies, and strengthening engagement with the private sector; and ensuring compliance with established environmental and social safeguards for the program. These combined efforts will create an environment that enables government agencies, private sector businesses, and local communities to allocate land for uses that

**Country Program Progress, Ethiopia continued**

provide the greatest overall benefits to the economy and the environment and best promote a transition to sustainable land and natural resource management.

In 2021, Ethiopia became the first ISFL program country to start ERPA negotiations. Ethiopia's ERPA will be split into two phases, the first including emission reductions to be achieved from the forest sector and the second to include emission reductions from livestock management activities, as well. Ethiopia's first-phase ERPA signature is anticipated by the end of 2022, after which the program will move into the monitoring and reporting stage when subsequent emission reductions can be verified and purchased. Through this process, the OFLP can unlock up to \$40 million in results-based payments in the form of contract emission reductions volume (with the potential for additional sales of excess emission reductions beyond those contracted). The BSP—the mechanism through which stakeholders, including local communities, receive monetary and nonmonetary benefits for their involvement in the program—has been finalized and endorsed by the Steering Committee for the first phase of the ERPA (see Box 4.1). The preparation of the Comprehensive BSP for the second phase is also underway.

The program continued to make progress on the ground, implementing activities that will contribute to emission reductions. During the year, the OFLP worked with communities to achieve its objectives under Component 1 of the grant, which focuses on enabling investment to support sub-basin land-use planning, PFM, and A/R activities in Woredas that are deforestation hotspots. A key piece of this effort has involved empowering cooperatives to manage natural forests by helping them legally register with formal authorities. To date, the OFLP has helped established 78 forest management cooperatives for participatory forest management (PFM) and 241 coops for afforestation/reforestation (A/R) activities. The program exceeded its objectives under this component, with PFM activities covering more than 123,000 hectares (with an original target of 120,000 hectares) and A/R activities covering nearly 9,500 hectares (with an original target of 9,000 hectares). These numbers are expected to increase before the

end of the project, as more Community-Based Organizations are still being established.

Two years ago, to secure communities' user rights to the land and, ultimately, inform policy reform on a larger scale, the OFLP completed an assessment of the legal framework governing rights to forest tenure and communal land certification. In addition, during the last three years, a consulting firm helped the project undertake an Integrated Land-Use Planning capacity-strengthening effort across relevant sectors in the region to bolster statewide technical capacity to allocate land for uses that provide the greatest sustainable benefits and to promote the transition to sustainable and integrated management of land resources. The consultant conducted a capacity gap assessment, prepared a training manual and training syllabus based on it, and, accordingly, the consultant has provided training of trainers to selected regional and zonal-level experts across selected woredas.

Ensuring proper safeguards implementation was a key focus in FY22. The program has eight coordinators who are responsible for implementing safeguards frameworks and plans to mitigate and prevent potential negative impacts from program interventions. These instruments also facilitate the resolution of any grievances that may arise and proactively ensure equitable and inclusive stakeholder engagement. Early-stage risk management is essential to protecting long-term community health and safety, so in addition to hiring the coordinators, the program socialized these practices more broadly across the region by prioritizing statewide capacity building on safeguards. Safeguards training was provided to nearly 14,000 regional and woreda-level experts, and, to date, more than 1,600,000 people across 6,310 kebeles have been consulted on safeguards management.

To ensure sustainability and inclusivity are mainstreamed across both the public and private sectors, the OFLP is engaging with the dairy and coffee supply chains in Oromia. The OFLP's private sector strategy focuses on establishing proofs of concept for these two value chains, aiming to encourage private sector actors to enter the



### Box 4.1: Inclusive and Equitable Benefit Sharing

Central to all ISFL programs is the benefit sharing plan (BSP), a financial incentive instrument that rewards good forest management and conservation practices and provides a mechanism through which the proceeds from results-based finance can be distributed to those who helped make the emission reductions possible. BSPs ensure the local communities participating in the program receive fair and just access to benefits and engage in emission reductions activities. Once the ERPA for Ethiopia's OFLP has been signed, the emission reductions verification process will take place, and payment will be made and channelled as per the BSP.<sup>a</sup>

The drafting process for OFLP's BSP, the current advanced draft of which covers the first phase of the ERPA, was highly collaborative, inclusive, and participatory, consisting of 111 consultation meetings with thousands of stakeholders representing all potential beneficiaries at all levels: federal, regional, district, and village. In total, 4,647 community members, 30 percent of whom were women, were consulted. Beneficiaries included forest management cooperatives, village forest and farming communities, vulnerable and underserved groups, the private sector, national and regional government program entities, and regional sector implementing agencies.

During the consultations, beneficiaries were asked, among other questions, if they were comfortable with the emission reductions scheme, who should be considered a beneficiary, what percentage they believed should go to each beneficiary group, and how the funds should be used. This ensured community members were informed of their options and could actively participate.

Through this process, beneficiaries reached the consensus that most benefits will be invested in activities that ensure communal benefit and generate additional emission reductions. In doing so, they provided for the long-term financial sustainability of the program; as more emission reductions are generated, proceeds will allow for these activities to continue and produce even more financial and environmental benefit. These communities decided that 75 percent of net emission reductions payments will go directly to them, with 45 percent of this share to be invested in social development and livelihood improvement activities and 50 percent in land use and other activities that will contribute to generating additional emission reductions; the remaining 5 percent will be dedicated to underserved social groups, including poor households. The rest of the net payments will go to the regional government (15 percent), the federal government (5 percent), and private sector forest developers (5 percent) through a matching grant scheme. For the first phase of the ERPA, the BSP will only be used by forest beneficiaries, as emission reductions from this phase will come solely from forestry activities. As emission reductions are generated in more sectors in later phases, more groups will receive benefits..

Benefit sharing is central to the ISFL's efforts to make sure these programs are socially inclusive and have the greatest possible impact. To ensure their adequate representation in the BSP, vulnerable communities were actively included in the consultation process. Separate consultations were held with women (1,212 out of a total of 4,647 community members consulted) and other marginalized groups to provide them with a space where they felt comfortable speaking candidly.

The BSP itself strives for transparency. It describes in detail the types of benefits to be conferred, the criteria used to determine who should be beneficiaries, and the mathematical models adopted to calculate the share to be received by each group, taking into consideration the forest area and efforts to reduce deforestation. It also elaborates on the fund flow mechanism, institutional arrangement, and how the BSP will be monitored. In addition, the document covers the potential use of an emission reductions fund by each beneficiary and details the grievance redress mechanism, which manages risk and ensures the plan is upheld by setting out a process to support, hear, and rectify any problems effectively.

<sup>a</sup> You can access the BSP for the OFLP here: <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/722771624985229961/benefit-sharing-plan-for-disbursing-result-based-payments-from-biocf-isfl-program>.

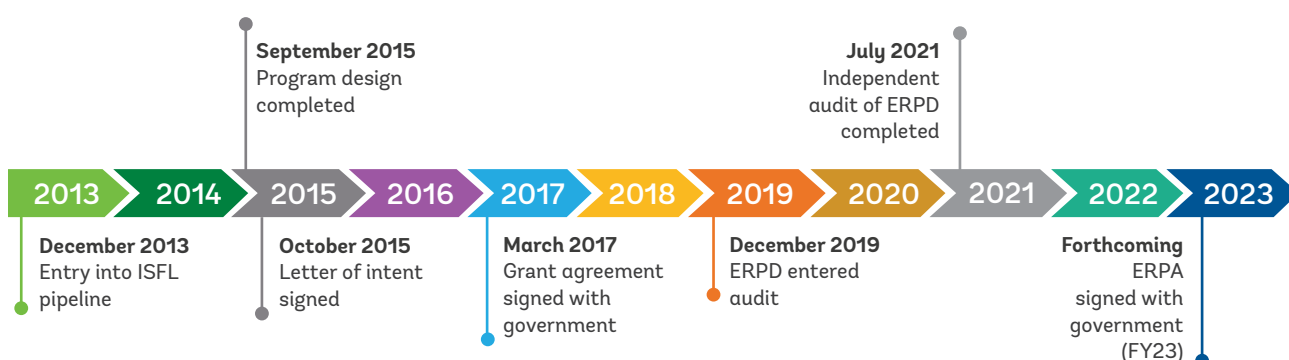
Country Program Progress, Ethiopia *continued*

market, adopt sustainable practices, and crowd-in their own financing. Solidaridad and TechnoServe were selected through competitive processes to lead this work in the dairy and coffee sectors, respectively. Both began work in FY22.

The OFLP looks forward to finishing ERPA negotiations and securing an ERPA signature in the coming months. Looking forward, the OFLP plans to measure GHG emissions resulting from the livestock sector and forest degradation as part of a broader data improvement plan. The

OFLP is processing recruitment of a consultant who will, as part of a data improvement plan, help it conduct a survey to fill existing data gaps, specifically concerning urban and peri-urban commercial and smallholder livestock farms. These data will eventually be used to inform the addition of the livestock sector to the second-phase ERPA. Revision of the comprehensive BSP for this second phase is already underway to ensure the inclusion of beneficiaries from the livestock sector.

## Program Timeline







## Program Profile

<b>Jurisdiction</b>	Oromia region
<b>Size of jurisdiction</b>	32 million ha
<b>Population in jurisdiction</b>	More than 30 million
<b>Accounting area</b>	Entire forested landscape in Oromia, including livestock and agricultural areas
<b>Implementing agency</b>	Oromia Environmental Protection Authority
<b>ISFL funding</b>	\$18 million in grant financing Potential payments for up to 1.8 million tons of verified emission reductions for ERPA Phase 1, with the potential for sales of emission reductions in excess of those contracted. Emission reductions for ERPA Phase 2 to be negotiated.
<b>Cofinancing</b>	\$3 million grant from IFC for investment services in the coffee sector and an additional \$4 million Swiss grant for private sector-led coffee tree rejuvenation and climate-smart dairy, with possible additional matching funds of the same amount from private sector actors.



## High-Level Context

Drivers of deforestation, land degradation, and GHG emissions	
	<ul style="list-style-type: none"> <li>• Small-scale land conversion for agricultural expansion</li> <li>• Inefficient livestock production, resulting from limited access to livestock feed and fodder</li> <li>• Extraction of fuelwood for charcoal. Firewood is the primary source of energy for 94 percent of Ethiopia's population and the most important forest product consumed in the country. Most is produced from natural forests, including woodlands and shrublands, and current demand is estimated to exceed significantly the sustainable yield potential of remaining forest area</li> <li>• Indirect drivers, including inadequate development and implementation of land-use plans, weak cross-sectoral policy and investment coordination, population growth in and migration to forested areas, and road expansion</li> </ul>
Key commodities and sectors	
	<ul style="list-style-type: none"> <li>• Coffee, spices, and honey</li> <li>• Livestock and dairy</li> <li>• Subsistence agriculture, which is the main economic activity in Oromia; specifically, wheat, beans, potatoes, and cabbage in the highlands and bananas, maize, and teff grains in the lowlands</li> </ul>
Policy interactions and green growth strategies	
	<p>Ethiopia's development agenda is governed by two key strategies: the Second Growth and Transformation Plan (GTP-2), which recently evolved into the 10 Year Development Plan, and the Climate Resilient Green Economy (CRGE) strategy. Both strategies prioritize attainment of middle-income status by 2025.</p> <p>The CRGE strategy reports that agriculture and forestry "contribute around 45 and 25%, respectively, to projected GHG emission levels by 2030 under business-as-usual assumptions, and together account for around 80% of the total abatement potential."</p>
NDC commitments	
	<p>The country is committing to reducing economy-wide GHG emissions by 14 percent in 2030 from the recently revised business-as-usual scenario, using its domestic resources.</p> <p>This would represent a 56.7 MtCO<sub>2</sub>e reduction, limiting GHG emissions at 347.3 MtCO<sub>2</sub>e in 2030 (compared to the revised business-as-usual scenario emission level of 404 MtCO<sub>2</sub>e).</p>

## Results

Number of partnerships established with the private sector	<b>1:</b> Nespresso
Number of partnerships established with not-for-profit organizations	<b>2:</b> TechnoServe and Solidaridad
Number of engagements established with not-for-profit organizations	<b>8:</b> Farm Africa, SOS Sahel, Ethio Wetlands and Natural Resources Association, World Vision Ethiopia, Action for Development, Mekane Eyesus Church, Ethiopian Catholic Church, and the Japan International Cooperation Agency
Number of coordination platforms supported	<b>9:</b> 2 regional steering committees, 4 REDD+ technical working groups, and 3 cluster-level coordination platforms (South-East, Central, and West Oromia)
ESMF completed	<b>Yes</b>
Strategic Environmental and Social Assessment (SESA) completed	<b>Yes</b>
FGRM completed	<b>Yes</b>





## 4.3 Indonesia

### Key Achievements in FY22:

- The ERPD for the the Jambi Sustainable Landscape Management Project (J-SLMP) entered assessment.
- The J-SLMP helped reduce fires in 20 areas that are usually burned, by coordinating regular participatory patrols, raising public awareness, and providing training on forest fire management.
- The program refined its private sector engagement strategy and is currently finalizing it for stakeholder review, after which it should proceed to implementation.
- 1,120 stakeholders were consulted to advance development of safeguards instruments requirements, including the ESMF and SESA and the preparation of a Free Prior Informed Consent process.

### Overview

Jambi, one of Indonesia's most forested provinces, is incredibly biodiverse. The region has experienced significant land-use and forest-cover change in recent years, however, largely as a result of agricultural development. Both large concessionaires and smallholder producers transform massive plots of undisturbed land into crop production sites for commodities, such as palm oil, pulpwood, rubber, and coffee. Deforestation and forest degradation are also exacerbated by weak governance related to land-use conversion and natural resource extraction. While the eastern peatlands and western highlands of Jambi contain significant carbon stocks and high potential for sequestration, frequent forest and peat fires release high volumes of carbon dioxide into the atmosphere.

The Jambi Sustainable Landscape Management Project (J-SLMP) aims to increase forest area, improve sustainable land management, and reduce

land-based GHG emissions in the region. It has three components:

1. The strengthening of policies and institutions to improve cross-sectoral coordination and action addressing drivers of emissions in Jambi and to support an enabling environment for an Emission Reductions Program
2. The integration of forest and land management in Jambi, particularly through sustainable forest management, agricultural intensification and diversification, conservation and restoration, and value chain sustainability
3. Support for national and provincial-level project coordination and management, including monitoring, evaluating, and reporting

### Indonesia's ISFL Program Progress in FY22

During FY22, the J-SLMP supported activities that reduce emissions in land areas at high risk for encroachment, burning, and draining. Despite the challenges posed by the COVID-19 pandemic, the J-SLMP, now in its second year of implementation, made progress both in helping communities adopt more sustainable practices and moving toward securing the ERPA signature.

The J-SLMP continued working to establish farmer cooperatives, support forestry management units and national parks, provide fire and post-harvest management training for farmers, facilitate community tenure for Indigenous (*adat*) communities, and engage in forest and peat rehabilitation. As COVID-19 restrictions were lifted, the implementation of community-focused activities that had been delayed by the pandemic resumed. The program started training groups of coffee and rubber farmers in improved agronomic practices, undertook participatory mapping efforts, and began providing seeds and planting equipment to farmer groups. To help empower local communities to take an active role

**Country Program Progress, Indonesia** *continued*

in forest management, the J-SLMP supported their development of partnerships with national parks, which would strengthen the support of local community activities for forest rehabilitation and included trainings to engage the communities in the protection of the parks. To date, the program has supported a 20 percent reduction in burned areas compared to 2020 in Jambi by coordinating regular participatory patrols, raising public awareness of forest protection, and providing training on forest fire management.

The Jambi regional government has been supportive of the J-SLMP's efforts, as demonstrated by the inclusion of project activities in the Regional Mid-Term Development Plan, which was approved by the regional parliament in 2022. The program also helped catalyze the shift of Jambi Province's business-as-usual economic development toward low-carbon development by supporting the mainstreaming of the Green Growth Plan (GGP) into provincial regulations and its adoption in the Regional Long-Term Development Plan (2025–45). The team facilitated technical support from the FCPF's East Kalimantan Jurisdictional Emission Reductions Program, allowing it to provide guidance and lessons learned in developing a sustainable landscape management program. The team also engaged with the governor and his office in the implementation of the J-SLMP and the preparation of the Emission Reductions Program, including by having a dedicated session with the governor during an April 2022 mission. Finally, the team expects to facilitate an international exchange to Mato Grosso in Brazil to share lessons learned on progressive institutional arrangements for sustainable landscape management.

In FY22, the ERPD for the J-SLMP entered third-party assessment, a major step toward the ERPA signature. To help with future monitoring efforts, the team is now working to improve data gathering processes to prepare an MRV improvement plan that will be implemented over the next couple of years. This plan aims to enhance the national and subnational MRV systems and increase the accuracy of emission reductions tracking through a landscape emissions monitoring approach through which the team will be able to analyze the drivers of deforestation and land-use change in the province and assess reversal and displacement risks as well as mitigation measures.

As part of the preparation for the future Emission Reductions Program, the J-SLMP consulted 1,120 stakeholders to advance the development of requirements for safeguards instruments, including the ESMF and SESA, and preparation for a Free Prior Informed Consent process.

Looking forward, the J-SLMP will finalize the ERPD, BSP, and safeguards instruments and move toward the ERPA signature while continuing to engage public and private sector actors in sharing knowledge and raising awareness of sustainable landscape management practices. The team will continue working closely with the Government of Indonesia to find the most effective modalities for implementing the private sector engagement strategy. Finally, the J-SLMP will ensure complementarities across internal and external programs are realized within Jambi to leverage synergies between the ISFL program, other development projects, and the Jambi GGP.

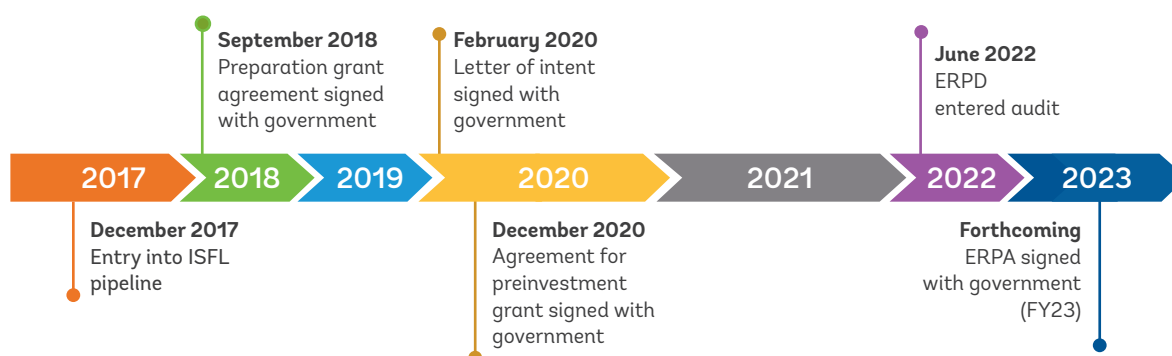






## Country Program Progress, Indonesia continued

## Program Timeline







## Program Profile

<b>Jurisdiction</b>	Jambi Province
<b>Size of jurisdiction</b>	5 million ha
<b>Population in jurisdiction</b>	3.5 million people
<b>Accounting area</b>	2,082,286 hectares
<b>Implementing agency</b>	Ministry of Environment and Forestry
<b>ISFL funding</b>	\$1.5 million technical assistance grant
	\$13.5 million implementation grant (under implementation)
	Up to \$4 million for potential IFC deals
	Potential payments for verified emission reductions to be determined





## High-Level Context

Drivers of deforestation and peat decomposition	
	Approximately two-thirds of Indonesia's annual GHG emissions come from land-use change related to agriculture, forestry, and other land uses.
	Peatlands in Indonesia cover a total area of 13.8 million ha and are estimated to store between 37 and 65 percent of the global carbon pool for tropical peat.
	Drivers of deforestation and peatland decomposition include logging and the establishment of plantations, primarily for palm oil and acacia pulpwood.
	Indirect drivers include inadequate development and implementation of land-use plans, weak cross-sectoral policy and investment coordination, population growth in and migration to forested areas, and road expansion.
Key commodities and sectors	
	<ul style="list-style-type: none"> <li>• Fisheries</li> <li>• Livestock</li> <li>• Palm oil</li> <li>• Pulpwood (plantation-grown acacia and eucalyptus planted in natural forest areas)</li> <li>• Rubber</li> <li>• Robusta and Arabica coffee (a smallholder crop); demand for coffee is continuing to grow domestically and internationally.</li> <li>• Other important commodities: rice, vegetables, fruit, coconut, cinnamon, soybean, areca nut, and cacao</li> </ul>
Policy interactions and green growth strategies	
	In 2022, Indonesia committed to transforming the Forest and Other Land Use sector into a net carbon sink by 2030 (Forestry and Other Land Uses [FOLU] Net Sink 2030 commitment) through activities that include forest and land rehabilitation, management of peatlands, and biodiversity conservation.
	The National Action Plan to Reduce GHG Emissions (2011) is an umbrella plan to reduce emissions in accordance with Indonesia's NDC.
	The One Map Initiative is an effort to establish a public, consistently georeferenced national inventory of all land parcels. It aims to clarify forest boundaries across the country, thereby allowing the successful design and implementation of Emission Reductions Programs.
	The Peatland Restoration Agency was established in 2016 and tasked with the restoration of 2.1 million ha of peatland. It was then expanded with an extended mandate to the Peatland and Mangrove Restoration Agency in 2020. A peatland moratorium and palm oil moratorium were enacted in 2016.
	Provincial-level REDD+ programs and decentralization efforts align with Indonesia's REDD+ readiness process. Provincial governments are responsible for managing most of the forest estate (Law No. 23 of 2014 on local government).
NDC commitments	
	The government of Indonesia has pledged to reduce GHG emissions by 26 percent using its own resources and by 41 percent with international assistance by 2030. To achieve this reduction, Indonesia will need to decrease emissions by 1.08 MtCO <sub>2</sub> e, with the forestry sector expected to account for 60 percent of this target.

## Results

Number of project manuals or other administrative documents completed	4
Number of stakeholders consulted on ISFL programs following World Bank safeguards policies	1,120
Number of workshops held to prepare the ISFL program	96
Project concept note completed	Yes







## 4.4 Mexico

### Key Achievements in FY22:

- The ERPD for the Mexico Emission Reductions Program entered assessment.
- The program continued to strengthen collaboration among different agencies and levels of government, including by drafting specific interinstitutional agreements.
- The World Bank team worked closely with the National Forestry Commission of Mexico (CONAFOR) to develop approaches for remote participation, tailored to the jurisdictional context, to enable effective engagement with local stakeholders in response to limitations on travel and face-to-face consultations because of COVID-19.
- Under the program, a private sector engagement strategy was developed that will further harness the potential of the private sector to support sustainable landscapes that reduce GHG emissions, deforestation, and forest degradation.

### Overview

The ISFL program in Mexico is currently supporting enabling activities through the Strengthening Entrepreneurship in Productive Forest Landscapes Project, which is cofinanced by a World Bank loan and an ISFL grant. This wider project seeks to strengthen sustainable forest management while also increasing economic opportunities for forest-dependent people and enterprises in selected landscapes across the country. The project has two components:

1. The strengthening of forest management, conservation, and business development by financing demand-driven incentive programs in the forest sector that aim to support local communities, forest-dependent people, and other landholders

2. The development of institutions and the facilitation of support for the preparation of an Emission Reductions Program, which is expected to cover the four northern states of Chihuahua, Coahuila, Durango, and Nuevo León.

Within this project, the \$10 million ISFL grant focuses mostly on the second component: supporting the preparation of tools and systems necessary to provide the government of Mexico with access to results-based financing, which may amount to \$50 million in emission reductions payments.

### Mexico's ISFL Program Progress in FY22

During FY22, the Mexico Emission Reductions Program task team and its implementing agency, CONAFOR, made great progress in strengthening interagency coordination among relevant government ministries, including the National Institute of Ecology and Climate Change (INECC), the National Institute of Indigenous Peoples (INPI), the National Institute for Women (INMUJERES), the Secretariat of Agriculture and Rural Development (SADER), and the Secretariat of Environment and Natural Resources (SEMARNAT). In addition, interinstitutional agreements among different national agencies and state governments were drafted with annexes specific to the ISFL. These agreements and the collaboration they facilitate aim to improve landscape-level governance, scale up integrated land-use management in support of rural communities, reduce deforestation, and deliver emission reductions.

As part of the program preparation process, CONAFOR held eight face-to-face “Socialization Workshops” (two for each state) in May and June 2022, during which local stakeholders, vulnerable groups, and other relevant actors discussed drivers of deforestation in the region and proposed measures to tackle deforestation in the jurisdiction. In July 2022, a second round of workshops, called “Validation Workshops,” showed participants

**Country Program Progress, Mexico continued**

from the first round how their feedback had been incorporated into Emission Reductions Program design.

The program also made substantial progress in providing technical assistance to both government actors and communities and is now preparing to provide technical assistance to landholders so they can adopt innovative, more sustainable practices—a foundational step for producing future emission reductions.

Regarding the preparation of the emission reductions operation, the program helped build up CONAFOR's technical capacity to prepare the carbon accounting sections of the ERPD, which were sent in June 2022 to a third-party auditing firm for assessment. SilvaCarbon (see Box 2.4) supported and will continue to support CONAFOR in the improvement of emission factors for the land-use, land-use change, and forestry sector.

Also in FY22, the task team worked closely with CONAFOR to develop a jurisdiction-specific private sector engagement strategy that would support the long-term viability of the region's agricultural, forestry, and livestock sector. The strategy

integrates a package of four activities: forest-oriented payment schemes for water services in agriculture and livestock, improved partnership models for sustainable timber supply chains, support for the development of a low-carbon dairy industry, and sustainable production of candelilla wax.

Looking forward, the program will continue to support CONAFOR's post-COVID response by scaling up land-management investment support to rural communities and small enterprises to improve income generation by strengthening low-carbon development and productive natural resources. These activities will pave the way for a successful Emission Reductions Program that will leverage the collective capabilities and knowledge of the public sector, private sector, and civil society.

CONAFOR will also work with the task team to identify the most effective way to implement the private sector engagement strategy, continue strengthening interinstitutional collaboration, identify key activities to support integrated land-use management, finalize the ERPD, and move forward into ERPA negotiations.



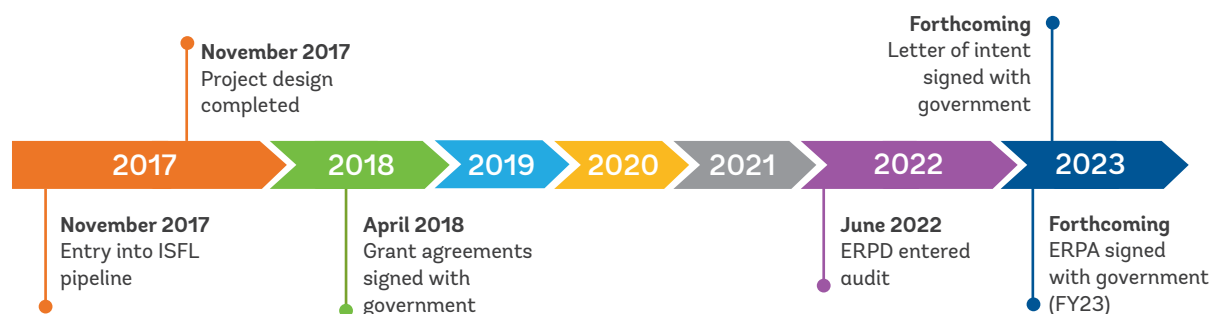






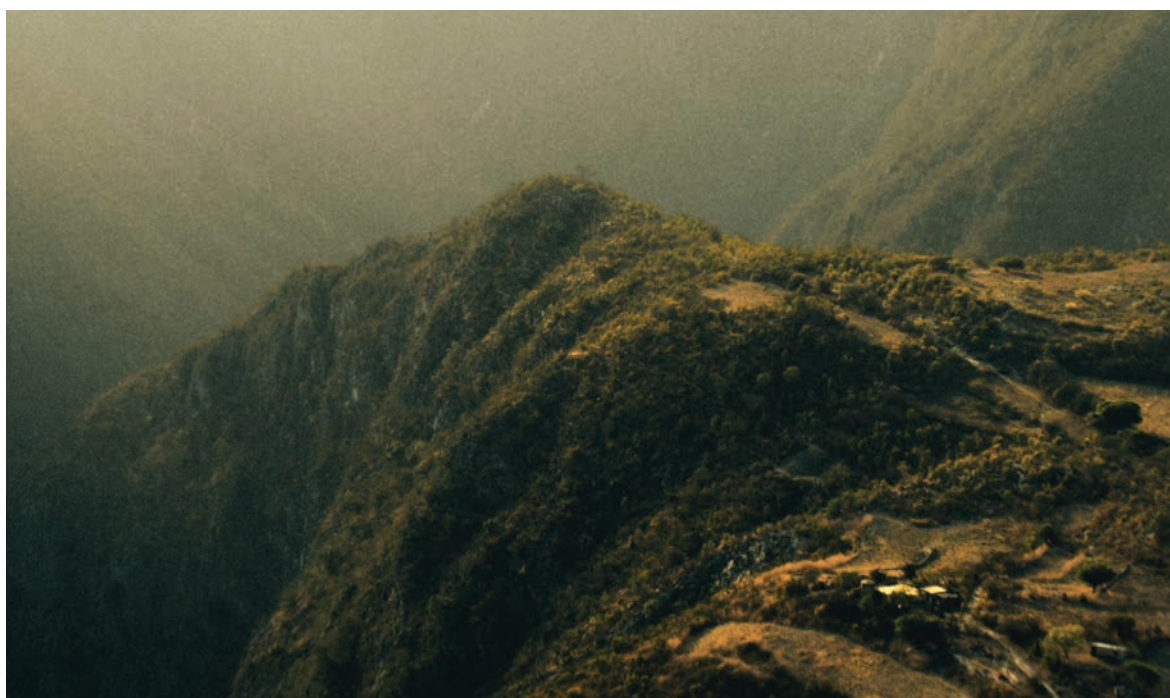
Country Program Progress, Mexico *continued*

## Program Timeline







## Program Profile

<b>Jurisdictions</b>	Chihuahua, Coahuila, Durango, Nuevo León
<b>Size of jurisdiction</b>	58 million hectares
<b>Population in jurisdiction</b>	14 million
<b>Accounting area</b>	TBD
<b>Implementing agency</b>	CONAFOR
<b>ISFL funding</b>	\$10 million in grant financing available
	\$4 million in funding for private sector engagement available
	Potential payments for up to 10 million tons of verified emission reductions
<b>Cofinancing</b>	\$56 million from a World Bank loan for the Mexico Strengthening Entrepreneurship in Productive Forest Landscapes Project (across 19 states)
	\$119 million in government financing from CONAFOR





## High-Level Context

Drivers of deforestation	
	Land-use change in Mexico is a response to regional, national, and international market pressures for the extraction of timber products, mining, agriculture, tourism, urban and industrial development, and infrastructure projects (such as dams, roads, and highways). In the ISFL program area, key drivers of deforestation are agricultural expansion and livestock production, specifically cattle farming.
Key commodities and sectors	
	Agriculture and livestock production
Policy interactions and green growth strategies	
	The General Law on Sustainable Forestry Development (LGDFS), through article 138 Bis, empowers the Ministry of Environment and Natural Resources (SEMARNAT) to enter into international agreements on cooperative mechanisms to reduce emissions in the forestry sector. It also states that the results-based payments resources will be distributed according to a BSP prepared in a participatory manner within the framework of the respective project.
	The General Law on Climate Change (LGCC) sets out a framework for the development of Mexico's forest registry.
	Mexico has instituted a series of incentive programs, including the Payment for Environmental Services Program supported by the World Bank. Since 2003, it has spearheaded the application of economic instruments for forest conservation and the promotion of sustainable forest management practices.
	The National Forestry Program (PRONAFOR) supports activities in the forestry sector to promote the sustainable use and conservation of forests. PRONAFOR's strategies include promoting integrated landscape management, harmonizing and coordinating land policies and programs, and reducing GHG emissions caused by deforestation and forest degradation.
NDC commitments	
	Forests play a crucial role in achieving Mexico's NDC target. Mexico's updated NDC includes a target for zero deforestation by 2030.
	Removals from the forestry sector represent around 26 percent of Mexico's total emissions. According to Mexico's third Biennial Update Report, <sup>a</sup> the total emissions of the country in 2019 amounted to 736.62MtCO <sub>2</sub> e, while forests removals were 192.75.35 MtCO <sub>2</sub> e. Removals from the forest sector come from two main sources: forested land remaining as forested land and land converted to forest through afforestation and reforestation.

<sup>a</sup> The Biennial Update Report can be accessed here: [https://unfccc.int/sites/default/files/resource/MEXNIR\\_Revisada\\_1.pdf](https://unfccc.int/sites/default/files/resource/MEXNIR_Revisada_1.pdf).

## Results

Workshops held to prepare the program	16
Knowledge products prepared on entrepreneurship and forest management	20
Inter-institutional coordination mechanisms in place to improve landscape-level governance	4
Emission Reductions Program prepared and submitted to the ISFL	No





## 4.5 Zambia

### Key Achievements in FY22:

- The ERPD for the Zambia Integrated Forest Landscape Program (ZIFL-P) entered third-party assessment.
- The Land-Use Monitoring and Information System (LUMIS) for the Eastern Province was developed.
- The program developed 13 priority forest reserves. Upon completion of the review process, more than 109,430 hectares of forest land will be brought under sustainable forest management, in addition to the areas under community forest management on customary land.
- In the last two seasons, 5,160,798 agroforestry seedlings were raised and distributed.

### Overview

The ZIFL-P seeks to improve landscape management and increase environmental and economic benefits for targeted rural communities in the Eastern Province of Zambia. By curbing rapid agricultural expansion and enhancing the benefits derived from forestry, agriculture, and wildlife, the program aims to reduce emissions by approximately 35 million tons and increase the resilience of communities to the impacts of climate change. The ZIFL-P has four components:

1. The creation of conditions that will enable the successful implementation of livelihood investments, thereby preparing Zambia for emission reductions purchases
2. The financing of on-the-ground activities that will improve rural livelihoods, conserve ecosystems, and reduce GHG emissions
3. The financing of activities related to national and provincial-level program coordination and management

4. The facilitation of the use of funds from the World Bank's International Development Association (IDA) in the event of a disaster

### Zambia's ISFL Program Progress in FY22

The ZIFL-P made great strides in FY22, both in preparing for the ERPA signature and in implementing activities in Zambia that enable local farmers to adopt more sustainable practices.

Recognizing the importance of multistakeholder engagement to the success of these types of initiatives, the ZIFL-P worked in concert with actors at the local, regional, and national levels to help accelerate the transition to low-carbon development. In concert with community forest management groups, the task team developed integrated land management plans to reduce deforestation by regenerating land, setting up fire breaks, and identifying potential sites for sustainable, farmer-led irrigation projects. More broadly, these plans prioritize poverty alleviation, infrastructure development, environmental management, and the protection of ecologically sensitive areas. Nine Integrated Districts Development Plans have now been approved and signed by the Minister of Local Government. Participatory Land-Use Planning activities were finalized, targeting 250,000 hectares in 22 wards.

To enhance soil health, diversify production systems, and mitigate risks, the project also supported the Ministry of Agriculture in raising more than 5.1 million agroforestry seedlings and distributing them to farmers in the province over the past two seasons. The implementation of agroforestry practices will naturally improve soil fertility and sequester carbon on farmlands. The project has introduced one million cashew seedlings as an important cash crop on more than 15,000 hectares of land in the Eastern Province.

In FY22, the ZIFL-P completed the development of the Land-Use Monitoring and Information System (LUMIS), a cloud-based tool designed to capture land-use changes over time, including forest cover mapped from satellite imagery and aerial photos captured by a drone for specific parts of the

**Country Program Progress, Zambia** *continued*

landscape. This LUMIS will be interfaced with the climate portal run by the Zambia Environmental Management Authority (ZEMA) to enhance users' experience in accessing relevant data and information for various uses.

In its efforts to protect the Eastern Province's biodiversity, the ZIFL-P made progress in FY22 in improving reserve management. The program prepared plans for 13 existing protected forest areas, covering more than 109,430 hectares. Through stakeholder consultations, surrounding communities expressed interest in engaging in collaborative management with the Forestry Department. Such collaboration will further strengthen the effectiveness of law enforcement and human-wildlife conflict mitigation. Once the review process for these plans is completed, more than 109,430 hectares of forested land will be brought under sustainable forest management. Surveys of a further 12 forest reserves were completed in FY22, covering 149,275 hectares. In addition, applications are pending with the Forestry Department for community management of two more State Local Forests covering 7,340 hectares under the Community Forestry Regulations of 2018.

For forest areas on customary land (outside of the State Protected Forest Areas), the project supported bringing 40,250 hectares of forests under community control through the Community Forestry Regulations of 2018, with an additional 24,663 hectares pending. Once approved, these forests will have a new protected-area status, contributing toward emission reductions and biodiversity conservation.

During FY22, the program provided patrol rations and field equipment to local rangers as they worked to protect biodiversity, prevent poaching and illegal wildlife trafficking, and halt the illegal possession of firearms. The project also facilitated the formation of two community resource boards, ensuring meaningful local participation in wildlife conservation activities.

Marking a major milestone in its Emission Reductions Program, the ERPD for the ZIFL-P entered a third-party audit in FY22. This assessment will ensure the information provided in the ERPD is correct and complete. It will also inform ISFL decision making by applying expert judgment to the evaluation of compliance with the Emission Reductions Program Requirements and guidelines and the feasibility of program design aspects.

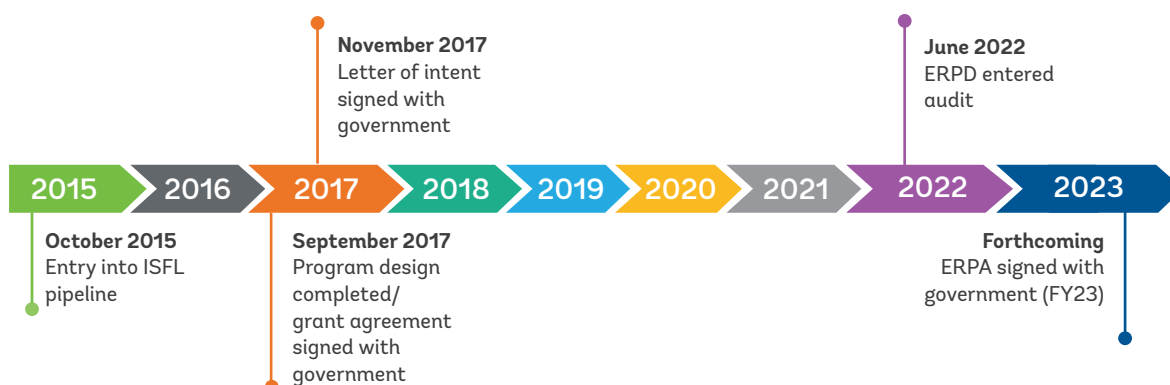
Looking forward, the team will implement the participatory land-use plans it has developed, integrate LUMIS with the ZEMA climate portal, promote agroforestry practices, and design farmer-led irrigation schemes and alternative livelihoods projects. The program will also set up sustainable livestock pastures, fodder banks, and rangelands and help construct roads, watering holes, and a new soil laboratory that will provide soil fertility services to local farmers. Lastly, the program looks forward to finalizing its ERPD following the audit process and moving into ERPA negotiations.





Country Program Progress, Zambia *continued*

## Program Timeline







## Program Profile

<b>Jurisdiction</b>	Eastern Province
<b>Size of jurisdiction</b>	5.1 million ha
<b>Population in jurisdiction</b>	1.7 million
<b>Accounting area</b>	5.1 million ha
<b>Implementing agency</b>	Ministry of Green Economy and Environment
<b>ISFL funding</b>	\$250,000 preparation grant
	\$7.75 million implementation grant
	Potential payments for up to 6 million tons of verified emission reductions
<b>Co-financing</b>	\$8.1 million in Global Environment Facility financing
	\$17 million IDA loan





## High-Level Context

Drivers of deforestation	
	The main drivers of deforestation in the Eastern Province are agricultural expansion, especially of maize and cotton, and wood harvesting for charcoal or firewood. The clearing of forests for agriculture is driven by declining soil fertility on existing agricultural land as a result of poor farming practices and by expanding scales of production to improve incomes and food security.
	The unregulated collection of fuel wood is often a precursor to agricultural expansion.
Key commodities and sectors	
	<ul style="list-style-type: none"> <li>• Cotton</li> <li>• Maize</li> </ul>
Policy interactions and green growth strategies	
	The Wildlife Act (2015) encourages communities to form enterprises to advance park conservation. This legislation seeks to address the complicated legal process for establishing a community enterprise in Zambia.
	National REDD+ Strategy: The government of Zambia, with support from the Forest Investment Program administered by the World Bank and various UN agencies, has undertaken a National REDD+ readiness process that includes the development of a National REDD+ Strategy.
	Zambia intends to reduce its GHG emissions, in line with its commitments under the Paris Agreement, by implementing three programs driven by the country's climate response strategy and supported by national development policies related to energy, forestry, agriculture, water, urban and rural planning, sanitation, and transport. The three programs focus on sustainable forest management, sustainable agriculture, and renewable energy and energy efficiency.
	The country's Emission Reductions Program is strongly aligned with the Ministry of Green Economy and Environment's goal to promote investment in economic activities that are low-carbon, resource-efficient, climate-resilient, and socially inclusive.
NDC commitments	
	Zambia has committed to reducing GHG emissions by 25 percent by 2030, or by 47 percent if substantial international financial support (roughly defined as \$35 billion) is forthcoming. For both scenarios, the government plans to achieve most of its emission reductions through investments in sustainable land use and forestry management.

## Results

Number of funded technical studies completed	13
Number of workshops held	14
Number of partnerships established with not-for-profit organizations	4: Technical service providers for agriculture, wildlife, forestry value chains, and participatory land-use planning
Number of engagements established with not-for-profit organizations	2: COMPACI and The Nature Conservancy
Number of coordination platforms supported	6
ESFM completed	Yes
SESA completed	Yes
FGRM completed	Yes







## 5. Looking Ahead

The ISFL looks forward to another landmark year as it prepares to finalize assessments and sign ERPAs for its jurisdictional land-use Emission Reductions Programs. The Initiative will continue to strengthen implementation activities in every program jurisdiction, with each program focusing on social inclusion and private sector engagement to lower barriers to investment and facilitate equitable and inclusive benefit sharing.

As the programs move forward, the ISFL will continue to align its strategic priorities with international goals and national policy commitments, as well as with the World Bank's Climate Change Action Plan. These focus areas provide an important foundation for the Initiative's continued efforts to improve livelihoods and enable sustainable natural resource management around the world.

### Key priorities for the coming year:

The ISFL has set the following priorities for the year ahead:

1. Finalizing the ERPD assessments and signing, or preparing to sign, ERPAs for the ISFL programs
2. Continuing to implement the ISFL Private Sector Theory of Change
3. Ensuring the continued inclusion of, and focus on, women and IPLCs across all ISFL programs
4. Continuing to develop and share lessons learned from our pilot programs, including through implementation of the third ISFL program evaluation, and furthering global awareness of integrated land-use planning
5. Sharing lessons learned from the design and implementation of the Private Sector Theory of Change
6. Sharing the SABP materials with development partners so they can expand lending to sustainable farmers and agribusinesses
7. Delivering SABP training through the World Bank's Open Learning Campus
8. Reporting on the outcomes for BioCarbon Fund's traceability work with the private sector to demonstrate potential for low-cost environmental monitoring of disaggregated smallholder value chains







# Appendix A — ISFL Theory of Change and Logframe

## ISFL Theory of Change

The ISFL's theory of change presents the logic behind its interventions and describes how they can lead to targeted objectives. These interventions are derived directly from the ISFL's key design elements (see Figure 1.2). The objectives of these interventions are broken down into different operational and strategic elements to allow for monitoring and evaluation. The ISFL theory of change, along with the ISFL Logframe (see Table A.1), were developed and implemented in FY17 as part of the initiative's Monitoring, Evaluation, and Learning (MEL) Framework.<sup>17</sup> The MEL Framework was updated in FY19 and FY21, and the Logframe now includes targets for all programs that have entered the ISFL portfolio.

## ISFL Logframe

The ISFL Logframe<sup>18</sup> is derived from the initiative's theory of change, and its purpose is to serve as a reference for operational planning, monitoring, and evaluation of 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.

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 and as future programs are added to the ISFL portfolio.

The ISFL Fund Management Team 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 (which may occur when there is a midterm review of the program or program restructuring)
- 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 are required to include these in their respective results frameworks if they are relevant to their specific program. Output indicators, on the other hand, are optional. ISFL program teams are strongly encouraged to include these indicators in their respective results frameworks to allow for maximum aggregation of results for the initiative, but given the wide variance in program design, it is understood that the adoption rate of output indicators will be lower than those of the impact and outcome indicators.

All targets are cumulative. This report covers progress made cumulatively through the World Bank's 2022 fiscal year (ending June 30, 2022).

### The following should be noted:

- Results for Colombia, Ethiopia, Indonesia, Mexico, and Zambia have been aggregated in the Logframe. This is reflected in the column "countries currently reporting on indicator" with C, E, I, M, or Z.
- Targets for Zambia and Mexico for Tier 1, outcomes 1 and 2, and outputs 1 and 2 are discounted on account of formal cofinancing arrangements; 24.17 percent of total results are anticipated for the Zambia program and 15.15 percent of total results are anticipated for the Mexico program.

<sup>17</sup> You can access the ISFL MEL Framework here: <https://www.biocarbonfund-isfl.org/sites/isfl/files/2021-08/ISFL%20MEL%20Framework%20July%202021.pdf>.

<sup>18</sup> The Logical Framework, or Logframe, is one of the principal tools used by the international development community to help design projects to achieve measurable results. It has been in use at the World Bank since 1997 and is the core reference document throughout the project management cycle.

## Appendix A continued

## ISFL Logframe

Table A.1

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							
Impact Indicator	Baseline (FY14)	FY19	FY21	FY26	EOP Target (FY31)	Countries Reporting	FY22 Results
<b>T1.1 Number of people reached with benefits (assets and/or services) from ISFL programs (% women)<sup>19</sup></b>	0	13,683 (average 22%)	100,824 (average 28%)	153,380 (average 29%)	153,380 (average 29%)	C, E, I, M, <sup>20</sup> Z	124,314 (33%) <sup>21</sup>
<b>T1.2 GHG emission reductions in ISFL program areas (FAP)<sup>22</sup> [Reporting to begin in 2020]</b>	[Indicator targets to be developed once ERPA Results Frameworks are finalized]						—
<b>T1.3 Non-ISFL programs replicate or incorporate ISFL approaches in their program design</b>	No	No	Yes	Yes	Yes		—



<sup>19</sup> Bolded indicators are mandatory for all ISFL programs and/or the initiative to report on, if relevant.

<sup>20</sup> No disaggregation was given by Mexico when setting targets.

<sup>21</sup> No disaggregation was reported by Mexico for this indicator.

<sup>22</sup> "FAP" denotes that this indicator originates from the Forest Action Plan (FAP).



Tier 2: Outcome							
Indicator	Baseline (FY14)	FY19	FY21	FY26	EOP Target (FY31)	Countries Reporting	FY22 Results
Outcome 1: Improve land management and land use, including forest cover							
T2.O1.1 Total natural forest area in ISFL program areas	[Indicator targets to be developed]						—
T2.O1.2 Reduction in deforestation as compared to a reference level in ISFL program areas	0	1,209	4,496	5,842	5,842	Z	1,699
T2.O1.3 Emission reductions from forest degradation as compared to a reference level in ISFL program areas	[Indicator targets to be developed]						—
T2.O1.4 Land area reforested or afforested in ISFL program areas (FAP) (ha)	0	5,047	24,758	41,274	41,274	E, I, M	9,427
T2.O1.5 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	14,081 (average 14%)	56,839 (average 23%)	90,782 (average 30%)	90,782 (average 30%)	E, I, M, Z	100,877 (23%) <sup>23</sup>
Outputs to achieve Outcome 1							
T2.O1.a 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 (ha) <sup>24</sup>	0	38,977	1,890,359	19,395,308	19,395,308	C, E, I, M, Z	19,478,188
T2.O1.b Total land area brought under sustainable landscape management practices as a result of ISFL support, including where relevant: forestry, agriculture, other (ha)	0	5,725	48,707	189,149	189,149	I, M, Z	250,812
T2.O1.c Land users who have received training for improving land management (% women)	0	13,250 (average 15%)	27,625 (average 28%)	30,000 (average 28%)	30,000 (average 28%)	C, E, M	41,506 (32%)
T2.O1.d Land users who have received training for agricultural productivity (% women)	0	20,000 (25%)	20,000 (25%)	20,000 (25%)	20,000 (25%)	E	49,497 (32%)
T2.O1.e Reforms in forest and land-use policy, legislation, or other regulations as a result of ISFL support	0	0	6	14	14	C, I, M	23
T2.O1.f Government officials who have received technical training on ISFL interventions (% women)	Indicator will be reported each year. Targets will not be included for this indicator.					M	—
T2.O1.g Number of government institutions provided with capacity building to improve land-use management	Indicator will be reported each year. Targets will not be included for this indicator.					M	—

<sup>23</sup> No disaggregation was reported by Mexico for this indicator.

<sup>24</sup> The targets for this indicator were raised in FY22 to reflect updated information on the ISFL Colombia program. When the Colombia results framework was first written, the final program area had not yet been set. As a result, the initial estimate for indicator T2.O1.a was too low. The target has been revised now that the program area is finalized.

## Appendix A continued

Tier 2: Outcome <i>continued</i>							
Indicator	Baseline (FY14)	FY19	FY21	FY26	EOP Target (FY31)	Countries Reporting	FY22 Results
Outcome 2: Deliver benefits to land users							
T2.02.1 Number of communities or other organizations that have received benefits (assets and/or services) from emission reduction payments	[Indicator targets to be developed]						—
T2.02.2 Number of people involved in income generation activities due to ISFL support (% women)	Indicator will be reported each year. Targets will not be included for this indicator.					M	—
Outputs to achieve Outcome 2							
T2.02.a Number of approved benefit sharing plans established for emission reductions payments	0	3	5	5	5	C, E, I, M, Z	0
T2.02.b Volume of emission reductions purchases from ISFL programs	[Indicator targets to be developed once ERPAs are signed]						—
Outcome 3: Leverage partnerships with and between the public and private sectors to advance the ISFL vision and approach							
T2.03.1 Volume of for-profit private sector finance leveraged to contribute to ISFL objectives	Indicator will be reported each year. Targets will not be included for this indicator.						4
T2.03.2 Volume of not-for-profit finance (public or private) leveraged to contribute to ISFL objectives	Indicator will be reported each year. Targets will not be included for this indicator.						104.28
T2.03.3 Number of people in private sector schemes adopting sustainable practices	[Indicator targets to be developed]						—
Outputs to achieve Outcome 3							
T2.03.a Number of partnerships established with for-profit private sector organizations due to ISFL support	0	3	5	29	29	C, E, I, M, Z	20
T2.03.b Number of partnerships established with not-for-profit organizations/ initiatives (public or private) due to ISFL support	0	3	4	9	9	C, E, I, M, Z	31
T2.03.c Number of engagements established with for-profit private sector organizations due to ISFL support	0	4	8	12	12	C, E, I, M, Z	20
T2.03.d Number of engagements established with not-for-profit organizations/initiatives (public or private) due to ISFL support	0	2	4	8	8	C, E, I, M, Z	30
T2.03.e Number of coordination platforms supported	Indicator will be reported each year. Targets will not be included for this indicator.					C, E, I, M, Z	38



**Tier 3: High quality tools and approaches are in place to ensure that ISFL goals and objectives are achieved in a timely manner**

Indicator	Baseline (FY14)	FY17	FY18	FY20	FY22	FY26	EOP Target (FY31)	FY22 Results
T3.1 Volume of grants committed under ISFL to create an enabling environment for emission reductions	0	18.25	39.5	71	71	71	71	71
T3.2 Volume of grants disbursed to ISFL programs	0	3.25	19.25	30.5	35.6	69.5	69.5	35.6
T3.3 Volume of emission reductions purchase agreements committed to ISFL programs	[Indicator targets to be developed once ERPAs are signed]							—
T3.4 Number of emission reductions purchase agreements signed	0	0	1	3	5	5	5	0
T3.5 Number of ISFL target countries that are officially included in the ISFL pipeline	0	3	4	5	5	5	5	5
T3.6 Number of countries with ISFL programs under implementation	0	1	3	5	5	5	5	5
T3.7 Number of ISFL programs that develop a strategic environmental and social assessment (SESA) and environmental and social management framework (ESMF)	0	1	1	3	5	5	5	5
T3.8 Number of documents made public in order to share ISFL approaches and lessons learned	0	10	15	20	25	30	37	85
T3.9 Number of ISFL knowledge dissemination events carried out	0	2	3	5	6	10	15	32
T3.10 Percentage of participants who rate ISFL knowledge dissemination events as “overall satisfactory (useful)”	0	75%	75%	75%	75%	75%	75%	92%
T3.11 Percentage increase of unique and returning visitors to ( <a href="http://www.biocarbonfund-isfl.org">http://www.biocarbonfund-isfl.org</a> )	0	0.5%	1%	3%	5%	10%	15%	-13%
T3.12 An ISFL Monitoring, Evaluation, and Learning Framework is developed and updated, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.13 Number of external evaluations/assessments carried out at Initiative and program levels	0	0	0	3	4	6	8	1
T3.14 ISFL ER Program Requirements (GHG accounting approach, etc.) finalized	No	No	Yes	Yes	Yes	Yes	Yes	Yes

## Appendix A continued

Tier 3: High quality tools and approaches are in place to ensure that ISFL goals and objectives are achieved in a timely manner (continued)								
Indicator	Baseline (FY14)	FY17	FY18	FY20	FY22	FY26	EOP Target (FY31)	FY22 Results
T3.15 An ISFL Private Sector Engagement Approach is developed and updated, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.16 An ISFL long-term financial plan is developed and updated annually	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.17 An approach for managing pipeline risk is agreed and adjusted, as necessary	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cross-cutting outputs for ISFL program preparation and implementation								
Preparation Outputs								
CC.P.1 Number of funded technical studies completed	0	18	21	23	25	29	32	62
CC.P.2 Number of stakeholders consulted on ISFL programs following WB safeguard policies (% women)	0	—	—	Indicator will be reported each year. Targets will not be included for this indicator.				1,678,526 (31%)
CC.P.3 Number of countries that develop a grievance redress mechanism	0	0	3	3	5	5	5	5
CC.P.4 Number of workshops held to prepare an ISFL program	0	14	16	30	30	30	30	164
CC.P.5 Number of project concept notes approved for ISFL programs	0	3	3	9	9	9	9	6
CC.P.6 Number of project appraisal documents (project design documents) approved for ISFL programs	0	2	3	9	9	9	9	5
Implementation Outputs								
CC.I.1 Number of project manuals or other administrative documents completed (Documents)	0	1	1	5	6	6	6	34
CC.I.2 Number of Emission Reductions Program Documents completed (Documents)	0	0	0	4	5	5	5	1
CC.I.3 Number of approved Emission Reductions Program Documents (ERPDs) which directly reference national biodiversity strategies and action plans (NBSAPs), and which include targets that demonstrate biodiversity co-benefits (Documents)	0	0	0	4	5	5	5	1



**Cross-cutting outputs for ISFL program preparation and implementation** *(continued)*

Indicator	Baseline (FY14)	FY17	FY18	FY20	FY22	FY26	EOP Target (FY31)	FY22 Results
CC.I.4 Number of program documents that explicitly mention biodiversity, i.e., grant Project Appraisal Documents (PADs), Strategic Environmental and Social Assessments (SESAs), and Environmental and Social Management Frameworks (ESMFs) (Documents)	0	3	6	9	15	15	15	15
CC.I.5 Number of programs that are designing or implementing biodiversity-friendly management strategies (Plans)	0	0	0	4	5	5	5	4

Note: — = not available.



# Appendix B — Financial Reports for Fiscal Year 2022

Table B.1

## Total BioCFplus Contributions by Donor

As of June 30, 2022 (US\$, millions)

Donor	Ministry Department	Total Pledged Contributions	Received Cumulative to FY22	Outstanding
Germany	BMU	41.26	41.26	0.00
Norway	NICFI	18.89	18.89	0.00
United Kingdom	BEIS	12.27	8.42	3.85
United Kingdom	DEFRA	17.13	9.68	7.45
United States	DOS	36.48	36.48	0.00
Switzerland	SDC	7.06	7.06	0.00
<b>Total</b>		<b>133.09</b>	<b>121.79</b>	<b>11.30</b>

Note: Totals may not add to 100 because of rounding.

BEIS = Department for Business, Energy, and Industrial Strategy (United Kingdom)

BMU = Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (Germany)

DEFRA = Department for Environment, Food, and Rural Affairs (United Kingdom)

DOS = Department of State (United States)

NICFI = Norway's International Climate and Forest Initiative

SDC = Swiss Agency for Development and Cooperation

Table B.2

## BioCFplus Cumulative Expenses

As of June 30, 2022 (US\$, millions)

Use of Funds	Total Cumulative to FY22
<b>Initiative Activities</b>	<b>6.53</b>
<b>Cross-Country Program Activities</b>	<b>0.34</b>
<b>Integrated Land-Use Framework</b>	<b>0.26</b>
<b>Country Activities</b>	<b>51.78</b>
Colombia	15.70
Ethiopia	20.45
Indonesia	5.30
Mexico	2.60
Zambia	7.74
<b>Fees</b>	<b>3.55</b>
<b>Total Use of Funds</b>	<b>62.46</b>

Note: Totals may not add to 100 because of rounding.



## BioCF Tranche 3

Table B.3

### Total BioCF T3 Contributions by Donor

As of June 30, 2022 (US\$, millions)

Donor	Ministry Department	Total Pledged Contributions	Received Cumulative to FY22	Outstanding
Norway	NICFI	95.71	95.71	0.00
United Kingdom	BEIS	49.42	4.50	44.92
United Kingdom	DEFRA	62.70	5.65	57.06
United States	DOS	6.95	6.95	0.00
Switzerland	SDC	3.03	3.03	0.00
<b>Total</b>		<b>217.81</b>	<b>115.83</b>	<b>101.98</b>

Note: Totals may not add up because of rounding.

Received contributions include funds in the prepaid account. Foreign exchange rates have been applied to outstanding contributions.

BEIS = Department for Business, Energy, and Industrial Strategy (United Kingdom)

BMU = Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (Germany)

DEFRA = Department for Environment, Food, and Rural Affairs (United Kingdom)

DOS = Department of State (United States)

NICFI = Norway's International Climate and Forest Initiative

SDC = Swiss Agency for Development and Cooperation.



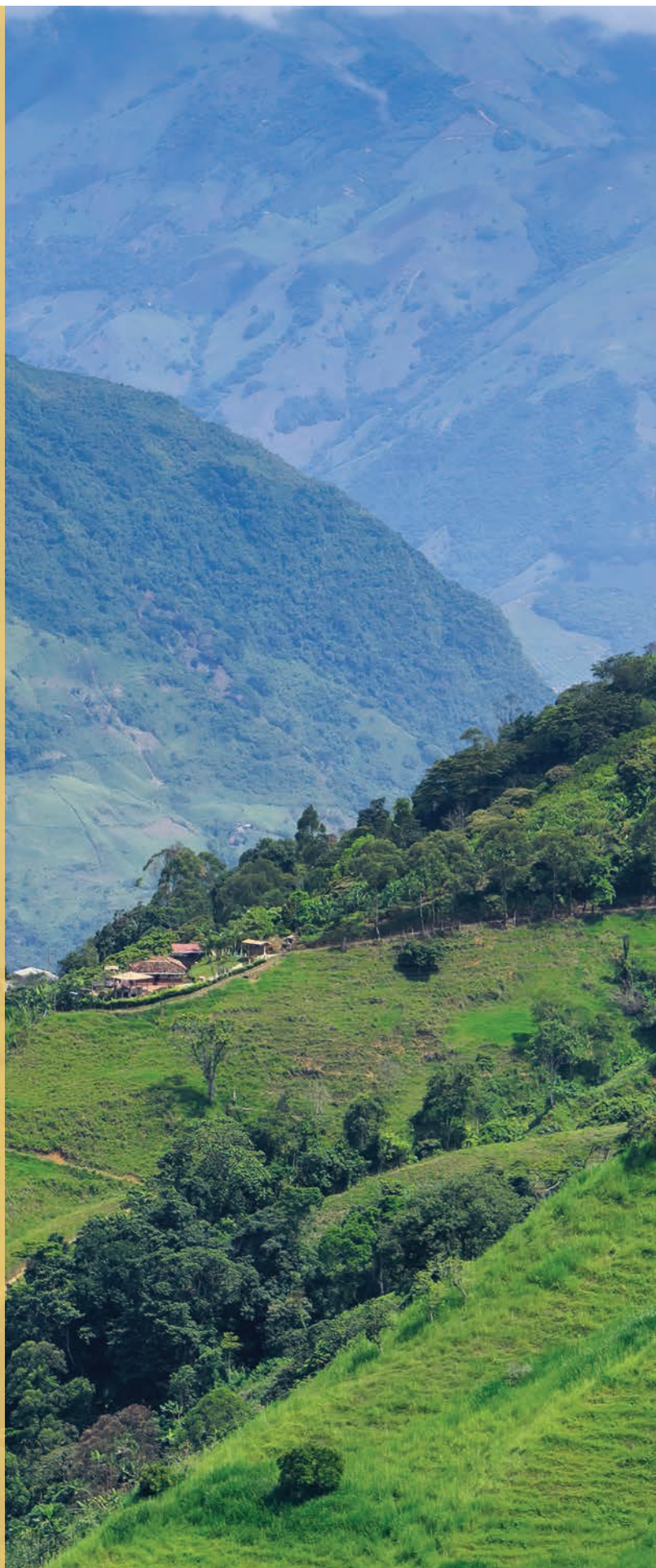


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