

**PROJECT INFORMATION DOCUMENT (PID)**  
**APPRAISAL STAGE**

Report No.: 92798

<b>Project Name</b>	FIP Grant Mechanism for Indigenous Peoples & Local Communities (P128748)
<b>Region</b>	OTHER
<b>Country</b>	World
<b>Sector(s)</b>	Forestry (100%)
<b>Theme(s)</b>	Participation and civic engagement (45%), Other rural development (30%), Indigenous peoples (25%)
<b>Lending Instrument</b>	Investment Project Finance (Series of Projects)
<b>Project ID</b>	P128748
<b>Borrower(s)</b>	
<b>Implementing Agency</b>	
<b>Environmental Category</b>	F-Financial Intermediary Assessment
<b>Date PID Prepared/Updated</b>	15-September-2014
<b>Estimated Date of First Grant Approval</b>	31-Mar-2015
<b>Decision</b>	Decision meeting authorized Appraisal
<b>Other Decision</b>	

### I. Program Context

Forests comprise the largest terrestrial carbon pool and balance the global carbon budget storing nearly 247 gigatons of carbon<sup>1</sup> (45% of terrestrial carbon) in their biomass for decades or longer, releasing it to the atmosphere only when burned or cleared for other land uses. Deforestation and forest degradation continue to mobilize GHGs into the atmosphere, disturbing the carbon cycle and increasing the vulnerability of forest dependent communities. It is estimated that forest ecosystems in the tropics are the source of sustenance for around 1.5 billion, mostly Indigenous Peoples and local communities as a source of food, fuel wood, hunting, fishing, non-timber products, shifting agriculture and medicines and, as a source of cultural identity. Notwithstanding a wide spectrum of tenure and rights regimes, many communities see themselves as stewards of forests and have an intricate relationship with the land and its biodiversity. Disturbance of forest ecosystems and their biodiversity results in loss of livelihoods and food sources forcing communities to migrate, resulting in poverty and cultural dispossession, including loss of Indigenous knowledge and skills. Indigenous Peoples are likely to face greater stress due to close cultural and ancestral ties with the forest ecosystems which they are a part of. In many instances their rights to these resources may not be formally recognized or not documented, resulting in a lack of “voice” against competing land uses.

<sup>1</sup>Saatchi, S. et al. (2011). Benchmark map of forest carbon stocks in tropical regions across three continents. Proceedings of the National Academy of Sciences, USA. Vol.108 no.24. This estimate is for early 2000s, and of the 247 Gt C, it is estimated that 193 Gt C is stored aboveground and 54 Gt C below ground in roots. One (Gt) Gigaton = 1billion tons.

Reducing Deforestation and Forest Degradation (REDD) has emerged as a promising approach that can tackle forest-based emissions *and* contribute to development outcomes. While the initial concept focused only on results based payments for “avoided deforestation” the current definition of REDD Plus (REDD+) by the UNFCCC is more holistic and includes sequestering carbon through forest conservation, sustainable management of forests, and enhancement of forest carbon stocks. In less than a decade REDD+ has grown from an idea to a globally recognized approach, with hundreds of projects funded by interim and fast start finance programs of bilateral and multi-lateral agencies. While the concept was first introduced in the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) in Montreal in 2005 it was formally included in the Bali Action Plan (COP 2007). In subsequent UNFCCC COP meetings the REDD+ dialogue moved ahead. At its 19th session in 2013, the COP adopted the Warsaw Framework for REDD+ that builds on the Cancun Agreement on REDD+<sup>2</sup>.

Greater voice and role for Indigenous Peoples and local communities would make REDD+ more effective in achieving its goals. That conservation *and* livelihood objectives can be achieved in forests under Indigenous or community management has been known and promoted for decades, and reaffirmed with more analyses<sup>3</sup>. The lower rates of deforestation in such community managed areas could in turn lead to better climate mitigation outcomes. While community participation at project level is fairly prevalent in forestry programs, it needs to be strengthened significantly at strategic and policy levels. Global climate mitigation and REDD+ efforts are a result of international and national discussions, offering limited opportunities to integrate the ideas and traditional knowledge and expertise of communities. Often, capacity and resource barriers constrain their engagement in these processes. Indigenous Peoples groups have expressed in international forums the need for dedicated resources<sup>4</sup> to overcome such capacity and resource barriers to their participation on a sustained basis. Such dedicated resources would also facilitate a better understanding and appreciation of Indigenous and traditional knowledge of biodiversity, forest management and agro-forestry which have an important role in the development of robust climate resilience strategies.

The Forest Investment Program (FIP) was established in 2009 as one of the four targeted programs under the CIF<sup>5</sup> to provide upfront bridge financing to developing countries’ REDD-efforts. The program is implemented in eight countries<sup>6</sup> where FIP resources are deployed to address key drivers of deforestation and forest degradation for transformational change that can be scaled up. All eight countries have completed investment planning processes which involved multi-stakeholder dialogues, and some are in the implementation phase of the FIP investments. The design of the Forest Investment Program (FIP) identified the need for active participation of Indigenous Peoples’ and local communities (IPLCs) in the program, in line with ongoing international discussions on the role of IPLCs in REDD+.

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<sup>2</sup> <http://forests-1.iisd.org/news/cop-19-adopts-warsaw-framework-for-redd/>

<sup>3</sup> Nelson A, Chomitz KM (2011) Effectiveness of Strict vs. Multiple Use Protected Areas in Reducing Tropical Forest Fires: A Global Analysis Using Matching Methods. PLoS ONE 6(8): e22722; and, Porter-Bolland, L., et al. (2011). Community managed forests and forest protected areas: An assessment of their conservation effectiveness across the tropics. Forest Ecol. Manage. (article in press).

<sup>4</sup> [Anchorage Declaration](#), 2009; [Doha statement, 2012](#)

<sup>5</sup> The Climate Investment Funds (CIF) are a multi-donor partnership established in 2008 to bridge the gap in international climate finance architecture with four targeted programs – the clean technology fund, scaling up of renewable energy program, the pilot program on climate resilience and the forest investment program. The current program funding is US\$ 640 million.

<sup>6</sup> Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru.

IPLC observers at FIP design discussions stressed the need for dedicated resources to augment their capacity to participate in FIP implementation. The FIP Design Document<sup>7</sup> recognized that, “*the full and effective, continuous participation of indigenous peoples and local communities in the design and implementation of FIP investment strategies is necessary. This participation will be highly dependent on strengthening the capacity of these groups to play an informed and active role in national REDD processes in general and FIP processes in particular, as well as on recognizing and supporting their tenure rights, forest stewardship roles, and traditional forest management systems*”, and mandated the establishment of a special initiative – a dedicated grant mechanism (DGM) for Indigenous Peoples and Local Communities “*to provide grants to Indigenous Peoples and Local Communities in country or regional pilots to support their participation in the development of FIP investment strategies, programs and projects.*”

At its 7<sup>th</sup> meeting in November 2011 the FIP Sub-Committee approved the DGM design proposal as presented by a working group of IPLCs and took note of the request for US\$50 million to finance the mechanism. It also took note of the proposed implementation arrangements. It endorsed the fundamental principle of this mechanism that IPLCs take the lead in designing the program according to their needs and requested the MDBs and the representatives of the IPLCs to further develop the project/program proposals required for approval of FIP funding and operationalization of the grant mechanism. It also endorsed a program structure of a global learning and knowledge exchange component and individual projects in each FIP pilot country, as well as a two tiered governance structure of IPLC-led global and national steering committees. This Program document builds on these FIP Sub-Committee decisions and the foundational design of the DGM while underscoring the complementarity with the Forest Investment Program. The World Bank is the lead MDB for the global DGM component and has been chosen by IPLCs to be the implementing MDB in all eight FIP pilot countries. The following is a description of the operational framework for the DGM.

## **II. Program Development Objective(s)**

The global Program Development Objective of the Dedicated Grant Mechanism For Indigenous Peoples and Local Communities (DGM) Program is to strengthen the capacity of Indigenous Peoples and Local Communities (IPLCs) to participate in the Forest Investment Program and other REDD+ programs at local, national and global levels.

## **III. Program Description**

### **The Collaborative Design Process**

The DGM design and preparation process has been highly collaborative, with the key stakeholders -the IPLCs and the World Bank working as partners in the process. Consistent with the mandate in the FIP Design Document the DGM is to provide Indigenous Peoples’ and local communities in the FIP countries a financing and learning mechanism for demand-driven initiatives. The concept of the DGM was discussed among the global Working Group of IPLCs and FIP countries in four regional meetings in Africa, Asia-Pacific and Latin America and two global meetings in Bangkok and Washington, D.C. during 2010-2011. These discussions resulted in the DGM Design Proposal which presents the overarching principles, approach and potential activities for the grant mechanism. Following the decisions of the FIP Sub-Committee at its seventh session in November 2011 to operationalize the DGM, the global Transitional Committee of the DGM met with FIP country Focal Points and MDBs in Istanbul, Turkey to discuss and agree on the Framework Operational Guidelines that establish the framework to guide the preparation and implementation of the DGM at national and global levels.

Following the Istanbul meeting and further revisions, the co-Chairs of the Transitional Committee

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<sup>7</sup>Climate Investment Funds. July 2009. Design Document For The Forest Investment Program, A Targeted Program Under The SCF Trust Fund. ([www.climateinvestmentfunds.org](http://www.climateinvestmentfunds.org))

finally endorsed the DGM Framework Operational Guidelines in September 2013. The Guidelines are the result of a collaborative effort between the MDBs, the Transitional Committee and the FIP Pilot countries and describe the principles, programmatic focus and the common governance, institutional and reporting arrangements to be followed by the program. The Guidelines also describe the criteria for grant funding. Each country DGM project may use these Guidelines in their current form or adapt them to their own circumstances, ensuring that the common framework and spirit of the Program are conserved.

On the basis of the agreed Framework Operational Guidelines, the Program is structured in two-parts to serve both, the localized objectives of IPLCs at the country level as well as the training, alliance-building and knowledge exchange needs at regional and global levels.

- Part One of the DGM is a Country Project in each FIP pilot country (currently Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru) that supports on the ground activities and capacity building;
- Part Two of the DGM is a Global Learning and Knowledge Exchange Project- the Global Component. This is a platform for capacity building and strengthening networks and partnerships among and between IPLC organizations. This serves as a *chapeau* or umbrella promoting both, internal and external outreach, networking and knowledge exchange between DGM activities in the FIP countries as well as other REDD+ countries, monitoring and learning as well as reporting on the program.

This structure addresses the IPLCs’ objective to play a greater role in FIP and REDD+ at the country as well as international levels by strengthening capacities at two levels: (i) the core institutional capacities of IPLC organizations will be strengthened through management of grant-financed initiatives of their choice and, (ii) IPLC ‘voice’ and participation in regional and global forums will be strengthened by the global platform for learning and knowledge exchange through cross-regional learning events and organization of IPLC networks and alliances. This Component will also serve as a coordinating mechanism among the eight country projects for learning, monitoring and reporting. At country level, grant-financed initiatives will lead to a range of other benefits related to livelihoods, income, sustainable management of forests, wood energy, etc., depending on the activities in the countries.

The World Bank proposes to operationalize this initiative through the Program framework which will be applicable to DGM projects in the current FIP countries and others that may join in the future. The DGM projects in countries will be aligned with this framework, while taking into account the particular country situation and context

#### IV. Financing (in USD Million)

Total Program Cost:	50.00	Total Bank Financing:	0.00
Financing Gap:	50.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Strategic Climate Fund Grant			50.00
Total			50.00

## V. Implementation

The Program funds will be channeled through the World Bank in the 8 FIP pilot countries. Each country will prepare a country DGM project that is aligned with the Global Program framework. The World Bank will also implement the Global Component. The Country DGM projects will be implemented by a national executing agency (NEA) to be selected through a competitive process in each country. The oversight of Country DGM projects will be with the DGM National Steering Committee comprised primarily of Indigenous Peoples and Local Communities. The Global Component will be implemented through the Global Executing Agency (GEA). Conservation International, USA was selected as the GEA. The GEA will act as the secretariat to the Global Steering Committee which will provide intellectual and policy guidance to the DGM. The GSC will be comprised of members from National Steering Committees.

## VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37	X	
Projects on International Waterways OP/BP 7.50	X	
Projects in Disputed Areas OP/BP 7.60	X	

### Comments (optional)

The DGM program will have 8 country projects prepared and implemented separately. The country projects will finance initiatives selected and implemented by communities in sustainable management of forest landscapes, including wood, non-wood products; and, for promotion of rural livelihoods practices that enhance climate change mitigation and adaptation. Country projects will also finance community capacity building activities and trainings. As a sub-program of the FIP, activities eligible for DGM funding will be aligned with the FIP investment criteria. Each DGM country project will be guided by a Bank Task Team that will be involved in the design and appraisal of the project. Considering the need to ensure consistency between the different DGM operations a Program level ESMF has been prepared and used as a common basis for the development of project specific environmental and social safeguards approach. The Program level Environmental and Social Management Framework (PESMF) is designed to be used as the operating safeguards umbrella for each DGM country project. The Task Team will apply the generic guidance in the PESMF to the specific country specific DGM project components. The PESMF is designed to allow for flexibility at the country level to determine how the safeguards will be applied and which safeguard instruments will be required to be developed. The PESMF lays out the safeguards requirements and procedures for the Bank Task Team, NEA and various stakeholders involved in the specific country DGM projects. The PESMF also includes checklists and other guidance to assist in the development of the ESMF. The DGM will not finance Category A sub-projects in the countries.

## **VII. Contact point**

### **World Bank**

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### **Implementing Agencies**

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