Review of Procedures for Allocation Funds under the FIP Reserve and Request for Revised Proposal

The Sub-Committee reviewed document FIP/SC.8/5, *Procedures for Allocating Funds under the FIP Reserve*, and requests the CIF Administrative Unit, in collaboration with the MDBs, to revise the proposal taking into account the comments made during the meeting. The Sub-Committee agrees that a revised proposal may be considered for approval by mail, but if a consensus cannot be reached in the intersessional period, that the Sub-Committee will strive to approve procedures for allocating funds under the reserve at its next meeting.

In revising the proposed procedures, the following comments, among others, should be taken into account:

a) the feasibility and desirability of considering a first round of proposals at the meeting of the FIP Sub-Committee in November 2012 (by which time all IPs from pilot countries are supposed to be endorsed) should be assessed;

b) the number of competitive rounds could usefully be reduced to two;

c) the amount of available funding in the reserve should be assessed and considered by the FIP Sub-Committee in deciding on amounts to be allocated in each round;

d) the scope of eligible activities under the first round should explicitly provide for private sector activities addressing the drivers of deforestation and forest degradation such as agriculture and other relevant sectors; and the Sub-Committee may consider including public sector activities aiming at creating an enabling environment for fostering sustainable business practices;

e) proposals should consider utilizing country-specific mechanisms to advertise the opportunities for funding, and to review and select proposals to be submitted to the Sub-Committee for review and approval;

f) consideration should be given as to how to align the FIP procedures with the current procedures of the MDBs for developing and approving private sector projects;

g) proposals should clarify the eligibility of applicants for FIP grants and loans; and

h) criteria should be agreed, and possibly incorporated in a score card, to ensure a fair, equitable and transparent process to select the projects that will receive funding.