

The BioCarbon Fund Initiative for Sustainable Forest Landscapes

2021 ANNUAL REPORT



BioCarbon Fund
Initiative for Sustainable Forest Landscapes



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ACRONYMS

AFOLU	agriculture, forestry, and other land uses	LULUCF	land use, land-use change, and forestry
A/R	afforestation/reforestation	M&E	monitoring and evaluation
BEIS	Department for Business, Energy, and Industrial Strategy (United Kingdom)	MEL	monitoring, evaluation, and learning
		MRV	measurement, reporting, and verification
BMU	Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (Germany)	MtCO₂e	metric tons of carbon dioxide equivalent
		NDC	nationally determined contribution
BioCF	BioCarbon Fund	NGO	non-governmental organization
BSP	benefit sharing plan	NICFI	Norway's International Climate and Forest Initiative
CATS	Carbon Assets Trading System	NTFP	non-timber forest product
COVID-19	coronavirus disease 2019	OFLP	Oromia Forested Landscape Program
CSA	climate-smart agriculture	OSILP	Orinoquia Sustainable Integrated Landscape Program
CSO	civil society organization		
DEFRA	Department for Environment, Food, and Rural Affairs (United Kingdom)	PIU	project implementation unit
		PPP	public-private partnership
DOS	Department of State (United States)	REDD+	reducing emissions from deforestation and forest degradation, and fostering conservation, sustainable management of forests, and enhancement of carbon stocks
EOP	end of program		
ER	emission reduction(s)	SESA	Strategic Environment and Social Assessment
ERPA	Emission Reductions Purchase Agreement	T3	Tranche 3
ERPD	Emission Reductions Program Document	SABP	Sustainable Agriculture Banking Program
ESMF	Environmental and Social Management Framework	SDC	Swiss Agency for Development and Cooperation
FCPF	Forest Carbon Partnership Facility	SDG	Sustainable Development Goals (of the United Nations)
FGRM	feedback and grievance redress mechanism	UN	United Nations
FY	financial year	UNFCCC	United Nations Framework Convention on Climate Change
GEF	Global Environment Facility	USAID	United States Agency for International Development
GHG	greenhouse gas	WBG	World Bank Group
ha	hectare(s)	WWF	World Wildlife Fund
IBRD	International Bank for Reconstruction and Development (of the World Bank Group)	ZIFL-P	Zambia Integrated Forest Landscape Program
IDA	International Development Association (of the World Bank Group)		
IFC	International Finance Corporation (of the World Bank Group)		
IPLC	Indigenous Peoples and local communities		
ISFL	Initiative for Sustainable Forest Landscapes		
J-SLMP	Jambi Sustainable Landscape Management Program		
LOI	letter of intent		



Letter from the Fund Manager

'Resilience' has been the key word for the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) this past year. The COVID-19 pandemic impacted each of our program jurisdictions at varying scales. Despite the challenges, the progress made by our project partners was nothing short of remarkable. Their strides toward reducing greenhouse gas emissions demonstrated the commitment, determination, and drive of our partners to think globally, act locally, and steward a more sustainable planet.

As this report will detail, all five of our jurisdictional, integrated land-use pilot programs deftly adapted their operations in response to travel restrictions and other risk mitigation measures. They pivoted, re-planned their activities, and focused their efforts on program interventions that could be implemented more safely, including the development of their Emission Reductions Program Documents. To that end, significant milestones were achieved in financial year 2021 that lay the foundation for the development and signature of multiple Emission Reductions Purchase Agreements over the coming years.

Across the ISFL, integrated land-use planning at scale is moving forward. Following discussions with key stakeholders, the ISFL adopted a revised approach to reducing emissions from the livestock sector. In order to properly incentivize livestock producers to reduce their per unit emissions, we updated the methodology used to calculate emission baselines, which now allows producers to maintain profits while reducing land degradation. This will provide an opportunity for program countries to further engage with the livestock sector and promote more sustainable practices that simultaneously result in improved livelihoods.

The ISFL also produced a report entitled "[Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives](#)," published in August 2021, which lays out the key thematic foundations underlying integrated land-use planning initiatives and tracks their rapid evolution over the past decade. This global knowledge product will equip decision makers with policy-relevant information about adopting these types of initiatives, while simultaneously promoting the expansion of insight sharing with practitioners across the globe.

The ISFL also finalized preparations for launching the Sustainable Agricultural Banking Program, which will be delivered through the World Bank's Open Learning Campus in September 2021. It will provide expert technical training to financial institutions operating in ISFL and Forest Carbon Partnership Facility program jurisdictions, so that they will be equipped to expand lending to sustainability-minded private sector actors. By rolling out this learning program, we hope to move the needle on increasing access to finance for sustainable agriculture.

Climate change is an existential threat, but if the last year has taught us anything, it is that we possess the resilience to tackle this challenge head-on when we work together. The coming year will be exciting for our project partners and, most importantly, for the local stakeholders within our program jurisdictions. All of us at the Fund Management Team are exceptionally confident about what is possible. The ISFL, equipped with the resources provided by our Contributors, will continue to provide support to our partners so they can continue leading the charge in developing innovative and impactful integrated land-use planning solutions to the world's climate emergency.

Roy Parizat
ISFL Fund Manager

Highlights from Financial Year 2021

Colombia

- **Colombia's Orinoquía Sustainable Integrated Landscape Program** made progress on private sector engagement at the firm and sector levels and submitted an Emission Reductions Program Document (ERPD) for assessment.

Ethiopia

- **Ethiopia's Oromia Forested Landscape Program** advanced participatory forest management and afforestation/ reforestation activities and finalized the design of private sector projects on livestock and coffee. A carbon accounting audit firm also assessed its ERPD this year.



Indonesia

- **Indonesia's Jambi Sustainable Landscape Management Program** finalized project implementation arrangements and is working toward establishing proofs-of-concept for smallholder replanting activities and a matching grant facility. Furthermore, its ERPD was submitted for assessment in May 2021.

Mexico

- **Mexico's Strengthening Entrepreneurship in Productive Forest Landscapes Program** is in the process of restoring community forests, conducting private sector research to identify high-impact sectors, and streamlining inter-agency coordination. It is anticipated that its ERPD will be submitted in October 2021.

Zambia

- **Zambia's Integrated Forest Landscape Program** is finalizing integrated development plans and creating a land-use monitoring information system. ERPD submission is anticipated in early financial year 2022¹.



Private sector engagement

The ISFL made significant progress developing private sector engagement strategies. Colombia, Ethiopia, and Indonesia launched new partnerships with local technical agencies who will drive implementation set to kick off next year. The strategy for Mexico's program is nearly complete and the activities that have been proposed will commence in the coming financial year. These strategies complement the grant programs which are tailored to fit the context of each jurisdiction. All aim to leverage the private sector to promote sustainability. ISFL programs provide evidence of and models for successful public-private partnerships that enable other actors to adopt and scale up the work in the future.

Gender and social inclusion

All ISFL programs are focused on ensuring social inclusion and directing benefits, including payments for verified emission reductions, to individuals and communities within their jurisdictions. The ISFL has worked hard to develop a robust approach to benefit sharing and has created guidance notes to support each program. In line with this work, the ISFL facilitates global knowledge sharing events to disseminate lessons learned and best practices within the broader sustainability community.

Technical capacity building

The ISFL continued to support efforts by program countries to increase their capacity for GHG accounting by providing both technical guidance and financial resources. Even with significant challenges due to COVID-19, this work progressed well with all programs implementing their respective roadmaps for measurement, reporting, and verification (MRV) and developing their ERPDs.



¹The World Bank Group's financial year 2021 covers the period from July 1, 2020 through June 30, 2021, inclusively.

Highlights from Financial Year 2021 continued

The ISFL Emission Reductions Program Requirements were updated so that program countries can accurately calculate emission baselines from the livestock sector.

Strengthening program design

The ISFL produced a comprehensive guide for integrated land-use initiatives as well as a strategic action plan for realizing biodiversity co-benefits.

Both contribute to the global knowledge pool on sustainable landscape management. The ISFL also identified several areas of improvement to strengthen and streamline its internal operations. The ISFL Emission Reductions Program Requirements were updated so that program countries can accurately calculate emission baselines from the livestock sector. Furthermore, the ERPD assessment process was revised to increase the efficiency of the validation process for ERPDs, while retaining its robustness.

Lastly, the assortment of legal documentation for Emission Reductions Purchase Agreements (ERPAs) was finalized, which lays the foundation for the first ERPA negotiations expected to commence in the coming financial year. The ISFL ERPA legal documents were specifically designed to allow for the phased addition of multiple land-use categories to the accounting scope, which ultimately provides more ERPA payments and other benefits to communities over time for reduced GHG emissions.



OVERALL PROGRESS TO DATE

91,778

people benefiting from ISFL programs



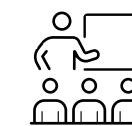
49,497

land users trained in agricultural productivity



28,292

people trained in sustainable land-use practices



\$367M

pledged to the ISFL



\$24.7M

in grant disbursements by programs



\$98.8M

leveraged in public and private finance



3

programs with feedback and grievance redress mechanisms



25

partnerships and engagements with the private sector



43

partnerships and engagements with not-for-profit organizations



5

ISFL implementation grants signed



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

1. The ISFL Vision



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

- 

Agricultural production
- 

Energy extraction
- 

Mining
- 

Infrastructure development
- 

Urban expansion

1.1 Global Context

Forests are the lungs of the earth. They safeguard our planet’s health by regulating the climate, counteracting GHG emissions, and protecting our dwindling biodiversity. Forests also provide a wide range of critical 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 continue to threaten these vital ecosystems. Since 1990, approximately 420 million hectares (ha) of forest have been lost, an area larger than India. Agricultural production continues to be the main driver of deforestation and forest fragmentation, although 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 inter-species diseases, such as Ebola and human immunodeficiency viruses (HIV), and pandemics.

The global 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. Climate-smart land-use approaches and techniques for reducing emissions from deforestation and forest degradation, and fostering conservation, sustainable management of forests, and enhancement of carbon stocks (REDD+) — applied across agriculture, forestry, and other

From 2019 to 2020, the number of companies with net-zero carbon pledges more than doubled, from 500 companies to over 1,000 worldwide.

land-use (AFOLU) sectors—offer innovative and effective solutions to address the multifaceted challenges of deforestation, land degradation, and unsustainable land use.

There is a growing transnational network of governments, businesses, civil society organizations (CSOs), and local communities working to advance forest conservation and sustainable development. In the business sphere, calls for greater corporate social responsibility are catalyzing the formation of global carbon markets, and an increasing number of major corporations are making actionable commitments to combat climate change. From 2019 to 2020, the number of companies with net-zero carbon pledges more than doubled, from 500 companies to over 1,000 worldwide. These ambitious sustainability targets are essential to enacting the Paris Agreement; it is estimated that the private sector will contribute 85 to 90 percent of the total investment needed to reach Paris goals.

Now more than ever, it is imperative that private sector actors, governments, and local communities mobilize to catalyze low-emission and climate-resilient development and secure a sustainable future for the planet. The ISFL has a key role to play in these global efforts, 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.





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 1.2).

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.

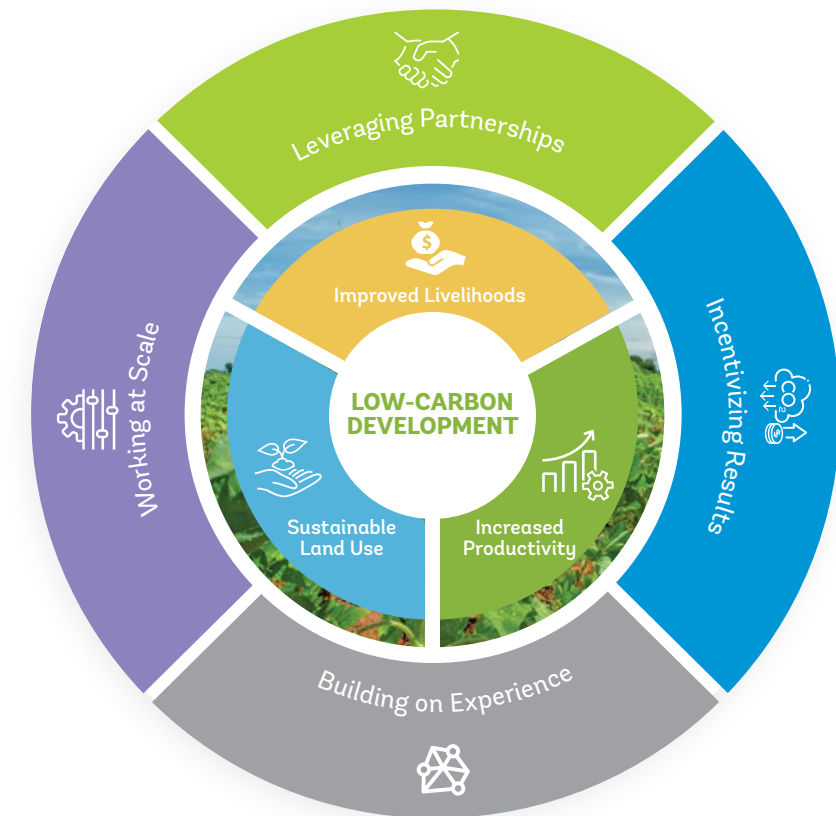


FIGURE 1.2: The ISFL Approach

The ISFL also contributes to work that will streamline the currently fragmented global carbon market. It aims to build centralized mechanisms for both public and private sector actors to transact high-quality emission reduction credits and ensure accountability,

such as the Carbon Assets Trading System (CATS) and a new auction facility. By developing common accounting and verification standards and providing upfront financing, the ISFL aims to incentivize GHG mitigation activities and grow international carbon markets.

1.3 Key Design Elements

To realize the ISFL’s overall objective to reduce GHG emissions while addressing poverty and protecting the environment, the initiative emphasizes four key design elements (see Figure 1.3):

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



FIGURE 1.3: Key Design Elements



Working at Scale

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. The ISFL uses a landscape approach in each jurisdiction, which requires stakeholders to consider the trade-offs and synergies between different sectors that may compete for land use, such as forests, agriculture, energy, mining, and infrastructure. In doing so, solutions can be identified that serve multiple objectives.

The goal of the landscape approach is to implement a development strategy that achieves environmental, social, and economic impact at scale. In order to attain this goal, interventions need to be targeted to improve the enabling environment for sustainable land use. Improvements in the enabling environment², such as participatory forest management or land-use planning, can transform how land is used and greatly benefit communities that reside within a jurisdiction.



Leveraging Partnerships

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



Incentivizing Results

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 through the purchase of verified emission reductions.



Building on Experience

The ISFL can accelerate the maturation process for relatively small-scale pilot projects so that they can quickly start incentivizing sustainable land use at scale. To work at scale effectively, the ISFL builds upon the experiences and lessons learned from the ISFL's initial land-use pilot projects, REDD+ initiatives, and other sustainable forestry and land-use programs, such as the Forest Carbon Partnership Facility (FCPF). This streamlined approach allows the ISFL to add value to existing platforms while avoiding redundancies.

1.4 Funding Instruments

The ISFL has two key funding instruments, **BioCFplus** and **BioCF Tranche 3**, each designed specifically to realize the vision of the ISFL.

BioCFplus supports grant-based technical assistance and capacity-building efforts in each jurisdiction. It provides the critical investment finance needed to establish an enabling environment for sustainable land use and develop 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 D for details on donor contributions and cumulative expenses).

BioCF Tranche 3 provides results-based payments for verified emission reductions through an ERPA. The BioCFplus, in combination with results-based finance from BioCF Tranche 3, allows ISFL programs to use context-specific tools and approaches to reduce emissions from land-use sectors and so much more (see Figure 1.5). The ISFL aims to support countries in fulfilling their nationally determined contributions (NDCs) under the Paris Agreement and to contribute to other global goals, like the United Nations Sustainable Development Goals (SDGs) related to improved livelihoods, increased agricultural productivity, and sustainable land use. These funding tools enable the ISFL to create impact both within its program countries and beyond.

FIGURE 1.4

BioCFplus AND BioCF Tranche 3 FUNDING INSTRUMENTS

BioCFplus

\$134.7M


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 Tranche 3

\$232.6M

pledged

-  Delivers results-based finance through the purchase of verified emission reductions
-  Incentivizes countries to shift toward sustainable development trajectories
-  Develops interventions that ensure sustainable land use in the long term

² The enabling environment refers to a set of interrelated conditions — including legal, organizational, financial, informational, political, and cultural factors — that affect the capacity of stakeholders to engage in development processes that are sustainable and effective.

Funding Instruments *continued*

FIGURE 1.5: ISFL Impacts



2. Progress on the Thematic Pillars

The success of the ISFL's work relies on four key pillars: private sector engagement, gender and social inclusion, technical capacity building, and strengthening program design.

This section examines these common themes shared across ISFL programs and summarizes the progress made on all four fronts over the past financial year. Progress by country is described in Section 3 and full reporting on results is detailed in the ISFL Logframe in Appendix C.

2.1 Private Sector Engagement

Private sector engagement is at the heart of the ISFL's integrated landscape approach to low-carbon development. This approach relies on local actors—not only large firms and enterprises but also individuals, small businesses, and community cooperatives—to change their economic behavior by adopting more sustainable practices that reduce emissions. For instance, to prevent deforestation, farmers can engage in agroforestry or adopt more intensive agricultural approaches that do not require expansion onto forested land.

The private sector is a key partner in enabling the shift toward sustainability and in the broader fight against climate change. It is uniquely positioned to mobilize finance, resources, knowledge, and innovation to catalyze climate-resilient development. However, adopting these new practices can seem costly and risky to large firms and smallholder farmers alike, especially if methods are new or untested locally. Private sector actors first need evidence that these methods will deliver wins for the environment, business, and local communities. They also require financial support to implement changes. This is where the ISFL steps in.

ISFL programs improve access to green solutions by lowering the barriers to adopting sustainable practices. In particular, the ISFL helps promote

private sector investment within program countries, identifying innovative entry points, strengthening incentives, raising awareness of the benefits of sustainable practices, increasing liquidity, and reducing risk. Expanding access to finance for farmers is key to this work. To further progress on this front, the ISFL will launch the Sustainable Agricultural Banking Program (SABP) in FY22 to increase the capacity of financial institutions operating within selected jurisdictions to lend to the agricultural sector (see Box 2.2).

The ISFL has been hard at work developing and implementing private sector strategies tailored to each program jurisdiction's unique ecological, economic, and social needs. Recognizing that true success and scalability will only come from the adoption of these interventions at the grassroots level, the ISFL strives to ensure that every program prioritizes local ownership, considers all possible beneficiaries, and adopts a holistic approach to ensuring stakeholder collaboration across entire value chains. The ISFL's private sector strategies contribute to the success of the wider ISFL grant



Progress on the Thematic Pillars continued

programs, as they pilot innovative, sustainable, and profitable business practices, establish proofs-of-concept, crowd in private sector investment, and enable actors to adopt and scale up sustainable practices to produce meaningful results.

The private sector strategies for Colombia, Ethiopia, and Indonesia are currently under implementation and Mexico's is being finalized, with implementation set to begin in FY22.³ All four programs have made impressive strides this year,

strengthening partnerships, prioritizing inclusivity, and sharing lessons with a growing community of eager stakeholders. These strategies aid in the realization of the ISFL's vision, as effective collaboration between partner countries and the private sector can help create replicable, scalable, and innovative governance and finance models that translate into emission reductions. This work is vital to catalyzing transformational change for both local communities and the global environment.

BOX 2.1**Reducing Deforestation in Ethiopia's Coffee Value Chain**

Ethiopia, the birthplace of world-renowned Arabica coffee, is the largest coffee producer in Africa. However, Ethiopia's coffee trees are aging and, as a result, the country's production is lagging. Slowing production is creating major problems for Ethiopia's more than two million smallholder coffee farmers and for the country's forests, as farmers expand their plantations. To increase production, improve livelihoods, and help farmers adapt to climate change, the ISFL provides funding to train farmers on agricultural best practices, including a sustainable tree rejuvenation technique called stumping.



Stumping involves trimming coffee plants to encourage new growth. It is a simple way to increase yields while reducing land degradation. TechnoServe's 'Coffee Farm College' initiative is piloting this technique, using demonstration plots on coffee farms to show farmers how to boost yields. The program showed that stumping could result in a two- to three-fold increase in yields and potentially triple income in three years. However, implementing the practice results in a short-term economic loss that many smallholder farmers cannot afford. The promise of increased profits is not always sufficient to convince farmers to start stumping, as it can take years to see results. Technical support and upfront financing are required to enable farmers to employ this more sustainable and, ultimately, more profitable practice.

The ISFL private sector strategy builds on TechnoServe's initiative by validating the stumping business model and measuring its impacts on emission reductions, farmers' incomes, and agricultural productivity. The project will work closely with the banking sector and coffee cooperative unions, which will help conduct credit due diligence assessments and risk appraisals to support farmers' investments in stumping. Together, strategic PPPs, practical training, technical assistance, and smart investments will help Ethiopian smallholders produce low-carbon coffee, benefit from growing international carbon markets, and protect the environment.

³ Following a detailed assessment of opportunities in Zambia's Eastern Province, a decision was taken to focus on the grant activities of the program without an accompanying private sector strategy.

BOX 2.2**Launching the Sustainable Agricultural Banking Program**

Sustainable land use and climate-smart agriculture are essential to mitigating climate change while increasing agricultural productivity. However, finance for sustainable agriculture is all too often inaccessible. Banks are skeptical of agricultural lending because they perceive large risks and lack knowledge about the sector; they are especially wary of innovative, sustainable agricultural practices and technologies.

To close the financial and knowledge gaps between farmers seeking to employ sustainable practices and financial institutions, the ISFL is launching the Sustainable Agricultural Banking Program (SABP). This five-week virtual training and product development program will educate banks on sustainable value chain finance and help them implement agri-lending programs, so they can launch new financing products directed toward agricultural clients who adopt sustainable practices.

The program, which will be delivered through the World Bank's Open Learning Campus (OLC), will include interactive webinars, self-paced learning modules, behavioral training, and opportunities for peer-to-peer learning through group activities and continuous mentorship. The program faculty is composed of highly experienced commercial bankers who have had proven, long-term success lending to agricultural sectors.

The ISFL aims to pilot this training to banks operating within all five of its program jurisdictions and also partner with the FCPF to reach banks operating in FCPF program areas. By expanding finance to private sector actors so they can afford the opportunity costs of adopting more sustainable practices, the ISFL aims to catalyze the economic behavior change necessary for long-term, sustainable, climate-smart growth.



Progress on the Thematic Pillars continued

BOX 2.3

Scaling Private Sector Engagement for Natural Climate Solutions

Building a global community that is energetically engaged with natural climate solutions, sustainable agribusiness, and low-carbon development is an essential element of the ISFL's overall mission. To achieve impact on this front, the initiative collaborated with the International Emissions Trading Association (IETA) and the Carbon Disclosure Project (CDP) to host the 2021 FCPF-ISFL Private Sector Workshop. This global knowledge sharing event facilitated discussion on strategies and opportunities to scale up private sector engagement for natural climate solutions.

The event brought together a diverse group of stakeholders representing different sectors and corners of the world. It covered topics ranging from climate finance and REDD+ nesting to forest-positive supply chains. Practical examples of private sector engagement within ISFL jurisdictions were highlighted, including work with the coffee sector in Ethiopia and the palm oil sector in Indonesia. Participants engaged in cross-sectoral dialogues, shared tools and lessons learned, and explored ways to expand climate investment opportunities.

The three-day workshop was held virtually due to the COVID-19 pandemic, which made it possible for a large group of participants to attend; nearly 600 participants attended each day. Attendees' active participation, the breadth and depth of knowledge shared, and the insightful questions asked all displayed the growing enthusiasm among organizations, firms, agencies, and individuals who want to adopt sustainable practices and save forests but need additional knowledge. Heartened by both the turnout and interest, the ISFL is even more eager to share best practices, data, and lessons learned as widely as possible to build up and engage with this active and pioneering community. The 2021 workshop is part of broader, ongoing public-private dialogues surrounding natural climate solutions and is a precursor to many future regional, national, and international workshops.



BOX 2.4

Tackling Forest Encroachment and Fire Management in Jambi

Situated in the western portion of Indonesia, Jambi Province is home to 2.1 million hectares of ecologically important forest, which are constantly under threat due to land encroachment. Deforestation in the region is increasing GHG emissions, causing less predictable rains and more frequent forest fires, and impacting the more than three million people in the region who rely on palm oil, pulpwood, rubber, coffee, and other forest-based commodities for their livelihoods.

As part of a larger effort to help Jambi mitigate and adapt to the adverse effects of climate change, the ISFL's private sector strategy aims to promote alternative livelihoods to take pressure off of peatlands, halt deforestation and forest degradation, and ultimately reduce emissions. The strategy is designed to improve fire management and enable sustainable agricultural practices.

Stemming unsustainable palm oil production, which often leads to encroachment onto forested land, is key to these efforts. It calls for intensifying production on existing plantations, so smallholders do not have to increase the amount of land they use. The ISFL is developing an economical and practical way to support palm oil replanting efforts that will simultaneously reduce land degradation and improve the livelihoods of smallholders who depend on this crop. The initiative incorporates a first loss risk share facility and will be implemented in partnership with supply chain stakeholders, including independent smallholders who meet replanting requirements and financial institutions interested in lending to these smallholders.



Progress on the Thematic Pillars continued

2.2 Gender and Social Inclusion

To implement an effective landscape program, it is necessary to center its design around social inclusion so that all members of a community benefit. The inclusion, representation, and engagement of women, Indigenous Peoples and local communities (IPLCs), and other marginalized groups in integrated land-use programs is critical both for advancing global equality and for building more effective development and climate solutions.

Women are foresters, farmers, caregivers, household providers, and keepers of priceless cultural and traditional ecological knowledge. Research has demonstrated that, if women were given the same access to productive natural resources as men, agricultural productivity in developing countries could increase by 20 to 30 percent, which in turn would reduce poverty and

support livelihoods. Despite their important role in the preservation of forests and other natural resources, women often have limited land rights due to customary laws that prevent them from being formal title holders. In many countries, forests are nominally managed by entire villages, but they are often actually controlled by small groups of men. As a result, women's voices are frequently excluded from decision-making processes. Although many countries have passed legislation protecting women's land tenure rights, there is often a gap between policy and practice. Many women are still unable to access and control their land and natural resources, and cultural barriers prevent their voices from being heard.

IPLCs and other forest-dwelling communities across the globe also experience insecure land tenure. In many countries, the land that these communities rely upon is managed through informal, collective, or customary tenure arrangements, which means that their land can be vulnerable to acquisition and seizure. Although IPLCs and other forest-dependent populations manage large areas of forested land on a daily basis, they only hold legal rights to a small portion of that total.

Understanding the complexities and challenges around social inclusion will help ensure that women, IPLCs, and other marginalized groups and CSOs have equitable access to the opportunities and benefits that arise from REDD+ and AFOLU programs.

This year, ISFL program countries made significant progress developing benefit sharing plans (BSPs), which aim to ensure that local communities receive fair and just access to benefits, including payments for emission reductions. The BSP consultation process is highly participatory to ensure that forest-dependent communities can meaningfully contribute to the design and implementation of ISFL programs, and that they ultimately support and are supported by the communities they intend to serve (see Box 2.5).

Going forward, as countries continue implementing their emission reductions programs, the initiative will seek to understand existing gaps and work with both governments and in-country teams to help address barriers to effective stakeholder

participation. Prioritizing the well-being of marginalized communities when designing emission reductions programs will lead to interventions that are more inclusive and, thus, more beneficial and sustainable.

BOX 2.5

The Seven Elements of Benefit Sharing Arrangements

- Benefit sharing arrangements start with extensive, inclusive consultations that engage a full range of stakeholders to ensure that their needs and interests are addressed. Early on in the design process, it is critical to develop and solidify a mutual understanding of what the program aims to address (e.g., reducing emissions), which stakeholders will play a role in the solution, and which incentives can secure their participation. Separate consultations should be held with marginalized and vulnerable groups, such as women, youth, and IPLCs, to ensure that barriers to their participation in the benefit sharing arrangement are addressed.
- Identifying beneficiaries requires careful analysis to determine who can directly contribute to the program and derive benefits, as well as who can be impacted by it. It is also crucial to identify groups that have historically managed the land sustainably, such as IPLCs or other customary rights holders. Participation requirements should be clearly defined and communicated.
- The form of benefits to be shared must also be considered. Based on stakeholder preferences, expectations, and needs, incentives can be monetary or non-monetary, such as agricultural inputs like seeds or fertilizer, or training, equipment, and infrastructure development.
- Benefit distribution approaches vary by program, as do the mechanisms through which benefits are channeled to communities, organizations, or individuals. Programs often provide different types or amounts of benefits to different stakeholder groups, reflecting their levels of participation or preferences for incentives. Regardless of the approach, it is important that stakeholders understand the conditions for receiving benefits, especially the timeline, as benefits are generally not delivered until results have been achieved and verified. In some cases, this could be months or years in the future.
- To overcome any real or perceived power imbalances and to build ownership, transparency, and trust, programs often use multi-stakeholder platforms or committees to build consensus and make benefit distribution and allocation decisions.
- As programs move into implementation, monitoring and adaptive management go hand-in-hand. Not only does a clear, simple system for monitoring results help calculate benefits and foster transparency, but it also helps teams track what is working and what is not and adjust interventions accordingly.
- Communication is key to promoting the legitimacy of benefit sharing arrangements. Information on eligibility, consultations, decision making, financial management, grievances, and results must be made publicly available on a consistent basis. This information should be made available in a variety of formats and in all relevant languages so that it is accessible to all stakeholder groups.



Progress on the Thematic Pillars continued

2.3 Technical Capacity Building

Forest monitoring systems and their associated measurement, reporting, and verification (MRV) systems are necessary to track both the implementation and the performance of program interventions, including REDD+ activities under the ISFL. MRV systems are a critical element of

results-based programs because they help determine the results—in this case, the volume of emission reductions—that trigger payments to implementing countries. Much of the ISFL's progress on technical capacity building this past financial year built on the foundations of previous work as well as continued partnerships with SilvaCarbon, the United Nations Food and Agriculture Organization (FAO), and the FCPF (see Box 2.6).

BOX 2.6

Partnering with SilvaCarbon

SilvaCarbon, an interagency technical cooperative operating under the U.S. government, seeks to enhance the capacity of tropical countries to measure, monitor, and report on GHG emissions from land use. SilvaCarbon has been an indispensable partner in helping ISFL program countries and the broader global community build their technical capacity for MRV. The organization's technical insights helped Zambia and Indonesia to draft their ERPDs and Mexico and Colombia to propose improvements for future ISFL ERPA phases.



BOX 2.7

The World Bank's Measuring, Reporting, and Verification Support Program

The Measuring, Reporting, and Verification (MRV) Support Program produces analytical reports and resources to share the latest knowledge on the theory and practice of GHG accounting with ISFL program countries and the broader global community. This includes a manual on nesting produced in FY21. Nesting occurs when an existing local project is situated within a larger GHG accounting area. Jurisdictional approaches can access and integrate a wide range of revenue streams, so nesting can provide local projects with additional financial benefits as long as guidelines and requirements can be streamlined. For example, the numerous REDD+ projects operating within one emission reductions program area in Colombia, including the ISFL program, could benefit from nesting.

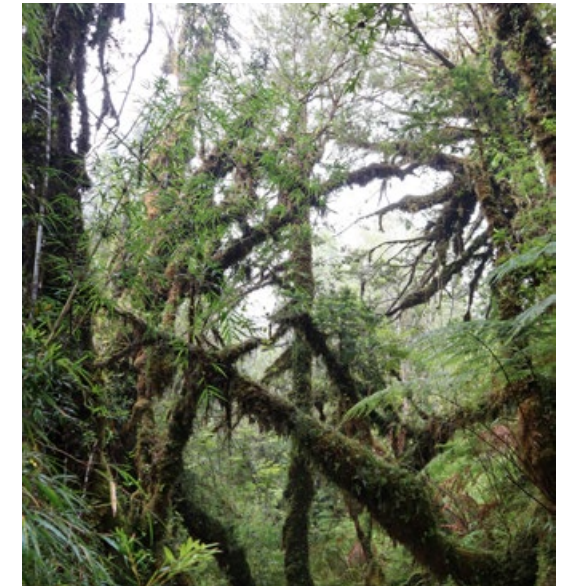
The MRV Support Program has generated other resources, including OpenMRV, a platform containing training manuals on next-generation algorithms for forest change detection and on predictive modeling using Monte Carlo simulations that will help program countries operationalize their MRV systems and conduct uncertainty analyses. The MRV Support Program has also assisted program countries in developing country needs assessments. For instance, the ISFL program in Ethiopia proposed work programs that included a mapping exercise for forest degradation using two change detection methods: Breaks for Additive and Seasonal Trend (BFAST) and Continuous Change Detection and Classification (CCDC). This work program is now supported by FAO and SilvaCarbon.

This year, the World Bank continued rolling out the MRV Support Program, which helps countries operationalize their forest and land-use MRV systems (see Box 2.7). It supports both regional and global activities, including OpenMRV, a joint collaboration between the World Bank, the FAO, and the Global Forests Observations Initiative. It will provide countries with MRV-related resources, such as new training modules and templates for the preparation of standard operating procedures. In addition, the ISFL has published a manual on nesting and a guidance note on predictive models, both of which will help program countries to develop their MRV systems and accurately report results to the ISFL.

This past financial year, Ethiopia's ISFL emission reductions program, also known as the Oromia Forested Landscape Program (OFLP), was validated. The independent validation firm, Scientific Certification Systems (SCS) Global Services, assessed the emission reductions program against the [ISFL Emission Reductions Program Requirements](#) and shared its findings and recommendations iteratively with the OFLP team so they could correct and finalize different program components.

Many lessons were gleaned from the process and several points of clarification and areas of improvement were identified. The ISFL Fund Management Team issued new methodological guidance documents to clarify the requirements and organized workshops to socialize these changes with task teams. It is expected that the following measures will streamline the validation process and enable rapid progress toward ERPA signature, MRV, and results-based payments:

- A guidance note on the application of Intergovernmental Panel on Climate Change (IPCC) guidelines for the estimation of legacy emissions was developed to clarify how IPCC requirements would be interpreted and applied to ISFL programs. A technical workshop was organized to support countries on this topic.
- The ISFL Emission Reductions Program Requirements were revised to clarify the definition of the end date of the baseline



period so a common understanding could be established between ISFL program countries and relevant validation and verification bodies. Also, it was clarified that the start date of the first ERPA phase is the same as the end date of the baseline period.

- The validation process was revised to enable a phased approach that first covers the GHG elements of ERPDs, which are generally made available earlier, and then covers the non-GHG elements at a later stage. The new phased approach will be adopted for the four remaining ISFL programs and is expected to speed up the end-to-end process.
- The scope of the validation process was also revised to drop redundant components of the assessment already covered by separate World Bank due diligence processes. For instance, validation processes are already in place to assess the strength of safeguards frameworks, BSPs, land tenure arrangements, and legal emission reductions titles.

During FY21, the World Bank also updated the ISFL Emission Reductions Program Requirements to include a new approach to estimate emission reductions from the livestock sector. The new approach is based on an emission intensity approach that better reflects the realities within

Progress on the Thematic Pillars continued

ISFL program jurisdictions where the growth of the livestock sector dwarfs efficiency improvements that production systems can implement. It is anticipated that this new approach will better incentivize sustainable management by enabling payments for emission reductions generated by program interventions in the livestock sector (see Box 2.8).

Finally, the ISFL and FCPF worked together to create a centralized emission reductions transaction registry to be housed at the World Bank. This live

registry, called the Carbon Assets Trading System (CATS), is an online trading system that issues, records, transfers, and tracks carbon units that are financed through results-based climate funds, while preventing double counting and double payments (see Box 2.9). Over the past financial year, the ISFL organized training sessions for potential users of the registry, including ISFL program countries and ISFL Contributors. The sessions focused on the main functionalities of the transaction registry and the roles and responsibilities of users. In the next financial year, the necessary legal agreements will be

BOX 2.8**Revising Livestock Baselines to Incentivize Emission Reductions**

Livestock is a key economic sector that is expected to grow in several ISFL program jurisdictions. This growth may lead to increases in emissions that would be difficult to mitigate if only efficiency improvement measures were used. If there were an upward trend in these emissions, the use of average historical emissions as the baseline would not accurately represent the business-as-usual scenario, and it would not be possible to quantify mitigation outcomes resulting from interventions that seek to improve production efficiency in the livestock sector. As a result, ISFL programs might be discouraged from implementing GHG mitigation measures in the livestock sector.

To resolve this issue, the ISFL worked with leading experts to develop a revised accounting framework that quantifies emission reductions in the livestock sector. This methodology relies on an emission intensity approach, which means that reductions in emissions per unit of output (for example, of dairy or meat) can be quantified to determine the overall emission reductions generated. This methodology was approved by ISFL Contributors in FY21 and incorporated into the ISFL Emission Reductions Program Requirements.

BOX 2.9**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 critical to mitigating the risk of double counting—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 safeguard the environmental integrity of emission reductions units.

One such registry, the World Bank's Carbon Assets Trading System (CATS), is now live, supporting the issuance, recording, and transaction of emission reductions units generated under World Bank programs. CATS includes the necessary functionalities to ensure compliance with the ISFL Emission Reductions Program Requirements, so it is ready to support the first emission reduction transactions as they commence under ISFL ERPAs.



Livestock is a critical economic sector in several ISFL program jurisdictions and its expected growth may lead to an increase in emissions.

The ISFL worked with leading experts to develop a revised accounting framework that quantifies emission reductions in the livestock sector.

Progress on the Thematic Pillars continued

secured, specific training activities will be developed, and users will be onboarded.

2.4 Strengthening Program Design

The ISFL continually seeks to incorporate new strategies and methodologies into its programs so they can deliver more robust interventions. In FY21, the ISFL adopted a strategic action plan to realize biodiversity co-benefits. As forests are home to 80 percent of the world's terrestrial biodiversity, activating this plan within ISFL landscapes will contribute to the preservation of key flora and fauna (see Box 2.10).

To further strengthen program design, the ISFL commissioned a scoping study on integrated land-use initiatives, entitled "[Toward a Holistic Approach](#)

to Sustainable Development: A Guide to Integrated Land-Use Initiatives." Integrated land-use initiatives offer a promising approach to addressing complex environmental and development challenges. They seek to sustainably manage multiple land uses across landscapes and consider both the natural and human systems that depend on these landscapes.

The report is based on a comprehensive review of literature and consultations with experts in integrated land use. It provides an overview of integrated land-use initiatives in different geographies, taking stock of lessons learned from over a decade of practice to identify global best practices that can guide future program design and implementation. This analysis provides essential information to enhance practitioners' understanding of how integrated land-use programs work and how they can be improved.

The study analyzes program design, success factors, and implementation challenges, and centers around eight broad, interdependent themes that can be used to evaluate integrated land-use initiatives. These criteria include multistakeholder engagement, environmental health, economic progress, boundary setting, land tenure, financing strategies, monitoring, evaluation, and learning, and cross-sectoral coordination.

Analyzing these themes should assist the ISFL and other program managers and organizations in building consensus on fundamental guiding principles, common challenges, and best practices. The report outlines key definitions to work toward a common vocabulary, provides a compilation of tools and resources, includes a compendium of case studies, and presents a call to action, urging practitioners to consider how incorporating these eight themes into their programs can offer a more

Integrated land-use initiatives offer a promising approach to addressing complex environmental and development challenges.

holistic approach and create truly sustainable landscapes. Ultimately, this report aims to facilitate knowledge sharing, raise awareness of the cutting-edge work happening in this space, and deliver a practitioner-focused toolkit for implementing integrated land-use initiatives. The report will be disseminated broadly by the the close of 2021.

BOX 2.10

Adopting an Action Plan to Realize Biodiversity Co-Benefits

While many emission reductions programs are primarily focused on carbon, these programs can provide many critical non-carbon benefits that help both local communities and the ecosystems on which they rely. For instance, a particular program intervention might reduce emissions and simultaneously increase communities' incomes and food security or help establish land tenure and enhance local participation in forest management policies. In addition to socioeconomic and governance benefits, holistically designed program interventions can also work to preserve vital ecosystem processes, such as erosion control, natural disaster mitigation, and biodiversity conservation.

This past financial year, the ISFL proposed and adopted an action plan to elevate and further integrate biodiversity conservation within its program operations. The goal of this action plan is to identify synergies within the ISFL's work on climate change mitigation and biodiversity conservation that would enable the effective piloting of integrated land-use planning for sustainable development at scale. After assessing existing World Bank initiatives that work to protect diverse ecosystems and species around the globe, the Fund Management Team identified unique opportunities the ISFL could capitalize on to raise the profile and impact of the non-carbon benefits its country programs expect to generate.

The proposed action plan is centered around two objectives: elevating visibility and measuring impact. To achieve the first objective, the ISFL will highlight biodiversity more prominently in initiative- and country-level communications and articulate and link biodiversity goals with climate goals on a programmatic level. To achieve the second objective, the Fund Management Team will assess whether country programs consider biodiversity when designing and implementing program interventions. With increased investment, the ISFL hopes to expand this action plan to include biodiversity monitoring, incentive creation, capacity building, and knowledge sharing.



3. Country Program Progress

This section highlights the exciting progress that the five ISFL country programs made over the past year, demonstrating the resilience and agility of each country's program team in the face of unprecedented challenges brought on by COVID-19.



Country Program Progress, Colombia

3.1 Colombia

KEY ACHIEVEMENTS IN FY21

1. In addition to supporting low-carbon production systems and strengthening value chains, the Orinoquía Sustainable Integrated Landscape Program (OSILP) undertook a number of participatory stakeholder mapping exercises to ensure that members of the local community receive access to project benefits, such as increased land tenure security and capacity building opportunities.
2. The OSILP continued to play an important coordinating role in the region by establishing a wide range of strategic alliances and collaborative engagements with local smallholders, agroindustry associations, processing firms, and territorial authorities.
3. The GHG section of the ERPD was delivered in May 2021 and the non-GHG section of the ERPD is scheduled for submission in December 2021.

Overview

The Orinoquía Sustainable Integrated Landscape Program (OSILP), also referred to as the Biocarbon Orinoquía Project, aims to help farmers and agribusinesses in Colombia's Orinoquía 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 into the project, channeled through the World Bank's Agriculture and Food and Environment, Natural Resources, and Blue Economy Global Practices and implemented by the Ministry of Agriculture and Rural Development (MARD), in alliance with the Ministry of Environment and Sustainable Development, the Institute of Hydrology, Meteorology, and Environmental Studies (IDEAM), and the National Planning Department (DNP).

The Orinoquía region 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 to sustaining the livelihoods of local farmers and for the country's growth and development. However, deforestation and ecosystem degradation in the region obstruct efforts both to grow the economy and protect the environment. The destruction of forested areas and the conversion of native savannah and wetland not only exacerbate climate change, but they also narrow the habitable area available to the region's incredibly biodiverse populations of mammals and birds. Large-scale draining, in particular, leads to greater loss of critical flora and fauna in these ecosystems and higher levels of methane emissions.

The OSILP provides technical assistance to address the drivers of land-use change in Orinoquia and to catalyze sustainable development across the region. The program works to promote better land-use planning, integrate sustainable land-use policies, enforce pertinent laws and regulations, and build stakeholder capacity. The OSILP also supports the preparation of an emission



reductions program that will enable the country to access results-based finance for up to 10 million tons of verified emission reductions. It has four components:

1. Supporting capacity building for the implementation of integrated land-use planning and improved governance for deforestation control
2. Supporting sustainable land-use management by generating information, skills, and incentives to reduce GHG emissions from land-use change in the AFOLU sector
3. Providing 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. Financing project coordination, management, and monitoring and evaluation activities

Country Program Progress, Colombia *continued*

Colombia's ISFL Program Progress in FY21

This year, the OSILP engaged with a number of local and national partners to increase the region's overall resilience to climate change. The team 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. The OSILP began important work in the region identifying opportunities for the development of payment for environmental services initiatives and enhancing coordination within the rice, cocoa, and livestock value chains.

The OSILP plays an important role coordinating knowledge exchange and lesson learning for integrated land-use planning in the region. The task team strengthened emerging multi-stakeholder

platforms in order to streamline disparate workstreams and strategically align the goals of different players in the region. The program also conducted stakeholder mapping exercises to ensure that members of the local community have equal access to project benefits, such as increased land tenure security and capacity building opportunities. It also 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 OSILP's goals. The team made substantial progress preparing a forestry inventory and associated MRV systems for the region and designing a multipurpose cadaster for the Arauquita municipality to strengthen land tenure security, complementing efforts by the National Planning Department. It also supported the preparation of landscape analyses

in two priority municipalities and ensured the interoperability of national safeguards systems with international standards. In collaboration with local, regional, and national authorities, the OSILP streamlined information management systems in order to increase the accuracy of land-use planning efforts.

Although political priorities are constantly shifting, the team is working to accelerate implementation by raising the level of budgetary commitments and disbursements, streamlining operations, and building capacity for program planning and preparation. In the next financial year, several activities will be undertaken around agricultural land-use planning, commercial land pricing, deforestation control, and a low-carbon credit pilot. The non-GHG section of the ERPD is scheduled for submission in December 2021.

Private Sector Engagement in Colombia

The ISFL is taking a holistic, integrated approach to private sector engagement in the Orinoquía region, selectively targeting high-impact commodities and working closely with local firms to pilot pioneering approaches to transform supply chains. Vital to this work is the ISFL's partnership with the International Finance Corporation (IFC). The ISFL provides funding to the IFC to undertake projects that work with agribusiness to pilot new practices, promote policy dialogue, and leverage synergies from public-private investments. Pilot activities aim to generate evidence that these sustainable practices will work in the jurisdiction, thus laying the groundwork for replication at scale.

IFC-led interventions within individual firms will be complemented by activities under the OSILP and a technical study on climate-smart agricultural supply chains designed to provide broader support at the sectoral level. Ultimately, the IFC and ISFL aim to ensure responsible agricultural sourcing, climate-smart land use, and compliance with quality standards within commodity chains, including cocoa, livestock, forestry, rice, palm oil, and non-timber forest products (NTFP).

Cocoa: Cocoa production presents an expansive opportunity for sustainable livelihoods in Orinoquía. While cocoa cultivation does not have a strong tradition in the region and the market remains untapped, many smallholder farmers grow cocoa on the side. The IFC and ISFL are working with private companies and cocoa farmers to realize the potential for this market and promote economically viable, climate-smart supply chains and sustainable cocoa agroforestry. Encouraging cocoa production on previously cleared land for ranching restores degraded landscapes, prevents deforestation, and, thus, reduces emissions (see Box 3.1).

The ISFL and IFC are working closely with two Colombian cacao companies, Andean Cacao and Casa Luker, to pilot traceability systems and create inclusive, green supply chains. Promoting gender parity is key to this work: women are often overlooked when agricultural projects are being developed, but they have a vital role to play in sustainable land management. The OSILP and the technical study generate and disseminate knowledge about how to promote sustainable cocoa value chains and target outreach efforts toward women. These efforts will not only expand cocoa production in the region, but they will also to build awareness, increase livelihood opportunities for local smallholders, and improve community resilience to climate change. It is a triple win for equity, the economy, and the environment.

Livestock: Livestock production is a major driver of deforestation and GHG emissions worldwide but is also a vital source of income for many smallholders in Colombia. The Orinoquía region is a historic livestock ranching area, which means that a large portion of its land is occupied by cattle and other livestock raised for meat production. Climate change poses a disproportionate risk to this sector because changing conditions affect both the productivity of animals and landscapes, making it imperative that ranchers shift to practices that both mitigate and adapt to the changing climate. Sustainability and resilience must both be enhanced in the region. To mitigate



Country Program Progress, Colombia continued

the adverse effects of the industry and move toward sustainable ranching practices, the IFC, in partnership with the ISFL, is working closely with *Hacienda San Jose* and *Compania Internacional de Alimentos Agropecuarios* (CIALTA) to promote climate-smart beef production. This partnership aims to increase the supply of deforestation-free beef sourced from Latin America while reducing GHG emissions by 10 percent.

Supported by financing from the ISFL, the IFC and *Hacienda San Jose* completed a GHG assessment, conducted a technical economic feasibility analysis, and proposed a land protection plan. These are foundational studies that will enable experts to develop high quality, sustainable, and profitable models that account for the realities on the ground, ultimately helping the region to realize its full conservation potential.

These efforts are supported by alliances with local and international partners, such as Climate Focus, the International Center for Tropical Agriculture, *Solidaridad*, the Tropical Forest Alliance, *Fedegan*, The Nature Conservancy, *Centro para la Investigación en Sistemas Sostenibles de Producción Agropecuaria* (CIPAV), the World Wildlife Fund, *Fundación Proyección EcoSocial*, and others. These partnerships will help the program team catalyze a transition to sustainable livestock supply chains, improve production standards, develop innovative financial instruments and business models, and incentivize climate-smart livestock practices in Colombia and beyond.

Forestry, Rice, Palm Oil, and NTFP: The IFC, with support from the ISFL, has been exploring other opportunities to engage the private sector in high-impact sectors in the region. During the past year, a diagnostic and scoping analysis was conducted to identify potential private sector partners to promote sustainable forestry in Orinoquía. The OSILP is already working with *Agrosavia* to socialize sustainable, low-carbon production models for rice crops, and will enhance collaboration with *FEDEARROZ* to support the expansion of climate-smart practices across the region.

The ISFL and IFC have been working closely with two Colombian cacao companies—Andean Cacao and Casa Luker— to pilot traceability systems and create inclusive, green supply chains.

The OSILP and the technical study will provide technical assistance to incorporate low-carbon criteria into palm oil and NTFP investments as well. The program team is currently exploring opportunities to identify suitable zones for agricultural production, optimize water resource management, assess the market for sustainable palm oil exports, and strengthen technical capacity for monitoring land-use change and GHG emissions. The technical study will also share knowledge on NTFP export promotion and analyze financial feasibility, and develop tools to monitor biodiversity gains and other environmental impacts.

The Impact of COVID-19 on Program Activities

The pandemic affected the efficacy of the OSILP's strategic coordination efforts at the regional level. Meetings and workshops that were supposed to be held in person were postponed; however, virtual platforms allowed for strong engagement with local partners and continued engagement with program stakeholders.

The pandemic did not substantially affect hiring or procurement processes, but, in order to manage other risks associated with COVID-19, the project designed a strategy that included biosecurity measures and adaptive management strategies for activities on the ground.

BOX 3.1

The Future of Colombian Cocoa is Inclusive, Sustainable, and Climate-Smart

In Colombia, cattle ranching is the primary driver of deforestation: more than one million hectares of Orinoquía's forests were cleared to create rangeland over a period of 25 years. To shift the development trajectory of the region toward sustainability and ensure that future land use avoids deforestation and other negative environmental impacts, the ISFL is collaborating with local communities to implement climate-smart business models and create green supply chains for beef, rice, and cocoa.

Colombian cocoa offers a promising opportunity for sustainable economic development in the country. Although there are major barriers, including high upfront costs and an overall lack of experience with cocoa cultivation, producing sustainable cocoa has the potential to increase rural farmers' access to economic opportunities and advance Colombia's standing in the international chocolate market, while also lowering the volume of GHG emissions caused by deforestation.

The ISFL project will provide training to smallholder farmers and producer associations on how to establish agroforestry systems that incorporate wind breaks and shade trees into plantations. Agroforestry not only increases cocoa yields, but also enhances soil nutrient content, controls erosion, and augments carbon sequestration. By adopting these systems, local farmers and producers will be able to generate income and drive sustainable development in the region.

The ISFL and IFC are working with Colombian cacao companies to pilot traceability systems and create inclusive, green supply chains. The pilot project aims to bring 3,000 hectares under sustainable land management, increase land productivity by 25 percent, and boost sales revenue. Once the pilot project is complete, the ISFL plans to scale the operation and share lessons learned within Orinoquía and beyond, in order to encourage action across the cocoa sector and showcase how social justice, profits, and sustainability can go hand-in-hand.

The pilot project aims to bring

3,000
hectares of land under
sustainable land
management

and increase land
productivity by
25%.

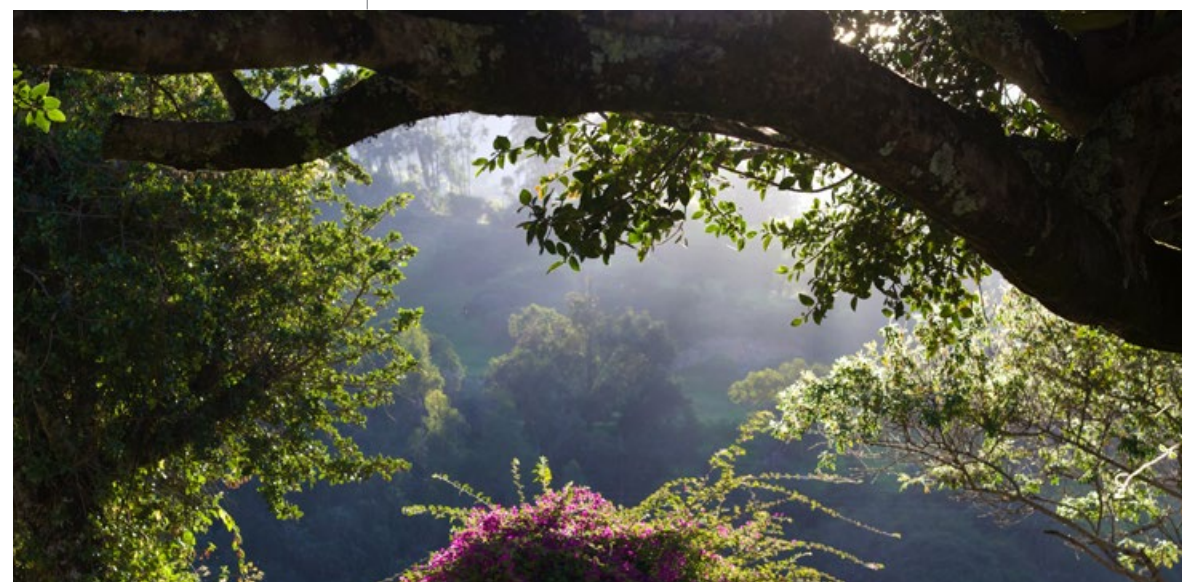
Country Program Progress, Colombia continued

Program Timeline



Program Profile

Jurisdiction	Orinoquía region
Size of jurisdiction	25 million ha
Population in jurisdiction	1.37 million
Accounting area	To be determined
Implementing agency	Ministry of Agriculture and Rural Development
ISFL funding	<p>\$20 million in grant financing through the government</p> <p>\$8 million to support the IFC in the livestock and cocoa sectors and with other agricultural advisory services</p> <p>Potential payments for up to 10 million tons of verified emission reductions</p> <p>\$7.3 million for the technical study called, "Developing climate-smart agriculture supply value chains: Opportunities, challenges and emerging lessons." This will complement technical assistance funds to increase knowledge on the cocoa, livestock, NFTP, and palm oil sectors.</p>
Co-financing	\$5.93 million in GEF financing (this project is effective but has not been fully implemented yet)



Program Context

Drivers of land-use change



Land-use change from agricultural cultivation is the main driver of deforestation and ecosystem degradation in the Orinoquía region and has been over the past three decades.

Much of the Orinoquía region constitutes undeveloped frontier territory, owing in part to land tenure insecurity and a 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 the clearing of forests for the planting of cocoa.

The plantation area of palm oil has increased the most, compared with agricultural commodities.

Key commodities and sectors



Palm oil, rubber, maize, soybean, forage grasses, cocoa, and rice

Livestock (meat and dairy production)

Policy interactions and green growth strategies



The government of Colombia has developed a long-term policy on green growth to reach sustainable development (CONPES 3934 in 2018). Under this policy framework, the National Planning Department conducted a Green Growth Mission between 2014 and 2018, which prepared and discussed technical inputs to inform green growth policy. Under the mission, diagnostic and prospective studies were carried out to identify policy options that incorporate 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 (CONPES 4021 in 2020) sets the guidelines for the implementation of cross-sectoral activities to boost the forest economy and sustainable use of the country's natural capital, and bring the deforestation rate to zero by 2030. The OSILP supports its implementation at the regional level.

The OSILP contributes to the implementation of the Regional Climate Change Plan for the Orinoquía region in Meta, Casanare, Vichada, and Arauca.

NDC commitments



The government of Colombia has committed to reducing GHG emissions by 20 percent against the business-as-usual level. If supported with international finance, it plans to reduce emissions by 30 percent by 2030.

To fulfill its NDC, the government has formulated a climate change policy and set an institutional framework to address climate change adaptation and mitigation through the National Climate Change System (SISCLIMA).

Program Results

Number of partnerships established with the private sector	9: AGAF, Alquería, Andean Cacao, Casa Luker, CIALTA, Fedegan, Fedemaderas, Forest First, Hacienda San José
Number of partnerships established with not-for-profit organizations	11: Agrosavia, FCPF, GIZ-TONINA Program, Humboldt Institute, IGAC, P4F, Tolima University, The Nature Conservancy, Tropical Forest Alliance 2020, USAID, WWF
Number of engagements established with the private sector	8: Cacao, cacay, livestock, palm oil, cashew, rice, and rubber federations and commercial timber plantations
Number of engagements established with not-for-profit organizations	20
Number of coordination platforms supported	12
Environmental and Social Management Framework (ESMF) completed	Yes
Feedback and Grievance Redress Mechanism (FGRM) completed	Yes

Country Program Progress continued

3.2 Ethiopia

KEY ACHIEVEMENTS IN FY21

1. The Oromia Forested Landscape Program (OFLP) helped local communities legally register 65 cooperatives that oversee 105,000 ha of natural forest under participatory forest management and established nearly 7,000 ha of new forest through afforestation and reforestation.
2. The program established four new coordination platforms (one at the regional level and three at the cluster level) to conduct workshops with various stakeholders, including government agencies, not-for-profit organizations, and private sector actors, to promote and scale up landscape-level, climate-smart activities across the region.
3. The BSP for the program was approved by the OFLP Steering Committee and integrated into the ERPD. The ERPD was then assessed by a GHG audit firm; this is the final step in the process prior to negotiating an ERPA with the ISFL.

Overview

The Oromia Forested Landscape Program (OFLP) seeks to reduce deforestation and lower 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 are 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. Enabling investment, which includes support for sub-basin land-use planning, investment, and extension services, and also support for participatory forest management (PFM) and afforestation and reforestation (A/R) activities in deforestation hotspots
2. Enhancing 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. Delivering payments for emission reductions 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 of up to \$50 million.

Ethiopia's ISFL Program Progress in FY21

The OFLP acts as an umbrella platform for multi-sectoral, multi-partner sustainability initiatives across the region. This past financial year, the program facilitated steering committee meetings,

The OFLP is supported by a five-year \$18M grant that will be followed by results-based payments for verified emission reductions of up to

\$50M.

technical working groups, and workshops that enabled knowledge transfer critical to forging strategic partnerships with both the public and private sectors and harmonizing sustainable land-use policies.

In collaboration with local communities, the program laid the groundwork for PFM. A key piece of this effort involved empowering cooperatives to manage natural forests by helping them legally register with formal authorities. The OFLP assessed the legal framework governing rights to forest tenure and communal land certification in order to secure communities' user rights to the land and, ultimately, inform policy reform on a larger scale. The task team designed a consultation plan for integrated forest landscape management and conducted an information needs assessment to ensure that forest-related policy reform decisions and investments are based on reliable data, and that marginalized voices are elevated and heard. The project also translated PFM guidelines into the local language so that they would be more accessible to community members.

The OFLP also focused on safeguards implementation in FY21. The program has six coordinators who are responsible for implementing safeguards frameworks and plans to mitigate and prevent potential negative impacts resulting from program interventions. These instruments also facilitate the resolution of any grievances that may arise and proactively ensure equitable and inclusive stakeholder engagement.

Country Program Progress, Ethiopia continued

Early-stage risk management is essential to protecting long-term community health and safety, so the program prioritized state-wide capacity building on safeguards due diligence to socialize these practices more broadly across the region.

To ensure that sustainability and inclusivity are mainstreamed across both the public and private sectors, the OFLP is working to identify opportunities to engage with the dairy and coffee supply chains in Oromia. The program developed a

private sector engagement strategy and analyzed value chains for natural resource-based enterprises and NTFPs.

To document this progress and ensure effective program implementation, the ISFL built capacity to monitor and evaluate program impacts. The task team analyzed the drivers of emissions and worked to establish GHG reference levels. They designed an MRV system to track forest cover change and produced a monitoring and evaluation manual that outlines how implementation units on the ground can collect data and generate reports to share with community partners and government agencies.

Looking forward, the OFLP plans to measure GHG emissions resulting from the livestock sector as part of a broader data improvement effort and design and implement a training curriculum on integrated land-use planning. These efforts will create an enabling environment for government agencies, private sector businesses, and local communities to allocate land to uses that provide the greatest overall benefits and best promote a transition to sustainable land and natural resource management.

The Impact of COVID-19 on Program Activities

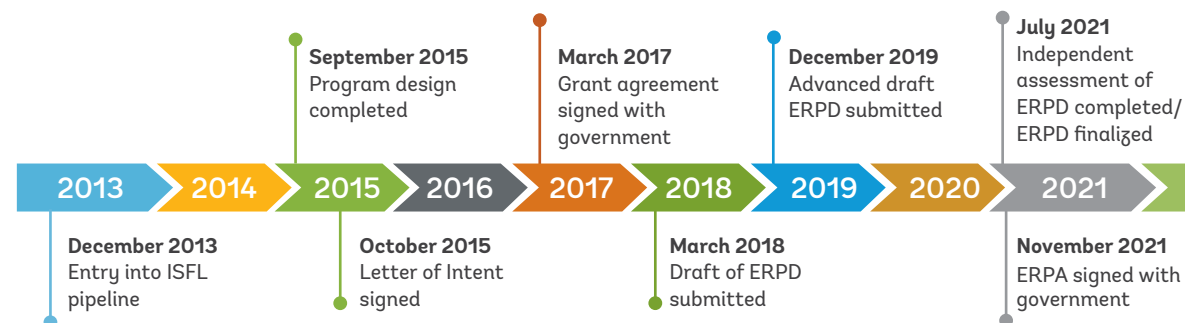
The pandemic changed the nature of in-person stakeholder consultations, but the program team was able to use remote meeting platforms. They continued consulting project beneficiaries who did not have access to the internet in smaller groups, following the government's safety protocols.

Despite the challenges posed by the pandemic, the team made significant progress on the implementation of project activities, including ERPD development. The ERPD has been finalized and is now under external assessment.



Country Program Progress, Ethiopia continued

Program Timeline



Program Profile

Jurisdiction	Oromia region
Size of jurisdiction	32 million ha
Population in jurisdiction	More than 30 million
Accounting area	Entire forested landscape in Oromia, including livestock and agriculture areas
Implementing agency	Oromia Environment, Forest, and Climate Change Authority and regional bureaus
ISFL funding	<ul style="list-style-type: none"> \$18 million in grant financing Potential payments for up to 10 million tons of verified emission reductions \$4 million to support private sector work in the coffee and dairy sectors
Co-financing	\$3 million loan from the IFC for investment services in the coffee sector



Program Context

Drivers of deforestation, land degradation, and GHG emissions



Small-scale land conversion for agricultural expansion

Inefficient livestock production, resulting from limited access to livestock feed and fodder

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 Ethiopia. Most firewood is produced from natural forests, including woodlands and shrublands, and current firewood demand is estimated to significantly exceed the sustainable yield potential of remaining forest area.

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

Key commodities and sectors



Coffee, spices, and honey

Livestock and dairy

Subsistence agriculture, based on cultivation of diverse crops such as barley, wheat, beans, potatoes, and cabbage in the highlands, and bananas, maize, and teff grains in the highlands and the lowlands

Policy interactions and green growth strategies



Ethiopia's development agenda is governed by two key strategies: the Second Growth and Transformation Plan (GTP-2) and the Climate Resilient Green Economy (CRGE) strategy. Both strategies prioritize attainment of middle-income status by 2025.

The CRGE strategy reports that agriculture and forestry "contribute around 45 and 25 percent, respectively, to projected GHG emission levels by 2030 under business-as-usual assumptions, and together account for around 80 percent of the total abatement potential."

NDC commitments



The country is committing to reduce economy-wide GHG emissions by 14 percent in 2030 compared to the recently revised business-as-usual scenario, using its domestic resources.

This would represent a 56.7 MtCO₂e reduction, limiting GHG emissions at 347.3 MtCO₂e in 2030 (compared to the revised business-as-usual scenario emission level of 404 MtCO₂e).

Program Results

Number of partnerships established with the private sector	1: Nespresso
Number of partnerships established with not-for-profit organizations	2: TechnoServe and Solidaridad
Number of engagements established with not-for-profit organizations	4: Farm Africa, SOS Sahel, Ethio Wetlands and Natural Resources Association, and the Japan International Cooperation Agency
Number coordination platforms supported	9: Two Regional Steering Committees, four REDD+ Technical Working Groups, and three cluster-level coordination platforms (Southeast, Central, and West Oromia)
Environmental and Social Management Framework (ESMF) completed	Yes
Strategic Environmental and Social Assessment (SESA) completed	Yes
Feedback and Grievance Redress Mechanism (FGRM) completed	Yes

Country Program Progress continued

3.3 Indonesia

KEY ACHIEVEMENTS IN FY21

1. The Jambi Sustainable Landscape Management Project (J-SLMP) grant agreement was signed in December 2020.
2. Regulations outlining the roles, tasks, and institutional arrangements for the project management unit, implementation unit, and technical committee were issued.
3. The GHG accounting section of the ERPD was submitted to the World Bank for technical assessment.

Overview

Jambi is one of Indonesia's most forested provinces and is incredibly biodiverse. However, the region has experienced significant land-use and forest-cover change in recent years, largely due to 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. The eastern peatlands and the western highlands of Jambi contain significant carbon stocks and high potential for sequestration; however, 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. Strengthening policies and institutions to improve cross-sectoral coordination and action addressing drivers of emissions in Jambi and support an enabling environment for an emission reductions program
2. Integrating forest and land management in Jambi, particularly through sustainable forest management, agricultural intensification and diversification, conservation and restoration, and value chain sustainability
3. Supporting national- and provincial-level project coordination and management, including monitoring, evaluating, and reporting

Indonesia's ISFL Program Progress in FY21

The J-SLMP supports activities that reduce emissions in land areas at high risk for encroachment, burning, and draining. This past financial year, after signing the grant agreement with the World Bank, the program worked

The ISFL is supporting a matching grant facility to help fund private sector-led initiatives that reduce emissions from peatland and forest fires.

to explore ways to help farmers pivot from unsustainable farming to alternative livelihoods in the fisheries, livestock, and service industries.

To enable local communities to adopt more sustainable practices, the ISFL complements private sector investment in the region and scales up impact by supporting independent smallholder replanting efforts and by establishing a matching grant facility. The facility will help fund private sector-led initiatives that reduce emissions from peatland and forest fires. Matched funds will incentivize private sector participation and leadership in the sustainability movement. The team conducted feasibility and due diligence checks of potential partners, and kicked off intensive focus group discussions to develop concrete partnership proposals.

The program also helped develop a coordination platform that will support the Jambi Province Green Growth Plan, a low-carbon development roadmap that will provide guidance to various sectors on how to make economic development more sustainable. The team organized knowledge exchange sessions to share best practices for sustainable landscape management and lessons learned from the FCPF's East Kalimantan Jurisdictional Emission Reductions Program. The ISFL program will work closely with the FCPF to minimize redundancies and reduce the burden on implementing agencies and development partners involved with both initiatives.

Country Program Progress, Indonesia continued

To further streamline project management, several regulations governing the implementation of the J-SLMP were issued that outline the roles and responsibilities of the project management unit, implementation unit, and technical committee. These regulations provide a legal framework for entities to coordinate and will help synchronize national and sub-national policies and improve the country's climate change strategy. The team also identified forestry and land-use policies that require reform and initiated contact with the newly elected governor to start socializing integrated land-use management and practices with government officials.

To enhance the national and sub-national MRV systems and increase the accuracy of emission reductions tracking, the program team collaborated with a carbon monitoring and accounting firm to design a landscape emissions monitoring approach, analyze the drivers of deforestation and land-use change in the province, and assess reversal and displacement risks as well as mitigation measures. To adopt the recommendations from these analyses, the team created a landscape-level carbon inventory and developed a capacity building plan for GHG accounting, signing a memorandum of understanding with SilvaCarbon to support MRV capacity building activities at both the provincial and national levels.

The J-SLMP also commissioned dedicated teams to develop the program's BSP and work on implementing environmental and social safeguards. They conducted more than 15 workshops and focus group discussions that brought together forest management units, national park authorities, local communities, CSOs, and academics. Based on the rich knowledge gleaned from these consultations, the safeguards team created a feedback and grievance redress mechanism that accounted for a diversity of needs and built off of existing mechanisms. The team also conducted a land and resource tenure assessment to ensure that the land rights held by communities were recognized and respected by territorial authorities.

The team also conducted a land and resource tenure assessment to ensure that the land rights held by communities were recognized and respected by territorial authorities.

Looking forward, the J-SLMP will engage public and private sector actors to share knowledge and raise awareness of sustainable landscape management practices, while also ensuring that complementarities across internal and external programs are realized within Jambi Province. The team will work to secure free, prior, and informed consent in 100 villages in the province, submit the final ERPD, assess emission reductions program readiness, develop capacity for MRV, and continue to leverage synergies between the ISFL program, other development projects, and the Jambi Province Green Growth Plan.

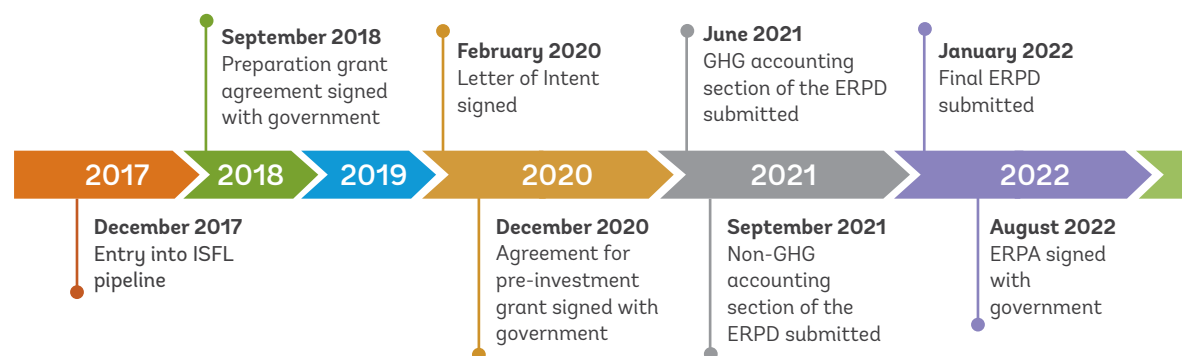
The Impact of COVID-19 on Program Activities

The Government of Indonesia revised its budget and agenda in order to respond to COVID-19, which meant that ERPD development under the J-SLMP became a lower priority item. Although face-to-face interactions with clients were limited, the task team was able to make progress on the ERPD by virtually liaising with provincial-level institutions and conducting stakeholder consultations.



Country Program Progress, Indonesia *continued*

Program Timeline



Program Profile

Jurisdiction	Jambi province
Size of jurisdiction	5 million ha
Population in jurisdiction	3.5 million
Accounting area	To be determined
Implementing agency	Ministry of Environment and Forestry
ISFL funding	\$1.5 million technical assistance grant \$13.5 million implementation grant \$4 million grant for private sector engagement Potential payments for emission reductions to be determined



Program Context

Drivers of deforestation and peat decomposition



Approximately 67 percent of Indonesia's annual GHG emissions come from land-use change related to AFOLU.

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 establishing plantations, primarily for palm oil and acacia pulpwood.

Key commodities and sectors



Fisheries, livestock, palm oil, and rubber

Pulpwood (plantation-grown acacia and eucalyptus planted in natural forest areas after being harvested)

Robusta and Arabica coffee (a smallholder crop); demand for coffee is continuing to grow domestically and internationally

Other important commodities: rice, vegetables, fruit, coconut, cinnamon, soybean, areca nut, and cocoa

Policy interactions and green growth strategies



The National REDD+ Strategy (2012) aims to ensure that forests become a net carbon sink by 2030.

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 geo-referenced national inventory of all land parcels. It aims to clarify forest boundaries across the country, thereby allowing emission reductions programs to be successfully designed and implemented.

The Peatland Restoration Agency was established in 2016 and tasked with the restoration of 2.1 million ha of peatland. 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 in 2014 on local government).

NDC commitments



The Government of Indonesia has pledged to reduce GHG emissions by 41 percent by 2030 with international assistance (by 26 percent using its own resources). To reach this reduction against a business-as-usual scenario by 2030, Indonesia will need to decrease emissions by 1.08 MtCO₂e, with the forestry sector expected to account for 60 percent of this target.

Program Results

ISFL grant signed with government	Yes
Number of stakeholders consulted on ISFL programs following World Bank safeguard policies	381
Number of workshops held to prepare the ISFL program	45
Project Concept Note completed	Yes

3.4 Mexico

KEY ACHIEVEMENTS IN FY21

1. Coordination meetings were held with government counterparts to build a foundation for future, inter-institutional collaboration on Mexico's emission reductions program.
2. A roadmap for ERPD development was developed.
3. The program developed a jurisdictional private sector engagement strategy.

Overview

The ISFL program in Mexico, the Strengthening Entrepreneurship in Productive Forest Landscapes 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. Strengthening 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. Developing institutions and facilitating support to help prepare an emission reductions program

World Bank loan proceeds are providing finance for the first component and ISFL grant proceeds are financing the second component. The ISFL program in Mexico is being developed for the four northern states of Durango, Nuevo Leon, Chihuahua, and Coahuila.

Smart, jurisdictional land-use management recognizes the role that landscapes play in biodiversity and forest conservation and supports the creation of sustainable income opportunities for rural populations. The \$10 million ISFL grant aims to foster the productivity of Mexico's forest sector by increasing the business capacity of forest-dependent people and enterprises, promoting collaboration between public and private actors in rural areas, and strengthening the role of women in governance. The funding also supports the preparation of necessary tools and systems that will enable the Government of Mexico to access results-based financing, which may amount to \$50 million in payments for emissions reductions.

\$10M

has been granted by the ISFL to foster the productivity of Mexico's forest sector, enhance the role of landscapes in biodiversity conservation and forest production, and support the creation of sustainable income opportunities for rural populations.



Country Program Progress, Mexico continued

Mexico's ISFL Program Progress in FY21

This past financial year, the Mexico emission reductions program task team and implementing agency, the National Forestry Commission of Mexico (CONAFOR), facilitated coordination meetings with key government institutions to build a foundation for future, inter-institutional collaboration. These coordination meetings will enable the signature of inter-agency agreements that will improve landscape-level governance, scale up integrated land-use management to support rural communities and reduce deforestation, and deliver a robust ERPD in early 2022.

As part of the program preparation process, CONAFOR generated knowledge products on entrepreneurship and forest management for individual and collective land holders. The task team and CONAFOR also prepared a roadmap for ERPD development that factors in delays caused by COVID-19 and pre-election outreach and communications restrictions, as well as post-election changeover within government teams. Moving forward, targeted ISFL knowledge products will be prepared for a wider range of stakeholders. The task team is supporting CONAFOR in designing alternative, remote approaches to participatory stakeholder engagement.

In addition, the task team is collaborating with CONAFOR to advance a jurisdiction-specific private sector engagement strategy that will protect forests, reduce emissions, and improve the livelihoods of local communities, particularly for Indigenous Peoples, small-scale producers, and other marginalized groups. The strategy aims to leverage significant additional private sector investment by encouraging the adoption of sustainable practices in the agriculture, forestry, and livestock sectors.

Within the ISFL jurisdiction, the strategy is targeting value chains that have the most potential for forest conservation, emission reductions, and social inclusion (e.g., cattle ranching, NTFP, forest management). Once these value chains have been identified and tailored to fit each state's political,

The task team is collaborating with CONAFOR to advance a jurisdiction-specific private sector engagement strategy that will protect forests, reduce emissions, and improve the livelihoods of local communities.

economic, environmental, and social context, the ISFL will invest in pilot programs that will test innovative private sector engagement models. Successful strategies from the pilot programs will be shared widely to scale up these initiatives in the northern states and beyond.

Looking forward, CONAFOR will finalize the private sector engagement strategy, identify key activities to support integrated land-use management, and prepare the ERPD, with technical assistance from the ISFL task team. 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.

The Impact of COVID-19 on Program Activities

The confluence of the pandemic and pre-election outreach and communications restrictions limited the program entity's ability to connect with beneficiaries. Government entities were also barred from hiring new consultancies and carrying out field work. Although these constraints delayed program preparation, CONAFOR was able to move forward with key milestones: an agreement was reached on the Letter of Intent text and a re-commitment from the Government of Mexico was obtained.

The task team was also able to host workshops to build capacity for remote collaboration and assess the possibility of allowing field-based staff back into the jurisdiction. The vaccination campaign in Mexico is progressing slowly, so any field work

planned for the foreseeable future will follow social distancing guidelines.

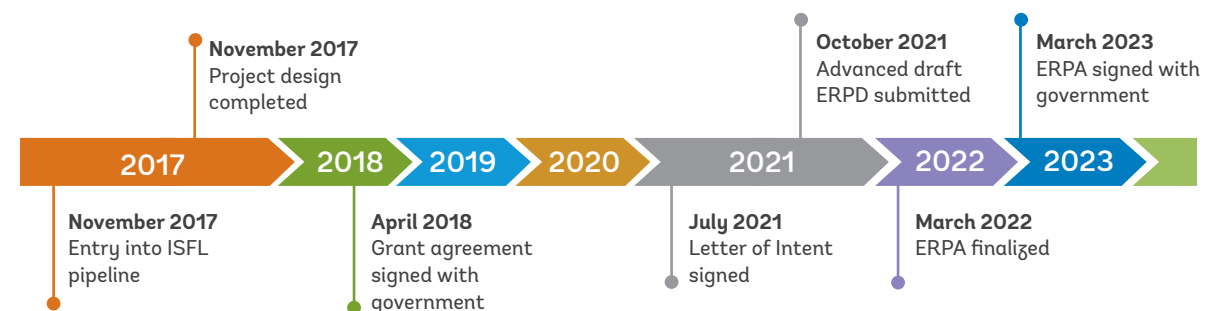
On a larger scale, employment generation through natural resource management will be key to sustaining rural and Indigenous livelihoods in the post-pandemic economic recovery process. The Mexico emission reductions program is an

important component of the government's wider post-COVID-19 strategy for poverty reduction and rural development. Scaling up land management investment support to local communities and small enterprises will help them not only strengthen low-carbon development but also restore landscapes and fortify community resilience to climate change.



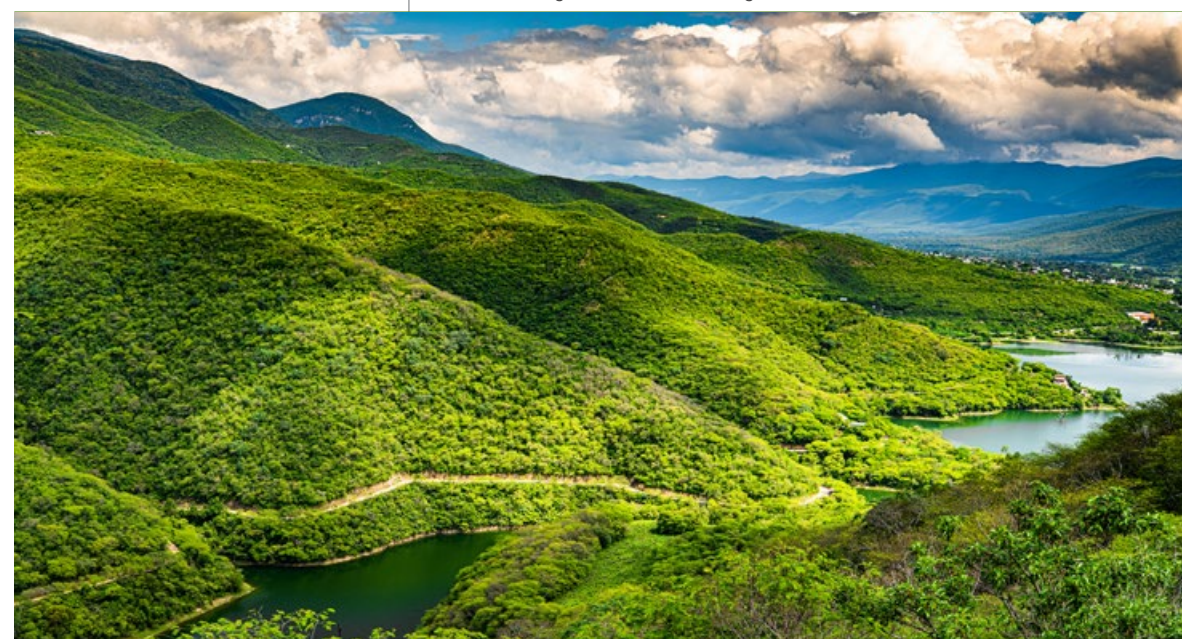
Country Program Progress, Mexico continued

Program Timeline



Program Profile

Jurisdictions	Nuevo León, Coahuila, Chihuahua, Durango
Size of jurisdiction	58 million ha
Population in jurisdiction	13.4 million
Accounting area	To be determined
Implementing agency	National Forestry Commission (CONAFOR)
ISFL funding	\$10 million in grant financing available \$4 million grant for private sector engagement Potential payments of up to 10 million tons of verified emission reductions
Co-financing	\$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



Program 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.

Underlying institutional factors include low capacity for community forest management.

Key commodities and sectors



Agriculture and livestock production

Policy interactions and green growth strategies

The General Law on Sustainable Forestry Development (LGDFS) establishes the legal framework for financial payments dealing with changes in land use in forest areas. This will serve as an important basis to inform benefit sharing arrangements and the legal transfer of credits from emission reductions payments.

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 zero deforestation target by 2030.



Removals from the forestry sector represent around 22 percent of Mexico's total emissions. According to Mexico's second Biennial Update Report, in 2015, the total emissions of the country amounted to 669.56 MtCO₂e, while forests removals amounted to 148.35 MtCO₂e. 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.

Program Results

Number of knowledge products prepared on entrepreneurship and forest management	15
Number of Inter-institutional coordination mechanisms in place to improve landscape-level governance	5
ERPD prepared and submitted to the ISFL	No

3.5 Zambia

KEY ACHIEVEMENTS IN FY21

1. The Zambia Integrated Forest Landscape Program (ZIFL-P) helped district-level authorities craft nine integrated development plans, which outline a holistic framework for the coordination of different, low-carbon development agendas. This effort will enable the mainstreaming of climate change and development issues into district and provincial level planning for long-term sustainability.
2. To help legitimize community-based natural resource management, the program facilitated the signature of six agreements between the Forestry Department and community forest management groups. Three additional groups were approved for recognition.
3. Farmer field schools and pilot plots supported by the program demonstrated that adopting climate-smart agricultural practices can substantially increase crop yields and resilience.

Overview

The Zambia Integrated Forest Landscape Program (ZIFL-P) seeks to improve landscape management and increase environmental and economic benefits for targeted rural communities in the Eastern Province. 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. Creating conditions that will allow livelihood investments to be successfully implemented and, thereby, prepare Zambia for emission reductions purchases
2. Financing on-the-ground activities that improve rural livelihoods, conserve ecosystems, and reduce GHG emissions
3. Financing activities related to national and provincial level program coordination and management
4. Facilitating 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 FY21

The ZIFL-P made great strides this year in enabling the adoption of sustainable practices at the grassroots level. Key to these efforts was demonstrating the effectiveness of climate-smart agricultural practices. The farmer field schools and pilot plots supported by the ZIFL-P showed to local farmers that adopting sustainable practices can lead to enhanced crop resilience and increased yields. Moreover, the program conducted a beneficiary impact assessment after the pilots ended and found that households that adopted climate-smart agricultural practices had a higher average income than those that did not practice climate-smart agriculture. Outreach efforts through public radio, television, and field

By focusing on forestry, agriculture, and wildlife, the program aims to increase the climate resilience of communities and reduce emissions by 35M tons.

days spread the success of these efforts to a wider network of farmers and, as local buy-in increased, the overall area of agricultural land under sustainable management in the province increased by over 42,000 ha.

To enable the uptake of sustainable practices among community members, the project also supported the Ministry of Agriculture in raising and distributing 2.5 million agroforestry seedlings covering about 3,700 ha to farmers in the province. Implementing agroforestry practices will naturally improve soil fertility and sequester carbon on farmed land. In addition, the program continued to provide individuals and institutions with energy-efficient cook stoves, which reduce the amount of deforestation caused by fuelwood harvesting in the region.

Community engagement is essential to the success of these types of initiatives, as localized knowledge and experience can help tailor the design of plans, assessments, and practices to the socioecological context of the region and ensure the inclusion of vulnerable groups. This year, the ZIFL-P engaged technical service providers to support participatory land-use planning and to facilitate community-level micro-enterprises for agriculture, wildlife, and forestry value chains. When drafting business plans and assessing resource tenure rights, the program conducted consultations with government bodies, private sector actors, technical working groups, and CSOs. In concert with community forest management groups, the task team also developed integrated land management plans to reduce deforestation by regenerating land, setting up fire breaks, and identifying potential

Country Program Progress, Zambia continued

sites for sustainable, farmer-led irrigation projects. More broadly, these plans will prioritize poverty alleviation, infrastructure development, environmental management, and the protection of ecologically sensitive areas.

To strengthen the institutional and regulatory frameworks surrounding land tenure, the program facilitated the signature of six agreements between the Forestry Department and community forest management groups, which enable the legal transfer of authority for access to, use of, and management of designated forest areas. The agreements also include provisions regarding carbon rights, revenue generation, and benefit sharing. The ZIFL-P also studied options for tenure regularization and published a manual on land administration and systematic land titling, which provides guidance for identifying, demarcating, and recording customary rights in rural areas. The manual was validated and adopted by local chiefs in the province.

The team also held workshops for community representatives and local officials on several other knowledge products, including studies on socio-economic baselines and forest-dependent livelihoods. Moreover, training sessions on the ERPD validation process, GHG accounting and mitigation strategies, resource assessments, and methods for data inclusion from the AFOLU and livestock sectors were held. Together, these events will equip communities, government officials, and project implementation units with the knowledge and tools necessary to deliver an effective emission reductions program.

In its efforts to protect Eastern Province's biodiversity, the ZIFL-P made progress improving reserve management. Thirteen forest management plans were developed, which strengthened the effectiveness of law enforcement and human-wildlife conflict mitigation. The program provided patrol rations and field equipment to support 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, which ensure that there is meaningful local participation in wildlife conservation activities.

Looking forward, the team will continue to prepare participatory land-use plans, promote agroforestry practices, pursue cashew value chain activities, 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 team will ensure that the centralized, national data infrastructure conforms to common geodata standards.

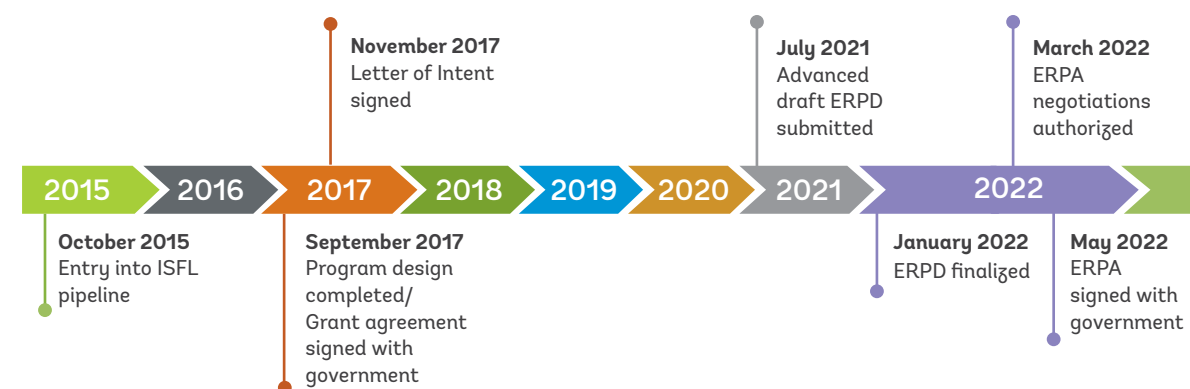
The Impact of COVID-19 on Program Activities

The risk management measures implemented in response to the COVID-19 pandemic restricted movement and gatherings in the region. International consultants were also unable to travel and commence their work programs. To remedy this, a technical team from the government was commissioned to complete the consultation processes and then share the data with the consultants for analysis. To follow social distancing requirements, the number of people implementing program activities on the ground was reduced, and the team relied on virtual platforms to advance progress on the development of the SESA, BSP, GHG baseline, and ERPD.

Indirect impacts of the pandemic on the program included increased exchange rate risk. The kwacha depreciated against the dollar, which meant that some local contractors' anticipated budgets had to be adjusted to account for increased costs. The pandemic's impact on global supply chains also resulted in a longer turnaround period for imported procurement items. Despite these challenges, the program demonstrated its adaptability and was able to progress on each of its component goals.

Country Program Progress, Zambia continued

Program Timeline



Program Profile

Jurisdiction	Eastern Province
Size of jurisdiction	5.1 million ha
Population in jurisdiction	1.7 million
Implementing agency	Ministry of National Development Planning
ISFL funding	\$250,000 preparation grant \$7.75 million implementation grant Potential payments for up to 6 million tons of verified emission reductions
Co-financing	\$8.1 million in GEF financing \$17 million IDA loan



Program Context

Drivers of land-use change



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 in the province is driven by (1) declining soil fertility on existing agricultural land as a result of poor farming practices; and (2) expanding scales of production to improve incomes and food security.

The unregulated collection of fuelwood is often a precursor to agricultural expansion.

Key commodities and sectors



Cotton, maize, and fuelwood for charcoal or firewood.

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.



The government of Zambia, through 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 (1) sustainable forest management; (2) sustainable agriculture; and (3) renewable energy and energy efficiency.

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.

Program Results

Number of funded technical studies completed	11
Number of workshops held	13
Number of partnerships established with not-for-profit organizations	4: Technical service providers for agriculture, wildlife, and forestry value chains, and participatory land-use planning
Number of engagements established with not-for-profit organizations	2: COMPACI and The Nature Conservancy
Environmental and Social Management Framework (ESMF) completed	Yes
Feedback and Grievance Redress Mechanism (FGRM) completed	Yes

4. Looking Ahead

The ISFL 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 benefit sharing.



As these 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 ISFL's continued efforts to improve livelihoods and enable sustainable natural resource management around the world.

KEY PRIORITIES FOR THE COMING YEAR:

1. Moving forward with the implementation of preparation grant activities in all program jurisdictions
2. Continuing to share lessons learned from our pilot programs and furthering global awareness of integrated land-use planning at the jurisdictional level
3. Finalizing the ERPD assessments and signing, or preparing to sign, ERPA's for all five programs
4. Implementing private sector engagement strategies in Colombia, Indonesia, Ethiopia, and Mexico
5. Increasing the inclusion of women and IPLCs across all ISFL programs
6. Disseminating the report, "Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives," globally
7. Launching the Sustainable Agriculture Banking Program



Appendices

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 2.1). The objectives of these interventions are broken down into different operational and strategic elements to allow for monitoring and evaluation (M&E). The ISFL theory of change, along with the ISFL Logframe (see Table C.1), were developed and implemented in FY17 as part of the initiative's [Monitoring, Evaluation, and Learning \(MEL\) Framework](#). 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 Logframe² 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 2021 financial year (ending June 30, 2021).

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. Please note Indonesia's results framework was finalized in FY21, so the targets in the Logframe have been updated accordingly for relevant indicators.
- Targets for Zambia and Mexico for Tier 1, outcomes 1 and 2, and outputs 1 and 2 are discounted on account of formal co-financing 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.

²The 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.

Appendices continued

ISFL Logframe

Table C.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	FY21 Results
T1.1 Number of people reached with benefits (assets and/or services) from ISFL programs (% women)³ (persons)	0	13,683 (average 22%)	100,824 (average 28%)	153,380 (average 29%)	153,380 (average 29%)	C, E, I, M, ⁴ Z	91,778 (29%) ⁵
T1.2 GHG emission reductions in ISFL program areas (FAP) (MtCO₂e)	[Indicator targets to be developed once ERPA results frameworks are finalized]						—
T1.3 Non-ISFL programs replicate or incorporate ISFL approaches in their program design (Yes/No)	No	No	Yes	Yes	Yes		—

³ Bolded indicators are mandatory for all ISFL programs and/or the initiative to report on, if relevant.⁴ No disaggregation was given by Mexico when setting targets.⁵ No disaggregation was reported by Mexico for this indicator.

Tier 2: Outcome								
Indicator	Baseline (FY14)	FY19	FY21	FY26	EOP Target (FY31)	Countries Reporting	FY21 Results	
Outcome 1: Improve land management and land use, including forest cover								
T2.01.1 Total natural forest area in ISFL program areas (Ha)	[Indicator targets to be developed]						—	
T2.01.2 Reduction in deforestation as compared to a reference level in ISFL program areas (Ha)	0	1,209	4,496	5,842	5,842	Z	1,699	
T2.01.3 Emission reductions from forest degradation as compared to a reference level in ISFL program areas (MtCO₂e)	[Indicator targets to be developed]						—	
T2.01.4 Land area reforested or afforested in ISFL program areas (FAP)⁶ (Ha)	0	5,047	24,758	41,274	41,274	E, I, M	6,922	
T2.01.5 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 (Persons)	0	14,081 (average 14%)	56,839 (average 23%)	90,782 (average 30%)	90,782 (average 30%)	E, I, M, Z	88,228 (22%) ⁷	
Outputs to achieve Outcome 1								
T2.01.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)	0	38,977	1,890,359	5,139,608	5,139,608	C, E, I, M, Z	9,013,332	
T2.01.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	146,541	
T2.01.c Land users who have received training for improving land management (% women) (Persons)	0	13,250 (average 15%)	27,625 (average 28%)	30,000 (average 28%)	30,000 (average 28%)	C, E, M	28,292 (25%)	
T2.01.d Land users who have received training for agricultural productivity (% women) (Persons)	0	20,000 (25%)	20,000 (25%)	20,000 (25%)	20,000 (25%)	E	49,497 (34%)	
T2.01.e Reforms in forest and land-use policy, legislation, or other regulations as a result of ISFL support (Regulations)	0	0	6	14	14	C, I, M	1	
T2.01.f Government officials who have received technical training on ISFL interventions (% women) (Persons)	Indicator will be reported on each year. Targets will not be included for this indicator.						M	—

⁶ "FAP" denotes that this indicator originates from the Forest Action Plan (FAP).⁷ No disaggregation was reported by Mexico for this indicator.

Appendixes continued

Outputs to achieve Outcome 1 (continued)							
T2.01.g Number of government institutions provided with capacity building to improve land-use management (Institutions)	Indicator will be reported on each year. Targets will not be included for this indicator.					M	—
Tier 2: Outcome continued							
Indicator	Baseline (FY14)	FY19	FY21	FY26	EOP Target (FY31)	Countries Reporting	FY21 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 reductions payments (Communities/organizations)	[Indicator targets to be developed]						—
T2.02.2 Number of people involved in income generation activities due to ISFL support (% women) (Persons)	Indicator will be reported on 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 (Plans)	0	3	5	5	5	C, E, I, M, Z	0
T2.02.b Volume of emission reductions purchases from ISFL programs (Million USD)	[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 plan							
T2.03.1 Volume of for-profit private sector finance leveraged to contribute to ISFL objectives (Million USD)	Indicator will be reported on 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 (Million USD)	Indicator will be reported on each year. Targets will not be included for this indicator.						94.78
T2.03.3 Number of people in private sector schemes adopting sustainable practices (Persons)	[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 (Partnerships)	0	3	5	29	29	C, E, I, M, Z	14
T2.03.b Number of partnerships established with not-for-profit organizations/initiatives (public or private) due to ISFL support (Partnerships)	0	3	4	9	9	C, E, I, M, Z	17

Outputs to achieve Outcome 3 (continued)							
T2.03.c Number of engagements established with for-profit private sector organizations due to ISFL support (Engagements)	0	4	8	12	12	C, E, I, M, Z	11
T2.03.d Number of engagements established with not-for-profit organizations/initiatives (public or private) due to ISFL support (Engagements)	0	2	4	8	8	C, E, I, M, Z	26
T2.03.e Number of coordination platforms supported (Platforms)	Indicator will be reported on each year. Targets will not be included.					C, E, I, M, Z	26

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)	FY21 Results
T3.1 Volume of grants committed under ISFL to create an enabling environment for emission reductions (Million USD)	0	18.25	39.5	71	71	71	71	71
T3.2 Volume of grants disbursed to ISFL programs (Million USD)	0	3.25	19.25	30.5	38.5	69.5	69.5	24.67
T3.3 Volume of Emission Reductions Purchase Agreements (ERPA) committed to ISFL programs (Million USD)	[Indicator targets to be developed once ERPAs are signed]							—
T3.4 Number of Emission Reductions Purchase Agreements (ERPA) signed (Agreements)	0	0	1	3	5	5	5	0
T3.5 Number of ISFL target countries that are officially included in the ISFL pipeline (Countries)	0	3	4	5	5	5	5	5
T3.6 Number of countries with ISFL programs under implementation (Countries)	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) (Programs)	0	1	1	3	5	5	5	4
T3.8 Number of documents made public in order to share ISFL approaches and lessons learned (Documents)	0	10	15	20	25	30	37	55
T3.9 Number of ISFL knowledge dissemination events carried out (Events)	0	2	3	5	6	10	15	25

Appendixes 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)	FY21 Results
T3.10 Percentage of participants who rate ISFL knowledge dissemination events as "overall satisfactory (useful)" (Participants)	0	≥75%	≥75%	≥75%	≥75%	≥75%	≥75%	N/A
T3.11 Percentage increase of unique and returning visitors to the ISFL website (http://www.biocarbonfund-isfl.org) (Visitors)	0	0.5%	1%	3%	5%	10%	15%	N/A ⁷
T3.12 An ISFL Monitoring, Evaluation, and Learning Framework is developed and updated, as necessary (Framework)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.13 Number of external evaluations/assessments carried out at initiative and program levels (Studies)	0	0	0	3	4	6	8	1
T3.14 ISFL ER Program Requirements (GHG accounting approach, etc.) finalized (Approach)	No	No	Yes	Yes	Yes	Yes	Yes	Yes
T3.15 An ISFL Private Sector Engagement Approach is developed and updated, as necessary (Approach)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.16 An ISFL long-term financial plan is developed and updated annually (Plan)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
T3.17 An approach for managing pipeline risk is agreed and adjusted, as necessary (Approach)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Cross-cutting outputs for ISFL program preparation and implementation

Indicator	Baseline (FY14)	FY17	FY18	FY20	FY22	FY26	EOP Target (FY31)	FY21 Results
Preparation Outputs								
CC.P.1 Number of funded technical studies completed (Studies)	0	18	21	23	25	29	32	44
CC.P.2 Number of stakeholders consulted on ISFL programs following World Bank safeguard policies (% women) (Persons)	0	—	—	Indicator will be reported on each year. Targets will not be included for this indicator.				837,735 (32%)
CC.P.3 Number of countries that develop a grievance redress mechanism (Countries)	0	0	3	3	5	5	5	3

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

Indicator	Baseline (FY14)	FY17	FY18	FY20	FY22	FY26	EOP Target (FY31)	FY21 Results
Preparation Outputs								
CC.P.4 Number of workshops held to prepare an ISFL program (Workshops)	0	14	16	30	30	30	30	77
CC.P.5 Number of project concept notes approved for ISFL programs (Documents)	0	3	3	9	9	9	9	5
CC.P.6 Number of project appraisal documents (project design documents) approved for ISFL programs (Documents)	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	18
CC.I.2 Number of Emission Reductions Program Documents completed (Documents)	0	0	0	4	5	5	5	0
CC.I.3 Number of approved Emission Reductions Program Documents (ERPDs) which directly reference national biodiversity strategies and action plans (NBSAPs) and/or related sub-national plans, and which include targets that demonstrate biodiversity co-benefits (Documents)	0	0	0	4	5	5	5	0
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	13
CC.I.5 Number of programs that are designing or implementing biodiversity-friendly management strategies (Plans)	0	0	0	4	5	5	5	3

⁷ In late FY20, the ISFL website moved to a new platform, so the number of new and returning users over these years could not be directly compared. There was a total of 9,800 ISFL website users in FY21. Tracking of this indicator will resume in FY22.

Note: — = not available; EOP = end of program.

Appendix B

Reports for Financial Year 2021

BIOCFplus

TABLE D.1

Total BioCFplus Contributions by Donor

As of June 30, 2021 (US\$, millions)

Donor	Ministry Department	Total Pledged Contributions	Received Cumulative to FY21	Outstanding
Germany	BMU	41.26	41.26	0.00
Norway	NICFI	18.89	18.89	0.00
United Kingdom	BEIS	12.82	8.42	4.41
United Kingdom	DEFRA	18.21	9.68	8.53
United States	DOS	36.48	36.48	0.00
Switzerland	SDC	7.06	7.06	0.00
Total		134.72	121.79	12.94

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 D.2

BioCFplus Cumulative Expenses

As of June 30, 2021 (US\$, millions)

Use of Funds	Total Cumulative to FY21
Initiative Activities	6.53
Cross-Country Program Activities	0.30
Integrated Land-Use Framework	0.22
Country Activities	38.53
Colombia	10.54
Ethiopia	16.84
Indonesia	3.56
Mexico	1.40
Zambia	6.19
Fees	3.55
Total Use of Funds	49.12

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

BIOCF Tranche 3

TABLE D.3

Total BioCF Tranche 3 Contributions by Donor

As of June 30, 2021 (US\$, millions)

Donor	Ministry Department	Total Pledged Contributions	Received Cumulative to FY21	Outstanding
Norway	NICFI	95.71	95.71	0.00
United Kingdom	BEIS	55.95	1.31	54.64
United Kingdom	DEFRA	71.00	1.60	69.40
United States	DOS	6.95	6.95	0.00
Switzerland	SDC	3.03	3.03	0.00
Total		232.63	108.60	124.04

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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